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MONTHLY ECONOMIC BULLETIN

April 2026

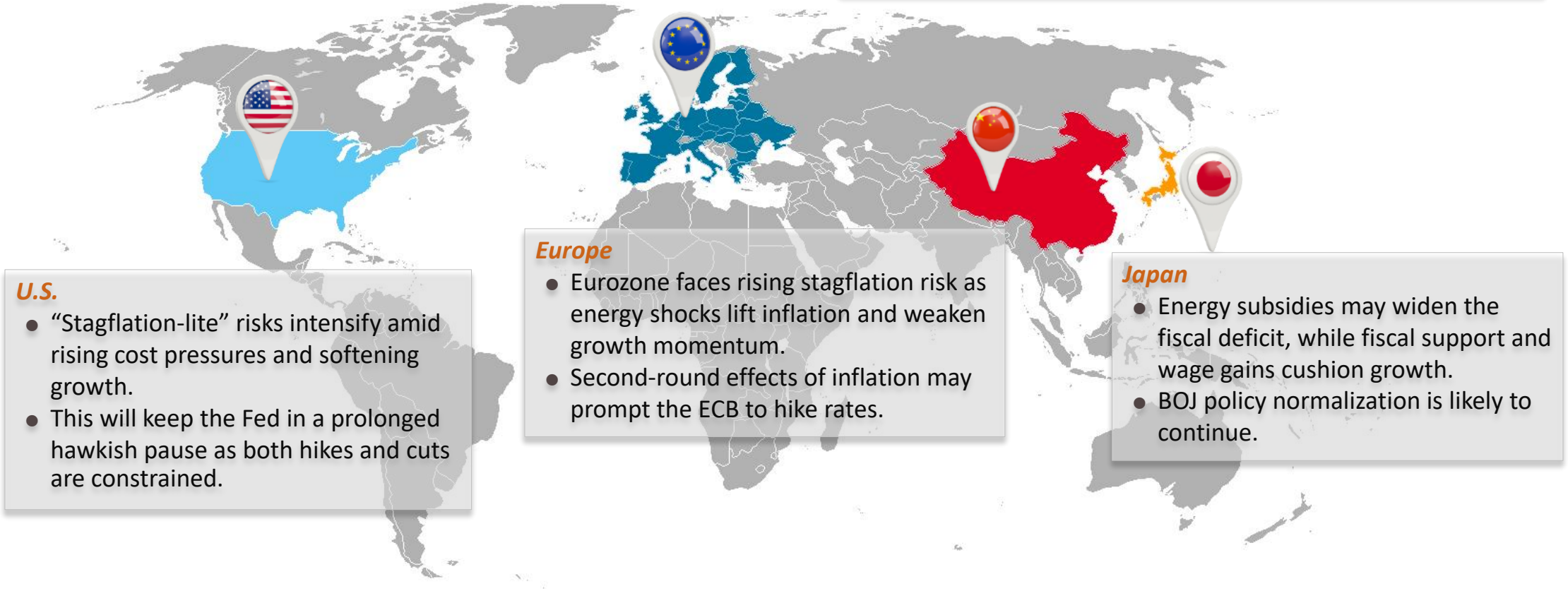


Krungsri Research

Global: Edge of Stagflation — Geopolitical shocks begin to bite and continue to unfold

China

- Economy continues to expand but growth momentum may soften due to domestic challenges, unresolved trade tensions, and limited but emerging oil shock impacts.



U.S.

- "Stagflation-lite" risks intensify amid rising cost pressures and softening growth.
- This will keep the Fed in a prolonged hawkish pause as both hikes and cuts are constrained.

Europe

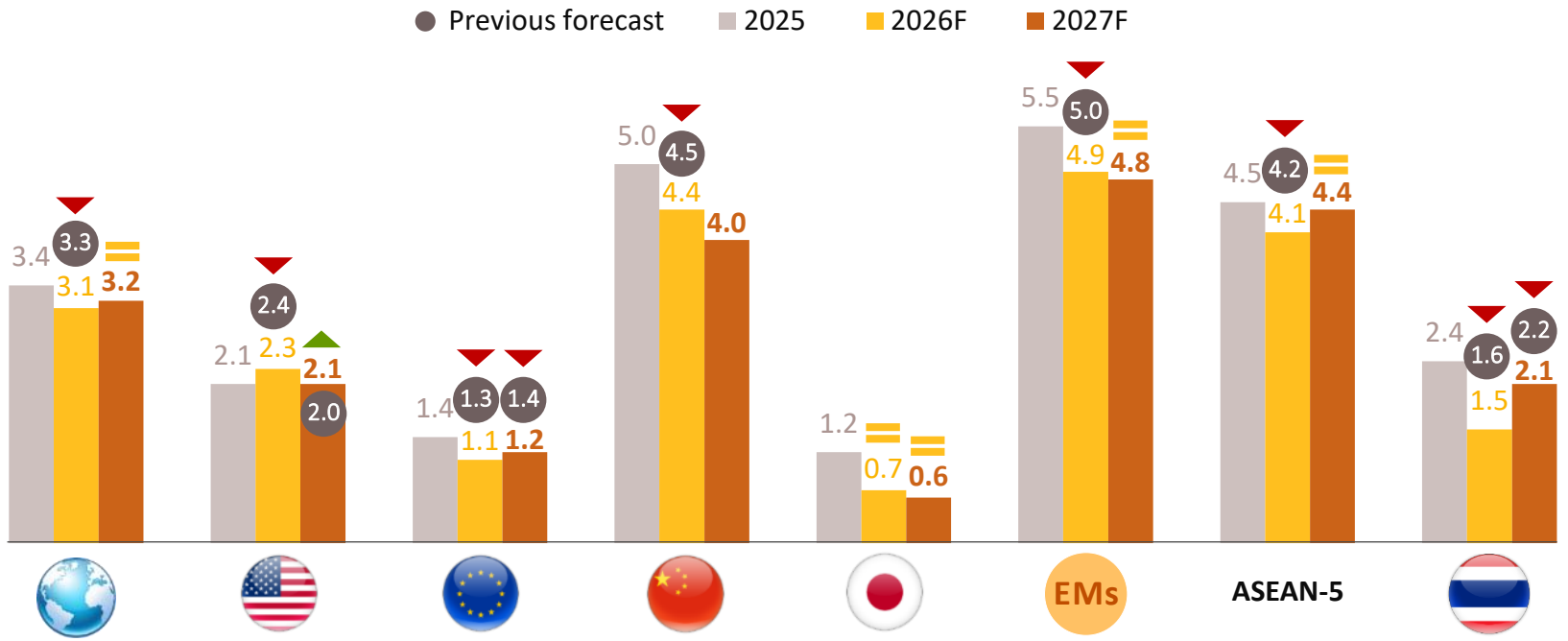
- Eurozone faces rising stagflation risk as energy shocks lift inflation and weaken growth momentum.
- Second-round effects of inflation may prompt the ECB to hike rates.

Japan

- Energy subsidies may widen the fiscal deficit, while fiscal support and wage gains cushion growth.
- BOJ policy normalization is likely to continue.

Global outlook: The IMF sees global growth slowing alongside renewed inflation pressures, as war-driven shocks tilt growth risks firmly to the downside.

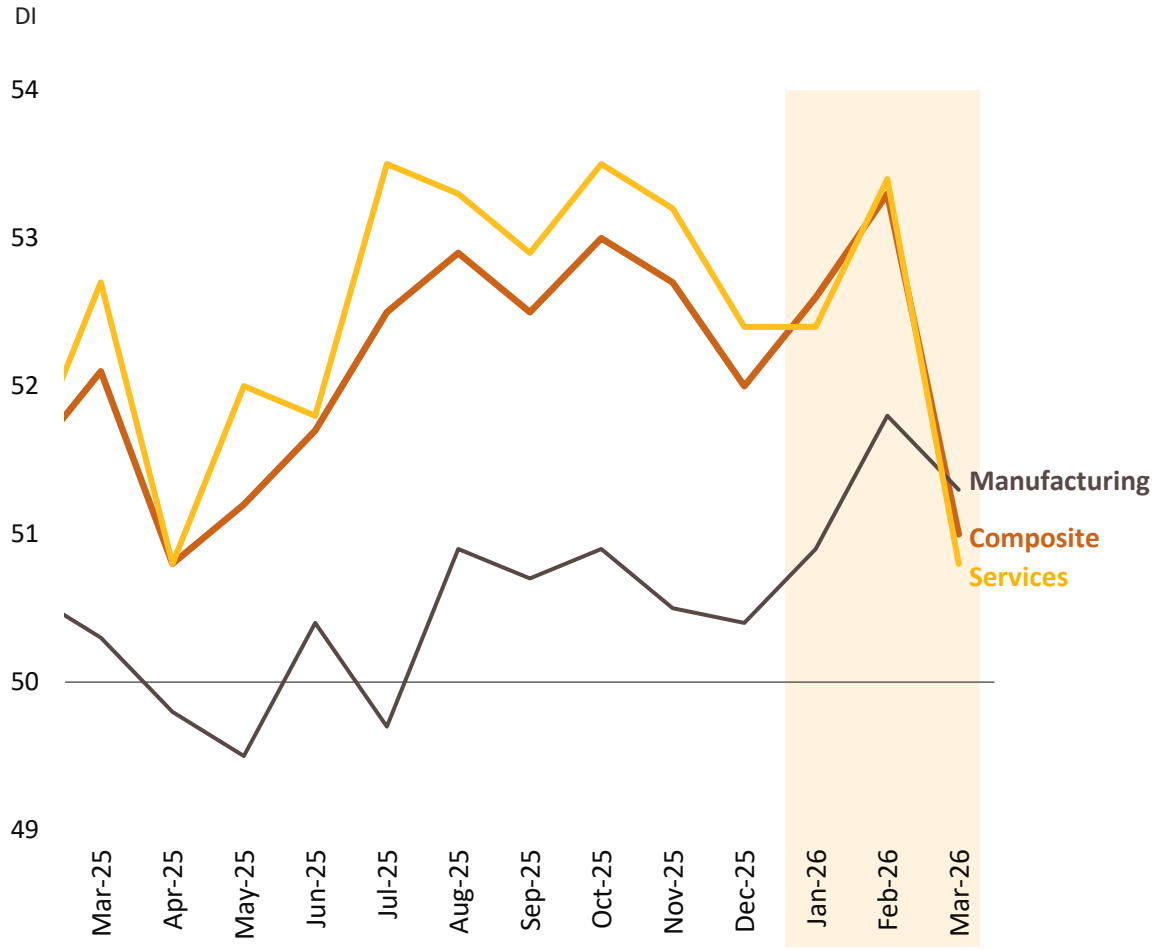
IMF's Economic Growth Projections in 2026-2027



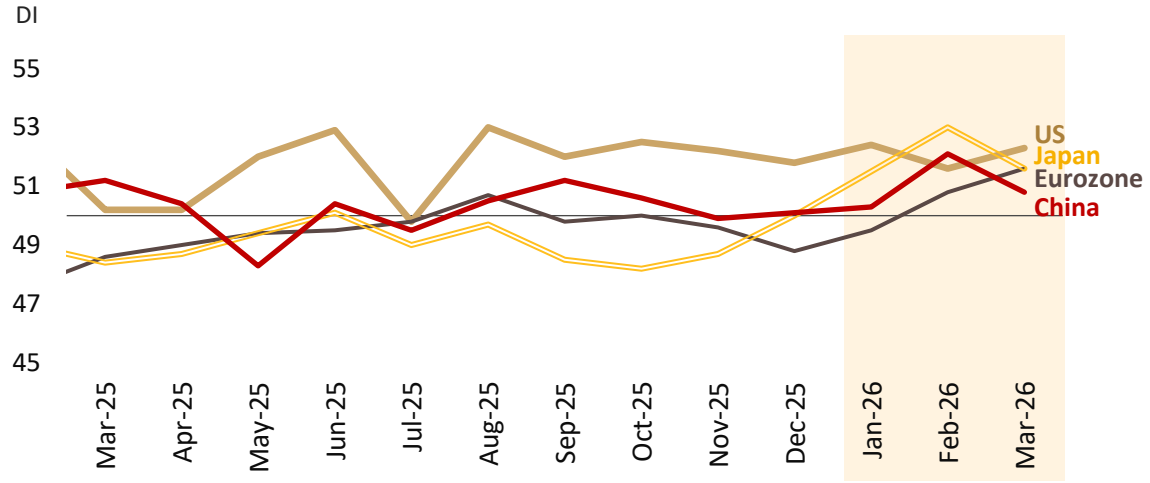
Notes: EMs: Emerging and Developing Asia
Source: IMF, World Economic Outlook (April 2026)

Global growth is slowing amid the Iran war, with a pronounced deceleration in services, as rising geopolitical tensions and trade policy uncertainty continue to weigh on the outlook.

