ECONOMICS & STRATEGY

Thailand Chartbook: K-shaped divergence

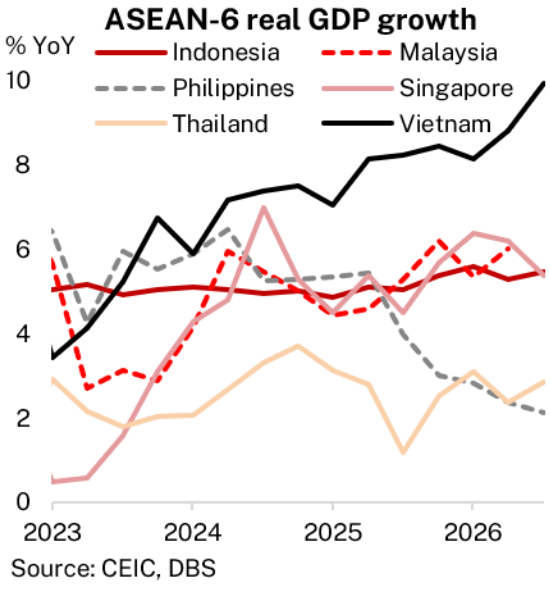
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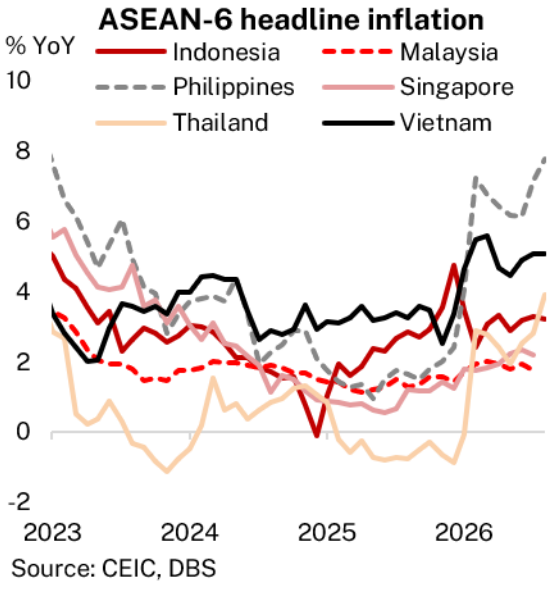
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- *The uptick in Thai GDP growth to 2.9% yoy in 3Q26 from 2.4% yoy in 2Q masked a widening K-shaped divergence in growth.*
- *The strong technology-led investment and export cycle will continue at a sustainable pace in 2027.*
- *Private consumption will stay constrained by high debt, a weak labour market, and muted sentiment.*
- *Fiscal space to sustain repeated stimulus measures and support household spending is narrowing.*
- *Soft tourism is set for a seasonal recovery in 4Q26 and a gradual improvement in 2027.*
- *We expect the BOT to remain on an extended pause throughout 2027, supporting an uneven economy.*
- ***Forecast implications:** We expect real GDP growth and headline inflation to ease to 2.0% and 1.0%, respectively, in 2027, from revised forecasts of 2.4% and 2.1% in 2026 (2.1% and 1.7% previously).*



Source: CEIC, DBS



Source: CEIC, DBS

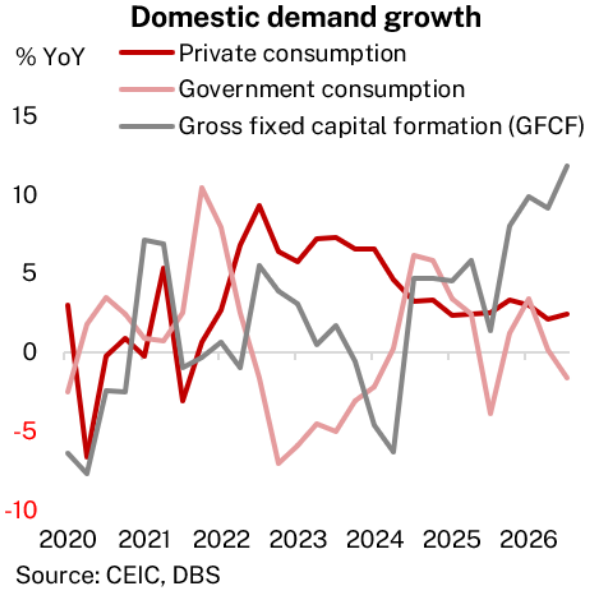
REAL GDP GROWTH

Real GDP growth picked up to 2.9% yoy in 3Q26 from an upwardly revised 2.4% in 2Q. However, the K-shaped divergence in growth widened. We forecast growth to ease to 2.0% in 2027 from an adjusted 2.4% in 2026.



