krungsri Research

A member of MUFG

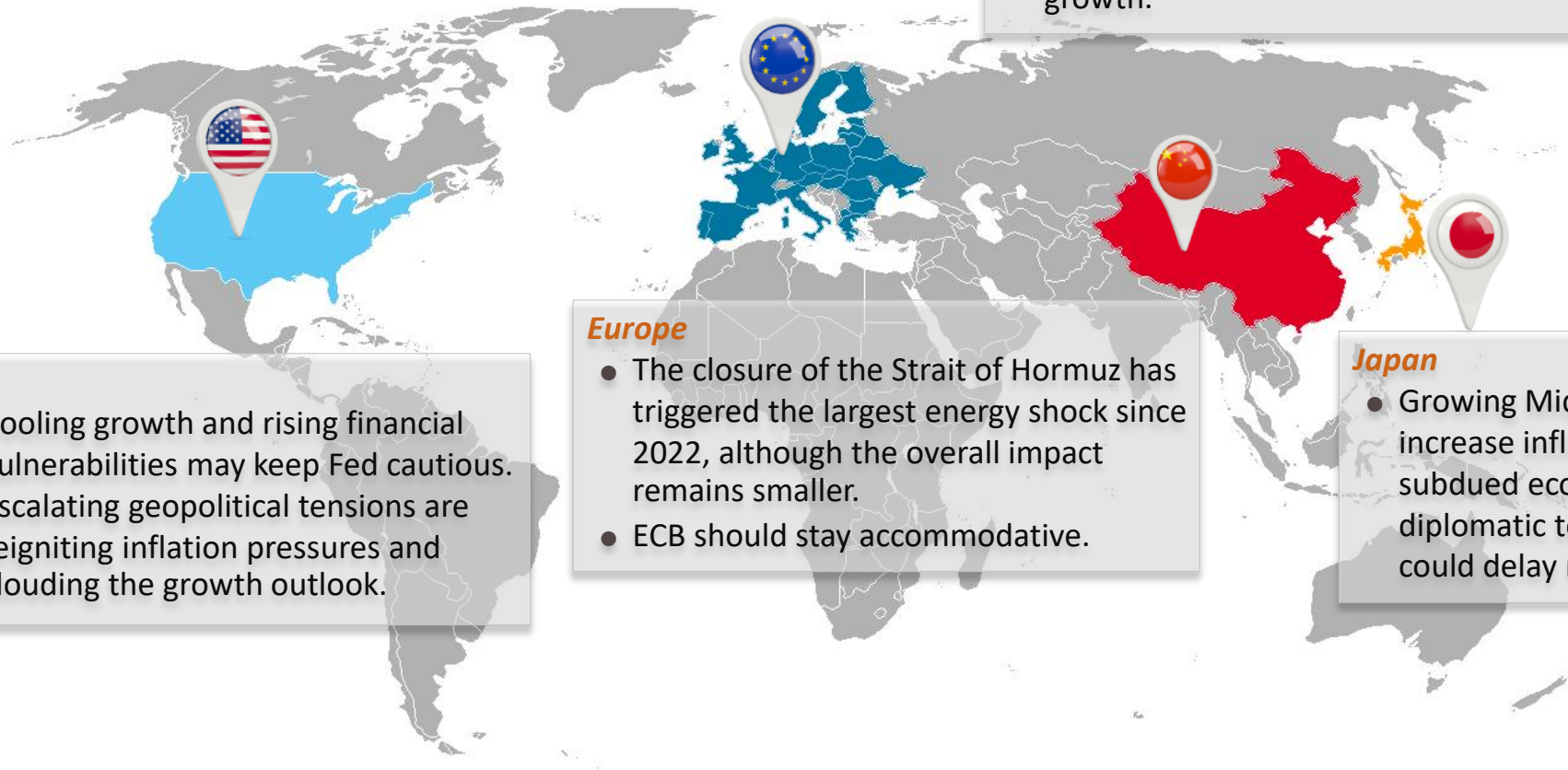
MONTHLY ECONOMIC BULLETIN

March 2026



Krungsri Research

Global: Escalating geopolitical tensions threaten disruption



China

- Exports remain a key driver amid weak domestic demand, while oil shock impacts appear limited.
- Government is prioritizing quality- over quantity-driven growth.

U.S.

- Cooling growth and rising financial vulnerabilities may keep Fed cautious.
- Escalating geopolitical tensions are reigniting inflation pressures and clouding the growth outlook.

Europe

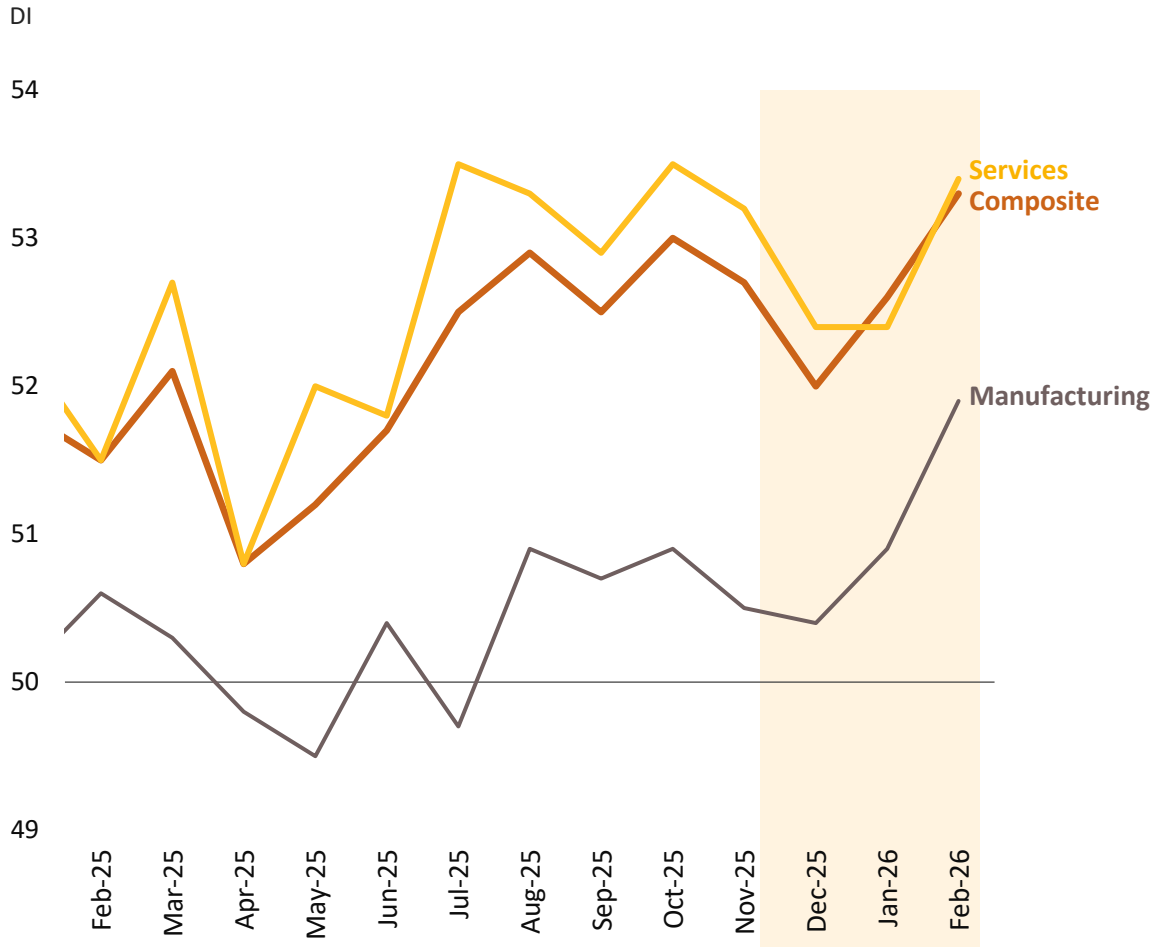
- The closure of the Strait of Hormuz has triggered the largest energy shock since 2022, although the overall impact remains smaller.
- ECB should stay accommodative.

Japan

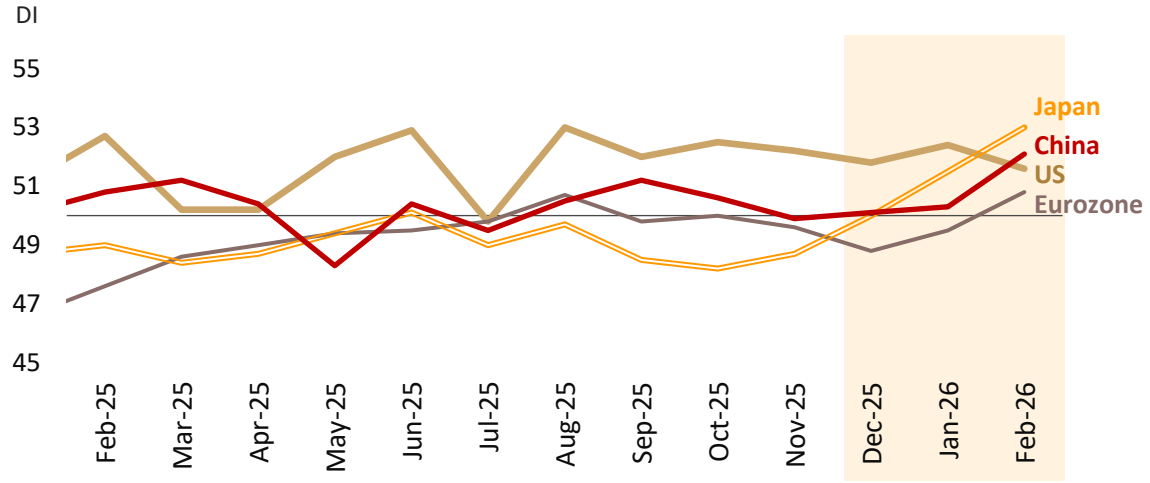
- Growing Middle East tensions may increase inflationary pressures, but subdued economic growth and diplomatic tensions with China could delay rate hikes.