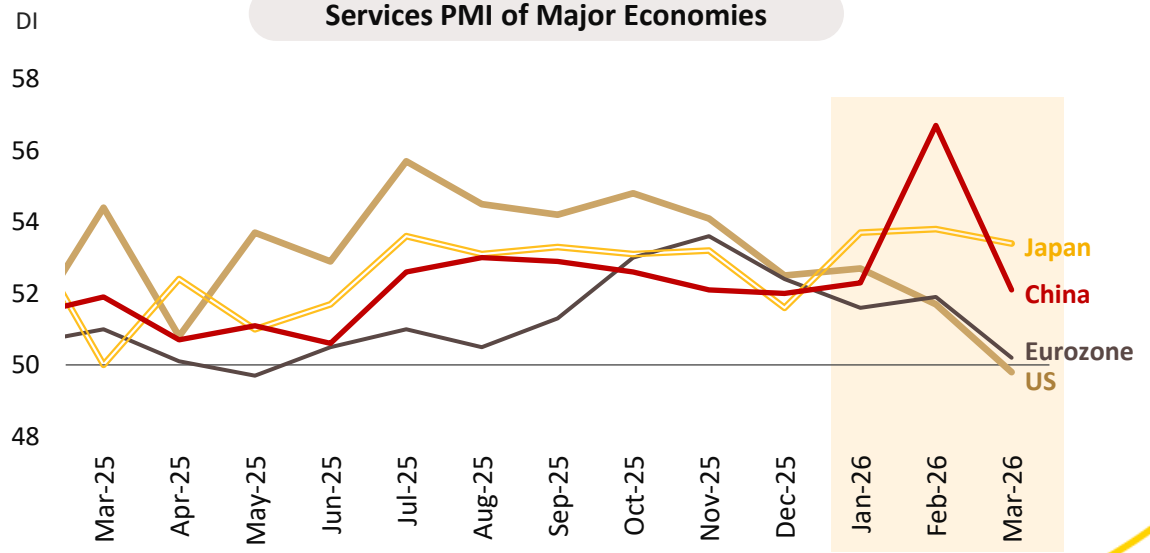
Global Composite, Manufacturing, and Services PMI



Manufacturing PMI of Major Economies

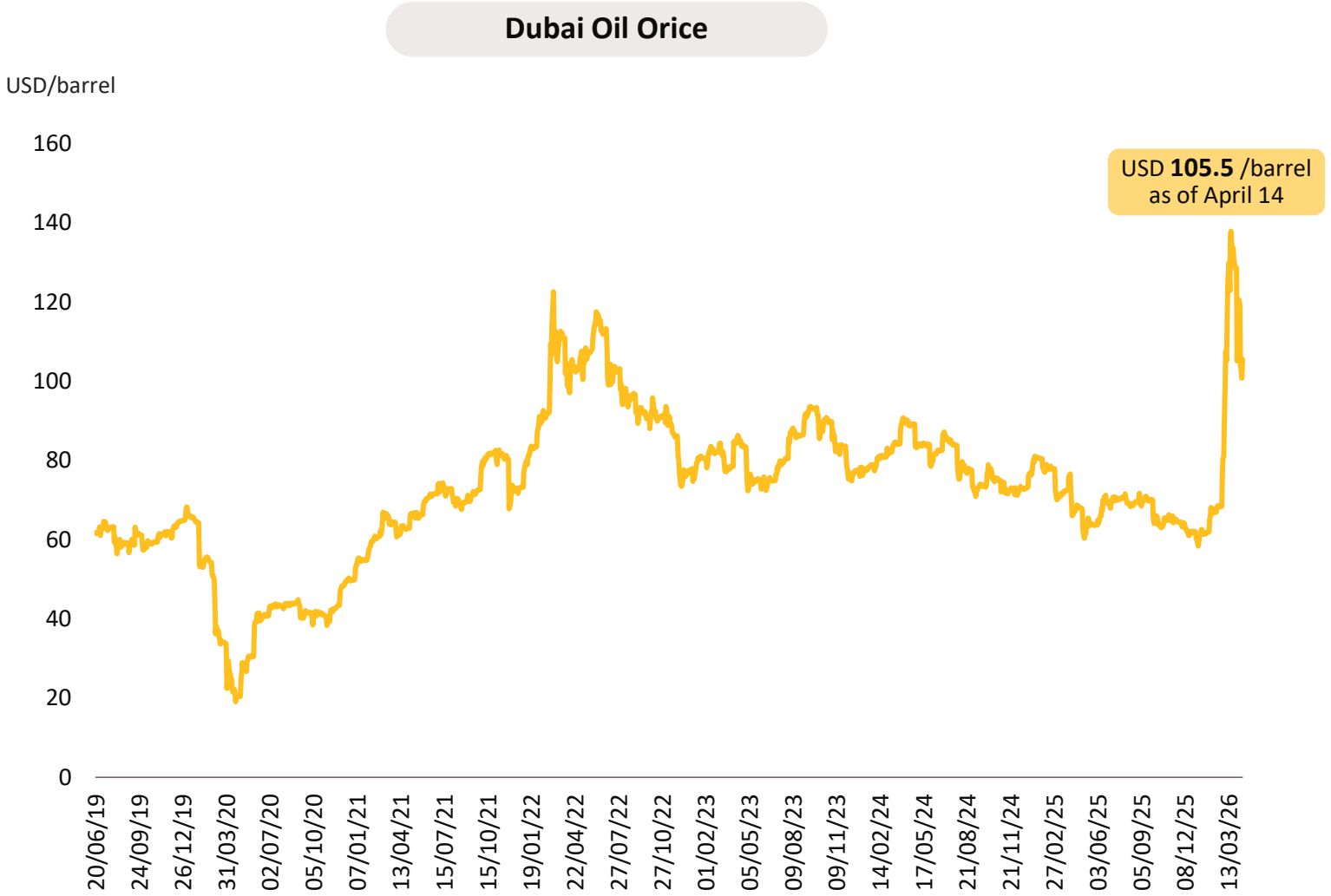


Services PMI of Major Economies



Source: J.P. Morgan and S&P Global PMI, Bloomberg, Krungsri Research

Dubai Oil Price: Despite collapse of U.S.–Iran talks and escalating tensions around the Strait of Hormuz, oil price falls below USD 110/barrel amid mounting demand concerns



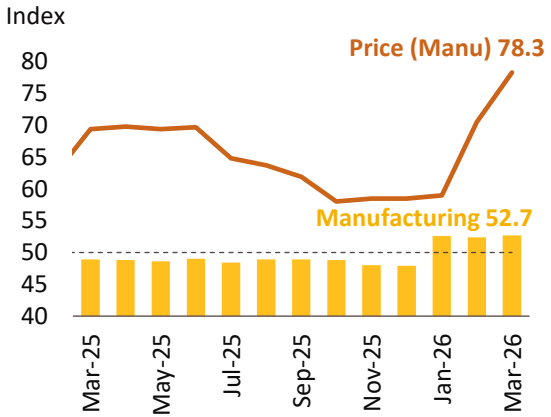
Source: Investing.com and Krungsri Research

Latest development (as of April 14, 2026)

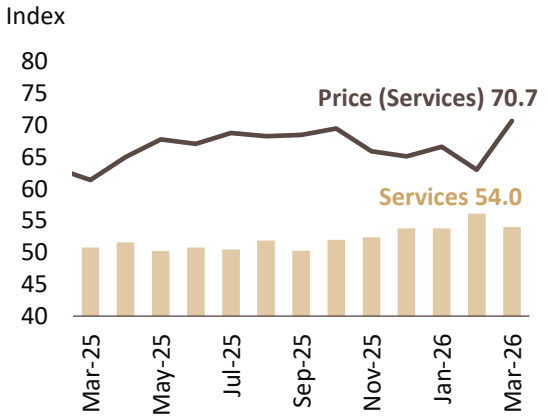
- Senior U.S.–Iran talks in Islamabad, the highest-level since the Iranian Revolution, concluded without a deal after more than 21 hours of negotiations, as the U.S. pressed for firm nuclear commitments, while Iran pointed to a lack of trust, exposing deep structural divides.
- Trump escalated tensions by announcing a naval blockade of the Strait of Hormuz after talks collapsed, a move Iran rejected while warning of possible retaliation. Efforts by the U.S. and mediators to restart negotiations are ongoing, but escalation risks remain high amid continued regional frictions and resistance from Hezbollah.
- Pakistan emphasized the need to bring both sides back to talks before the ceasefire deadline on April 21. Overall, risks remain elevated but short of irreversible escalation, with deep divisions over nuclear commitments and trust still unresolved.
- **Dubai oil prices fell below $110 per barrel as the IEA warned that demand is set to decline at its fastest pace since the COVID-19 pandemic, driven by the U.S.–Iran conflict. Prices were also pressured by expectations that both sides may resume peace talks by April 21, following the failed negotiations on April 11-12.**

U.S.: "Stagflation-lite" risks intensify amid rising cost pressures and softening growth, keeping the Fed in a prolonged hawkish pause as both hikes and cuts are constrained.

