# WEEKLY ECONOMIC REVIEW

October 6, 2026

krungsri Research
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**Global manufacturing PMI hits four-and-a-half-year high. Thailand's growth is driven by exports and investment amid risks from flooding.**

## Global

**Global: manufacturing PMI reached a four-and-a-half-year high in September**, supported by stronger investment in AI, data centers, and electronics. The U.S. PMI reached its highest level since May 2022, while the Eurozone posted its strongest expansion in over four years. Japan remained in expansion despite a slight slowdown. However, growth remains concentrated in selected sectors and faces risks from high energy costs and tariff uncertainty.

**U.S.: The likelihood of a Fed rate hike in October has declined as the labor market shows clearer signs of slowdown**. While 2Q26 GDP and the PMI continue to point to a continued expansion in the economy and manufacturing, labor market conditions have weakened. Nonfarm payrolls rose by only 29,000 in September, down from a 133,000 rise in August, while unemployment increased to 4.2% and wage growth slowed to a 64-month low. Krungsri Research therefore expects the Fed to keep rates unchanged at its October 27–28 meeting.

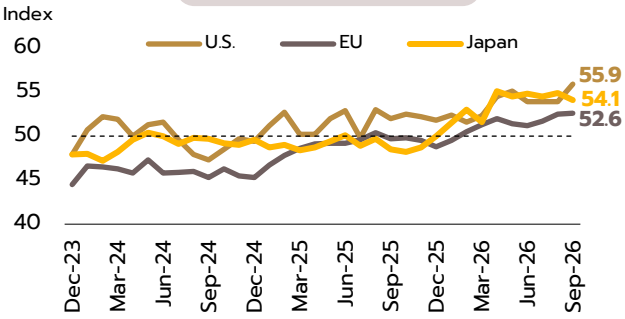
**China: Manufacturing picks up but remains under cost and demand pressures**. Recently, the government rolled out additional stimulus, including mortgage subsidies, an interest-rate cut to support infrastructure investment, expanding re-lending facility quotas, and allowing the local government to tap unused bond quotas from previous years. **While the impact is likely to be limited, these should keep GDP growth on track to reach the 4.5-5.0% target this year**.

## Thailand

**Thailand's economy is being driven by exports and investment, while the recent flooding could disrupt economic activity by an estimated 0.1–0.2% of GDP**. In August, the Private Consumption Index (PCI) grew faster by +3.7% YoY (vs +3.0% in July), led by durable-goods consumption, particularly passenger car sales. Meanwhile, growth of the Private Investment Index (PII) accelerated to +21.8% from +12.3%, following machinery sales and imports of capital goods, particularly computers. Excluding gold, merchandise exports continued to expand by +21.7% (vs +25.0%). Foreign tourist arrivals held steady at 2.5 million.

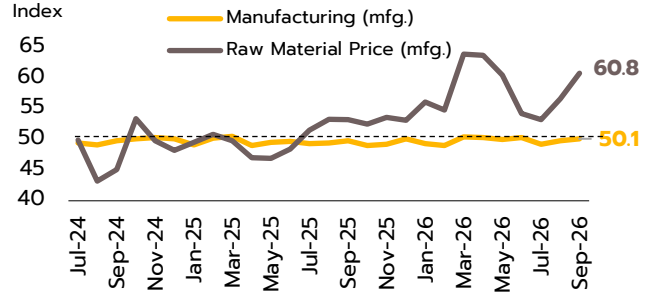
**Despite momentum from private investment and exports, overall economic expansion could be constrained by several factors: (i) a potential slowdown in private consumption weighed by elevated household debt and fragile purchasing power; (ii) pressure from U.S. import tariffs, especially the Section 301 investigation on excess production capacity; (iii) the potential escalation of the Middle East tensions; and (iv) flooding situation. Assuming the situation does not deteriorate, Krungsri Research estimates that lost output and business disruptions since late September could amount to THB 17–39 billion, equivalent to around 0.1–0.2% of GDP. Physical asset damage is expected to be significantly larger, at around 0.6–0.8% of total capital stock in Bangkok and its vicinity.**

**Manufacturing PMI**




Source: CEIC and Krungsri Research

**China: Purchasing Managers' Index (PMI)**




Source: NBS and Krungsri Research

**Estimated Impacts of September's Floods**

| | Lost output and Business Interruptions | | Damage to Physical Asset |
|---|---|---|---|
| | Value (THB bn) | % of Thai GDP | % of Provincial Capital Stock |
| Bangkok | 11.95-26.77 | 0.06-0.14 | 0.62-0.84 |
| Vicinity* | 5.41-12.13 | 0.04-0.06 | 0.46-0.62 |
| **Bangkok and Vicinity** | **17.36-38.90** | **0.1-0.2** | **0.56-0.76** |

Source: Krungsri Research
Note: * includes Sumut Prakarn, Pathum Thani, Sumut Sakhon, Nakhon Pathom, and Nonthaburi

# 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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