MEYERIZE
THE GETTING THINGS DONE COMPANY

MEYERIZE | MARKET BRIEFING

Thailand Economic Outlook 2026

What a 2% economy means
for market entry, trade and operating cost

- Structural shifts shaping business
- Implications for business leaders
- Sectors driving future growth

Observations from the European Association for Business and Commerce briefing with the National Economic and Social Development Council

Bangkok • 6 August 2026

"Thailand is entering a productivity economy.
The next decade will be won by those who operate better, not those who expand faster.

– Meyerize View

IN BRIEF

Growth will not come from market expansion

Thailand's next chapter is not about a bigger market — it's about operating smarter, capturing share, and building resilience in a more constrained environment.

01

The trend is ~2%

Growth averaged 4.6% in 2000–10, 3.2% in 2011–19 and 2.3% in 2021–25. The forward path confirms ~2%, rather than contests it.

02

2026 is policy-bought

The Bank of Thailand's June round shows 1.8% for 2026 excluding government measures — and the fiscal framework withdraws that support from 2027.

03

So margin, not volume

Top-line growth must come from share capture, positioning in the segments still growing, and cost structure — not a recovering consumer.

GROWING AGAINST THE TREND

Sectors with stronger momentum and long-term potential

SERVICES

Driven by tourism, professional services and the care economy

DATA CENTRE & MACHINERY INVESTMENT

Supperted by digital infrastructure and high-value investment

VALUE-ADDED FOOD

Premium, sustainable and higher-value production segments

FIVE STRUCTURAL CONSTRAINTS

Key forces shaping the operating environment

- **Fiscal consolidation** — Reducing the deficit to rebuild credibility
- **Energy import dependency** — A major cost and external risk factor
- **Demographics** — An ageing population and shrinking workforce
- **Broken credit channel** — Limited financing for smaller businesses
- **Unresolved trade exposure to the United States** — Ongoing uncertainty from trade measures

> "In a 2% economy, competitive advantage comes from how well you operate, not how fast you expand."
>
> – Meyerize View

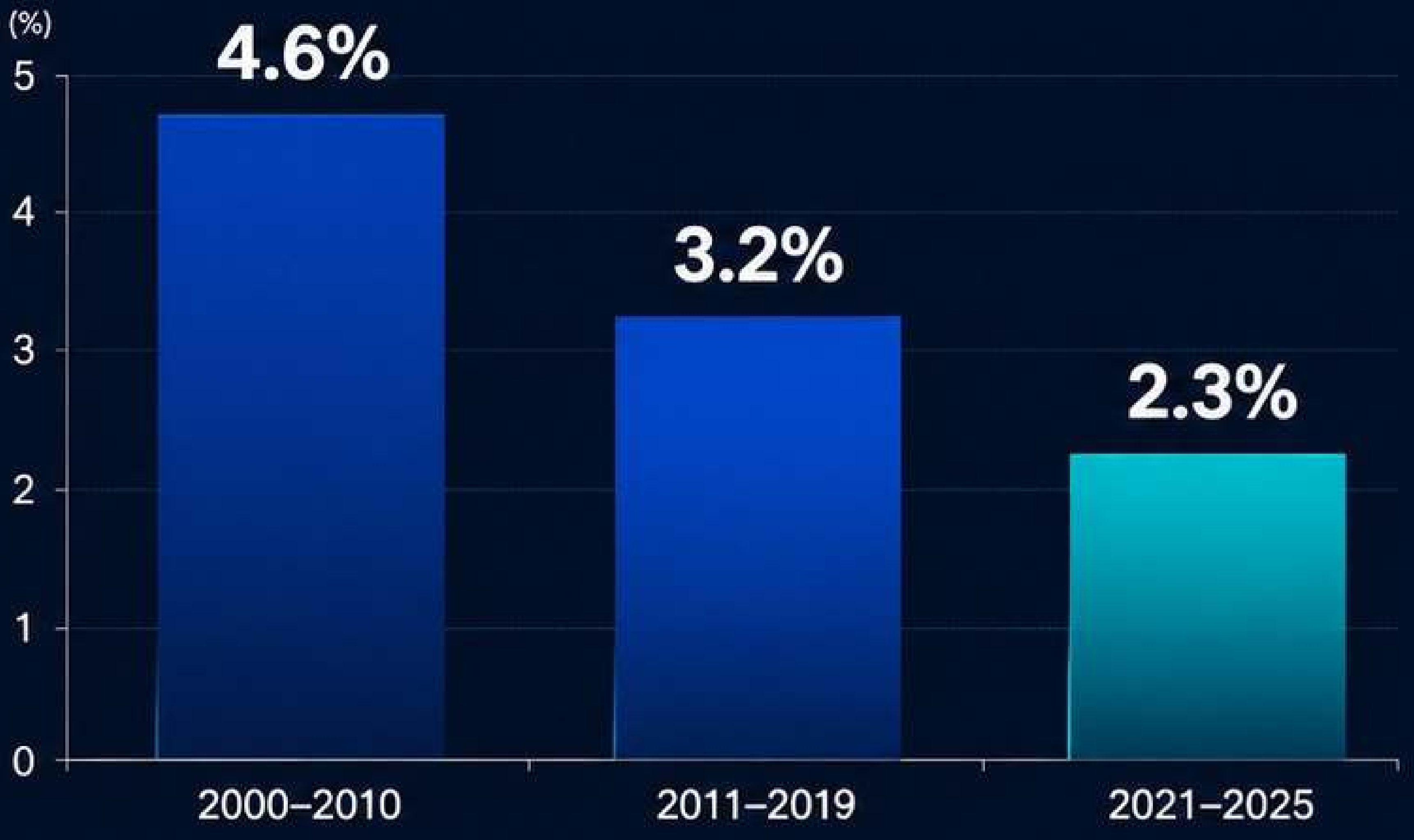
Observations from the European Association for Business and Commerce briefing with the National Economic and Social Development Council • Bangkok • 6 August 2026