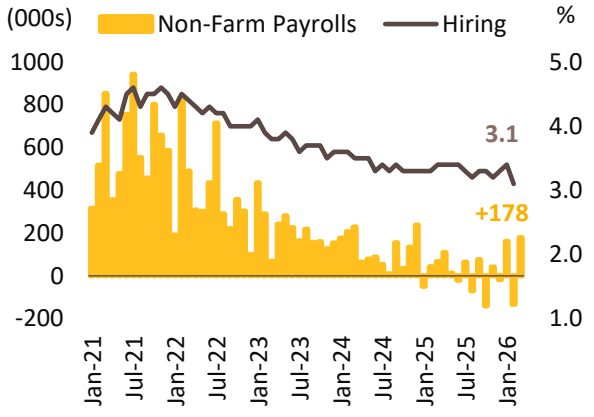
ISM Manufacturing PMI



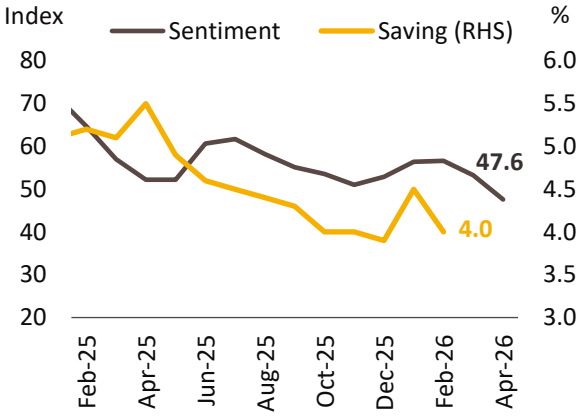
ISM Services PMI



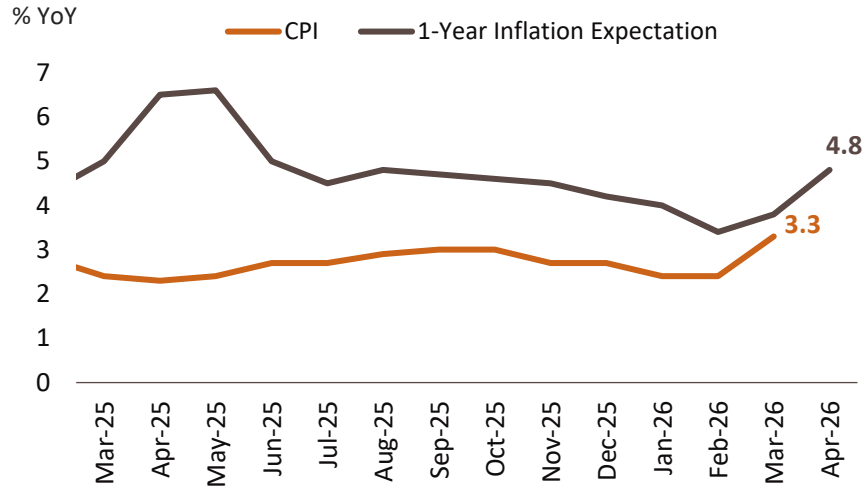
Payrolls and Hiring Rate



Consumer Sentiment and Saving Rate



CPI and Inflation Expectation



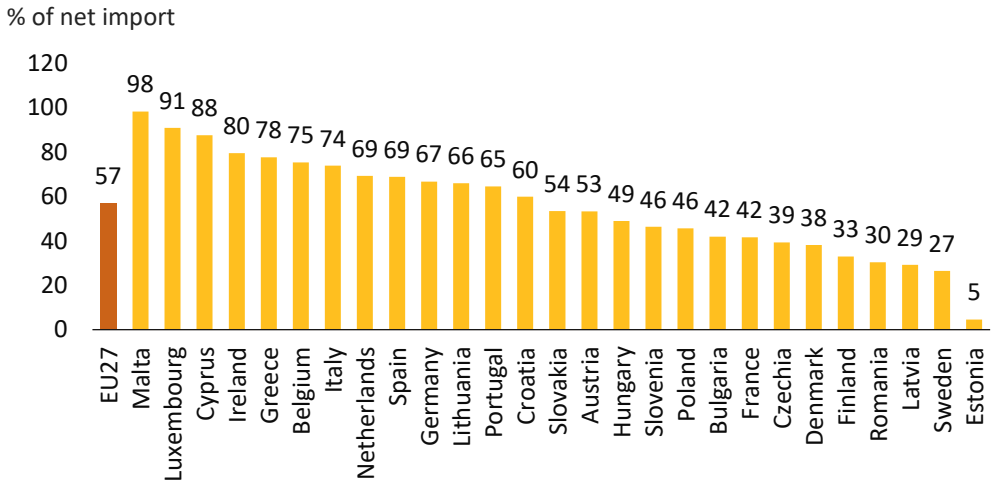
Source: ISM, BLS, BEA, Bloomberg, CEIC, and Krungsri Research

Krungsri Research's view

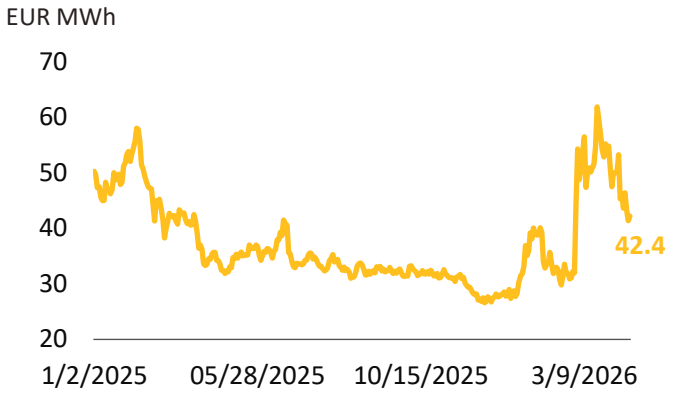
- **U.S. growth is softening with risks shifting toward "stagflation-lite".** Downside pressures are rising from oil shocks, supply disruptions, tariffs, and the weakening labor market, though AI investment and fiscal policy still provide a cushion.
- Despite lower oil import dependence, **oil shocks could affect the U.S. economy via inflation and consumption.** Rising gasoline prices (~+40% from pre-Iran war) are acting as a tax on households, while rising input costs and risk-off sentiment weigh on economic activity.
- **PMIs show both manufacturing and services expanding in March, but with soaring cost pressures. Labor conditions are softening beneath the surface.** Feb hiring fell to a 6-year low, and March payroll gains were partly driven by temporary factors (strike and weather effects). Pre-war buffers were already thin – saving fell to 4% in Feb. Post-war consumer sentiment hit a record low in Apr.
- **Inflation sees re-accelerating risk.** Headline inflation rose to 3.3% in March, above the Fed's 2% target, while the 1-year expectation rose to 4.8%. Energy shocks risk spilling into core inflation.
- **The Fed faces a trade-off between weaker growth and rising inflation, pointing to a prolonged pause with a hawkish bias.** Beyond this, tightening financial conditions, especially via private credit, are emerging. Despite higher inflation, further rate hikes are constrained by weaker growth and tighter financial conditions, while resurgent inflation also limits the scope for rate cuts.

Eurozone faces rising stagflation risk as energy shocks lift inflation and weaken growth momentum; second-round effects may prompt the ECB to hike rates.

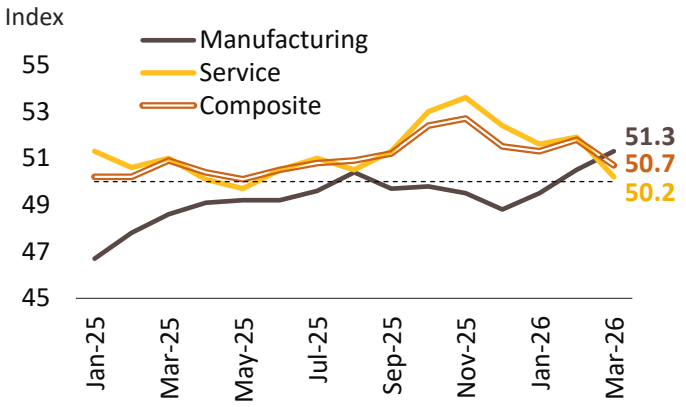
Energy Import Dependency Rate by Countries



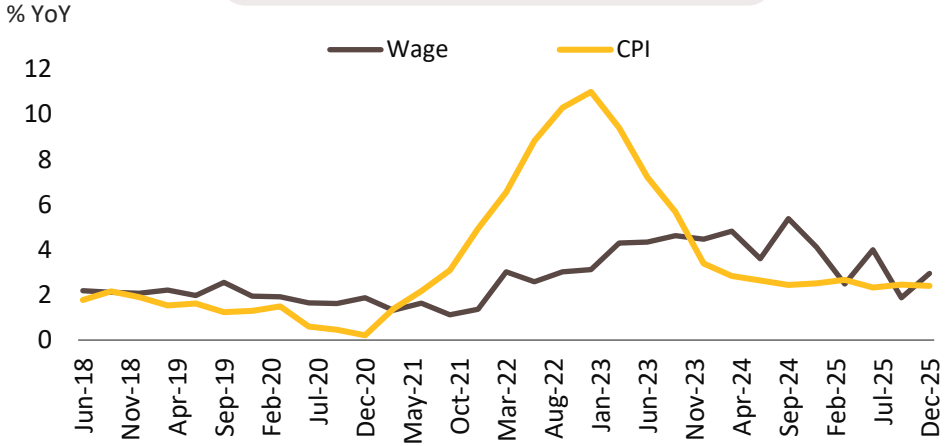
Dutch TTF Natural Gas



PMI



Inflation Rate and Wage Growth



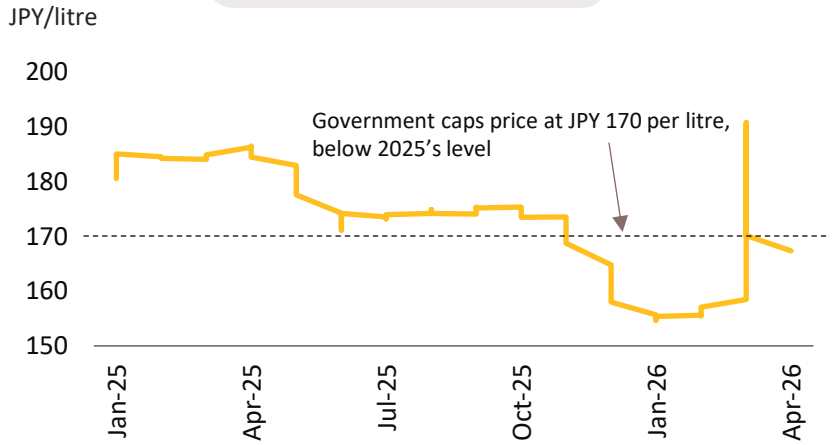
Source: ECB, CEIC, Eurostat, Investing.com, European Commission Calculation, Bloomberg, Krungsri Research

Krungsri Research's view

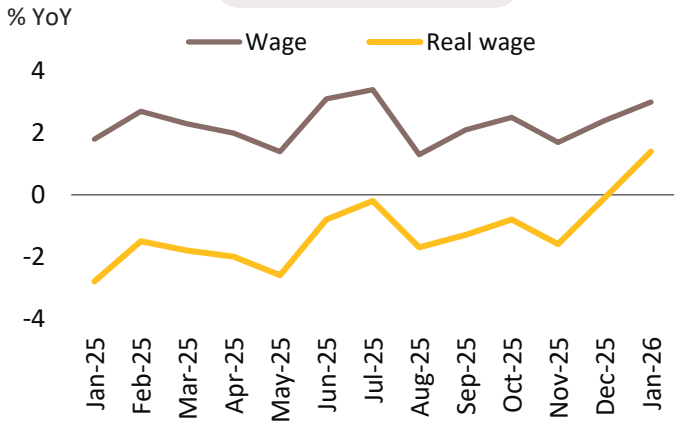
- Although the impact of rising energy prices may be less severe than in 2022, **the Eurozone remains highly vulnerable to energy shocks and geopolitical uncertainty** given its structural dependence on imported energy, with most members being net importers of oil and gas.
- **Recent indicators reflect the impact of the Middle East conflict.** Services are losing momentum, with March's PMI falling to its lowest since May last year, while headline inflation rose to 2.5% YoY—the highest since January 2025. Meanwhile, European natural gas prices have surged by more than 70% within six weeks. Beyond energy, as major shipping routes (Hormuz, Red Sea, Suez) are avoided, supply disruptions and higher transportation costs are likely to weigh on growth further and add to inflation. Together, these trends point to increasing stagflation risks.
- To mitigate energy risks, **governments are preparing emergency measures** such as gas price caps, partial windfall taxes on energy companies, and policies to reduce natural gas consumption. While these measures may cushion impacts in the short term, a prolonged conflict still poses downside risks to household purchasing power and economic growth.
- On the monetary front, **elevated energy prices could trigger second-round effects on core inflation through inflation expectations and wage pressures**. Therefore, Krungsri Research expects the European Central Bank (ECB) to raise interest rates by 25 bps at its April 30 meeting if energy prices remain elevated for an extended period.