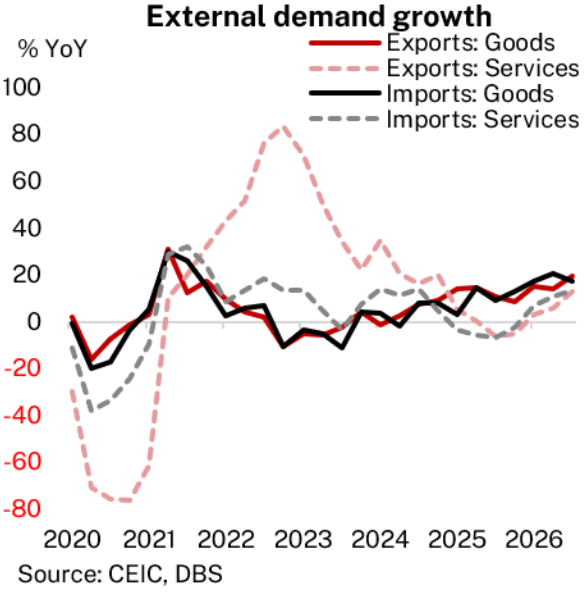
Source: CEIC, DBS

Overall growth gained momentum in 3Q, but domestic demand was highly uneven. Investment surged, while private and government consumption were sluggish, although household spending edged up.



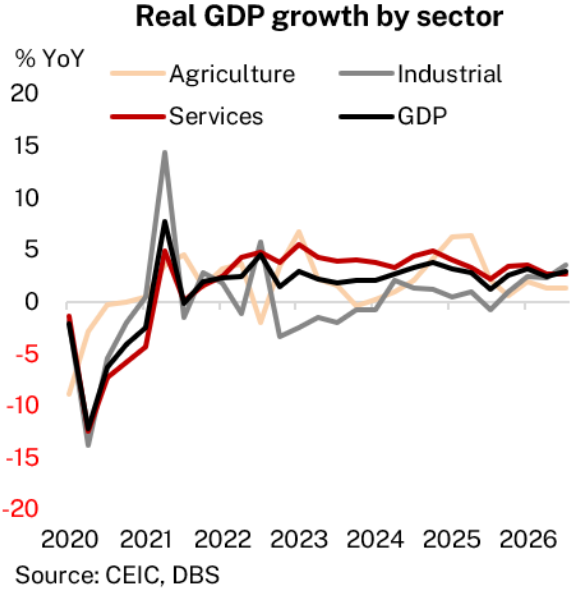
Source: CEIC, DBS

Net trade contributed positively in 3Q, as export expansion outpaced robust import growth, driven by supercharged demand for artificial intelligence (AI)-related electronics.



Source: CEIC, DBS

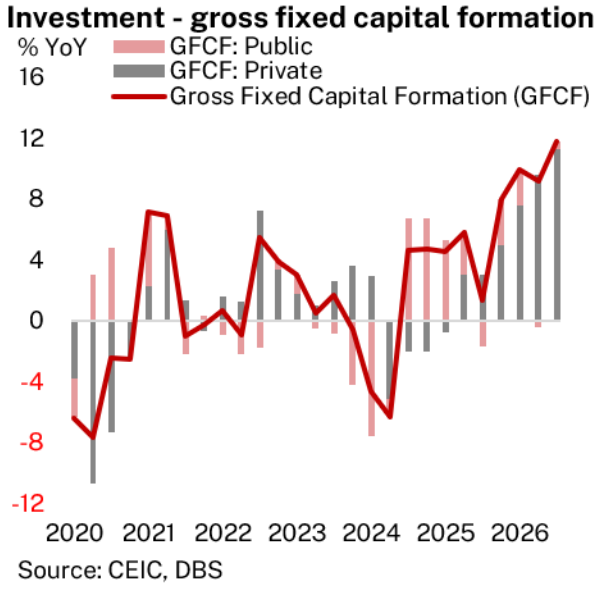
Higher GDP growth in 3Q was notably driven by stronger technology-related industrial expansion, while the agriculture and services sustained their yoy growth.