Global growth improved unevenly before the Iran war but faces significant downside risks from rising geopolitical tensions and trade policy uncertainty

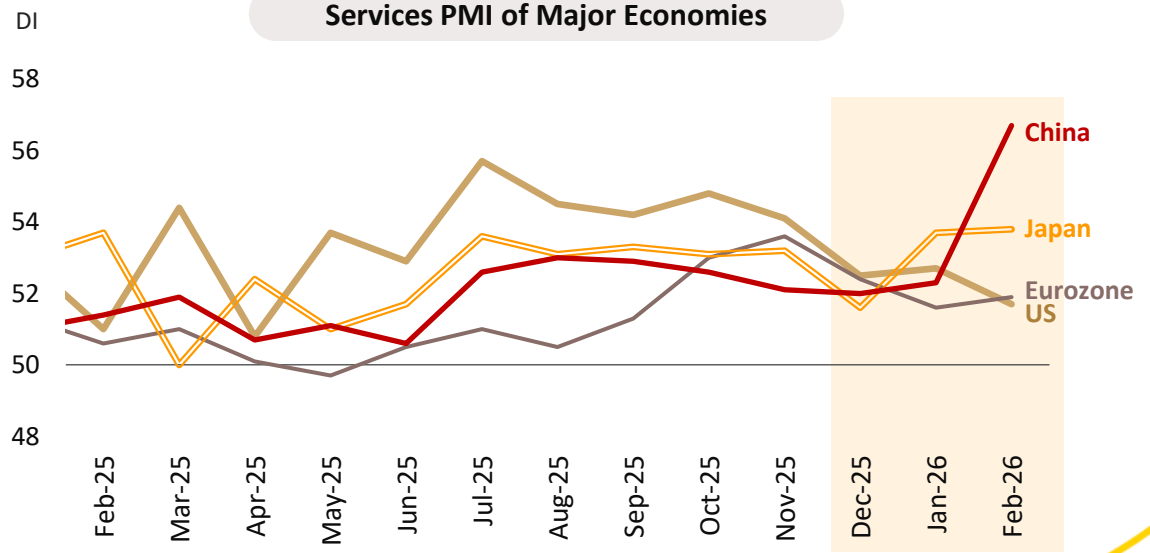
Global Composite, Manufacturing, and Services PMI



Manufacturing PMI of Major Economies



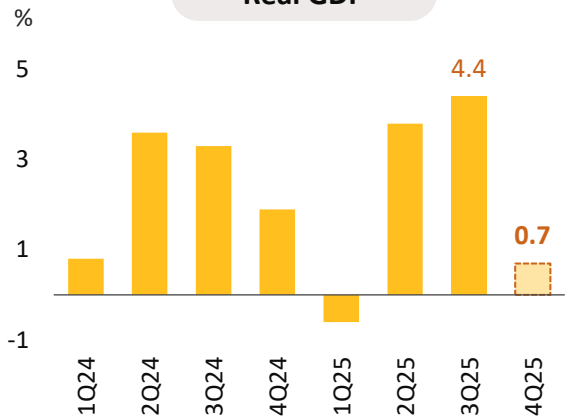
Services PMI of Major Economies



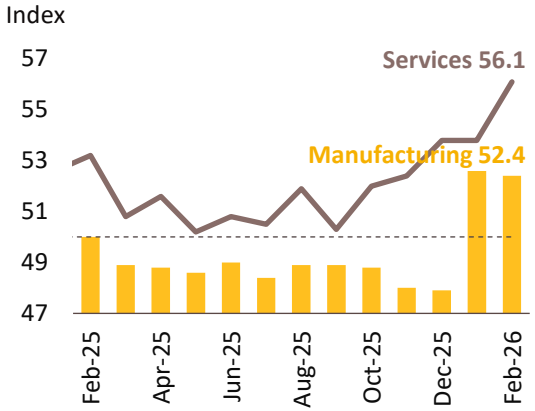
Source: J.P. Morgan and S&P Global PMI, Bloomberg, Krungsri Research

U.S.: Cooling growth and rising financial vulnerabilities may keep Fed cautious; escalating geopolitical tensions reigniting inflation pressures and clouding the growth outlook

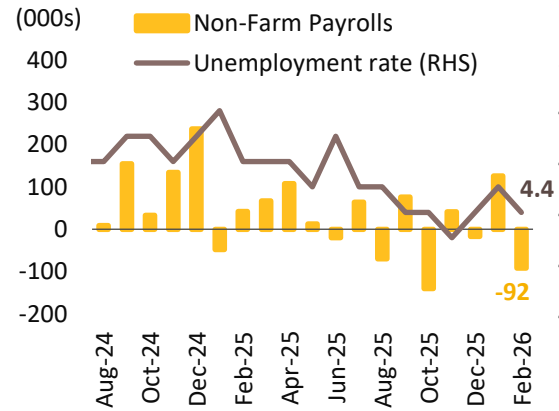
Real GDP



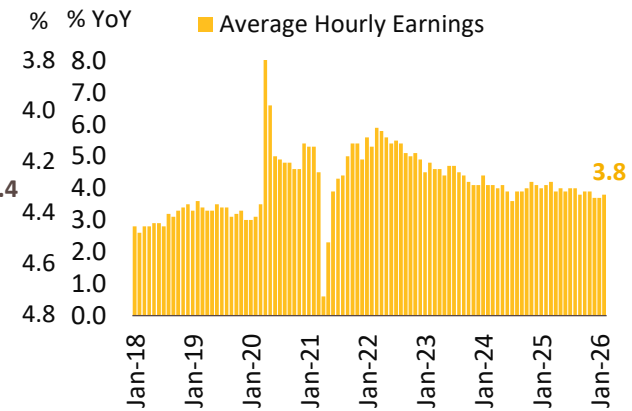
ISM Manufacturing and Service PMI



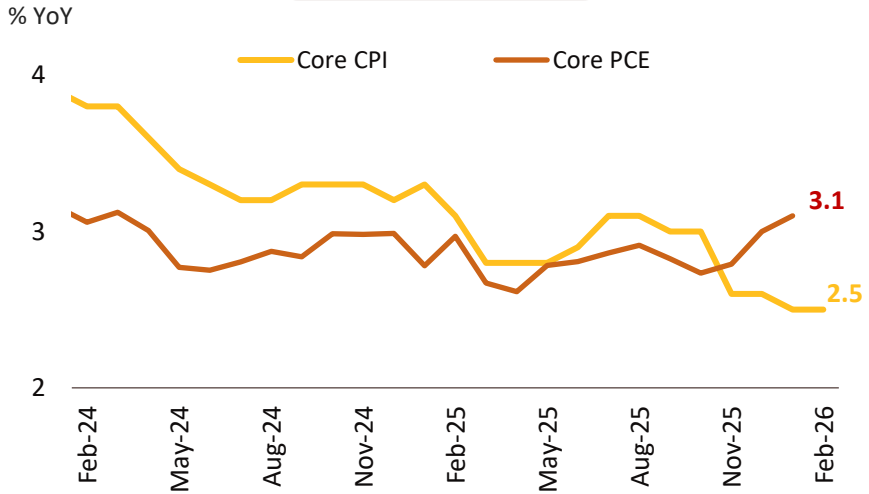
Payrolls and Unemployment



Wage Growth



Core Inflation



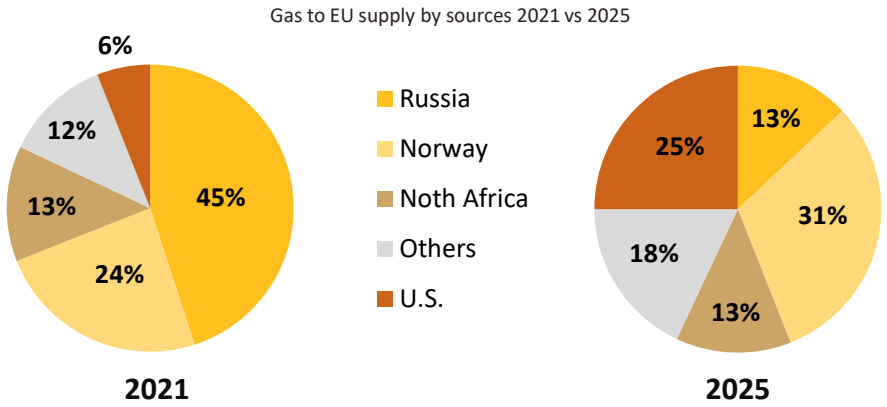
Source: BEA, ISM, BLS, Bloomberg, CEIC, and Krungsri Research

Krungsri Research's view

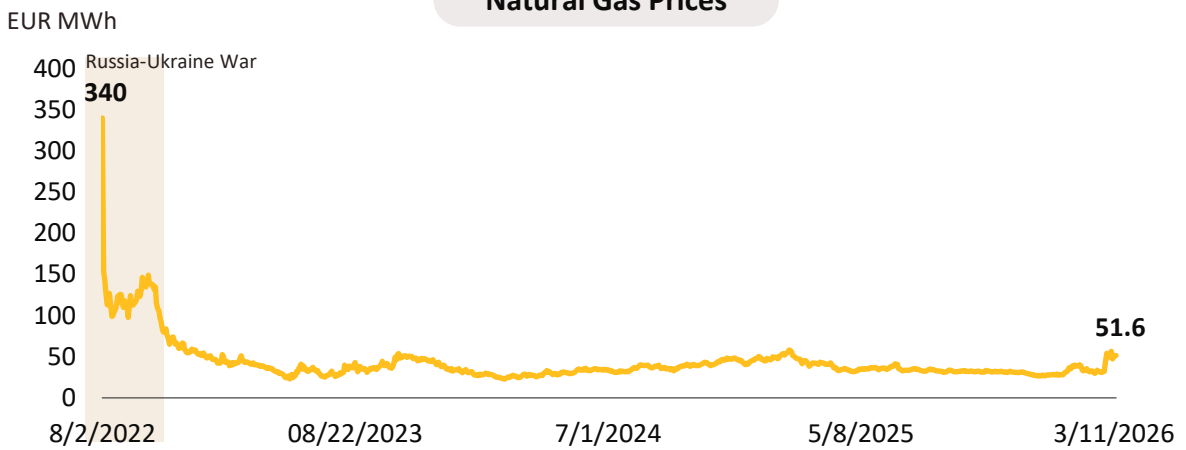
- **U.S. economic growth shows signs of cooling momentum.** Although ISM service PMI continues to expand, labor market conditions have softened. Nonfarm payrolls unexpectedly declined by -92,000 in February, while the unemployment rate edged up to around 4.4%.
- **Recent data suggest rising risks in the financial sector.** Regional banks remain vulnerable due to their high exposure to commercial real estate, while tighter lending standards could slow credit growth. At the same time, the rapid expansion of private credit has shifted some risks to the shadow-banking sector, though overall financial stress indicators remain relatively contained for now.
- **Underlying inflation remains moderate but still above the Fed's 2% target,** with core CPI at around 2.5% YoY in February and the Fed's preferred core PCE price index at about 3.1% in January. Meanwhile, wage growth remained around 3.8% YoY, indicating still elevated price pressures.
- On the fiscal side, **Trump's One-Big-Beautiful-Bill (OBBB) tax refunds** could support consumption, with Bloomberg estimating the additional refunds of about USD 800 per household, potentially adding around 0.4 ppt to GDP growth this year.
- **However, rising geopolitical tensions and higher oil prices pose key risks to the outlook.** Bloomberg estimates that oil prices above USD 83 per barrel could offset much of the consumption boost from the tax refunds. In our view, downside risks to growth and upside risks to inflation could limit policy easing, leaving the Fed likely to remain cautious, with only 1–2 possible rate cuts and uncertain timing.

