WEEKLY ECONOMIC REVIEW

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Weak U.S. jobs data eases Fed rate-hike expectations. Thailand's recovery remains weak and uneven.

Global

U.S.: Fed Chair Kevin Warsh reaffirmed the Fed's commitment to restoring price stability while ending forward guidance on policy rates. Meanwhile, expectations of rate hikes have eased after June nonfarm payrolls rose by just 57,000, well below the 114,000 consensus and 129,000 in May. This signals softer consumer spending and economic momentum. Krungsri Research expects the Fed to keep the policy rate unchanged at 3.50–3.75% for the remainder of the year.

Japan: Beyond elevated energy costs, the weaker yen continues to raise import costs,. particularly for SMEs, According to Tokyo Shoko Research, 45 companies went bankrupt due to yen depreciation in the first half of 2026—the highest since records began in 2022. The growing cost pressures could support the Bank of Japan (BOJ) in gradually raising its policy rate to narrow the interest rate differential and help curb further yen depreciation.

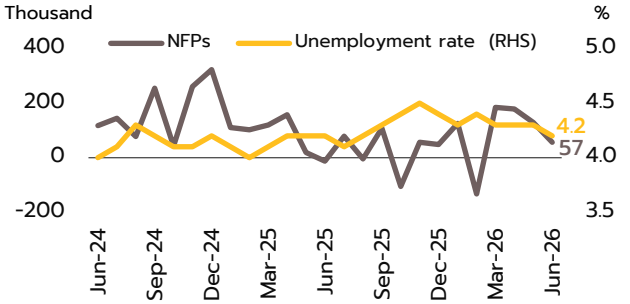
China: Impacts from the energy crisis remain but begin to subside. Manufacturing PMI continues to expand, especially hi-tech goods. Meanwhile, production costs are rising at a slower pace (figure). This is in accordance with domestic fuel prices, which are currently 15-16% above pre-conflict levels (vs. 28-30% in early April). **Despite such positive signs and robust exports, 2Q26 growth is likely to slow as a result of weak demand and investment.**

Thailand

Thailand's economy showed modest improvement, while export growth softened. MPC is likely to maintain the policy rate this year. The Bank of Thailand (BOT) reported mixed economic indicators in May, with improvements in the Private Consumption Index (PCI +2.7% YoY from +1.4% in April) and the Private Investment Index (PII +14.8% from +11.1%). Government spending also grew, supported by personnel, healthcare, and carry-over budget expenditures. However, foreign tourist arrivals edged down (2.3 million from 2.4 million), while merchandise exports excluding gold slowed (+8.4% from +23.2%).

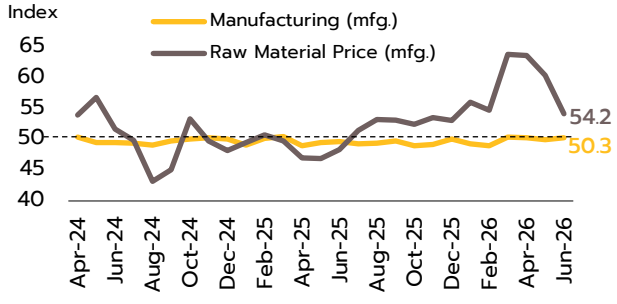
Tourist arrivals from the Middle East and China showed signs of recovery (90.4% and 102.7% of pre-conflict levels, respectively), while arrivals from the Americas and Europe remained subdued (56.4% and 30.8% of pre-conflict levels). Amid easing geopolitical tensions and declining travel costs, a gradual recovery in long-haul tourism could underpin Thailand's still-fragile and uneven economic growth. Meanwhile, the Monetary Policy Committee (MPC) on 24 June kept the policy rate unchanged at 1.00% to support economic recovery. Krungsri Research expects the BOT to continue prioritizing domestic economic conditions over external pressures, including policy rate hikes by many countries, reinforcing expectations that the Thai policy rate will remain unchanged through year-end.

U.S.: Nonfarm Payrolls and Unemployment Rate



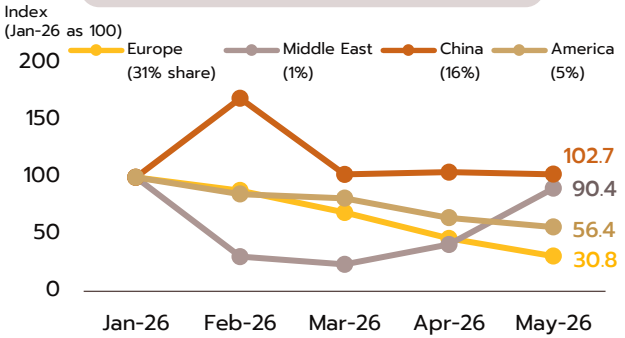
Source: CEIC and Krungsri Research

China: Purchasing Managers' Index (PMI)



Source: NBS and Krungsri Research

Long-haul and Chinese tourist arrivals



Source: MOTS, BOT, and Krungsri Research

Krungsri Research

Pimnara Hirankasi, Ph.D.
Head of Research Division and Chief Economist

Macroeconomic Team

Sujit Chaivichayachat
Head of Macroeconomic Research

Wanicha Direkudomsak
Senior Economist

Piyavadee Chirasirisuwan
Senior Economist

Thansin Klinthanom
Senior Economist

Krittabhorn Sirichaichingkun
Economist

Supasyn Itthiphatwong
Economist

Wanat Banthitasopon
Economist

MIS and Reporting Team

Thamon Sernsuksakul
Information Analyst

Chirdsak Srichaiton
Information Analyst

Wongsagon Keawuttung
Information Analyst

Industry Team

Taned Mahattanalai
Head of Industry Research

Patinya Hanittinan, Ph.D.
Senior Analyst (IECC Project, Petrochemicals, Refinery, Bio-Diesel, Ethanol, Plastic)

Chaiwat Sowcharoensuk
Senior Analyst (Agriculture, Agri-Machinery, Fertilizer)

Nuttachat Viroonhausava
Senior Analyst (Agriculture, Food & Beverages, Restaurant, FTA)

Puttachard Lunkam
Senior Analyst (Construction Contractors, Construction Materials, Hotels, Steel)

Patchara Klinchuanchun
Senior Analyst (Real Estate)

Taratnon Sritongterm
Senior Analyst (Industrial Estate, Mobile Operator, Modern Trade, Mass Transit, Transportation)

Prapan Leenoi
Analyst (Power Generation, Renewable Energy, ESG, Taxonomy)

Supawat Choksawatpaisan
Analyst (Automobile, Auto Part, Auto-Hire Purchase)

Rapeepoom Lapmak
Analyst (Electronics & Electrical Appliances, PCB, Data Center, Digital)

Chatwalee Maethastidsook
Analyst (Healthcare, Pharmaceutical, Medical Devices)

Analytics & Intelligence Team

Poonsuk Ninkitsaranont
Head of Analytics and Intelligence Research

Nathanon Ratanathamwat
Senior Researcher

Narichaya Satafang
Researcher

Parinya Mingsakul
Researcher

Chanatta Thararos
Researcher

For research subscription, contact
krungsri.research@krungsri.com

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