Source: CEIC, DBS

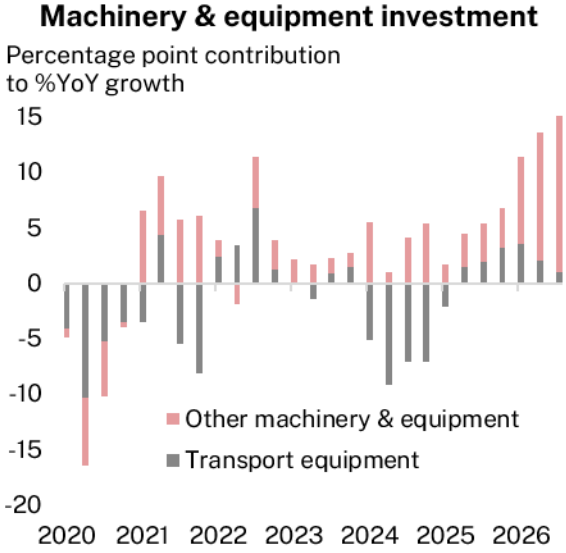
INVESTMENT

Overall investment growth accelerated to 11.8% yoy in 3Q26, the strongest pace since 4Q12, with the private sector set to remain the primary driver.



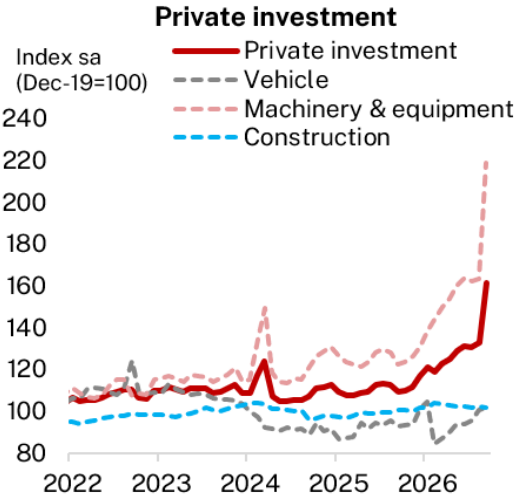
Source: CEIC, DBS

Surging investment has been led notably by machinery and equipment outlays, underpinned by rising capital goods imports and local machinery sales relating to electronics.



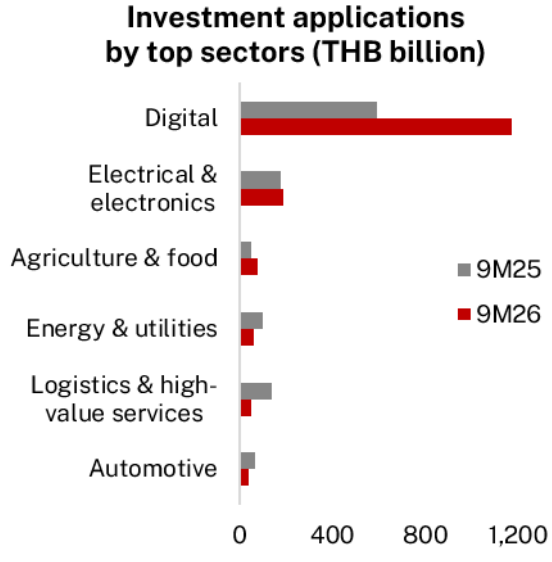
Source: CEIC, DBS

Monthly data showed a sizeable jump in machinery and equipment investment in September. While this increase is unlikely to be sustained, we expect it to stay robust given the strong investment project pipeline.



Source: CEIC, DBS
Note: dotted lines refer to sub-indices.

Strong investment applications in the first three quarters of 2026 were driven mainly by the digital sector, which doubled from a year earlier, supported by favourable policies, and robust foreign investor interest.

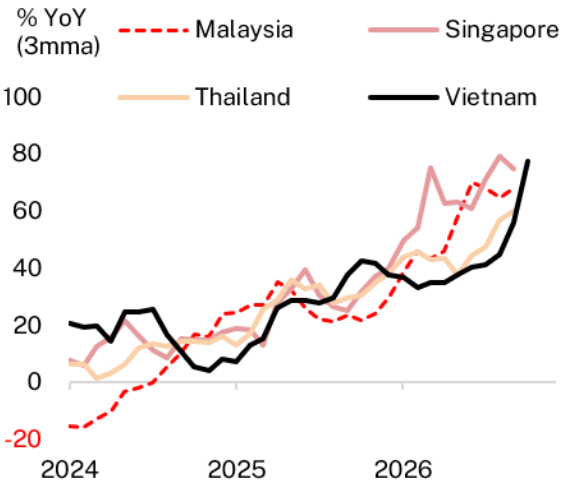


Source: Thailand Board of Investment, DBS

GOODS EXPORTS

Electronics exports momentum across key ASEAN economies is strong heading into 4Q26 and early 2027, supported by global AI tailwinds and the AI infrastructure build-out by major hyperscalers.