Eurozone: The closure of the Strait of Hormuz has triggered the largest energy shock since 2022, although the overall impact remains smaller; ECB should stay accommodative

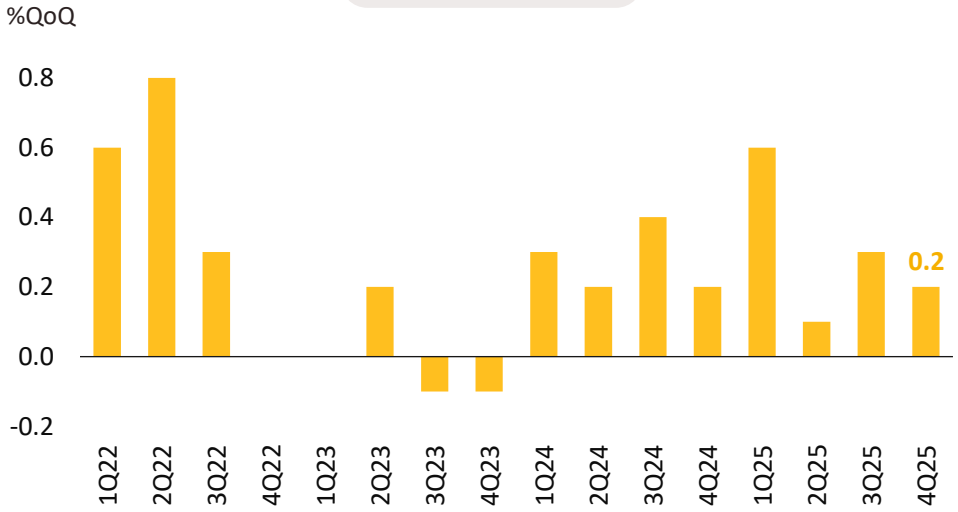
Gas Supply to EU by Sources



Natural Gas Prices



GDP Growth



Source: ECB, CEIC, Eurostat, European Union, European Commission Calculation, Bloomberg, Krungsri Research

Krungsri Research's view

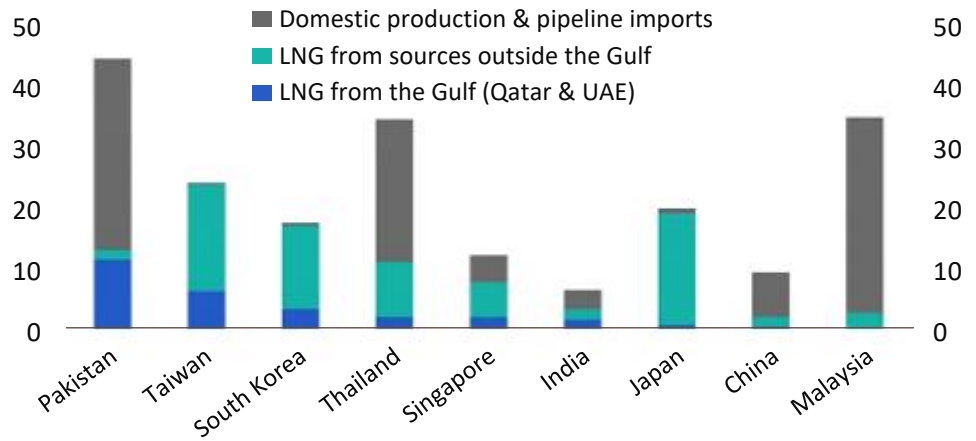
- **Lower sensitivity to energy shocks than during the Ukraine war.** At the start of the Russia–Ukraine War, the eurozone was highly exposed to surging oil and gas prices due to its heavy reliance on Russian energy. Since then, diversification of supply, higher gas storage, lower energy use, and rising renewables, along with greater adoption of electric and hybrid vehicles, have reduced vulnerability. However, **risks remain because Europe still depends heavily on global LNG markets**, with LNG accounting for around 40–45% of gas imports, including 12–15% from Qatar. As a result, if the Strait of Hormuz, which handles about 20% of global LNG trade, remains closed, it could trigger supply disruptions and price volatility.
- **Persistently high energy prices could weigh on economic activity. However, the impact is likely to be smaller than in 2022**, when gas prices peaked near EUR 340/MWh—around seven times higher than current levels. The main transmission channel would be energy-intensive industries, which account for around 16.5% of total euro-zone industrial production; nevertheless, it has declined by around -15% since 2021.
- **Implications for interest rates:** With economic growth subdued, the ECB should maintain an accommodative policy stance. However, the upside risk to inflation amid rising geopolitical tensions will limit the pace of rate cuts, and the ECB will remain cautious and data-dependent.

Japan: Growing Middle East tensions may increase inflationary pressures, but subdued economic growth and diplomatic tensions with China could delay rate hikes

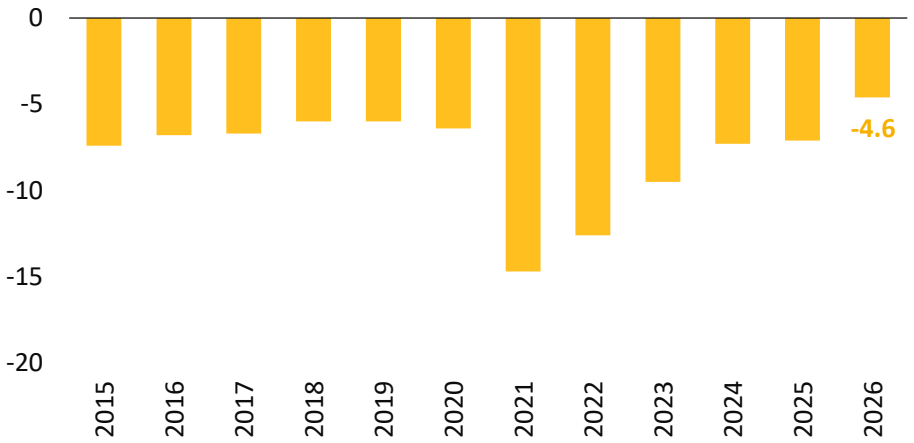
SPR by Countries

Country	Strategic oil reserve (million barrel)	Estimated day of supply
Japan	760	**254**
South Korea	195	**208**
U.S.	415	**150-180**
China	1,200-1,300	**120**
India	407	**74**
Philippines	138.5	**50-60**

Share of energy from natural gas (% of total)



Fiscal Balance (% of GDP)



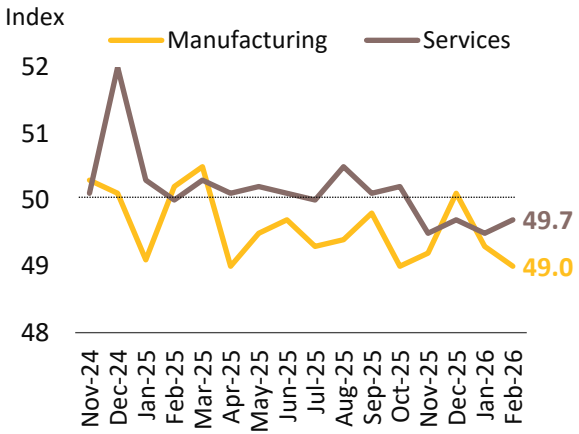
Source: Bank of Japan, Energy institute, Capital Economics, CEIC, Bloomberg and Krungsri Research

Krungsri Research's view

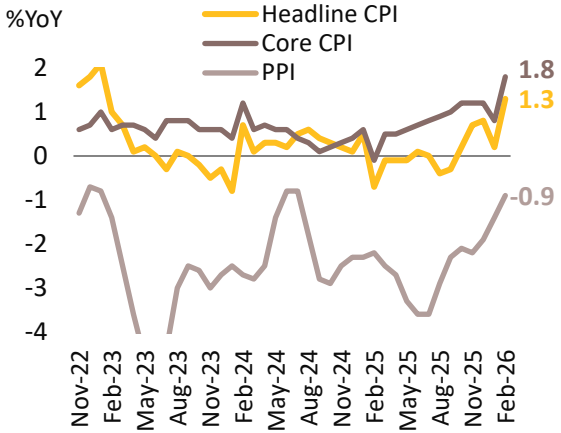
- **Japan remains highly sensitive to oil shocks, though its energy resilience has improved compared with the past.** Although Japan imports nearly all of its energy, 94% of its oil from the Middle East, it holds large petroleum reserves covering more than 8 months of domestic consumption. LNG inventories are more limited, but only about 10% of Japan's LNG imports originate from the Middle East. In addition, coal-fired power plants, currently operating at just 42% of capacity, provide some scope to substitute for other energy sources if necessary.
- **The government may need to reinstate or expand energy subsidies if oil prices surge again,** as inflation remains a key concern for the general population. Since the Russia–Ukraine war, authorities have implemented measures to ease household energy costs, including gasoline price caps and subsidies for electricity and gas. Expanding these measures could widen the fiscal deficit further this year, adding to the fiscal burden from recent stimulus packages.
- Despite rising inflation risks from Middle East tensions, **concerns over the growth outlook have pushed expectations for a near-term Bank of Japan (BOJ) rate hike to the second half of the year.** Krungsri Research expects the BOJ to keep its policy rate at 0.5% for now while assessing the impact of global oil supply disruptions and China's export restrictions. Gradual rate hikes are likely to resume thereafter to maintain macroeconomic stability, particularly amid looser fiscal policy and a still-strong labor market.

China: Exports to remain a key driver amid weak domestic demand, while oil shock impacts appear limited; government prioritizing quality- over quantity-driven growth

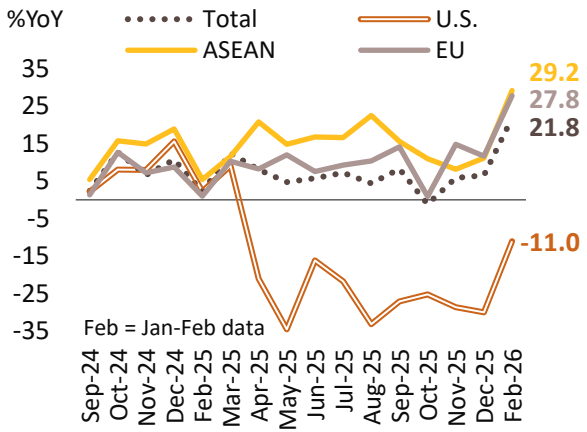
Purchasing Managers' Index (PMI)



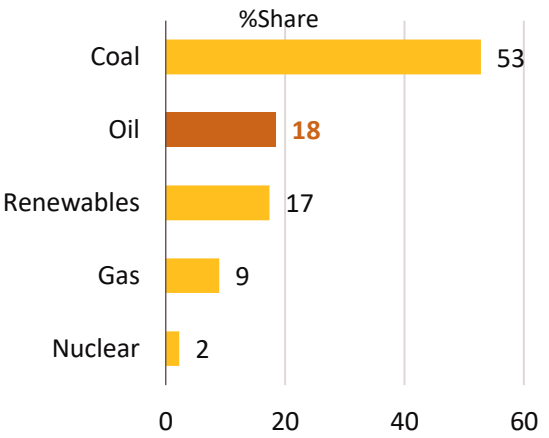
Consumer and Producer Price Indices



Exports to Key Partners



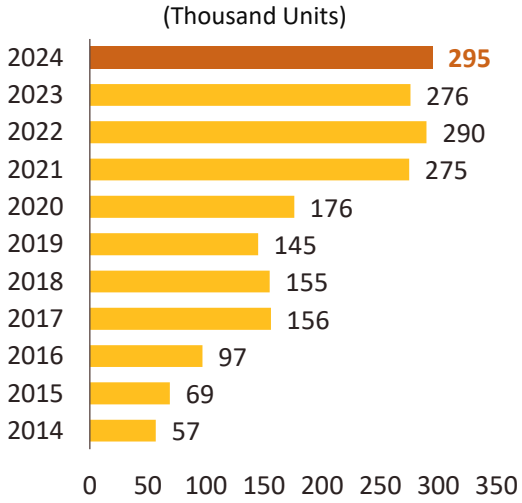
Energy Consumption in 2024



Two Sessions Economic Targets 2026

Indicators	2024	2025	2026
GDP growth (%)	≈5%	≈5%	4.5-5%
CPI (%)	≈3%	≈2%	≈2%
Special local government bond (CNY trn)	3.9	4.4	4.4
Fiscal deficit (% of GDP)	3%	4%	4%
New urban job creation (mn)	>12	>12	>12
Unemployment (%)	≈5.5%	≈5.5%	≈5.5%

Installation of Industrial Robots



Source: NBS, Bloomberg, Reuters, CEIC, Energy Institute, IFR, Xinhua, SCMP and Krungsri Research

Krungsri Research's view

- **China's economic engines run on a dual track.** Domestic demand could return to a subdued state as the temporary uplift from the Lunar New Year fades. Meanwhile, exports remain robust, with double-digit growth in January-February. **We expect trade to act as a cushion amid weak domestic demand and geopolitical turmoil.**
- **Impacts of an oil shock should be limited.** China holds oil reserves enough to cover ≈120 days of imports. Its reliance on oil is also far less than on coal and renewables combined, which are supplied domestically. **Given the buffers against energy price spikes, Chinese exports should remain competitive.** However, a new U.S. Section 301 investigation could pose a risk going forward. In the worst case, an oil shock could complicate the government's plan to curb the "price involution."
- **China has lowered its 2026 growth target to 4.5-5%, the lowest since 1991,** while preparing to boost consumption, strengthen income security, and expand social protection. High-tech sectors, such as AI and robotics, continue to be promoted as key future drivers. Indeed, industrial robot utilization has been growing in recent years. **This reflects a policy shift from quantity-driven growth to long-term resilience, while preserving some policy space to buffer against geopolitical risks.**

