WEEKLY ECONOMIC REVIEW

September 1, 2026

krungsri Research
A member of MUFG

U.S.-Iran resume military action for the first time in a month. Thai exports expand unevenly, and MPC is expected to maintain rates further.

Global

Global: Middle East tensions have intensified again after the U.S. and Iran resumed military action. Iran's Islamic Revolutionary Guard Corps (IRGC) launched missiles and drones at several U.S. air bases in Jordan in retaliation for U.S. and Israeli airstrikes on Larak Island late Sunday. The latest escalation reflects the continued intensification of the conflict following the U.S. announcement on August 24 to expand sanctions on Iran, aimed at pressuring other countries to sever ties with Tehran.

U.S.: Fed Chair acknowledged the central bank's commitment to returning inflation to target, while refraining from providing guidance on the future path of interest rates. However, weaker employment, wage growth, and consumer confidence suggest that the risk of second-round inflation effects remains limited. Krungsri Research therefore expects the Fed to keep its policy rate unchanged to support the economic recovery and prevent a sharp increase in government bond yields.

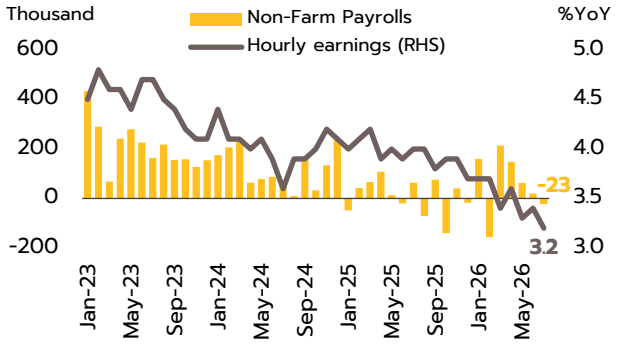
China: Industrial profits continue to expand (figure), led by electronics sector amid the AI boom. **However, some sectors continue to face shrinking profits,** such as autos (-20.4%) and furniture (-58.2%), partly due to weak demand, a property crisis, and excess supply. Overall, profit concentration in a few sectors reflects that **the AI boom has yet to bring widespread benefits to businesses and economic growth.**

Thailand

Thai exports continued to expand but remained concentrated in a few sectors. In July, exports expanded for the 25th consecutive month, rising 21.6% YoY to USD 34.8 billion, up from 20.8% growth in June. Imports grew at a faster pace, rising 36.7% to USD 38.4 billion, resulting in a trade deficit of USD 3.6 billion. During the first seven months of 2026, exports grew 18.2%, while imports surged 37.8%, bringing the cumulative trade deficit to USD 35.4 billion.

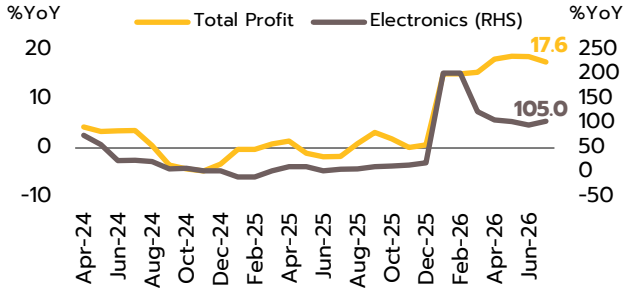
Krungsri Research expects Thai exports to continue benefiting from AI-related investment and the electronics upcycle. However, export growth remains uneven, as strong gains in industrial exports (+24.2% YoY in July) contrasted with stagnant agricultural exports (+0.6%) and a contraction in agro-industrial exports (-3.3%). Downside risks also stem from U.S. trade measures, particularly the Section 301 investigation into excess capacity, while Thailand's Tier-2 classification in the U.S. "The Great Transshipment Scam" report could heighten the risk of further tariffs. Despite strong exports, Thailand's economic growth remains low and uneven, supporting a continued accommodative monetary stance. Krungsri Research expects the MPC to maintain the policy rate at 1.00% p.a. throughout 2026, as the key challenge shifts from the level of policy rate to the effectiveness of policies, e.g. targeted financial measures to support vulnerable borrowers and potential SMEs.

U.S.: Non-Farm Payrolls and Wage Growth



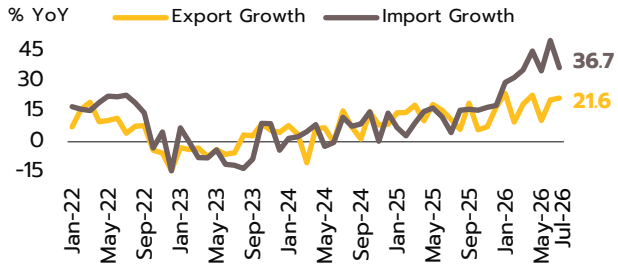
Source: Bloomberg and Krungsri Research

China: YTD Industrial Profit



Source: NBS and Krungsri Research

Thailand: Exports and Imports



Source: MOC 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

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.