THE MACRO PICTURE

Growth has structurally downshifted

Thailand's growth trajectory has moderated over the past two decades.
The outlook for 2026–27 reflects slower but more stable, policy-supported growth.

AVERAGE GDP GROWTH, BY DECADE (%)



Thailand has entered a new growth regime.
From expansion-led to **productivity-led.**

THE FORWARD VIEW CONFIRMS IT

	2025	2026F	2027F
MPC April 2026	—	—	2.0
MPC June 2026	2.4	2.3	1.8
June, ex. govt measures	—	1.8	2.1

Near-term growth is policy-supported.
Strip out government measures and 2026 falls to 1.8% — while the fiscal framework is designed to withdraw that support from 2027.

2.3%
2026 forecast

1.8%
2027 forecast

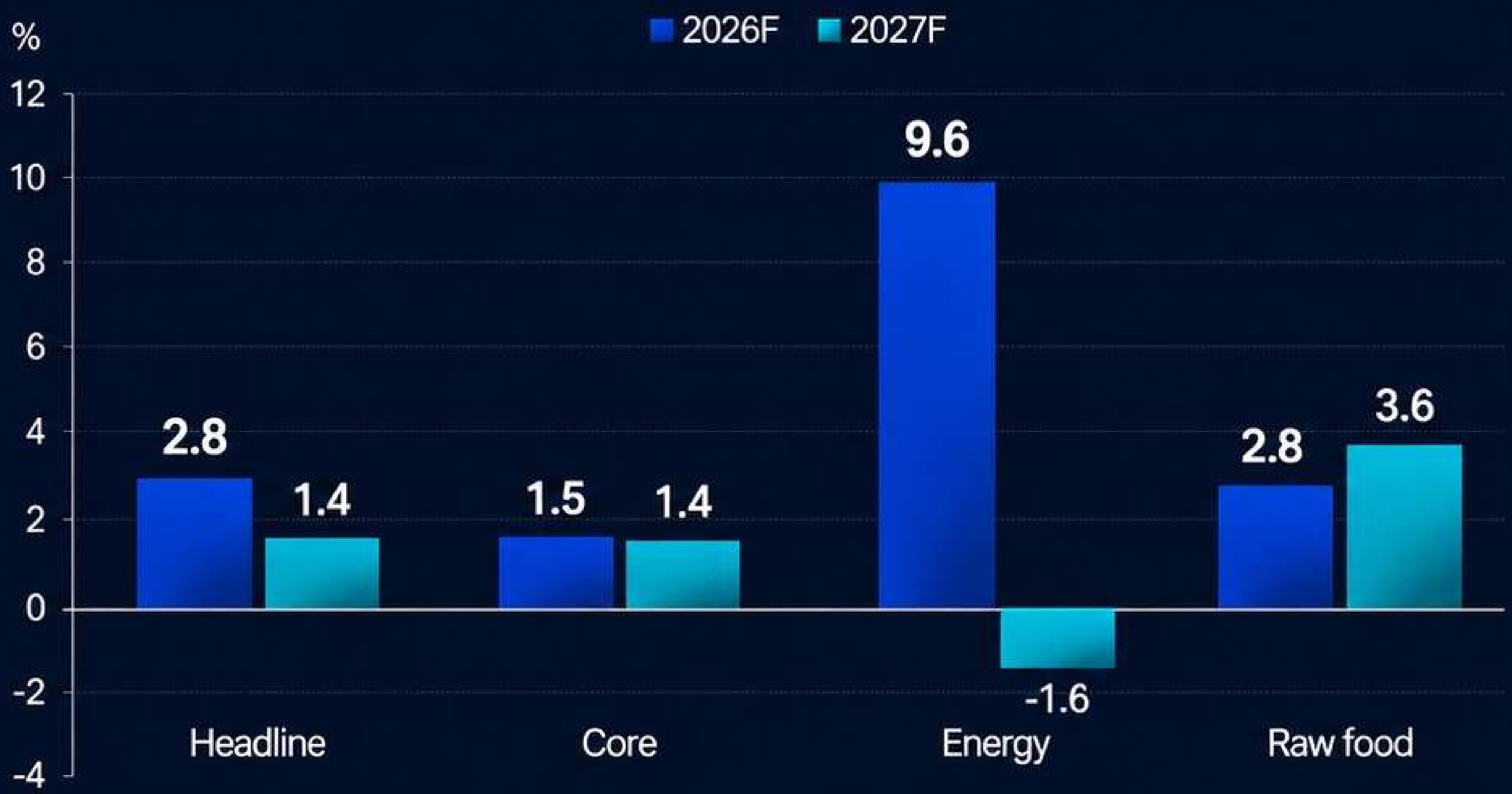
Source: Bank of Thailand and NESDC, as presented 6 August 2026.

