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FLASH

June 24, 2026

The MPC unanimously held the policy rate at 1.00% p.a., amid low and uneven growth and contained pass-through effects. Despite evolving global rate cycles, the BOT's policy trajectory remains guided by domestic conditions. Thus, we expect no change in the policy rate through 2026.

Key Event:

The Committee voted unanimously to maintain the policy rate at 1.00% p.a. with stimulus-driven upward growth revisions.

At its meeting on June 24, the Committee voted unanimously (7–0) to maintain the policy rate at 1.00% p.a., viewing that an accommodative policy stance, together with targeted financial measures, remains appropriate to support the economic recovery. The decision is a consensus, with all 28 research houses expecting a hold, according to the Reuters survey.

The MPC revised up Thailand's economic growth forecast for 2026 from 1.5% to 2.3%, supported by government stimulus measures, exports, and private investment associated with the technology and AI cycle. While the impact of the Middle East tension on manufacturing and tourism has been less severe than expected, with large businesses demonstrating greater adaptability than anticipated. **However, overall growth remains low and uneven.** SMEs face limitations in adaptation and are constrained by intense competition, while most households remain under pressure from decelerating income growth and rising living costs, especially when policy supports are being phased out.

On the price stability front, headline inflation is projected to temporarily exceed the target range due to energy price pass-through and higher production costs before easing in 2027 as supply-side pressures gradually subside and favorable base effects take hold. While inflation has risen due to supply-side factors, the Committee will continue to closely monitor its outlook and associated risks.

Regarding financial conditions, overall credit expands at a low rate. Loan growth is driven primarily by large corporate borrowers, while SME loans continue to contract, underscoring the need for continued targeted financial assistance. Furthermore, the Thai baht has depreciated against the U.S. dollar, driven by shifts in the Federal Reserve's monetary policy stance.

BOT's Economic Projection

		As of April		As of June	
Unit: %	**2025**	**2026F**	**2027F**	**2026F**	**2027F**
GDP growth	2.4	1.5	2.0	2.3 ▲	1.8 ▼
Headline inflation	-0.1	2.9	1.5	2.8 ▼	1.4 ▼
Core inflation	0.8	1.6	1.5	1.5 ▼	1.4 ▼

Source: BOT and NESDC

Krungsri Research View:

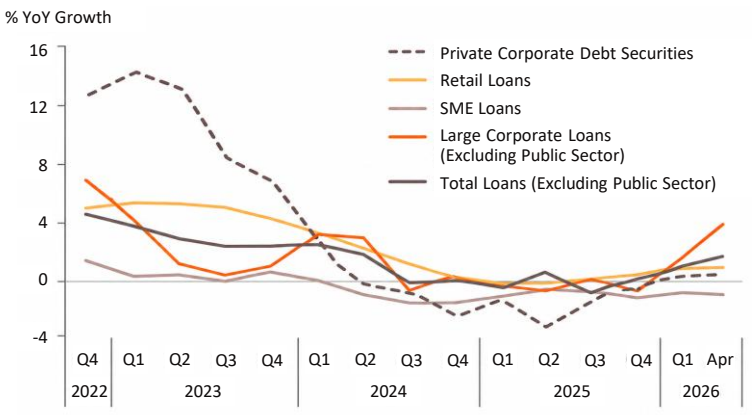
We continue to expect the BOT to remain on hold throughout 2026, with the policy rate unchanged at 1.00% p.a.. The hold reflects the Committee's balancing act between improving growth and inflation dynamics on the one hand, and persistent concerns over vulnerable groups on the other.

As anticipated, the MPC delivered a unanimous decision to maintain the policy rate at 1.00% at the June meeting. Under the BOT's policy framework, the Committee judged that ***"the current policy rate is appropriate to support economic recovery,"*** based on the following considerations:

- **Economic growth** forecast was raised upward from 1.5% to 2.3% for 2026 to incorporate the effects of fiscal stimulus, **while the Committee noted the low and uneven nature of the recovery.**
- **Inflation appears to be taking center stage in the BOT's reaction function.** Although headline inflation may temporarily rise above the BOT's target range in 2H26, the spike could be short-lived, with inflation expected to return to target by 2027. **The MPC is likely to look through the supply-driven overshoot**, given limited evidence of persistent pass-through effects and still well-anchored medium-term inflation expectations.
- **Financial conditions are assessed as mixed across groups. The Committee continued to flag sluggish credit growth, particularly among vulnerable households and SMEs**, consistent with its assessment of a low and uneven economic recovery. **The BOT reiterated the need for targeted financial measures, encouraging financial institutions to continue supporting vulnerable borrowers, as highlighted in the statement.**

On balance, the MPC judged that the current policy setting remains appropriate amid evolving economic conditions. **Krungsri Research expects that the balancing act between the BOT's objectives will keep the MPC on hold, with the policy rate remaining at 1.00% p.a. throughout 2026.** Despite evolving policy rate cycles from regional peers and the U.S., Thailand's sound external stability continues to support the BOT's policy stance guided by domestic economic conditions rather than external pressures.

Credit Growth



Note:
1) Loans consists of commercial bank lending, including SFIs and non-banks under BOT regulation.
2) Business loan sizes are categorized by OSMEP's revised definition, combining revenue, employment, and credit lines. Meanwhile, SFI and non-bank loans under BOT regulation utilize the OSMEP criteria based solely on revenue and employment.

Source: BOT

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