Japan: Energy subsidies may widen the fiscal deficit, while fiscal support and wage gains cushion growth; BOJ policy normalization likely to continue.

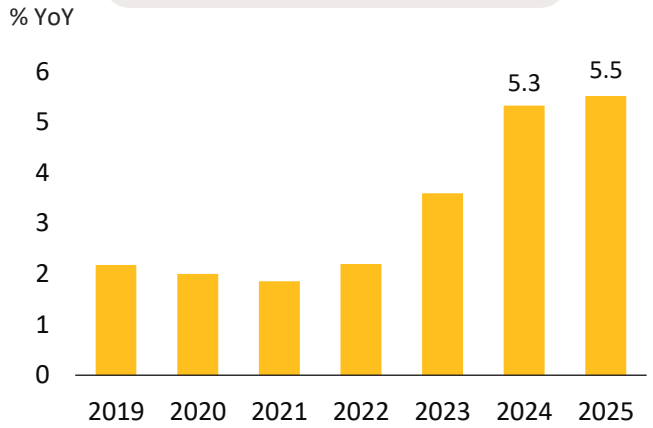
Retail Gasoline Price



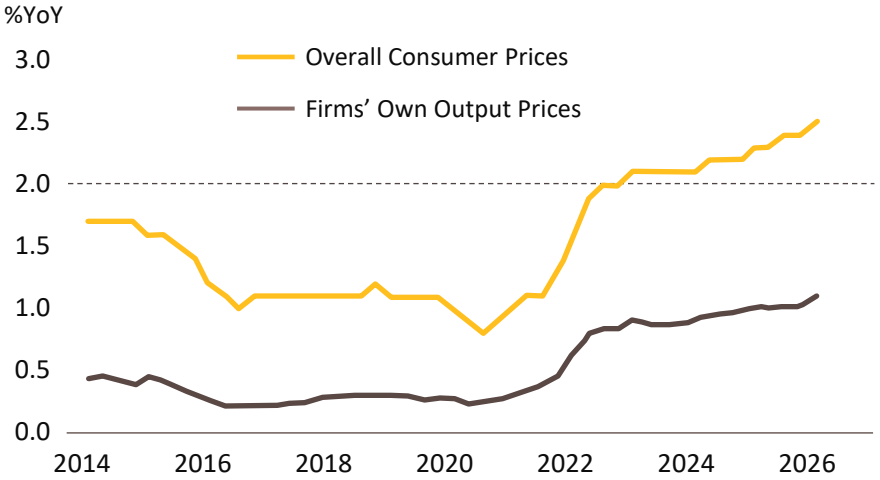
Wage Growth



Springtime Wage Increase



Tankan 5-Year Inflation Expectation



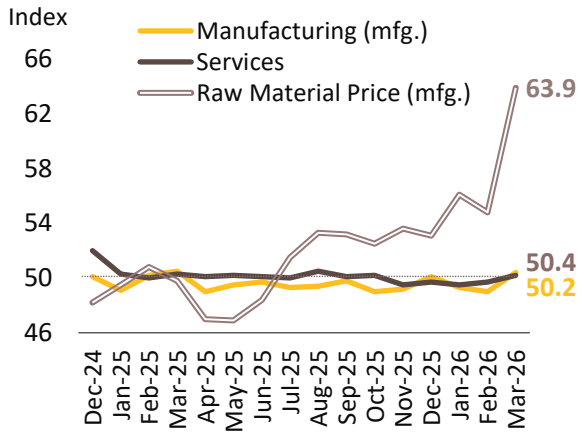
Source: Bank of Japan, Energy institute, Capital Economics, CEIC, Bloomberg and Krungsri Research

Krungsri Research's view

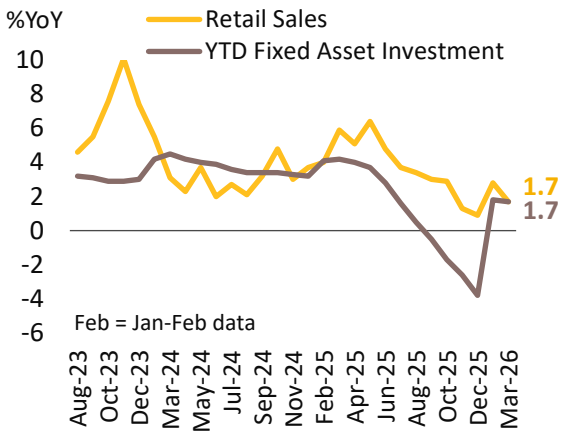
- **A prolonged Middle East conflict could strain Japan's fiscal position,** as rising energy subsidies widen the 2026 budget deficit on top of last year's fiscal expansion. **Since March 19, the government has capped gasoline prices at JPY 170 per liter** via subsidies costing around JPY 300 billion per month, funded by remaining reserves of about JPY 860 billion. However, with limited fiscal space, still-high oil prices may force authorities to scale back support and allow retail fuel prices to rise.
- Elevated energy prices are eroding household purchasing power via higher inflation, given **Japan's reliance on imports – accounting for over 85% of its energy consumption,** particularly crude oil from the Middle East. In March, manufacturing input costs surged to their highest since August 2024, driven by raw material and energy prices, weighing on production -- especially in energy-intensive sectors.
- The impact on households is likely to be partly offset by fiscal support, such as cash transfers and subsidies planned for the first half of 2026, and continued wage gains from the spring wage negotiations (Shunto), which are expected to remain close to last year's increase of around 5%. **Together with record-high corporate profits, resilient tourism, and a still-tight labor market, these factors should help underpin domestic activity and support economic growth.**
- Amid rising price pressures toward the 2% inflation target, driven by higher energy costs, wage growth, and fiscal support, **Krungsri Research expects the BOJ to continue policy normalization, raising its policy rate by 25 bps to 1.00% at the April 28 meeting**.

China: Economy continues to expand, but growth momentum may soften due to domestic challenges, unresolved trade tensions, and limited but emerging oil shock impact.

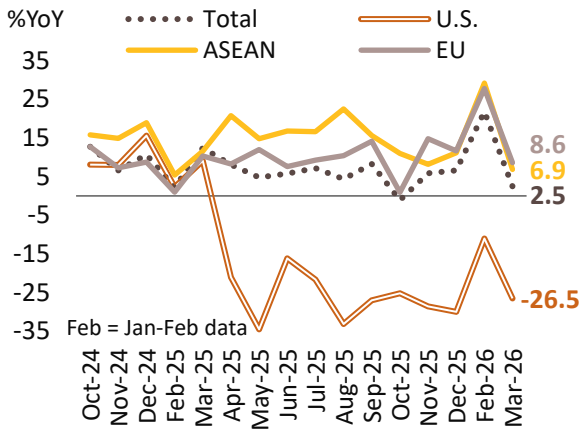
Purchasing Managers' Index (PMI)



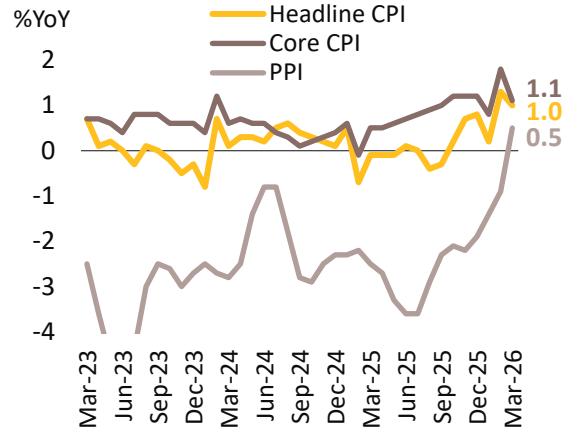
Retail Sales and Fixed Asset Investment



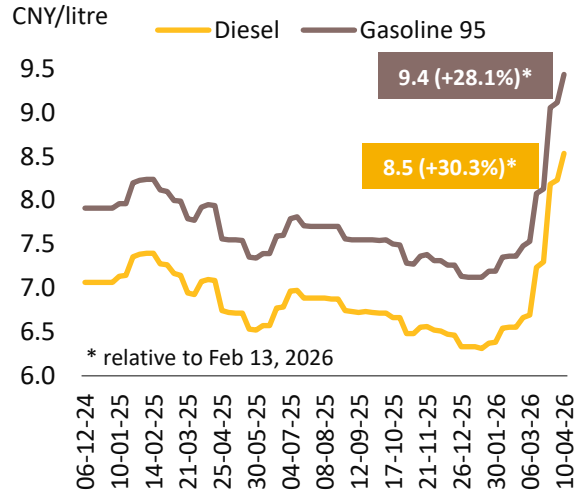
Exports to Key Partners



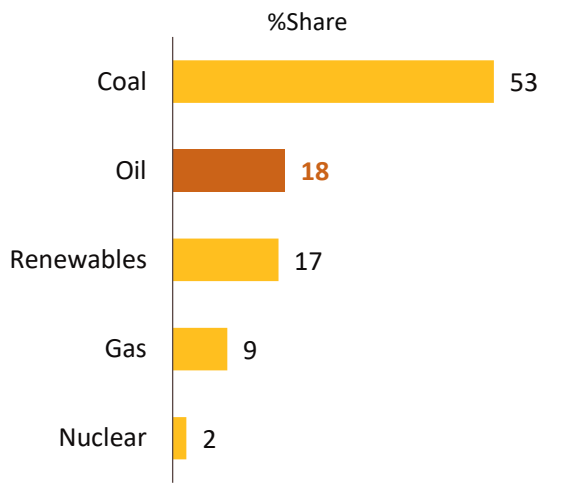
Consumer and Producer Price Indices



Domestic Fuel Prices



Energy Consumption in 2024



Source: NBS, Bloomberg, Reuters, CEIC, Investing.com, Energy Institute, and Krungsri Research

Krungsri Research's view

- **China's economy expands on fragile ground.** Manufacturing and services hold steady, while domestic demand remains subdued. Exports continue to grow but at a slower pace as the Middle East conflict drags on. Even if the oil shock impact on overall prices is limited, **rising production costs could further strain firms already facing thin profit margins** amid cutthroat competition and lingering excess supply.
- **Impact of oil shock is beginning to materialize,** despite China's strong buffer from ample reserves and a diversified energy mix. As a major oil importer, China sources more than 70% of its crude from abroad. Domestic diesel and gasoline prices have risen by around 28-30% from pre-conflict levels, while Dubai crude oil price is up over 70%. Despite below-market fuel pricing and adequate supply, **higher fuel prices could weigh on already weak domestic demand.**
- **Trade tensions drag on.** In response to the U.S. Section 301 investigation, China launched probes into U.S. trade practices deemed to hinder global supply chains and green products. China also announced a new retaliatory mechanism against harmful and discriminatory foreign actions, such as import and export controls on goods, services, and technologies. **Against this backdrop and the ongoing Middle East conflict, trade's role as a cushion is becoming increasingly fragile.**

Thailand: Middle East tensions weigh on the economy via higher costs, supply risks, and weaker tourism and sentiment, adding downside risks to an already subdued growth outlook.