Thailand: Mounting external risks may disrupt growth momentum

- **Thailand's economic growth in 2026 is likely to soften** amid fading stimulus, constrained public spending, potential U.S. tariffs, and materializing downside risks.
- **Rising tensions in the Middle East** could affect economic activity mainly through the supply side and higher energy costs, given that Thailand is a net energy importer. Spillovers through the demand side and financial markets could become material if tensions are severe and prolonged.
- **Tourism** recovery slows as the Middle East tensions pose downside risks to the outlook.
- **Thai exports** accelerate in early 2026, but U.S. tariff policy and the Middle East tensions could dampen growth. Despite IEEPA tariff being struck down, the benefit would be short-lived and would limit the gains, whereas tariff threats remain. Recently, the U.S. has announced investigations under Section 301 into 16 key trading partners, including Thailand, raising the risk of new tariffs and putting potential downward pressure on Thai exports.
- **Private consumption** improves gradually in early 2026, supported by strengthening demands; momentum may weaken amid fading stimulus and underlying structural issues.
- **A faster-than-expected government formation** could support policy continuity, budget disbursement, and economic sentiment. However, the direction and effectiveness of policy will still need to be closely monitored, especially as external risks intensify.
- **Private investment** is picking up, while the realization of strong BOI applications will hinge on policy direction and external risks.
- **The MPC** cut the policy rate earlier than expected, adding that the 1.0% level is sufficiently accommodative. The Middle-East tensions pose upside risks to inflation, limiting further policy easing.

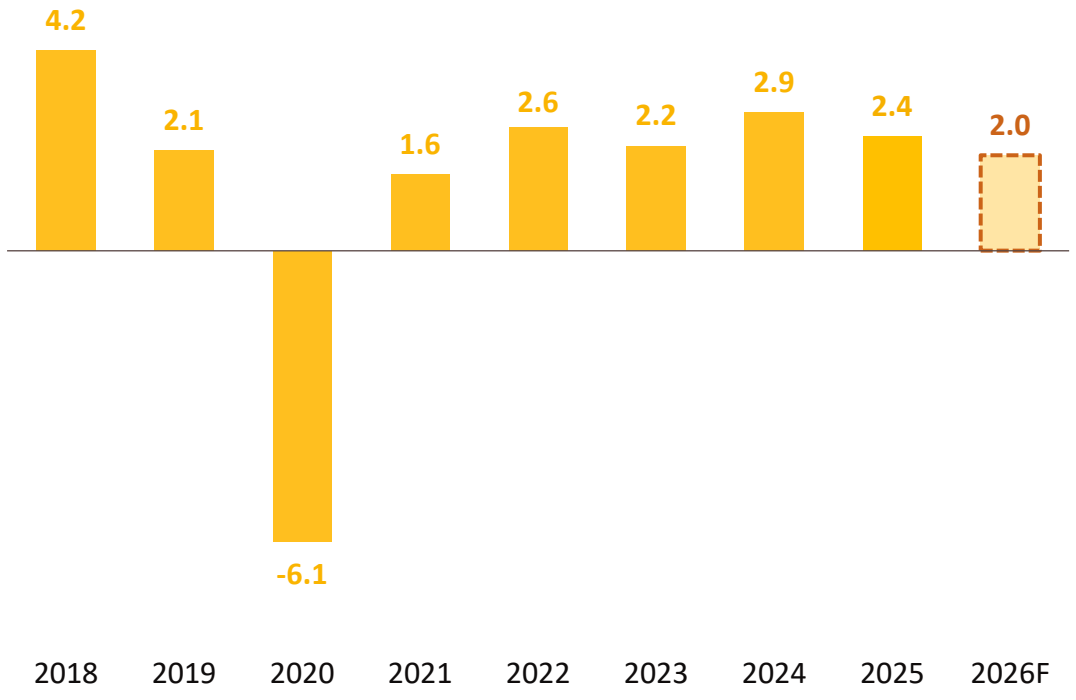
Krungsri Research Forecasts for 2026

Krungsri Research Forecast		2023 (Revised)	2024 (Revised)	2025	2026F
GDP growth	YoY (%)	2.2	2.9	2.4	2.0
Private Consumption Expenditure	YoY (%)	6.7	4.4	2.7	2.2
Government Consumption Expenditure	YoY (%)	-4.6	2.6	0.6	0.7
Private Investment	YoY (%)	3.1	-1.9	3.5	2.2
Public Investment	YoY (%)	-4.2	4.5	8.9	2.5
Nominal Exports in USD (f.o.b.)	YoY (%)	-1.5	5.9	12.7	-0.4
Nominal Imports in USD (f.o.b.)	YoY (%)	-3.7	5.5	13.0	1.0
Current Account Balance	USD, bn	8.5	11.6	17.7	14.8
Tourist Arrivals	Persons, mn	28.1	35.5	33.0	35.5
Headline Inflation	YoY (%)	1.2	0.4	-0.1	0.2
Policy Interest rate (end of period)	(%)	2.50	2.25	1.25	1.00
Dubai crude price - period average	USD/bbl	82	80	68	62

Source: NESDC, BOT, MOC, MOTS, Bloomberg and Krungsri Research

Thailand's 2026 economic growth likely to soften amid fading stimulus, constrained public spending and U.S. tariffs

Forecast of Thai GDP Growth in 2026 (%)



Tailwinds

- **Gradual recovery in tourism** to help improve employment
- **Rebound in public spending under the new government**
- Trends of **FDIs** amid greater regionalization
- Effect of previous **interest rate cuts** and debt-relief measures
- Growth in sectors aligned with **Megatrends**, e.g., Digital, Healthcare, and the silver economy
- **Sound economic stability**

Headwinds

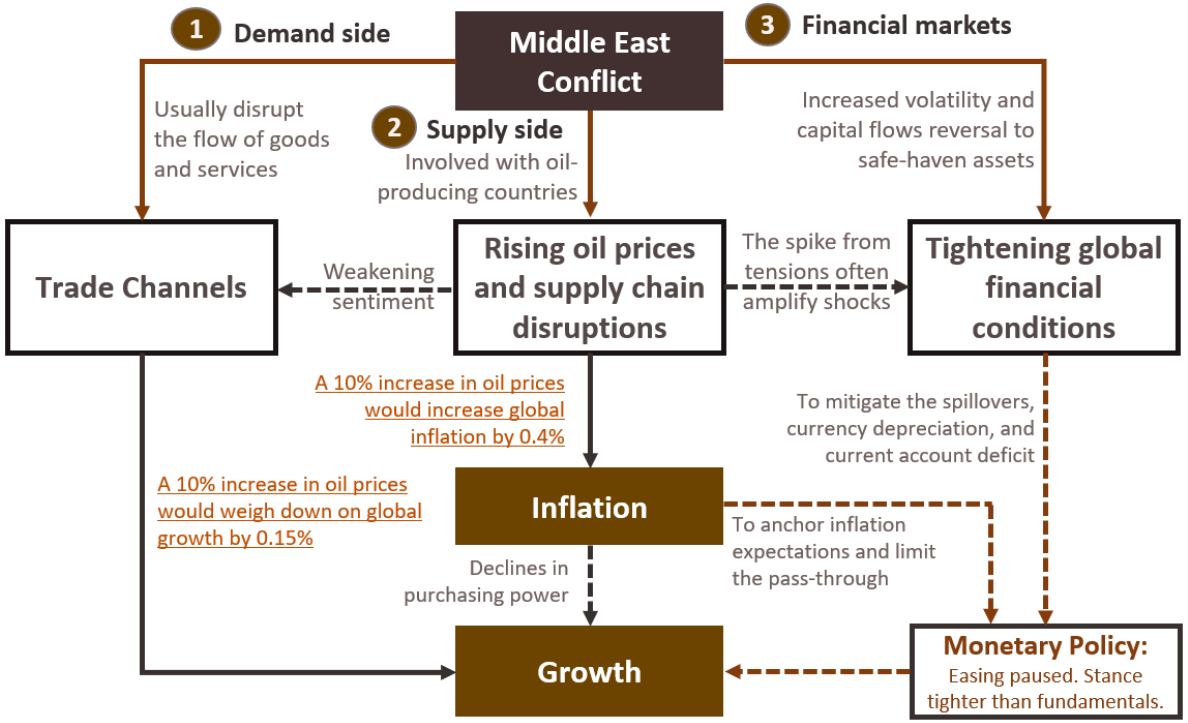
- Impacts of **U.S. tariffs,** trade wars, geoeconomic fragmentation, and geopolitical conflicts
- **Financial market volatility** amidst the uncertain policies of major global powers
- Impact of **domestic political transition** on public spending
- **Climate fluctuation**
- **Structural issues** such as elevated household debt, declining competitiveness in key industries, an aged population, and a shrinking workforce

Source: NESDC and Krungsri Research

The Middle East conflict and the Thai Economy: Unrest in the Middle East can affect economic activities majorly through supply side

- **Unrest in the Middle East can affect economic activities through 3 primary channels**: **i) supply side,** where rising oil prices can lead to higher production costs, inflation, and a subsequent decline in purchasing power and investment demand. Indirectly, it will also weaken consumer and business sentiment. In the worse case, it could lead to global supply chain disruptions**; ii) demand side**, resulting from disrupted trade, tourism, and investment**; iii) financial markets**, as rising tensions and uncertainties often amplify volatility, leading to risk-off sentiment that could trigger a flight to safe haven.
- **The impact on the Thai economy depends on the intensity and duration of the conflict**. **Given the current situation, the primary effect is from the supply side due to the sudden increase in oil prices**. **Effects from financial markets are relatively limited, given Thailand's resilient external stability.** In the worse-case scenarios, however, tightening financial conditions could eventually impact monetary policy and the economy.

