

**KResearch projects Thailand's GDP growth to slow to 1.6% in 2026 due to weaker external and domestic demand; political uncertainty needs close watch**

KResearch forecasts Thailand's economic growth at 1.6 percent in 2026, compared with an estimated 2.0-percent expansion in 2025, due to slowing demand both at home and abroad. Thai merchandise exports, a key driver of the economy, are projected to contract in 2026. Tourism has yet to fully recover, while household consumption may soften as government spending and stimulus measures ease in light of fiscal constraints. The Monetary Policy Committee (MPC) is expected to cut its policy rate one more time. Additionally, political uncertainty will remain an important factor to watch.

**Mr. Burin Adulwattana, Managing Director and Chief Economist of KASIKORN RESEARCH CENTER (KResearch),** said that the World Trade Organization (WTO) expects global trade to slow from 2.4-percent growth in 2025 to 0.5 percent in 2026, as the Trump administration's tariff measures increase both trade costs and related uncertainty. In 2025, global trade benefited from front-loaded shipments ahead of the tariff implementation in August, coupled with a surge in exports of AI-related products – particularly from Asia to the US – driven by US investments in data centers and AI infrastructure. This trend contrasts with a marked slowdown in exports of non-AI items. Meanwhile, China's exports to Asia remain strong despite weaker shipments to the US. However, Chinese businesses still face intense competition in production capacity and price wars, putting persistent pressure on corporate profitability.

**Ms. Nattaporn Triratanasirikul, KResearch Deputy Managing Director,** noted that the Thai economy is set to slow in 2026. KResearch projects GDP growth of 1.6 percent in 2026, compared to the estimated 2.0-percent expansion in 2025. Thai exports are expected to decline in 2026, hindering a major economic driver. Tourism is unlikely to see a full recovery, while household consumption – the key growth engine – is expected to soften due in part to reduced support from government spending and stimulus measures under fiscal constraints. The MPC is expected to lower the policy rate once more in 2026. Political uncertainty, especially following the election, will also warrant close monitoring.

**Ms. Kevalin Wangpichayasuk, KResearch Deputy Managing Director,** assessed that the business outlook for 2026 will remain challenging. Sluggish domestic and external orders, together with competition from imported products, will continue to pressure production. As a result, the Manufacturing Production Index (MPI) risks contracting for the fourth consecutive year. Most service businesses (such as retail, restaurants, healthcare, and construction) are expected to see slower growth. At the same time, costs of some raw materials may remain high, and wages may rise, making net revenue generation more difficult in a low-growth market environment. Businesses will therefore need to focus on enhancing productivity, adapting to emerging trends in innovative ways, and exploring new markets.

**Ms. Thanyalak Vacharachaisurapol, KResearch Deputy Managing Director,** added that loans in the Thai banking system are likely to contract further in 2026, in line with slowing economic activity. Outstanding loans are projected to shrink by 0.7 percent in 2026, following an anticipated contraction of 2.3 percent in 2025. SME and retail lending – including mortgages and hire-purchase loans – are expected to remain subdued due to income constraints and limited purchasing power. Household debt in 2026 is projected to decrease to no more than 85 percent of GDP, still considered relatively high. Close attention must also be paid to borrowers' repayment capacity and overall credit quality in 2026.