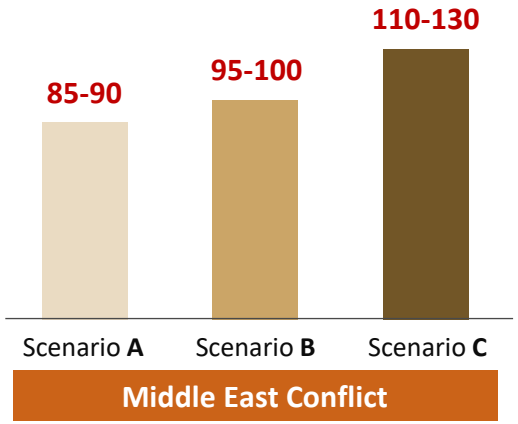
- **The ongoing Middle East conflict poses meaningful downside risks to Thailand's economic outlook**. Although Thailand shows relatively less vulnerability than most peers, it still faces notable risks, as the impact of the geopolitical shock could be prolonged amid limited policy space.
- **Private consumption is set to soften further,** as weaker sentiment, fading demand, higher living costs, and structural constraints weigh on the outlook.
- **Private Investment momentum is likely to weaken,** as deteriorating sentiment and rising external risks may offset earlier strength in capital spending.
- **Tourism is feeling the impact of Middle East tensions** through higher aviation costs, transit disruption, and safety concerns, prompting a downward revision of foreign tourist forecasts.
- **Thai exports are fluctuating amid front-loading** ahead of uncertain U.S. tariff policy, while the Middle East tensions could dampen growth in the future.
- **The new government's immediate measures** aim to cushion the impact of Middle East tensions via cost-of-living relief and targeted fiscal support, though upside remains constrained.
- **Fiscal pressures are mounting** amid Middle East tensions and constrained policy space. Expanded subsidies increase burdens and further limit the ability to support the economy.
- **Inflation is rising** due to the Middle East tensions and reduced subsidies. **Policy interest rate is likely to remain on hold**, with limited room to cut and no need to hike amid weak economic growth.

Economic scenarios: The ongoing Middle East conflict poses meaningful downside risks to Thailand's economic outlook.

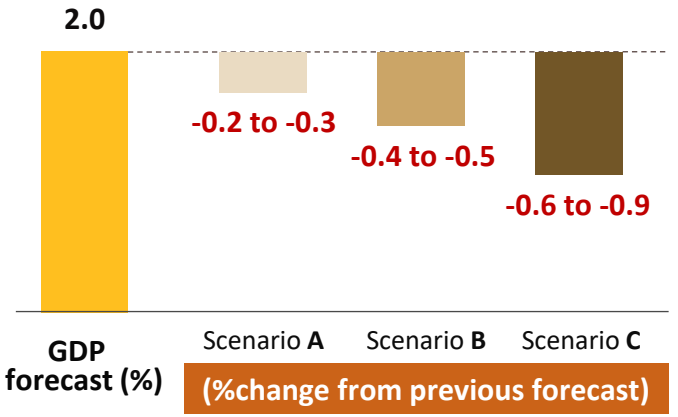
The impact on the Thai economy depends on the intensity and duration of the Middle East tensions. **Given the current situation, the primary effect is from the supply side due to the sudden increase in oil prices and higher production costs**. If tensions in the Middle East persist, the impact through demand-side channels and financial markets would intensify—affecting trade, tourism, and investment, and ultimately shaping monetary policy and the broader economic outlook.

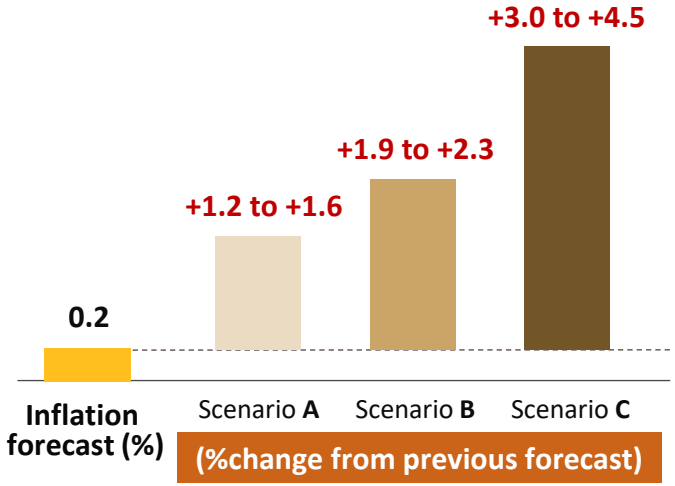
Dubai Oil Price Scenarios

(USD/barrel)



Scenarios of 2026 Thai GDP Growth and Inflation Forecast





Upside

- Transition toward renewable energy could reduce reliance on fossil fuel imports and enhance energy security.
- Investment relocation from the Middle East to Southeast Asia may support domestic businesses and strengthen regional value chain.

Downside

- Prolonged conflict could entrench inflationary pressures and heighten stagflation risks via second-round effects.
- Negative spillovers to exports and tourism from weaker external demand and elevated uncertainty which finally dampens domestic demand.
- Policy responses may be constrained by limited fiscal and monetary policy space.

Source: Krungsri Research

Thailand shows relatively less vulnerability than most peers but still faces notable risks, as the impact of the geopolitical shock could be prolonged amid limited policy space.

Considering vulnerabilities related to import dependence and external stability, the Philippines, Lao PDR, and Cambodia are among the most exposed economies, while Thailand, Indonesia, and Vietnam face relatively lower. ASEAN economies, including Thailand, should accelerate the diversification of energy import sources and design targeted, time-bound support measures to contain long-term fiscal burdens while preserving fiscal space.

		Cambodia	Lao PDR	Vietnam	Philippines	Indonesia	Thailand
Commodity exposure	Commodity balance	**Deficit (energy & prepared food)**	**Deficit (energy & prepared food)**	Mixed (rising energy deficit)	**Deficit (energy & food)**	Mixed (fuel exporter but net oil & gas importer)	Mixed (net energy importer, net food exporter)
	Oil reserves	< 1 month	N.A.: mandatory ~10 days	< 1 month	~50-60 days	~25 days	~100 days
	Main sources of petroleum imports	SG, VN, MY (indirect exposure to Middle East)	TH (indirect exposure to Middle East)	Mainly Middle East (87%), MY, S. Korea	Mainly Middle East (~93%)	SG, MY (indirect Middle East exposure)	Middle East (55%), U.S., MY
	Fuel dependency risk (% trade balance)	**High**	**Critical** (landlocked, fully relied on imports)	Moderate	**High**	Moderate	Moderate to High
	Food dependency risk (% trade balance)	Moderate	Moderate	Low–moderate	**High**	Low–moderate	Low, but exposed to risks from fertilizer import
External exposure	Twin deficit	No (CAD)	No	No	Yes (persistent)	Yes (cyclical)	No
	External debt	Moderate (concessional)	**High (public external debt)**	Moderate	Moderate	Moderate	Low
	Remittances from Middle East	Low	N.A.	Negligible	Moderate-High	Negligible	
Overall vulnerability		**HIGH**	**EXTREMELY HIGH**	**MODERATE-HIGH**	**VERY HIGH**	**MODERATE**	**MODERATE-HIGH**

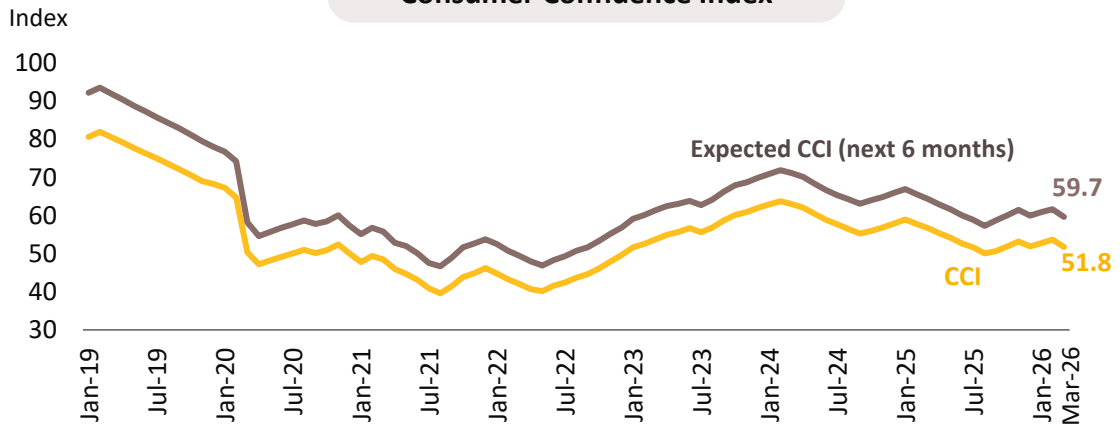
	Policy model	Fiscal space	Fiscal burden on subsidy
Cambodia	Targeted support and tax measures	Limited	Moderate
Lao PDR	Targeted support and tax measures	Limited	Moderate
Vietnam	Stabilization fund and (temporary) tax measures	Moderate	Moderate-High
Philippines	Targeted support and tax measures	Limited with fiscal consolidation goals	Moderate
Indonesia	Direct subsidy	Low with legal cap on fiscal deficit	High
Thailand	Stabilization fund	Limited	Moderate-High

Source: World Bank, Statista, Krungsri Research's Beyond the Barrel: Middle East Conflict Spillovers to ASEAN Intelligence

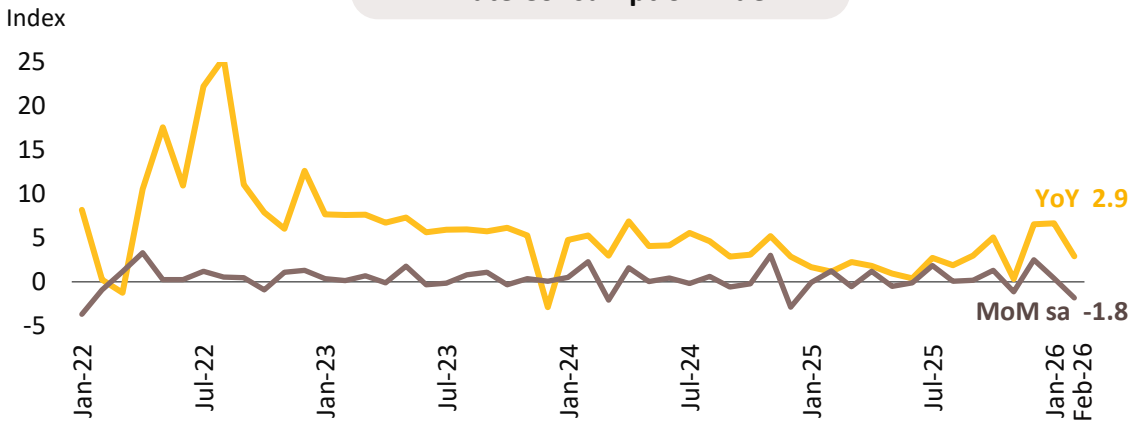
Private consumption is set to soften further, as weaker sentiment, fading demand, higher living costs, and structural constraints weigh on the outlook.

