

Global oil prices may stand above USD 100 per barrel over the next 1–3 months, shaving Thailand’s 2026 GDP growth by 0.2–0.7 percent, says KResearch

KASIKORN RESEARCH CENTER (KResearch) anticipates that the potentially prolonged conflict in the Middle East will keep oil prices above USD 100 per barrel over the coming months. This would put pressure on the Thai economy and push inflation towards the upper bound of the Bank of Thailand’s (BOT) inflation target range.

Mr. Burin Adulwattana, KResearch Managing Director and Chief Economist, said that the ongoing conflict in the Middle East is causing a sharp surge in energy prices, particularly following the closure of shipping routes through the Strait of Hormuz. This situation is expected to trigger a chain reaction of impacts, ranging from shortages of raw materials in the petrochemical industry to heightened pressure on global food prices in the period ahead. Additionally, the situation has significantly affected trade and air transportation in the region, resulting in fewer flight operations and higher travel costs. On the financial front, the strengthening of the US dollar against Asian currencies, especially for Thailand, which relies heavily on energy imports, will directly affect the capital market, the Thai Baht, and both the global and Thai GDP growth. At the same time, inflation is accelerating, increasing the risk of stagflation.

Ms. Nattaporn Triratanasirikul, KResearch Deputy Managing Director, said that Thailand’s economy could decline by 0.2–0.7 percent. This projection is based on the assumption that tensions involving Iran may be prolonged and that the Strait of Hormuz – an essential and vulnerable global energy transit point – could be disrupted for 1-3 months. Under this scenario, global crude oil prices are expected to remain above USD 100 per barrel during that period, with the annual average for 2026 projected at USD 75–90 per barrel. In a worst-case scenario, if global crude oil prices remain above USD 130 per barrel for more than three months, Thailand’s headline inflation could exceed the upper bound of the BOT’s 3 percent inflation target range, with 2026 GDP projected to record stagnant growth

Dr. Rujipun Assarut, KResearch Assistant Managing Director, elaborated on the implications for Thailand’s exports, particularly in the automotive and electronics sectors, which are key contributors to total exports. The Middle East accounts for approximately 20 percent of Thailand’s total automobile export volume, with pickup trucks representing about 60 percent of that share. Shipments to the region are expected to decline by roughly 15,000 units per month. Combined with factors such as Mexico’s tariff hikes on automobiles, intensified competition from Chinese vehicles, and stricter environmental standards among

trading partners, Thailand's total automobile exports are projected to contract by around 8.1 percent in 2026. Additionally, the conflict involving Iran is expected to drive up production costs for Thailand's electronics industry, particularly for raw materials and chemicals, which account for approximately one-quarter of total costs, while also reducing global IT spending growth by around 1 percent compared to a non-war scenario. However, worldwide investment in AI and data centers may continue to support Thai electronics exports, leading to an estimated growth of 11.5 percent in 2026, slowing from 38.3 percent in the previous year.

Ms. Kevalin Wangpichayasuk, KResearch Deputy Managing Director, stated that the conflict in the Middle East is projected to hurt Thailand's tourism sector. The number of long-haul tourists is expected to decline by more than one million from the original annual forecast, representing a loss of approximately Baht 80 billion for tourism-related businesses. Furthermore, SMEs that rely heavily on energy, logistics, fertilizers, and plastics — such as those in transport, manufacturing, fisheries, agriculture, and restaurants — may be significantly affected by rising costs and narrowing profit margins.