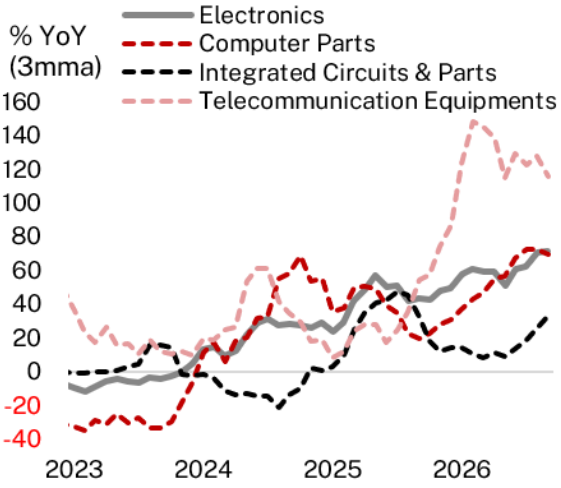
ASEAN-6 key electronics exports



Source: CEIC, DBS. Note: % YoY (3mma) in USD terms

Thai telecommunications equipment exports are benefiting from the global AI boom, alongside other growing tech shipments. Electronics exports expansion should continue at a sustainable rate in 2027.

Thailand electronics exports



Source: CEIC, DBS
Note: dotted lines are selected sub-components

The US remains a major driver of Thailand's strong goods export performance, with exports growing for the 27th consecutive month as of September 2026.

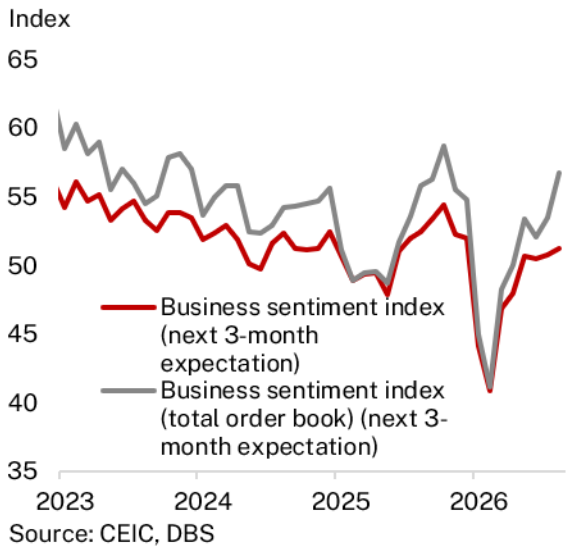
Thailand custom exports



Source: CEIC, DBS

Thailand's business sentiment remains positive, primarily supported by strong order books amid robust external demand, despite challenges including rising costs.

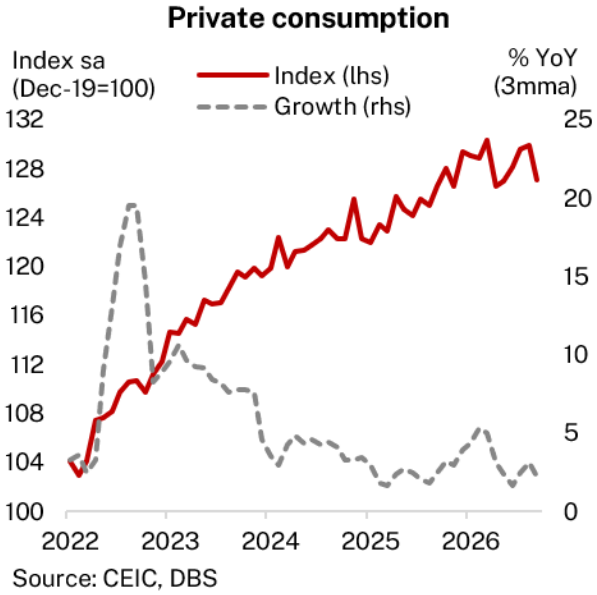
Thailand business sentiment index



Source: CEIC, DBS

PRIVATE CONSUMPTION AND TOURISM

Private consumption remains sluggish, reflecting structural constraints from elevated household debt and a weak labour market, while any improvements has been temporarily boosted by stimulus.