Linkages between the Conflict and Global Economy



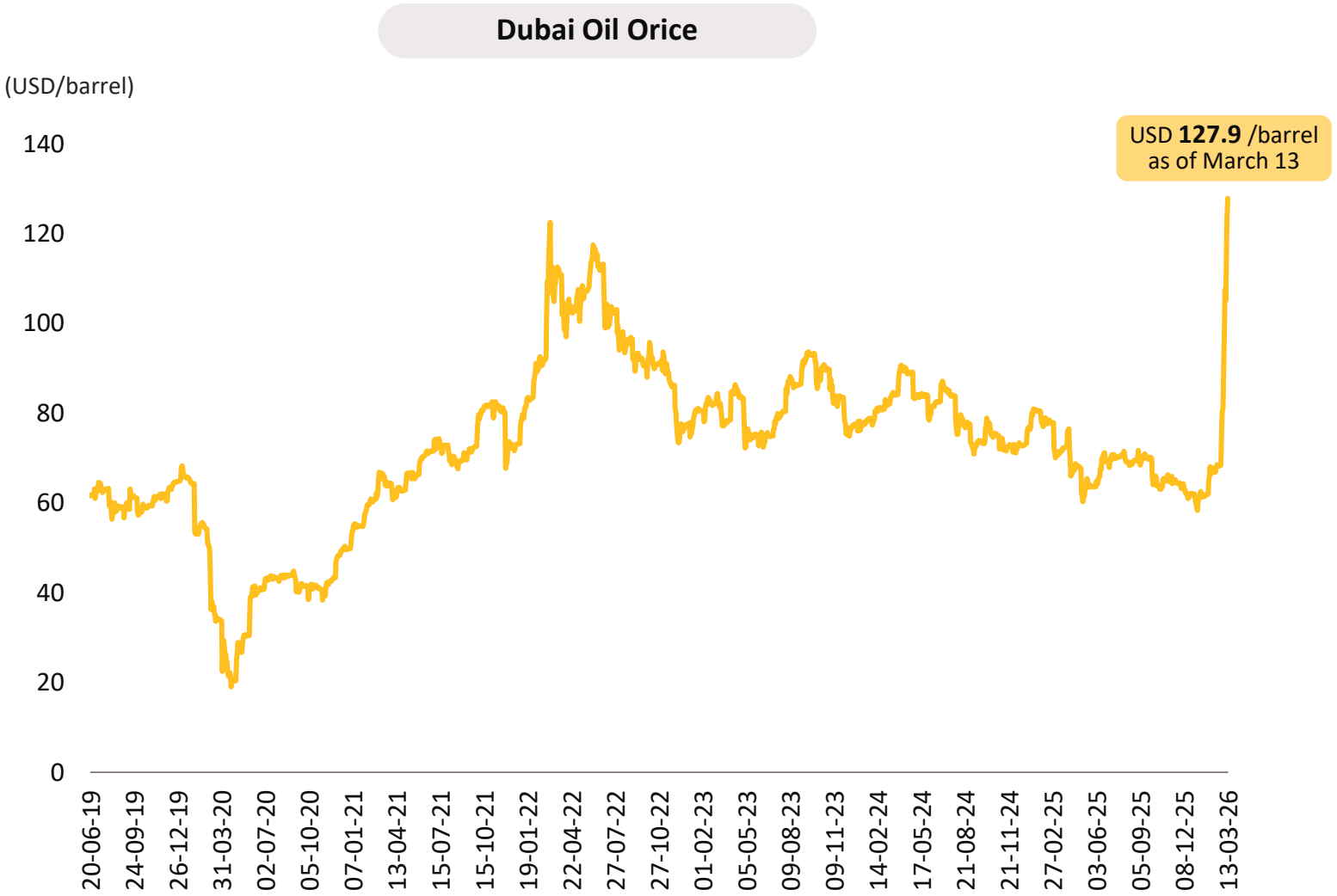
Oil price assumptions and effects on Thailand's growth and inflation by scenario

	Scenario	Average oil price in 2026 (USD/barrel)	% Increase from 2025 ($68/barrel)	Impact on GDP growth (ppt)	Impact on Inflation (ppt)
1	**Mild case**	85-90	25-30%	▼-0.2 to -0.3	▲1.2 -1.6
2	**Moderate case**	95-100	40-45%	▼-0.4 to -0.5	▲ 1.9-2.3
3	**Severe case**	110-130	60-90%	▼-0.6 to -0.9	▲3.0-4.5

According to the Bank of Thailand's estimates, a 10% increase in oil prices would raise Thai inflation by 0.5 ppt and decrease Thai GDP growth by 0.1 ppt.

Source: IMF, BOT and Krungsri Research

Dubai Oil Price: With the U.S. military operation in the middle east and Iran's retaliation, oil prices (as of Mar 13) rose significantly to USD 127.9/barrel



Source: Investing.com and Krungsri Research

Latest development

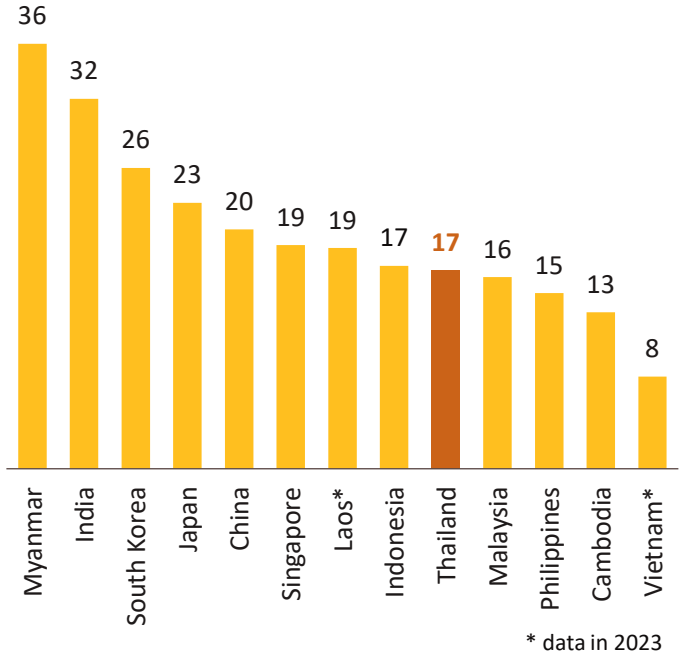
- **US–Israel military operations against Iran have effectively shut the "Strait of Hormuz",** a key chokepoint that accounts for roughly 20% of global seaborne oil trade and around 20% of global LNG shipments.
- In response to the disruption (as of March 13), Dubail crude prices surged 87% to USD 127.9 per barrel while Brent crude prices jumped 42.3% to about USD 103 per barrel. Although still below the USD 120 peak during the Russia–Ukraine war, this represents the most significant energy supply shock since 2022.
- **The International Energy Agency (IEA) is considering a coordinated release of around 400 million barrels**—from the 1.2 billion barrels held in member countries' strategic reserves—in a move to ease upward pressure on oil prices caused by the Middle East conflict.
- However, such volumes may provide only short-term relief given the estimated loss of at least 20 million barrels per day of transit through the Strait.
- The U.S. launched military strikes on Kharg Island, Iran's main oil export hub handling about 90% of its crude exports. Trump warned that further Iranian oil infrastructure could be targeted if Iran continues blocking the Strait of Hormuz.
- In response, Iran threatened to retaliate by attacking U.S.-linked oil and energy infrastructure across the Middle East if additional strikes occur.

Supply side: as an energy importer, Thailand is likely to see higher inflation; prolonged tensions and greater supply chain disruption could intensify the effects

- The conflict has raised concerns over oil supply in the Middle East. **As a net oil importer with a higher proportion of fuel imports compared to other countries in the region, Thailand is likely to experience increased inflation due to rising oil prices**. However, this surge might be temporary if the shocks are short-lived.
- **If the conflict persists, however, the effect on inflation will be intensified.** This is due to the fact that the Middle East is Thailand's primary source of imports of energy, fertilizer, and pesticides. Greater supply chain disruptions can also be expected, which may result in increased shipping costs, higher insurance rates, and transportation delays.

Shares of energy imports in the region

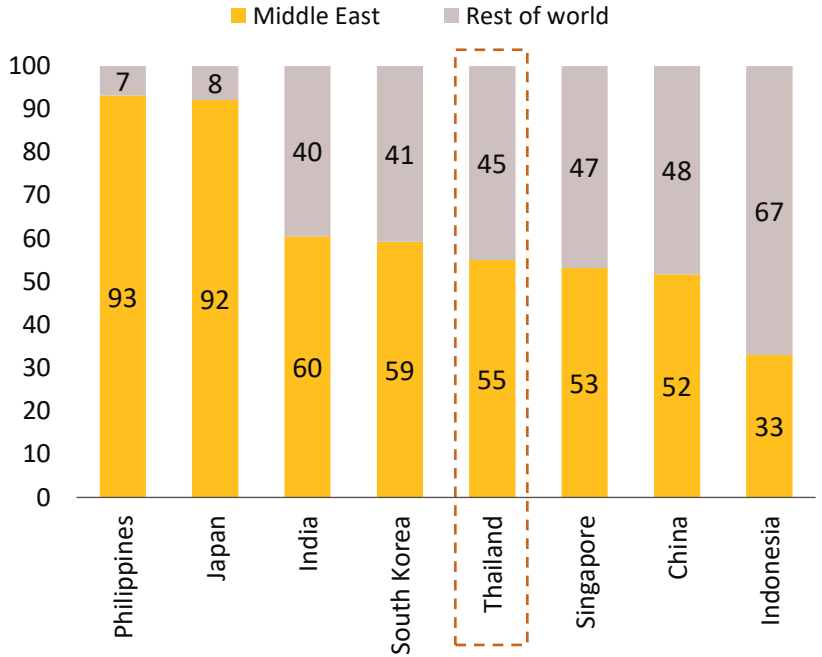
(% to total imports, 2024)



* data in 2023

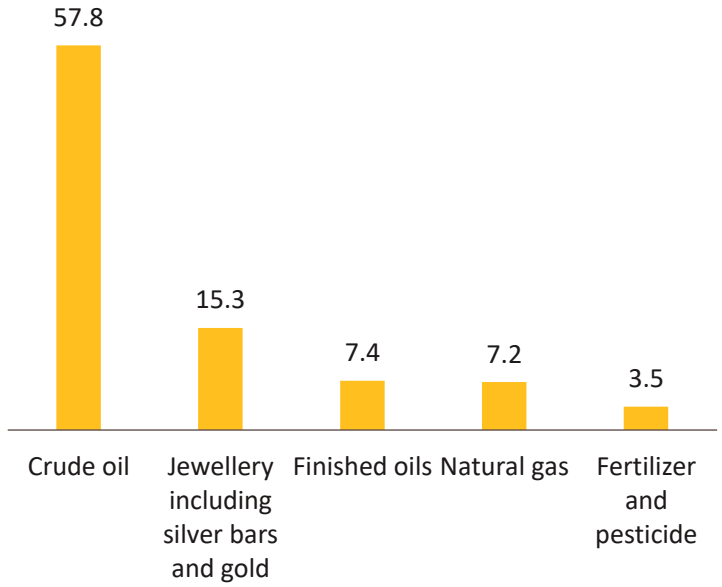
Breakdown of crude oil imports by country

(% share, 2021)



Thailand's share of imports from the Middle East

(% share, 2025)

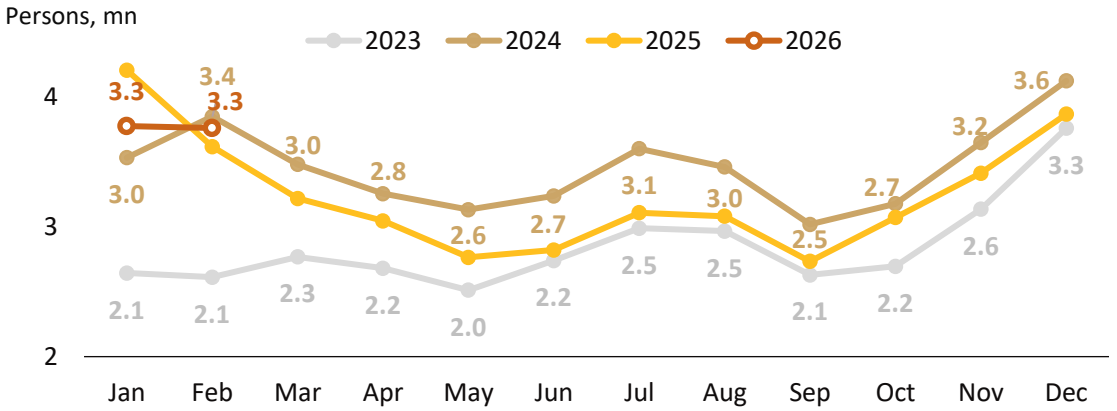


Source: MOC, CEIC, Krungsri Research

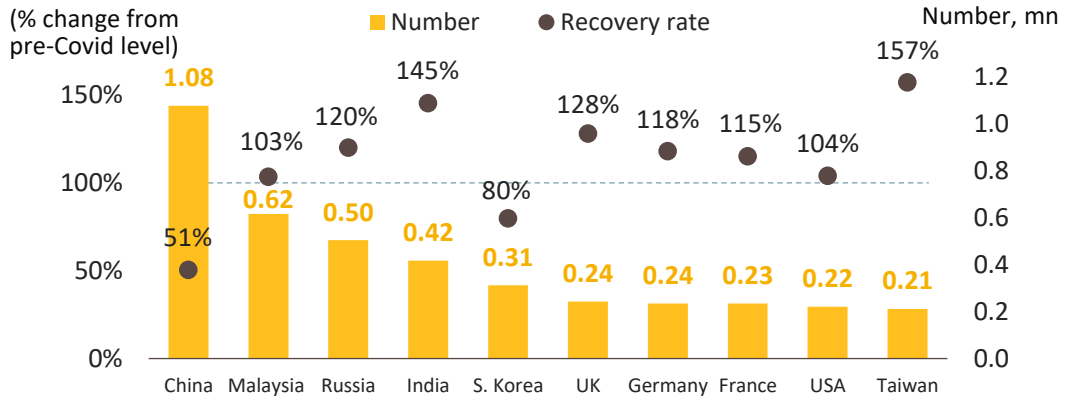
Tourism recovery slows as middle east tensions pose downside risk to the outlook