In Mar-26, the Consumer Confidence Index (CCI) fell from 53.7 in Feb to 51.8, the lowest level in six months, signaling rising concerns over the Middle East Tension. Even before the war in Iran, the Private Consumption Index (PCI) slowed to 2.9% YoY in Feb, mainly due to a decline in durable goods purchases, particularly EV, following front-loaded demand in the previous period. Consumption of services and non-durables also softened, in line with weaker tourist receipts and subdued demand. **Looking ahead, higher energy prices and cost of living, together with structural constraints such as weak income growth and elevated household debt, are likely to further weigh on domestic consumption.**

Consumer Confidence Index



Private Consumption Index

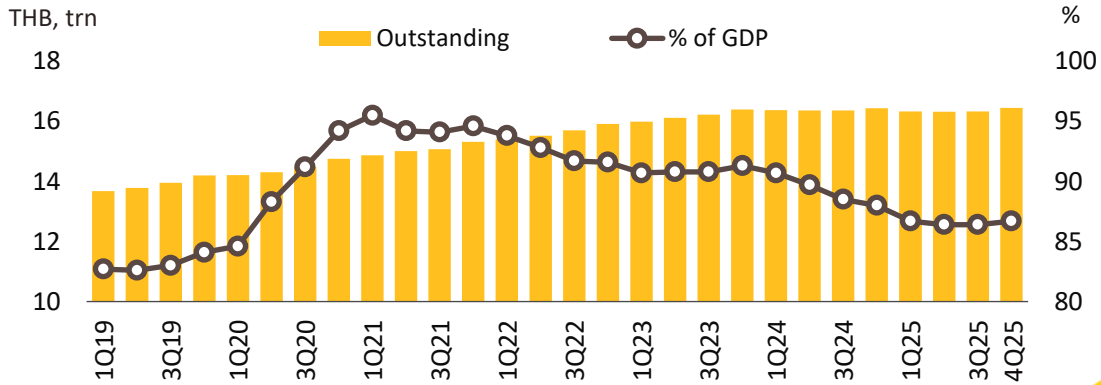


Private Consumption Index by category

%YoY*	2023												2024												2025												2026	
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F
Private consumption																																						2.9
Non-durables																																						0.9
Semi-durables																																						2.0
Durables																																						-0.8
Services																																						6.2
Non-residents expenditure																																						9.5

**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Household debt remained steady at 86.7% of GDP in 4Q25

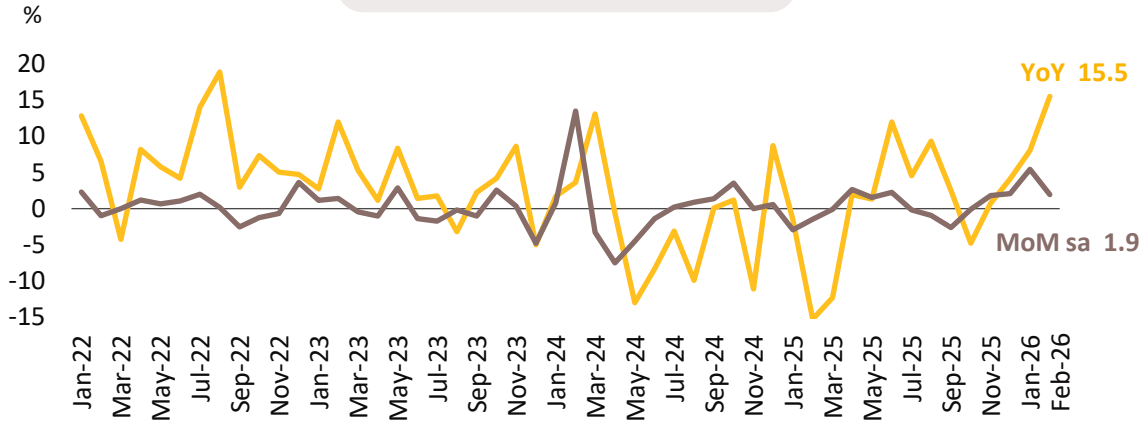


Source: BOT, UTCC, CEIC, Krungsri Research

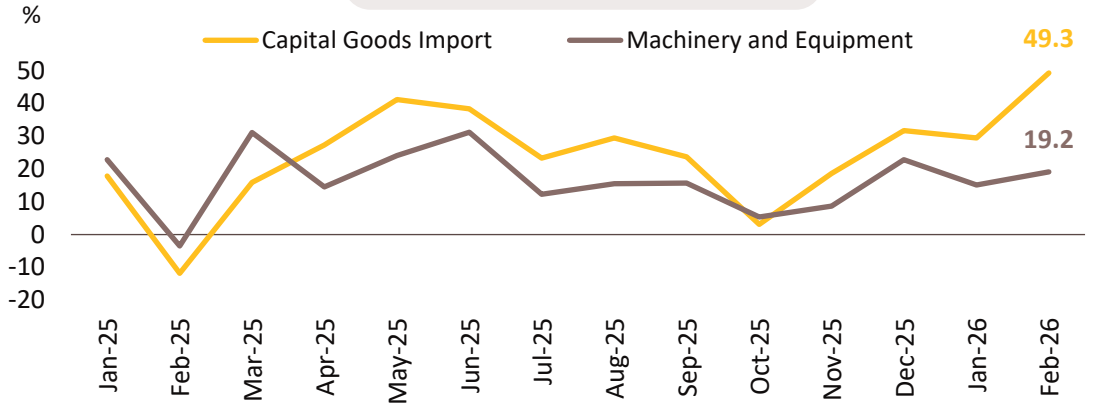
Private Investment momentum is likely to weaken, as deteriorating sentiment and rising external risks may offset earlier strength in capital spending.

Although the Private Investment Index (PII) surged by 15.5% YoY in Feb-26, supported by strong capital goods imports, **forward-looking indicators have weakened.** In Mar, the Business Sentiment Index (BSI) declined from 49.6 in Feb to 47.7, while the expected BSI dropped sharply from 52.0 to a sixth-year low of 44.2, reflecting concerns over escalating and prolonged Middle East tensions. **Going forward, private investment is expected to be pressured by weak domestic demand, rising geopolitical risks, and uncertainty over U.S. tariff policy.**

Private Investment Index



Capital Goods Import

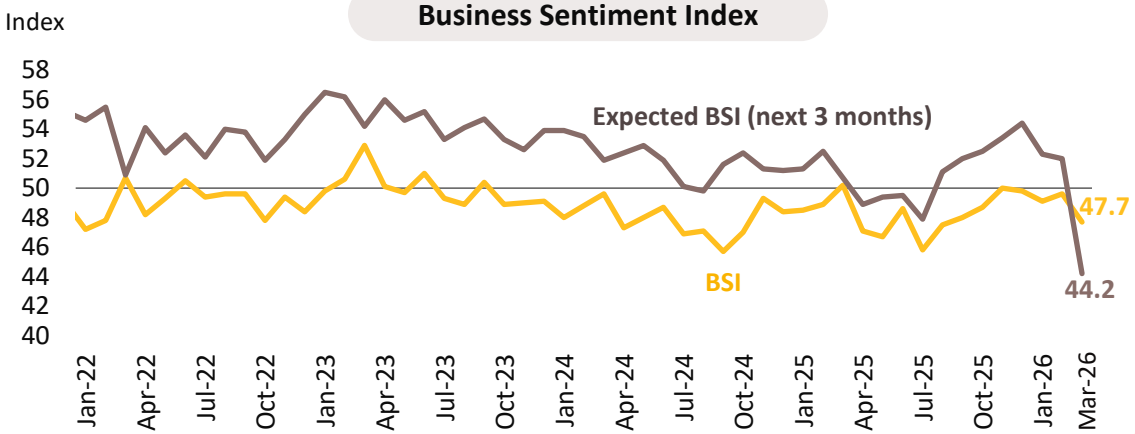


Private Investment Index by category

%YoY*	2023												2024												2025												2026	
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F
Private investment																																						15.5
Vehicle																																						0.3
Machinery and Equipment																																						22.8
Construction																																						10.3

**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Business Sentiment Index

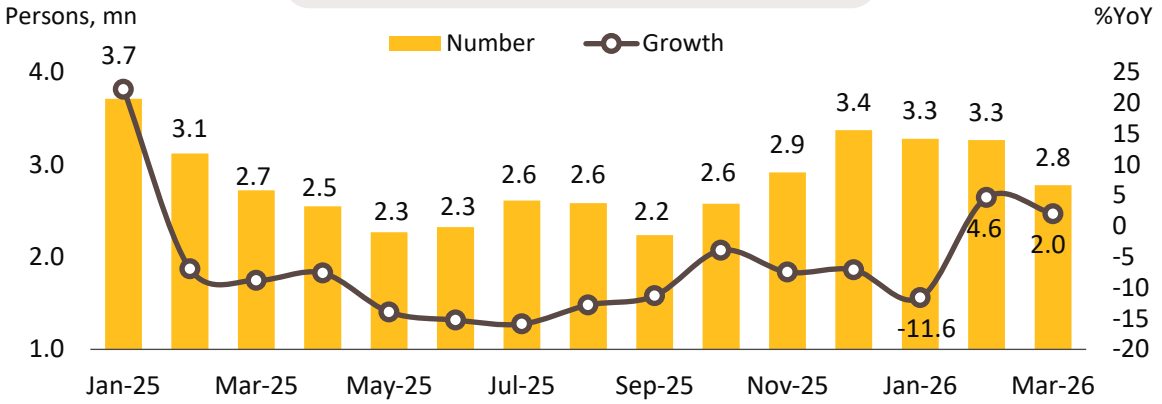


Source: BOT, CEIC, Krungsri Research

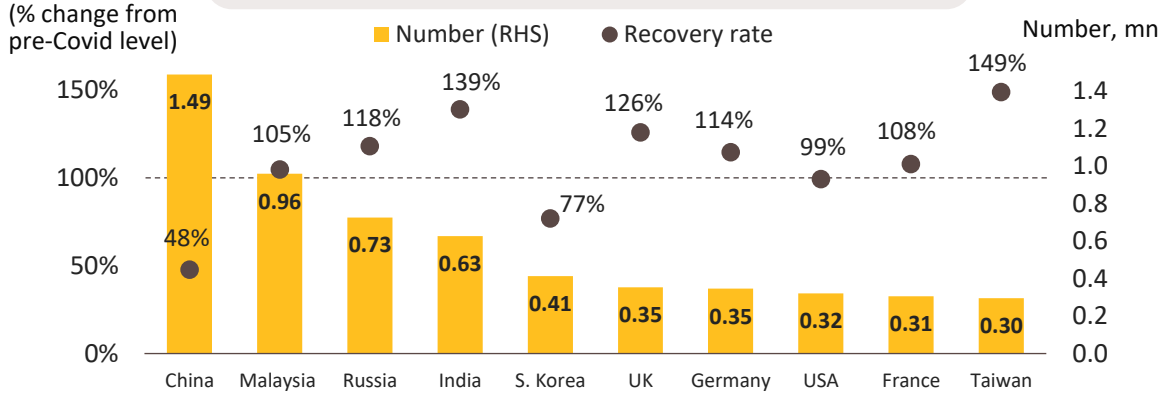
Tourism is feeling the impact of Middle East tensions through higher aviation costs, transit disruption, and safety concerns, prompting a downward revision of tourist forecasts.

In Mar-26, Thailand welcomed 2.78 mn foreign visitors, down from 3.26 mn in Feb. As a result, total foreign arrivals in 1Q26 reached 9.32 mn, down from 9.55 mn in 1Q25. While arrivals from most markets have largely recovered to pre-COVID levels, Chinese tourist arrivals in Mar remained well below those levels and declined from the previous month. **Escalating tensions in the Middle East, coupled with concerns over transit disruptions and travel safety, are weighing on Western tourist arrivals and slowing growth in other markets.** As a result, Krungsri Research has revised down our foreign tourist forecast this year to 32.5 mn from 35.5 mn previously.