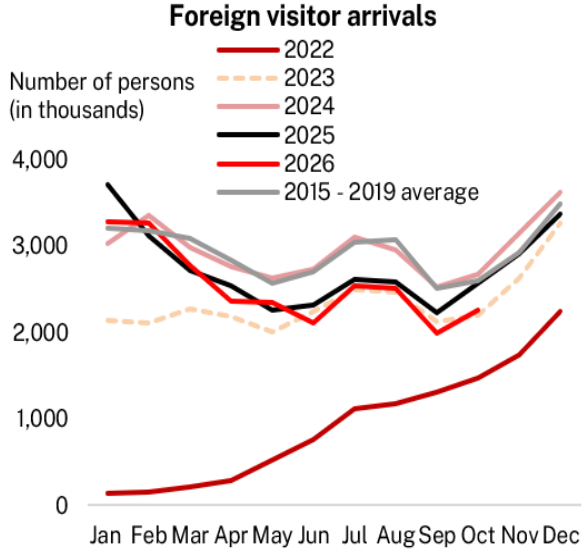
Source: CEIC, DBS

The uptick in consumer confidence has stalled, as households contend with high living costs, uneven economic growth, and flooding. Fiscal space for continued government support is narrowing.



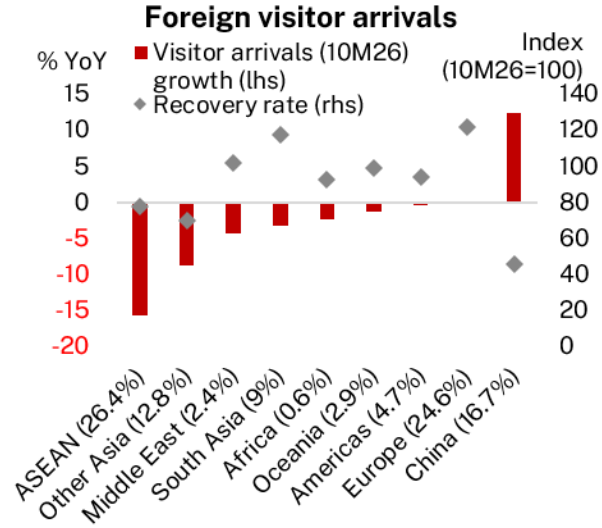
Source: CEIC, DBS. Note: dotted lines refer to sub-indices

Foreign tourism has faced a difficult 2026, but should recover gradually into the seasonally strong year-end. Visitor arrivals will improve in 2027 as airfares fall alongside policy support.



Source: CEIC, DBS

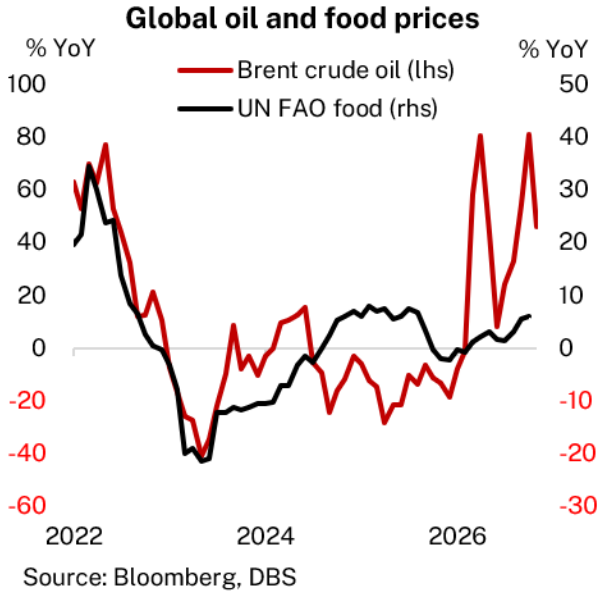
Visitor arrivals from most markets fell in the first 10 months of 2026, with ASEAN recording the weakest performance. While Chinese visitors rose, the recovery remains weak.



Source: CEIC, DBS
Note: Share of total visitor arrivals in brackets.