In Feb-26, Thailand welcomed 3.26 mn foreign visitors, slightly down from 3.28 mn in Jan-26. **Supported by the Chinese New Year holiday, Chinese tourist arrivals spiked 82% YoY in February, lifting cumulative arrivals to +4.2% for Jan–Feb**. **However, the impact of rising tensions in the Middle East is beginning to be seen in the tourism sector.** Security concerns, along with the closure of several airports in the Middle East—one of the world's major transit hubs linking Europe and Asia—have started to reduce the travel of Western tourists. According to the Ministry of Tourism and Sports, during the first eight days of March, the number of tourists from Europe and the Middle East arriving in Thailand declined by -18% compared with the normal travel trend. **This development therefore poses a downside risk to our forecast of 35.5 million foreign tourist arrivals this year.**

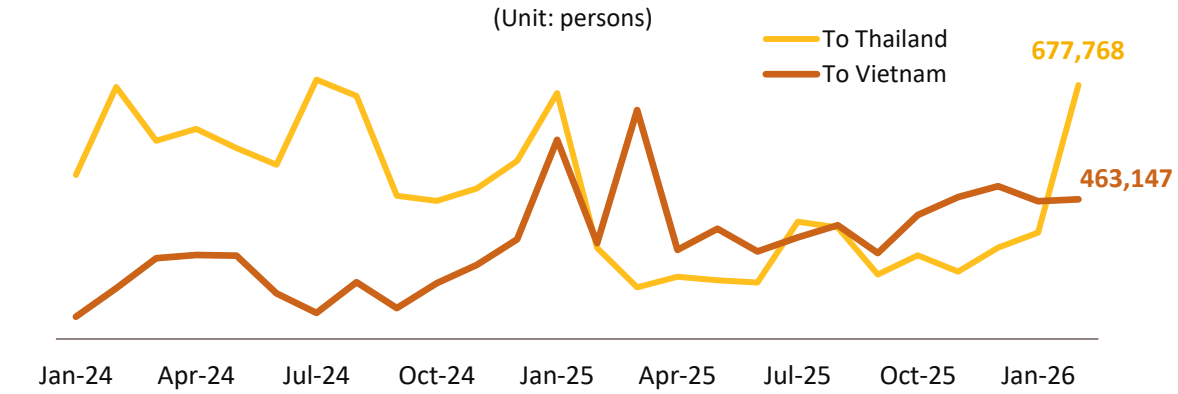
Foreign tourists sees slow recovery



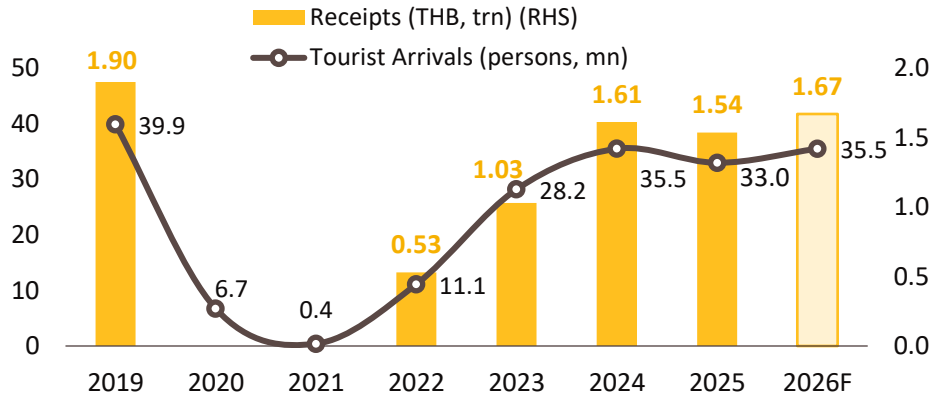
Top 10 tourist arrivals by country in Jan-Feb 2026



Chinese tourist recovery picks up



Annual Foreign Tourists and Receipts



Source: MOTS, CEIC, Krungsri Research

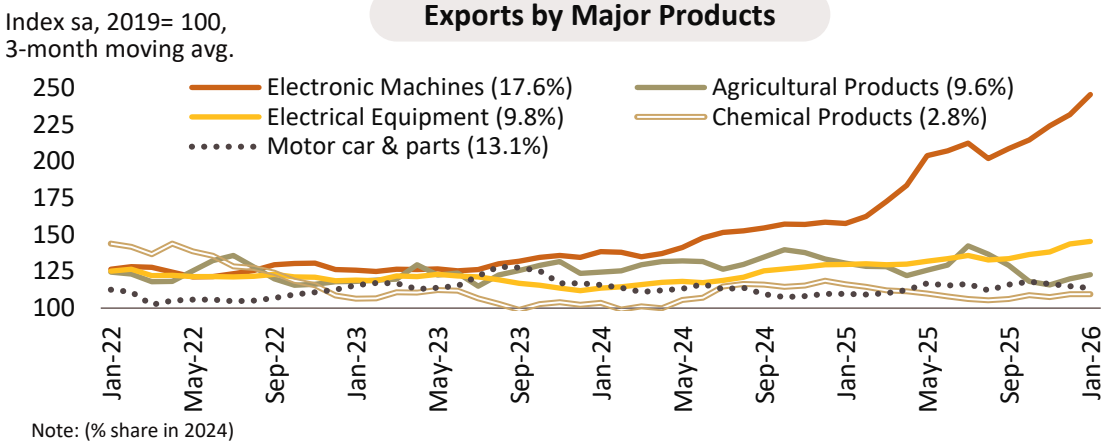
Thai exports accelerate in early 2026 but U.S. tariff policy and the Middle East tensions could dampen growth

Exports expanded by 24.4% YoY in Jan-26 while imports also grew sharply by 29.4%. The export growth was driven by key products such as computers and parts, integrated circuits, and chemical products. Exports to all major markets – including the U.S., EU27, Japan, China, and ASEAN – also expanded. **Going forward, export growth is expected to slow down in 2026, reflecting the fading front-loading effect seen in 2025, the full-year impact of U.S. tariffs, weak global trade conditions, as well as potential supply disruption and rising production costs from the Middle East conflict.**

Exports and Imports

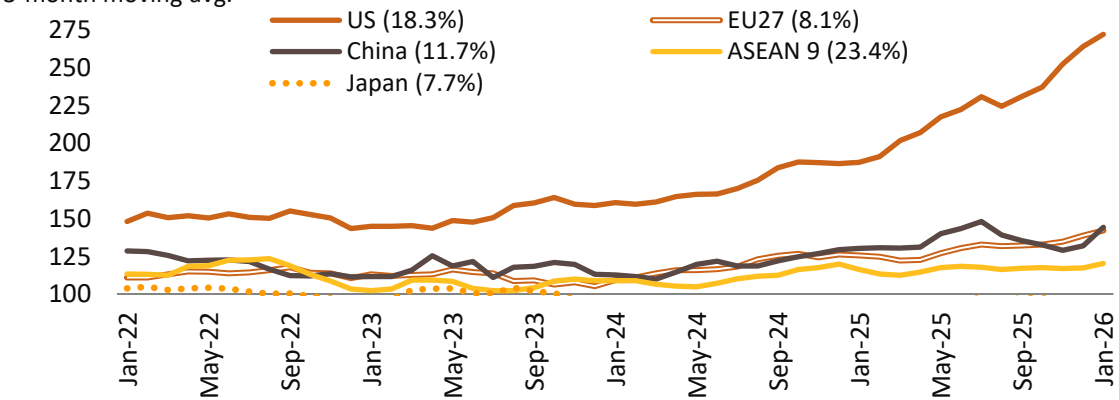


Exports by Major Products

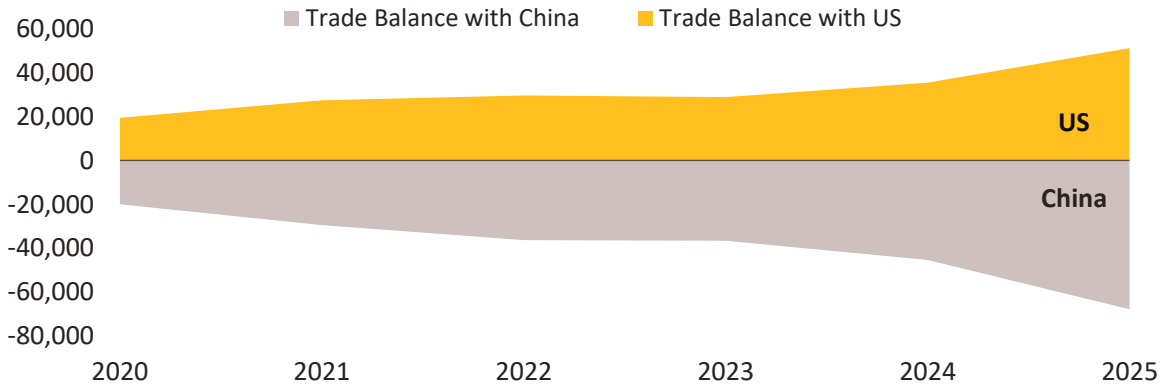


Note: (% share in 2024)

Exports by Major Destinations



Trade Balance with China and US



Source: MOC, Krungsri Research

IEEPA-related tariffs struck down; short-lived and limited gains, continued tariff uncertainty.

- **The Supreme Court of the US (SCOTUS)'s ruling invalidates all tariffs imposed under IEEPA. These include the broad-based reciprocal tariffs**, as well as the trafficking-, immigration-, and fentanyl-related tariffs imposed on imports from China, Mexico, and Canada under IEEPA authority. **Following the ruling, President Trump invoked Section 122, which authorizes temporary tariffs of up to 15% on imports for a maximum of 150 days.**
- **For Thailand, product-specific tariffs under Section 232 remain in place. Combining both broad-based (Section 122) and product-specific measures, the current effective tariff rate (ETR) remains high at 18.7%, despite a slight decline from 20.7% at the end of 2025.**
- **Thailand's tariffs could be raised in the near term under alternative statutes.** The tariff reduction from 19% to 15% is likely to yield only temporary gains. Any near-term boost may reflect front-loading, followed by a sharper payback. The 150-day window could be shortened if other tariff tools are activated or imposed in parallel. **Recently, the U.S. has announced investigations under Section 301 into 16 key trading partners, including Thailand, raising the risk of new tariffs and putting potential downward pressure on Thai exports.** Meanwhile, transshipment-related tariffs remain another ongoing risk for Thailand.