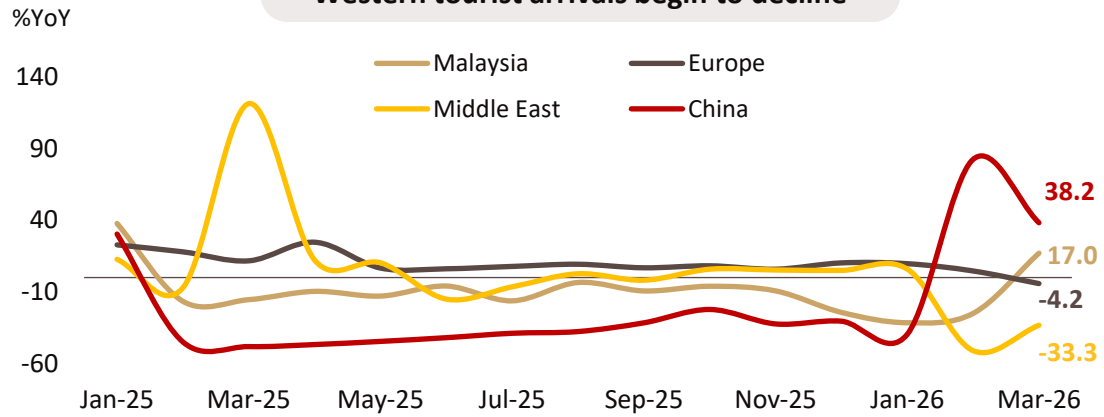
Foreign tourists sees slower recovery



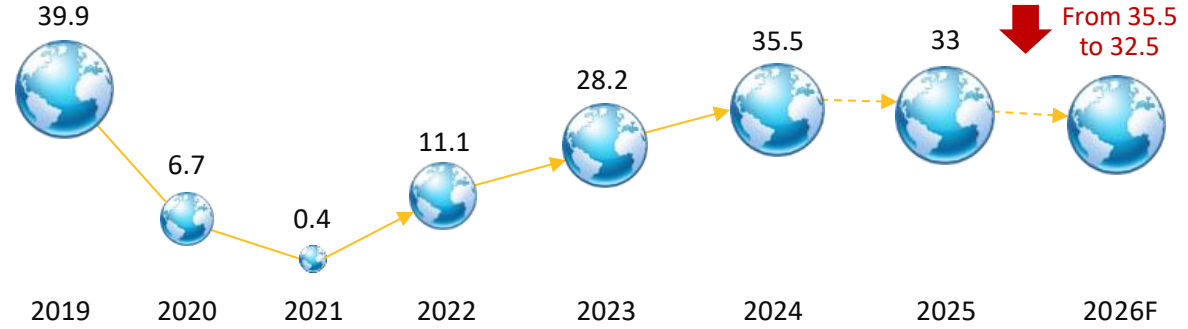
Top 10 tourist arrivals by country in Jan-Mar 2026



Western tourist arrivals begin to decline



Forecast for foreign tourist arrivals (Persons, mn)



Source: MOTS, CEIC, Krungsri Research

Thai exports are fluctuating amid front-loading ahead of uncertain U.S. tariff policy, while the Middle East tensions could dampen growth going forward.

In the first two months of 2026, Thai exports grew by 17.0% YoY (based on MOC data), led by Industrial products, which expanded by 21.3% (including precious stones and jewelry, computers & parts, and electrical appliances). However, exports of agro-industrial products decreased by -5.0% (such as sugar, and canned & processed seafood), while agricultural exports also declined by -2.7% (including rubber, rice, and tapioca products). Although the invalidation of the U.S. IEEPA tariffs may provide a temporary boost to exports through front-loading effects, **such gains are likely to be short-lived and limited given lingering tariff risks,** particularly from ongoing investigations under Section 301. Meanwhile, Thai exports to the U.S. have increased sharply (+41.1% YoY in Feb), coinciding with a notable acceleration in imports from China (+59.7% in the same period). **In addition, exports could come under pressure in the period ahead as Middle East tensions lead to higher production costs, raw material shortages, and transportation disruptions.**

Thai exports by major product and destination

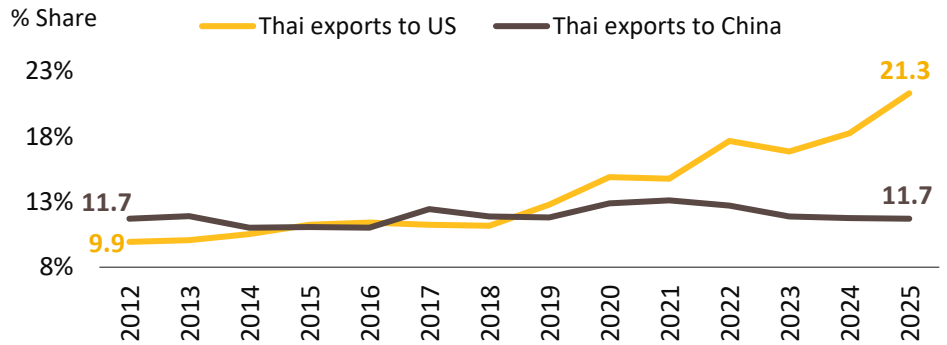
Thailand: January-February's Export growth (% YoY)	World	U.S. (22%)	EU (9%)	Japan (7%)	China (10%)	ASEAN-5 (13%)	CLMV (7%)
Total	**+17.0**	**+41.8**	**+19.2**	**+6.1**	**+16.7**	**+24.0**	**-10.0**
Precious stones and jewellery (11.96%)	+18.5	-30.0	+24.0	+76.2	-60	+119.0	-6.5
Computer & parts (11.66%)	+58.6	+82.64	+15.8	+26.3	+52.4	165.3	-6.0
Car & parts (8.46%)	+7.9	+2.8	+32.8	+26.7	+249	-22.8	+18.0
Teleprinters & parts (4.48%)	+205.3	+217.0	+64.1	-41.4	+303.0	+819.5	+11.4
Rubber products (4.08%)	-2.5	-17.7	+27.5	+4.7	-1.0	+2.8	-1.2
Machinery & parts (3.37%)	+18.7	+35.5	+19.8	+10.2	-6.6	+13.0	+11.8
Electronic integrated circuits (2.85%)	+8.6	+2.9	+16.0	+1.5	+59.5	+51.4	-54.0
Air condition & parts (2.79%)	+2.8	+17.7	+15.2	+24.0	N/A	-13.1	-21.2
Other industrial products (2.47%)	+35.2	+31.3	+22.5	+9.2	+131.9	+4.1	+1
Plastic Resin (2.16%)	-5.9	-13.2	+3.0	-12.1	-4.5	-16.3	-8.7
Refine fuels (2.16%)	+0.2	N/A	N/A	+2.1	-63.8	+62	-40.2
Chemical products (2.14%)	-3.2	+13.4	+116.8	-7.9	-37.6	-6.8	-8.9
Iron, steel and their products (1.92%)	+14.7	+53.6	+30.0	-9.5	+3.5	+0.3	+0.4
Electrical transformers & parts (1.90%)	+39.5	+54.4	+29.0	+5.0	-0.3	+12.8	+19.3
Copper (1.62%)	+49.2	N/A	N/A	+39.1	+114.8	+14.9	+37.4

Note: (% share in Jan-Feb 2026)
Source: MOC, CEIC, Krungsri Research

Thailand: Exports to the US and Imports from China



Shares of Thai exports to the US and China (%)



New government's immediate measures aim to cushion the impact of Middle East tensions via cost-of-living relief and targeted fiscal support, though upside remains constrained.

In the near term, the new government's immediate measures have been introduced to ease impacts of ongoing Middle East tensions, including (i) fiscal budget support worth THB 3.38 bn (0.02% of GDP) , (ii) soft loans of THB 150 bn (0.78% of GDP), and (iii) other targeted measures. The government is also seeking to create additional fiscal space by reallocating unutilized budgets. However, the overall upside remains constrained by limited fiscal space, persistent structural headwinds, and rising external risks.

Measures to ease impacts of Middle East tensions

1) **Vulnerable individuals and households**
   - **Fiscal budget of THB 1.32 bn** for topping up **welfare cards for 13.2 mn holders** by increasing allowance for essential goods from THB300 to THB400 per month, applying April 13-May 12, 2026
   - **THB 5 bn soft loan for solar panel installation and EV purchase,** a lending cap of THB 2 mn per applicant, with a 5-year term, applying until Mar 31, 2027. Besides, GHB will offer concessional loans for energy-efficient housing.
   - **"Thai Chuay Thai" (Thailand Price Reduction)**, a scheme to lower the cost of essential goods to ease living expenses (May)
2) **Farmers**
   - BAAC's **THB 30 bn co-payment loan program** for farmers offers loans of up to THB 100,000 per borrower at 6% p.a. interest (government subsidizes 3% p.a. interest).
3) **Businesses**
   - MOF and GSB will provide **THB 100 bn baht in soft loans,** plus additional **THB 15 bn** financing from the SME Bank, to support **the shift towards green businesses.** EXIM Bank will introduce special insurance premium rates to assist **exporters.**
   - **Contractors engaged in government projects** affected by the Middle East conflict will be allowed to terminate contracts without penalty.
4) **Transport sector**
   - **THB 2.06 bn fuel subsidies** for truck operators, motorcycle and metered taxi drivers, public vans, minibuses, and interprovincial buses (Apr 20- May 31).

Investment Promotion

- Promote new growth engines (e.g., digital, AI, robotics, semiconductors, clean energy, biotech, advanced automotive, healthcare)
- "Thailand FastPass" scheme to accelerate THB 480 bn in investment projects
- Attract FDI through joint ventures with Thai firms
- Establish matching funds to support startups
- Fast-track the "Super License" law within 180 days
- Advance Thailand's accession to the OECD

Other policies

- Accelerate budget disbursement efficiency and enact the FY2026 Budget Reallocation Act by transferring unutilized budgets to the central budget for additional energy measures, co-payment schemes, and other economic stimulus initiatives

Positive Implications for the Economy
- **Policy Continuity**
- **Timely Budget Execution**
- **Improved Sentiment**

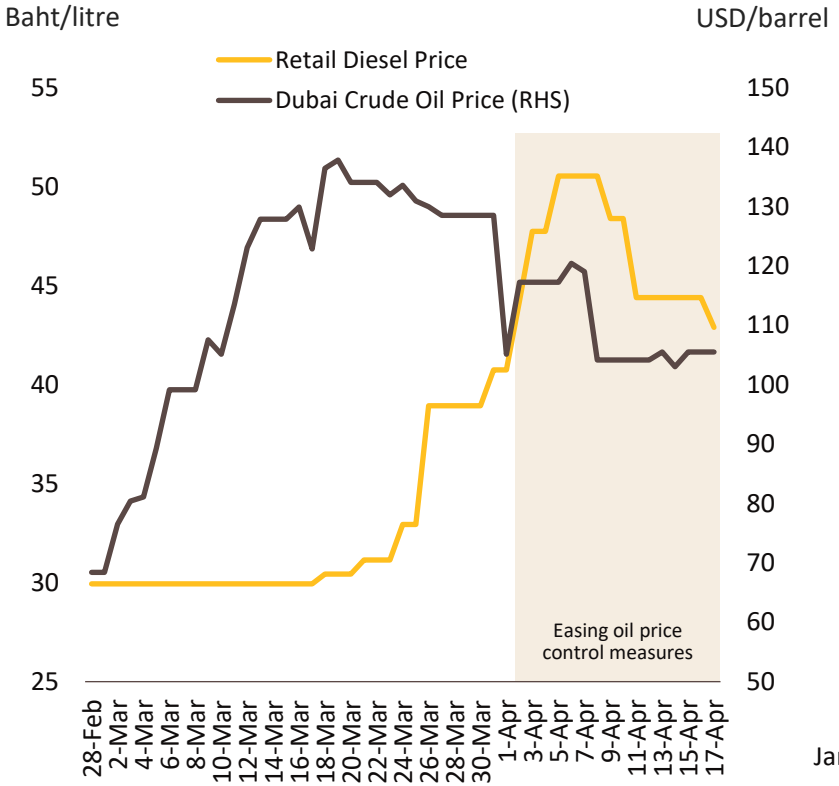
Downside risks
- **Fiscal Constraints**
- **Domestic Structural Headwinds**
- **Rising External Risks**