THE MACRO PICTURE

Inflation is not the binding constraint

Price pressures are contained, with energy driving almost all volatility.
Core inflation remains stable around 1.5%.

INFLATION PROJECTIONS (% YOY)



Source: Bank of Thailand MPC June 2026 round, as presented 6 August 2026.

WHAT THIS TELLS YOU

- Core inflation is stable at roughly **1.5%** across both years
- Almost all volatility is energy: **9.6% in 2026, −1.6% in 2027**

FOR PRICING STRATEGY

- 2026 input pressure is an energy and freight story, not wage or demand
- Expect it to reverse — avoid locking it into pricing

STRUCTURAL CONSTRAINT 1

Fiscal consolidation closes the stimulus window

The **Medium Term Fiscal Framework** targets deficit reduction to 3% of GDP by 2029, explicitly to rebuild fiscal credibility. Expenditure growth is held to **0.7%** in FY2026; revenue is planned to grow **6.0%** in FY2027.

Indicator	FY2025	FY2027	FY2029
Revenue (% GDP)	15.0%	14.8%	14.9%
Expenditure (% GDP)	19.4%	18.5%	18.0%
Budget balance (% GDP)	−4.48%	−3.63%	−3.10%
Public debt (% GDP)	65.6%	68.5%	69.3%

Deficit path to 3% of GDP

The deficit narrows — but debt still climbs

Consolidation is real, but it is achieved on the revenue side.
A broader tax base over the medium term is the implication.

Source: Fiscal Policy Office, Ministry of Finance, as presented 6 August 2026.

Specific tax measures were discussed in general terms only — verify with a Thai tax specialist.

STRUCTURAL CONSTRAINT 2

Energy imports: the principal external risk

7.39%
of GDP in 2025
Thai energy imports

→

~10%
of GDP in 2026
If Brent averages USD 80/barrel

2.6
percentage points of GDP
- National income transferred offshore — the largest single swing factor in the external accounts

THE POLICY RESPONSE, IN SEQUENCE

1 **Move away from imported fossil fuel**
Shift toward domestic renewable generation, reducing the external exposure at source.

2 **Upgrade to a smart grid first**
Grid modernisation was named as the precondition for transition, not its consequence — needed to manage variable generation and distribution.

