



Press Release

Thailand Positioned for Gradual Stabilisation Despite Near-Term Headwinds

Thailand's economic outlook for 2026 remains cautious but stable, with growth expected to gradually improve as policy support, easier financial conditions and a more stable external environment begin to take effect, likely in the second half of the year.

GDP growth is forecast at 2.0% in both 2025 and 2026. Momentum is expected to stay subdued in the first half of 2026, before gaining traction later in the year. While trade uncertainty and political transition continue to weigh on near-term activity, accommodative monetary policy and targeted fiscal measures are expected to help cushion downside risks.

Inflation remains benign, with headline CPI projected to stay negative into mid-2026 amid soft domestic demand and lower energy prices. This provides scope for continued policy accommodation, with the policy rate expected to ease to 1.0% by end-2026, supporting financial conditions and credit growth.

Tourism continues to recover gradually. Foreign arrivals reached 26.9 million in 2025, equivalent to 82% of pre-pandemic levels. While Chinese tourist numbers remain below historical norms, seasonal improvement around Lunar New Year 2026 should provide a near-term boost, alongside stronger demand from other key markets. A more sustained acceleration, however, will require additional positive catalysts.

On the fiscal front, the FY26 budget deficit is projected to narrow slightly to 4.4% of GDP. Although fiscal consolidation will be gradual, public finances remain manageable and Thailand is expected to retain its investment-grade credit ratings.

"Thailand is navigating a soft patch, but macroeconomic stability remains intact," said Tim Leelaphaphan, Senior Economist, Thailand and Vietnam. "Low inflation, accommodative monetary policy and a gradual recovery in tourism should help underpin growth, while structural reforms and export diversification provide longer-term upside."

Looking ahead, Thailand's medium-term outlook will be supported by efforts to upgrade key industries, attract more diversified foreign investment, and strengthen competitiveness within global supply chains.

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Media Contact : Corporate Affairs and Brand & Marketing

Varanandha Chakamanon Email: varanandha.chakamanon@sc.com

Piyarat Setthasiriphaiboon Email: piyarat.setthasiriphaiboon@sc.com

Tel: +66 6392 99456

Tel: +66 9449 55992