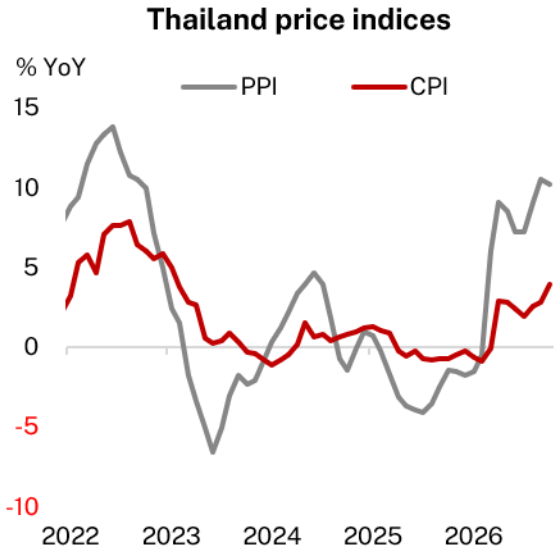
INFLATION AND MONETARY POLICY

Global food and oil prices remain above year-ago levels, amid supply-side shocks from adverse El Niño weather conditions, and the unresolved conflict in the Middle East.



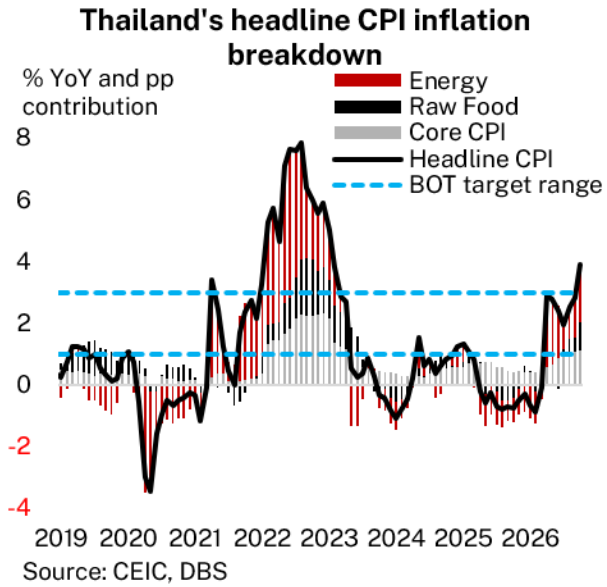
Source: Bloomberg, DBS

Thailand's upstream producer prices are facing substantial upward pressures, which is feeding through to consumer prices, but the extent is limited by muted consumer demand.



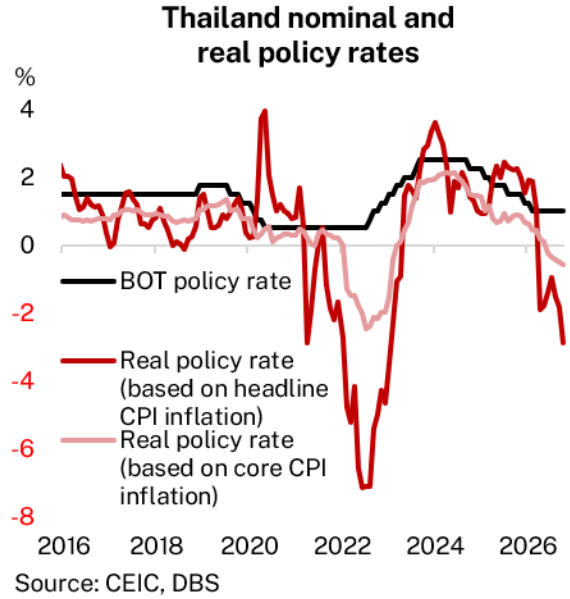
Source: CEIC, DBS

Headline inflation surged to 3.9% yoy in October 2026, the highest in 45 months, driven by faster energy and food price increases. Above-target inflation will persist into early 2027 before supply-side pressures fade.



Source: CEIC, DBS

Thailand's monetary policy is highly accommodative, with real interest rates falling despite a stable policy rate. We expect an extended policy rate pause at 1.00% in 2027 to support the uneven economy.