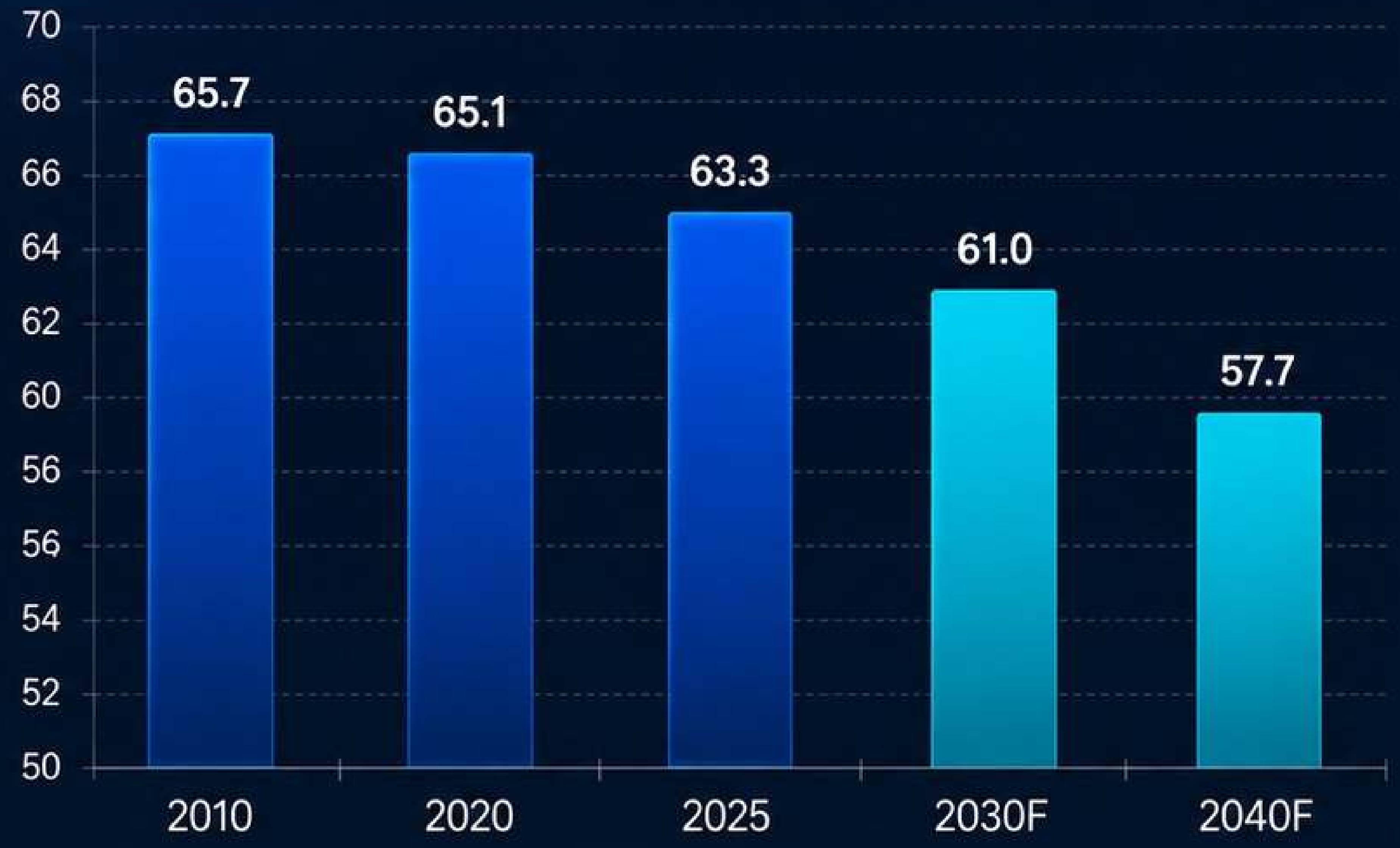
The transition sequence requiring **careful execution** rather than **acceleration.**

Source: as presented 6 August 2026.

STRUCTURAL CONSTRAINT 3

Demographics already subtract from growth

Working-age share of population (%)



41.5→46.5

Median age

2025 to 2040

−0.86pp

Growth drag

Per-capita GDP, 2020s

Two commercial consequences

- Labour cost and availability tighten structurally — favouring automation and process redesign over headcount
- Demand mix shifts toward healthcare, wellness and services for older consumers; a regional healthcare hub was presented as the deliberate response

Source: Thai population projections and World Bank analysis, as presented 6 August 2026.

Credit is not reaching smaller businesses

Total bank lending grew 0.2% year-on-year in Q1 2026 — and the gap is entirely by borrower size.

+2.7%

Large corporates

Loan growth, YoY, Q1 2026

-4.0%

SMEs

Loan growth, YoY, Q1 2026

9.2% + 15.8%

SME NPL + under watch

Against 2.85% NPL system-wide

20.1% / >180%

Capital / NPL cover

Banks are well capitalised — this is not a solvency issue

Households are deleveraging, not recovering

- Household debt fell from a 95.5% of GDP peak in Q1 2021 to 85.9% in Q1 2026
- It may reach 80% within two to three years — healthy medium term, but it suppresses consumption now

What to do about it

- Roughly a quarter of the SME loan book is impaired or on watch — diligence distributor and supplier working capital
- Two BoT schemes (SME Credit Boost, SMEs Secure+) are now targeting this gap; uptake so far is modest

Source: Bank of Thailand, Banking Sector Quarterly Brief Q1 2026 (19 May 2026).
"Under watch" = Stage 2 loans. Household debt path as presented 6 August 2026.