Potential additional U.S. Tariffs and Risks to Thailand

Section	Policy Purpose	Scope	Targeted products	Probability	Severity	Thailand Risk Level
301	Unfair trade / structural imbalance	Country-specific	Countries with high trade surplus against the U.S.	High	High	**High**
201	Safeguard (import surge)	Sector-specific	Electrical appliances, solar components, and selected manufacturing sectors	High	Moderate	**High**
338	Retaliation (extreme cases)	Country-specific	Countries with high trade surplus against the U.S.	Medium	Very High	**Moderate**
232*	National security	Strategic sectors	Strategic sectors such as semiconductors, electronic components	Medium-Low	Moderate	**Moderate**

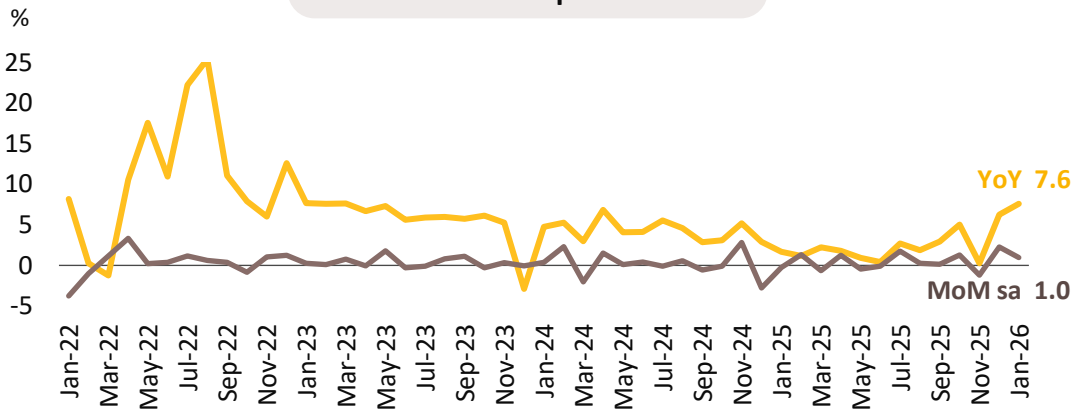
*For Thailand, existing Section 232 tariffs already cover autos and auto parts (25%), steel and aluminum (50%), and copper (50%).

Source: The White House, WITS and Krungsri Research

Private consumption improves gradually in early 2026 supported by strengthening demands; momentum may weaken amid fading stimulus and underlying structural issues

In Jan-26, the Private Consumption Index (PCI) continued to expand, driven by a strong recovery in durable goods purchases supported by EV subsidies and a gradual improvement in services in line with the tourism recovery. **Nevertheless, the growth momentum may weaken as these temporary tailwinds have expired, alongside persistent structural constraints such as weak income growth and high household debt. Additionally, higher energy prices amid rising Middle East tensions could further dampen domestic spending.**

Private Consumption Index

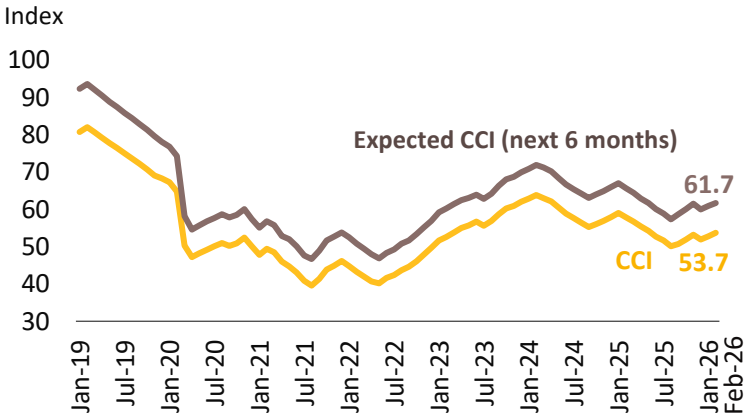


Private Consumption Index by category

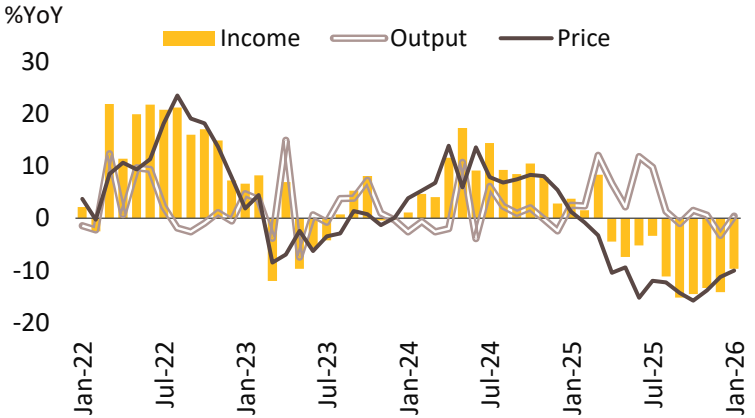
%YoY*	2023 J F M A M J J A S O N D	2024 J F M A M J J A S O N D	2025 J F M A M J J A S O N D	2026 J
Private consumption				7.6
Non-durables				0.87
Semi-durables				0.69
Durables				26.6
Services				6.8
Non-residents expenditure				-10.1

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

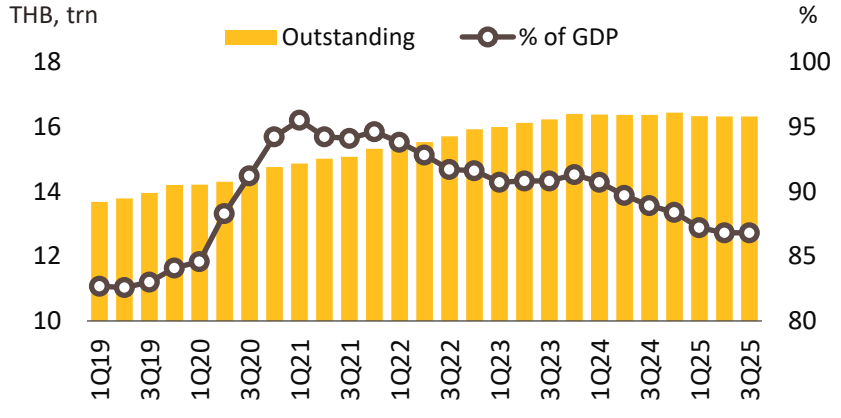
Consumer confidence slightly rose in February



Farm income still contracted on falling prices



Household debt remained steady at 86.8% of GDP in 3Q25



Source: BOT, UTCC, OAG, CEIC, Krungsri Research

Political Development: A faster-than-expected government formation could support policy continuity, budget disbursement, and economic sentiment

The Bhumjaithai Party gained the most seats in the House of Representatives (191 of 500), leading the government formation. A coalition with the Pheu Thai Party (74 seats) and smaller parties have secured a majority of about 291 seats**. As the formation appears to be moving faster than previously expected, the new government could be formally sworn in around April.** Still, fiscal constraints limit the growth upside.

Thailand Political Timeline



Dissolution of the Parliament - Dec 12, 2025

Election day - Feb 8, 2026

Election result endorsed – Mar 4, 2026

Coalition formed

First Parliament Session - Mar 15, 2026
(within 15 days after result endorsement)

Prime Minister Voting Session expected on Mar 19

New government sworn in - April

Source: The Election Commission of Thailand, MOF, the cabinet, Krungsri Research

Positive Implications for the Economy

- **Policy Continuity:** Consumption-support measures, such as Co-payment ("Half-Half") Plus and other domestic spending stimulus programs, should help underpin private consumption amid fragile external demand.
- **Timely Budget Execution:** The budget disbursement for FY2026 and FY2027 is unlikely to face significant delays, helping support public spending and growth momentum from 2Q26 onwards.
- **Improved Sentiment:** Political stability and clearer policy direction should lift investor sentiment and support foreign direct investment (FDI), reinforced by initiatives such as the Thailand FastPass program that streamlines approvals via the BOI. In 2025, BOI investment applications reached a record THB 1.88 trn.

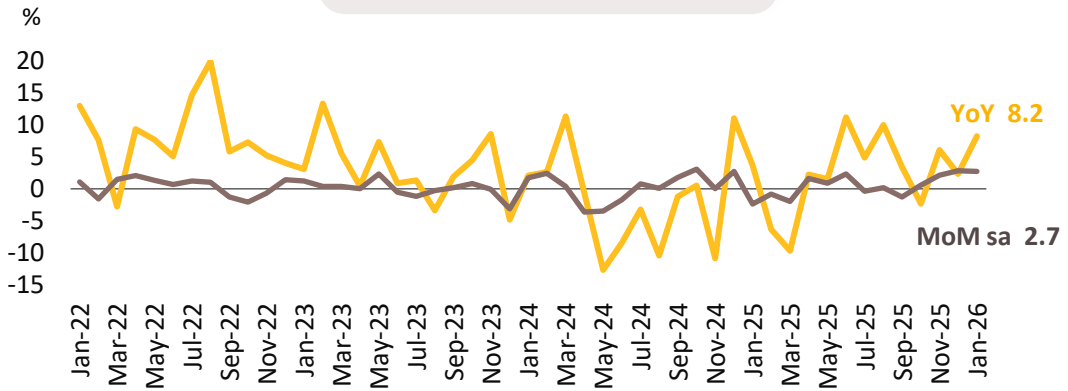
Upside to growth appears constrained by prevailing downside risks

- **Fiscal Constraints:** The government is expected to pursue gradual fiscal consolidation to preserve fiscal stability, particularly after some rating agencies assigned Thailand a Negative Outlook.
  - Only THB 25 bn remains in the central budget for the rest of FY2026, compared with THB 44 bn allocated for the latest Co-payment (Half-Half) Plus program alone.
  - Growth in total expenditure is set to slow sharply, from 4.2% in FY2025 to just 0.7% in FY2026.
- **Domestic Structural Headwinds and External Challenges,** including high household debt, labor shortages, declining competitiveness, rising trade protectionism, and growing geopolitical tensions.

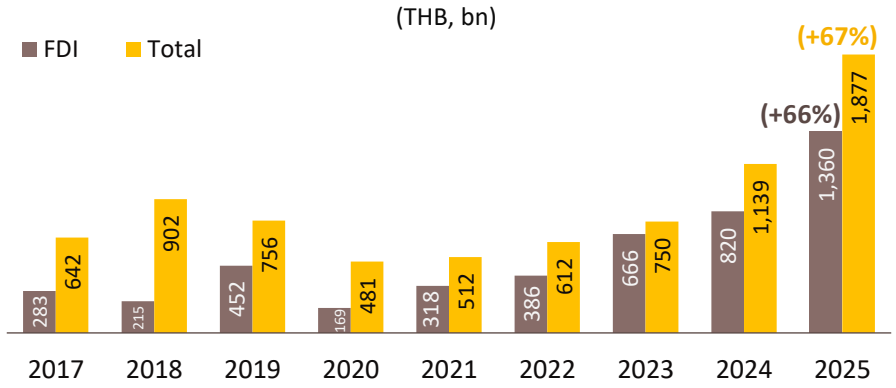
Private investment is picking up, while the realization of strong BOI applications will hinge on policy direction and external risks

In Jan-26, the Private Investment Index (PII) continued to expand by 8.2% YoY and 2.7% MoM (seasonally adjusted), reflecting a gradual recovery. In 2025, BOI investment applications rose to a record high of THB 1.88 trn. **The three industries with the highest FDI Applications for BOI Investment Incentives were Digital, Electrical & Electronics, and Motor Vehicles & Parts.** In the first 3 quarters of 2025, Thailand recorded the strongest FDI growth in ASEAN-5. **However, the near-term outlook remains pressured by weak domestic demand, global economic uncertainty, and U.S. trade tariffs.**