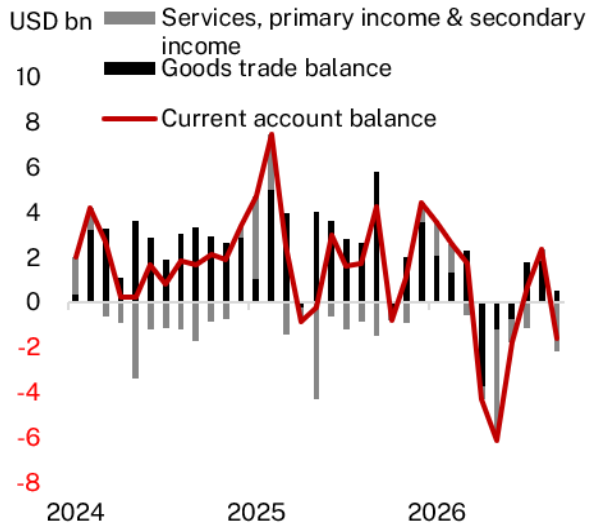


Source: CEIC, DBS

EXTERNAL POSITION

Thailand's current account was volatile and negative in the first 10 months of 2026. Goods trade had a sizeable shortfall, and the services and income balances were in deficit.

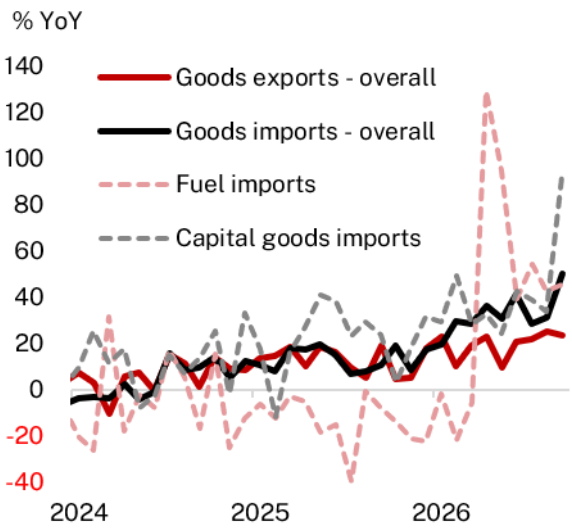
Current account breakdown by month



Source: CEIC, DBS

The decline in the goods trade balance reflected more than higher energy prices. It was also driven by higher capital goods imports from the technology-driven investment boom.

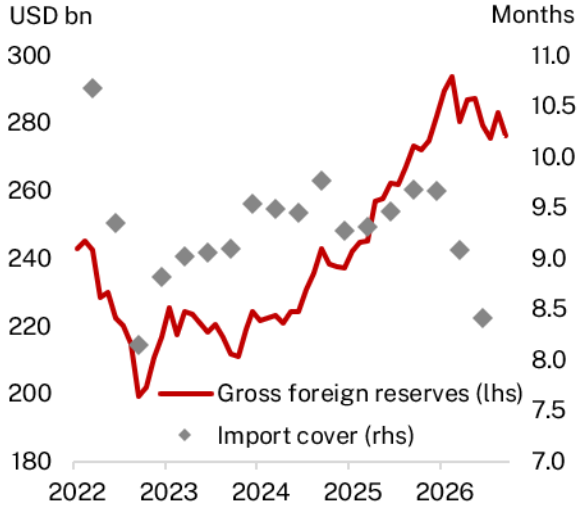
Goods trade



Source: CEIC, DBS

External buffers will remain robust, despite falling import cover. This was driven mainly by surging imports, while foreign reserves have stayed resilient despite curbing FX volatility.

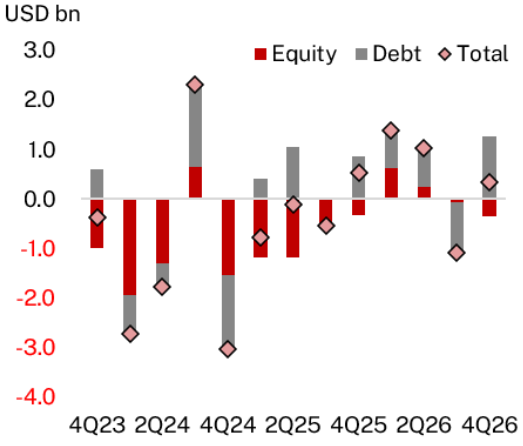
Gross foreign reserves and import cover



Source: CEIC, DBS

Portfolio flows have weakened and are volatile in 2H26 vs. strong inflows in 1H. Debt flows would be supported by stable domestic monetary policy, while equity flows stay volatile.

Portfolio flows



Source: IIF, Bloomberg, DBS
Note: Latest data as of mid-November 2026.

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