STRUCTURAL CONSTRAINT 5

US trade exposure remains unresolved

12%

of Thai GDP is exported to the United States

the largest single export market — and the trade relationship remains unsettled

1. **Section 301 exposure remains open**
   The trade position was described as unresolved, with Section 301 named directly.

2. **Regional overcapacity compounds it**
   Excess industrial production capacity across the region creates diversion pressure into Thailand and neighbouring markets.

3. **Origin becomes an active risk, not a settled matter**
   Companies with US-bound flows routed through Thailand, or China-origin inputs entering Thai production, are most exposed.

The practical implication

Treat origin determination, tariff classification and free trade agreement eligibility as matters requiring periodic re-verification rather than one-time setup — and keep origin documentation and supplier certification current enough to withstand scrutiny.

Source: as presented 6 August 2026. Exposure stated as a share of GDP; the United States is also Thailand's largest single export market by value.

THREE SEGMENTS RUNNING AGAINST THE TREND

Where growth actually is

3.58%

Real average growth
2010–25

23%

Annual machinery import growth
since 2023

THB 740bn

Food trade surplus

Services, decisively

Against 1.47% in manufacturing and 1.27% in agriculture. Excluding 2020 the gap widens: 4.26% against 1.93% and 1.57%. The only sector growing meaningfully faster than the economy.

Data centres and machinery

Against 13% for machinery exports — closing a gap that had persisted since 2015.

The clearest capital investment signal in the economy. Power and water intensity is an unresolved policy question.

Value-added food

Exports of THB 1,315bn against imports of THB 575bn, in a country described as food-secure.

Manufactured goods run the opposite way. The stated priority is quality and value, not volume.

Source: Thai national accounts and trade statistics, as presented 6 August 2026.

What this means commercially

1. **Growth must be engineered, not assumed**
In a 2% economy with no credit expansion, margin comes from cost structure, process efficiency and pricing discipline — not volume. Continuous improvement and freight, duty and landed-cost optimisation move from optional to material.

2. **Build demand cases off deleveraging households**
Stress-test consumer-facing entry plans against a flat-to-slow demand scenario, and treat the growth case as upside rather than base.

3. **Position into services, investment-linked demand and premium food**
These are the segments growing faster than the economy. Machinery and project cargo flows tied to data-centre investment are a growth pocket inside an otherwise flat trade market.

4. **Treat trade and origin risk as live**
With US-bound exports worth roughly 12% of GDP, origin determination, tariff classification and FTA eligibility warrant periodic re-verification rather than one-time setup.

5. **Diligence local counterparty working capital**
With SME lending contracting 4.0% and roughly a quarter of the SME book impaired or on watch, distributor, supplier and partner financial resilience is a genuine execution risk.

Source: Meyerize analysis, drawing on the briefing of 6 August 2026.

LEADING INDICATORS

What to watch

Brent crude vs USD 80/bbl

The swing factor in Thailand's external position and domestic energy cost.

FY2027 revenue measures

Given the planned 6.0% revenue increase and the deficit path to 3% of GDP by 2029.

US trade position and Section 301

Any development affecting Thai-routed or Thai-processed goods.

Data-centre approval conditions

Utility and resource conditions attached to approvals, and the pace of grid modernisation.

Uptake of the BoT SME schemes

SME Credit Boost and SMEs Secure+ are the earliest credible signal of a domestic demand recovery.

EU–Thailand negotiation progress

Would materially change market access economics in both directions.

Source: Meyerize analysis, drawing on the briefing of 6 August 2026.

BASIS OF PREPARATION

Figures are as presented; forecasts are the forecaster's

This deck records observations from a single public briefing and the discussion that followed. Figures are drawn from the Bank of Thailand, the Fiscal Policy Office of the Ministry of Finance, the World Bank and Thai national accounts, as presented by the speaker. They have not been independently reconciled against source publications.

Nothing here constitutes tax, legal or regulatory advice. Duty rates, tariff classification, origin eligibility and product approval requirements are product-specific and change; they should be verified with a qualified local specialist before any commercial or compliance decision.

Where we can help

Meyerize scopes product- and lane-specific verification of duty, origin, FTA eligibility and regulatory approval requirements — and the cost and process work that a 2% economy makes material.

Meyerize Co., Ltd.

Trade, customs and regulatory advisory | contact@meyerize.co

87 M Thai Tower, 23rd Floor, Room TT23, Wireless Road, Lumpini, Pathumwan, Bangkok 10330