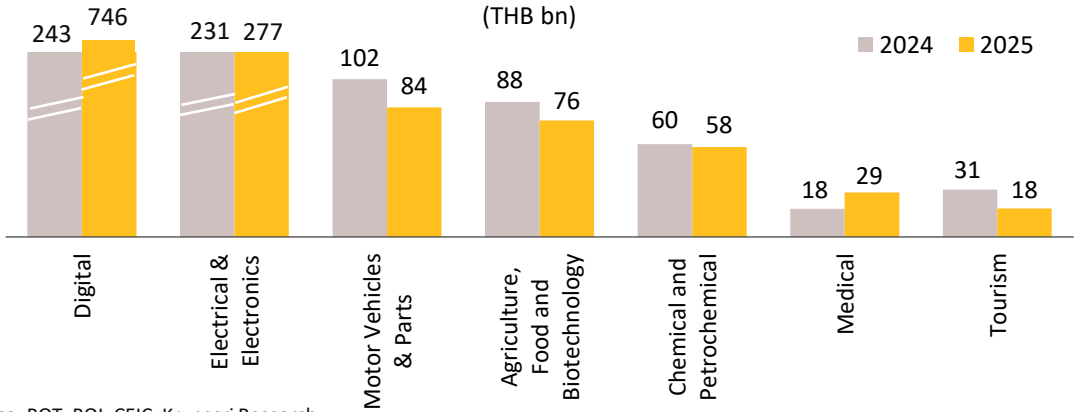
Private Investment Index



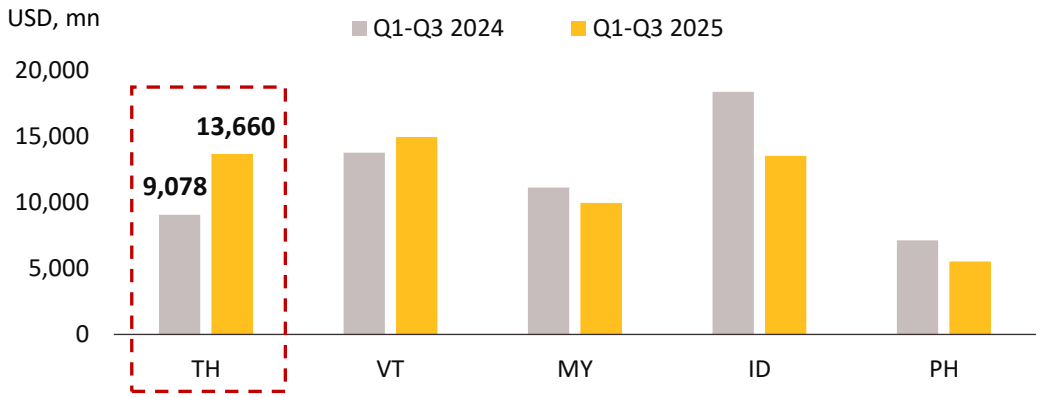
Total Applications for BOI Investment Incentives



FDI Applications for BOI Investment Incentives in 2025 by sectors



Net FDI by countries

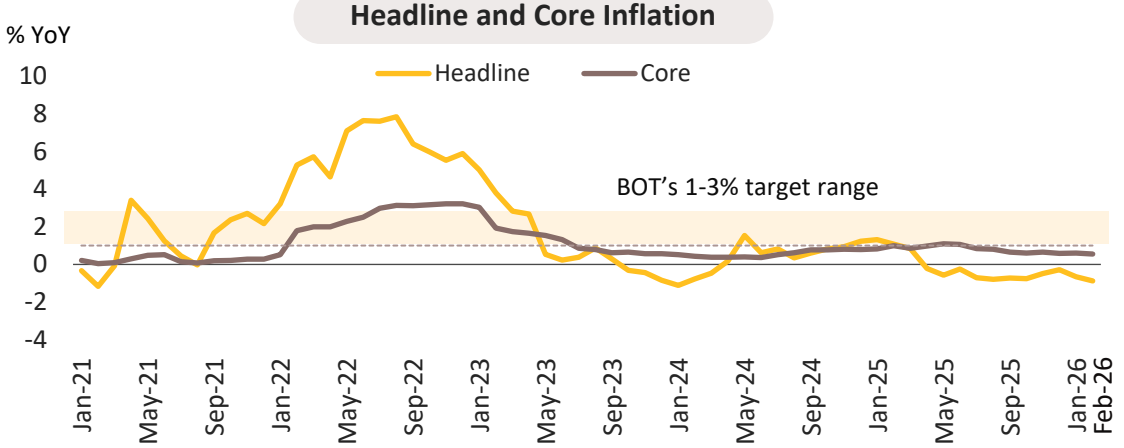


Source: BOT, BOI, CEIC, Krungsri Research

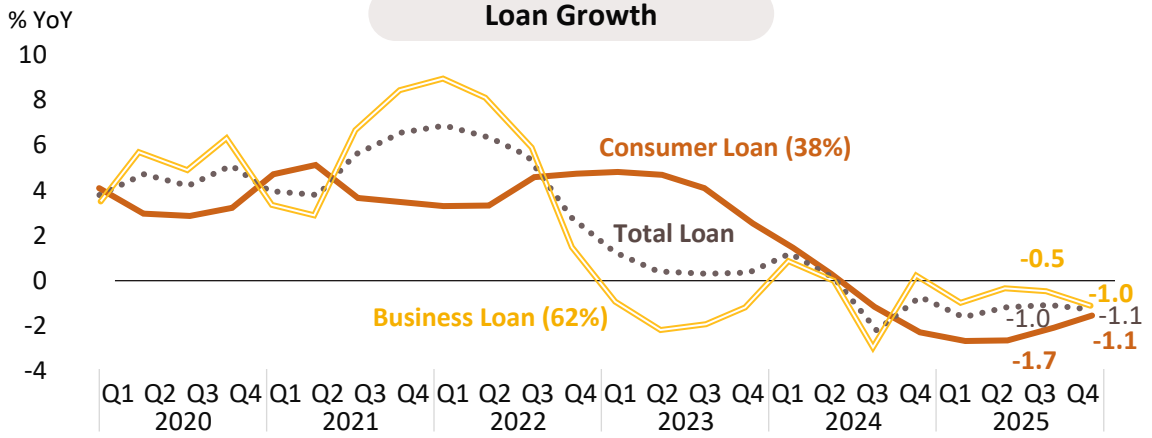
MPC cut the policy rate earlier than expected, indicating the 1.00% level is sufficiently accommodative; the Middle East conflict poses upside risks to inflation, complicating policy easing.

On Feb 25, the MPC delivered a 25-bp cut, bringing the policy rate to 1.00% to continue supporting economic recovery and alleviating debt burdens, amid the downside risks to growth, including subdued inflation and credit contraction. Shifting toward preserving policy space, the MPC will hold the current rate as viewed appropriate except for further substantial negative shocks. Notably, rising Middle-East tensions could raise inflationary pressures, complicating further accommodative monetary policy measures.

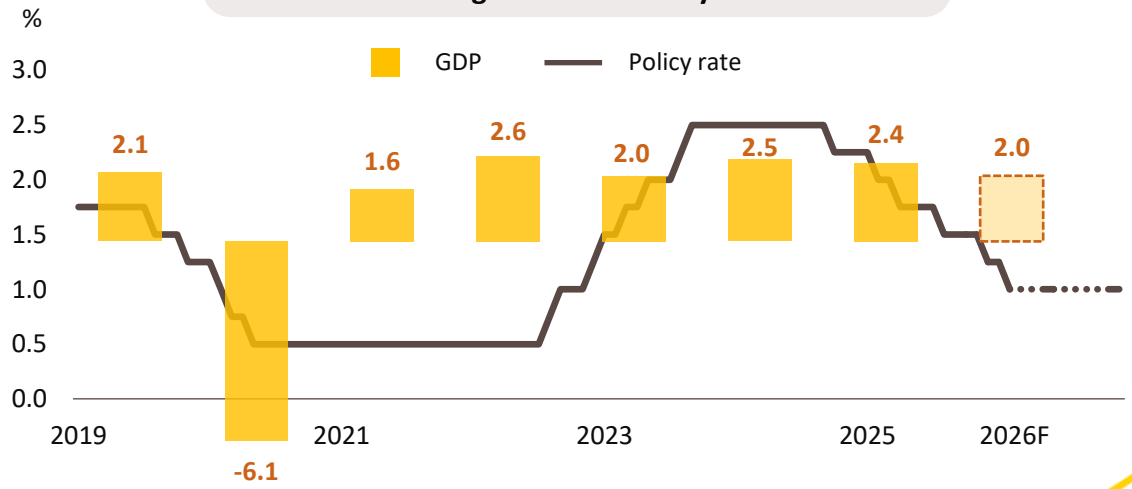
Headline and Core Inflation



Loan Growth



Thailand's GDP growth and Policy Interest Rate



Krungsri Research's view

- **While the timing of the rate cut came as a surprise, the direction itself was not.** Krungsri Research had already anticipated 25-bps cut this year, though at a later stage.
- The Committee views that (i) the present level of the policy interest rate reflects **"a sufficiently accommodative monetary policy stance";** (ii) the Committee gives importance to "safeguarding medium-term financial stability" and preserving **"the limited monetary policy space"** and; (iii) "it is necessary to integrate policies from multiple fronts" to enhance productivity.
- Therefore, **absent a significant negative shock, the policy rate at 1.00% is likely to be maintained for the remainder of the year.**

Source: MOC, CEIC, BOT, Krungsri Research

Key factors in 2026: Despite potential support from greater government stability, growth expected to moderate amid structural headwinds and emerging external risks



Source: Krungsri Research

KRUNGSRI RESEARCH

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

Macroeconomic Team

Sujit Chaivichayachat	Head of Macroeconomic Research Team
Wanicha Direkudomsak	Senior Economist
Churailuk Pholsri	Senior Economist (Forecasting)
Piyavadee Chirasirisuwan	Senior Economist
Thansin Klinthanom	Senior Economist
Krittabhorn Sirichaichingkun	Economist
Supasyn Itthiphatwong	Economist
Wanat Banthitasopon	Economist

Industry Team

Taned Mahattanalai	Head of Industry Research Team
Poonsuk Ninkitsaranont	Senior Analyst (Healthcare, Mobile Operators)
Thian Thiumsak	Senior Analyst (Energy, Petrochemicals)
Chaiwat Sowcharoensuk	Senior Analyst (Agriculture)
Puttachard Lunkam	Senior Analyst (Construction Contractors, Construction Materials, Hotels, Industrial Estate)
Patchara Klinchuanchun	Senior Analyst (Real Estate)
Prapan Leenoi	Analyst (ESG)
Supawat Choksawatpaisan	Analyst (Automobile, Electronics & Electrical Appliances)
Rapeepoom Lapmak	Analyst (Agriculture, Food & Beverages)
Chatwalee Maethastidsook	Analyst (Healthcare)

Analytics and Intelligence Team

Pimnara Hirankasi, Ph.D.	Acting Head of Analytics and Intelligence Research Team
Nathanon Ratanathamwat	Senior Researcher
Narichaya Satafang	Researcher
Parinya Mingsakul	Researcher
Chanatta Thararos	Researcher

MIS and Reporting Team

Thamon Sernsuksakul	Information Analyst
Chirdsak Srichaiton	Information Analyst
Wongsagon Keawuttung	Information Analyst

Subscribe Us

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

Disclaimer

All material presented in this report, unless specifically indicated otherwise, is under copyright to Krungsri Research. None of the material, nor its content, nor any copy of it, may be altered in anyway, or copied to any other party, without the prior express written permission of Krungsri Research. This document is based on public information believed to be reliable. Nevertheless, Krungsri Research would not affirm the accuracy and completeness of this information. We accept no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. Information, opinions and estimates contained in this report are our own, which are not necessarily the opinions of Bank of Ayudhya Public Company Limited and its affiliates. It reflects a judgment at its original date of publication by Krungsri Research and are subject to change without notice.