Source: The Cabinet, Bangkok Post, Krungsri Research

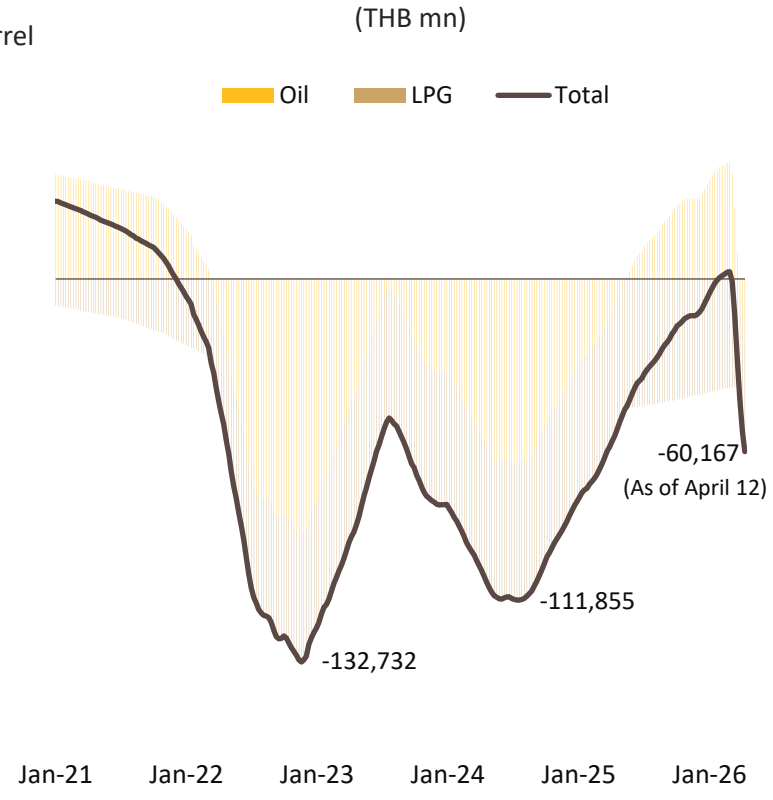
Fiscal pressures are mounting amid Middle East tensions and constrained policy space; expanded subsidies increase burdens and further limit the ability to support the economy.

Amid the escalation of geopolitical tensions and uncertainty surrounding the Strait of Hormuz, impacts on the Thai economy are beginning to emerge, as reflected in a sharp increase in retail fuel prices. Even though the pass-through from global oil prices, particularly Dubai crude, has been partially delayed by government price controls, the subsequent rise in retail fuel prices and emerging supply shortages in several key products are likely to intensify inflationary pressures, which would erode purchasing power in the periods ahead. Meanwhile, the Oil Fuel Fund's position has deteriorated significantly given the recent subsidy measures. **Further expansion of such subsidies and other support measures could increase fiscal burdens on an already constrained fiscal position, potentially pushing public debt closer to the statutory ceiling.**

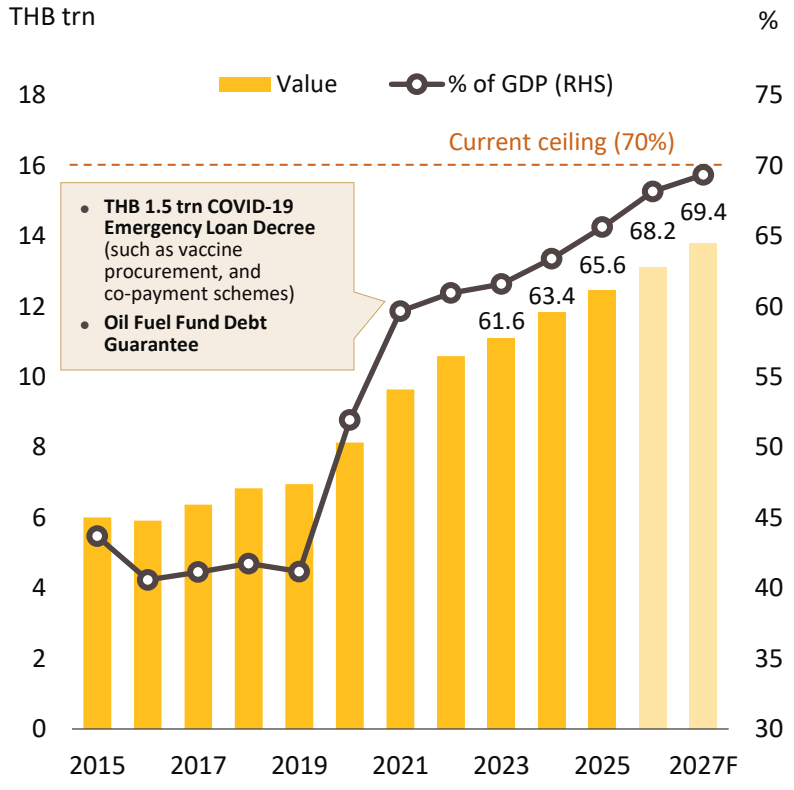
Domestic Diesel Price and Dubai Crude Oil Price



Oil Fuel Fund Status



Thailand's public debt level under the Plan

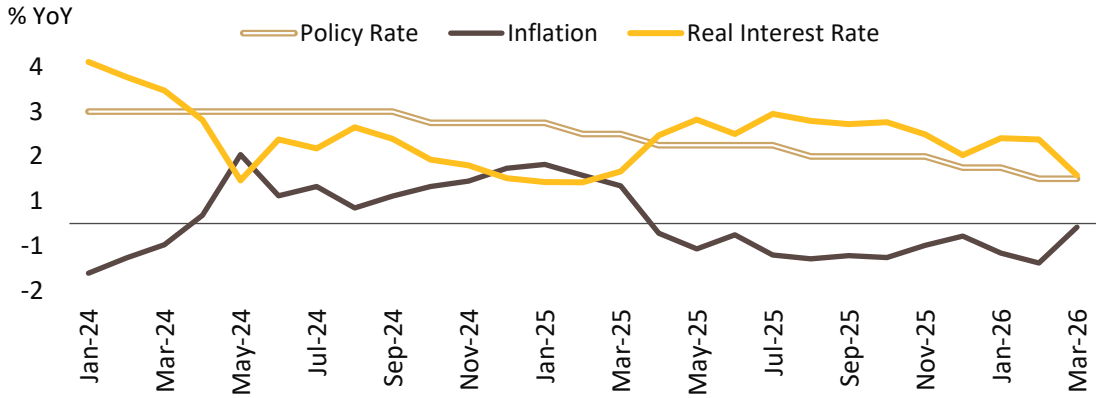


Source: MOE, MOF, CEIC, Krungsri Research

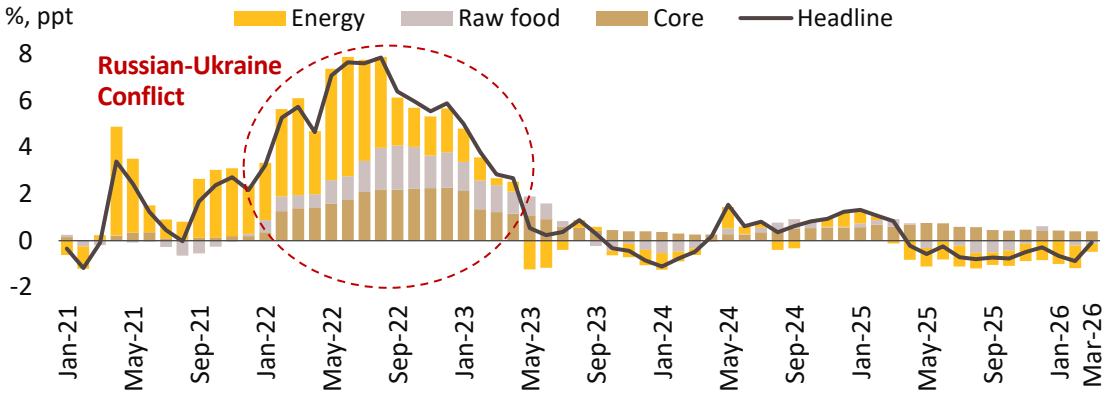
Inflation is rising on Middle East tensions and reduced subsidies; *policy interest rate* is likely to remain on hold, with limited room to cut and no need to hike amid weak growth.

Real interest rates – policy rate adjusted for headline inflation – are showing early signs of moderation, indicating some easing in monetary conditions. In Mar-26 headline inflation began to rise, driven mainly by rising energy prices, although the increase was limited by government subsidies. Energy remains the primary contributor, while other components have yet to exhibit broad-based price pressures. Looking ahead, supply shortages in some products, higher electricity charges, and potential increases in key commodity prices are likely to add to inflation pressure. **While rising inflation may constrain further monetary policy easing, a rate hike is not warranted given weak domestic demand and a negative output gap, especially as inflation pressures remain largely supply-driven.**

Real Interest Rate



Contribution of Inflation



Consumer Price Index: Major categories

Consumer Price Index (% YoY)*	Weight	2024 J	F	M	A	M	J	J	A	S	O	N	D	2025 J	F	M	A	M	J	J	A	S	O	N	D	2026 J	F
Headline CPI	**100%**																										
Food & beverages	39.4%																										
Apparel & footwears	2.1%																										
Housing & furnishing	24.7%																										
Medical & personal care	6.4%																										
Transportation & communication	22.1%																										
Recreation & education	4.1%																										
Tobacco & alcoholic beverages	1.3%																										
Raw food	17.1%																										
Energy	11.8%																										
Core CPI	**71.1%**																										

** Red > 0%, Green < 0% / Darker colors indicate stronger momentum*

Source: MOC, CEIC, BOT, ERC, Krungsri Research

FT upward adjustment and key commodity prices

Electricity

Future FT (May-Aug 26)

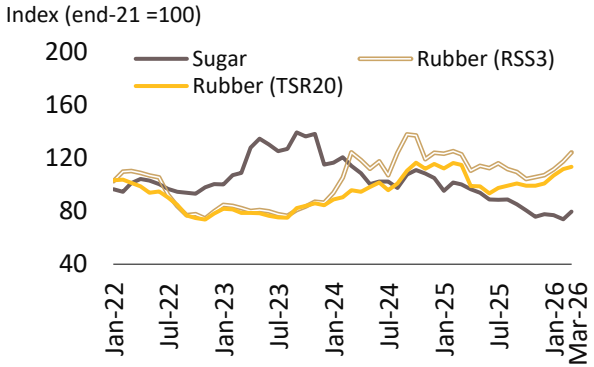
3.95

Current FT (Jan-Apr 26)

3.88

(Baht/Unit)

Agriculture



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