

Thailand Politics

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News Update

Thai PM announces a House dissolution

- The Thai PM dissolved the House last night
- An election is due around mid February 2026
- Short term market negative
- But this ironically creates a new market catalyst next year

Due to a failure of the charter amendments of the current constitution to pave the way for a whole charter re-write in the future, there was a threat from the People’s Party (PP) to submit a no-confidence motion against the government. Given that the government is a minority government that is unlikely to survive the no-confidence vote, PM Anutin Charnvirakul dissolved the House last night. This means Thailand will have to go to an election mode within 45-60 days or around the middle of February 2026.

- Our view is the market will take in negatively in the short term with concerns on some pending stimulus measures and post-flood relief packages. The market might also be concerned of the ongoing conflict with Cambodia, which shouldn’t actually be impacted based on the full power of the military on the matter and the government still being a caretaker government. We do not expect our 1,350 SET target at the end of this year to be reached.
- Having said that, we do not expect a significant downside to the SET, which is already very weak with many stocks trading near the COVID crisis or this mid-year trough from Trump’s tariff threat. Expectation on economic growth is also already low. In addition, the House dissolution just came a month and a half earlier than what the PM had promised to do at the end of January 2026.
- Ironically, the House dissolution creates a new market catalyst for 2026 in our view. That is, the market is likely to soon set its sight on an election result. We see a good chance that Bhumjaithai party and PM Anutin will come back to lead a conservative-camp coalition government. We expect the market to take it positively if the conservative camp leads the new government with tendency of being a more stable government. We maintain our SET target of 1,380.
- Why there is a good chance PM Autin and his party will come back as a government? 1) Popularity of the progressive Pheu Thai (PT) party is at its low point in our view. 2) We also see the progressive People’s Party (PP) losing its popularity from its past anti-military stance during the current period of Cambodia-Thailand conflict. Its previous House vote to make Mr. Anutin the PM was clearly a wrong move for its party. 3) We expect strong support toward the conservative political party camp, in which Bhumjaithai is the biggest party, during the Cambodia conflict period due to perception of the conservative camp’s strong nationalism stance. 4) Bhumjaithai controls the interior ministry which gives its edge in the national election management.
- In conclusion, we expect the House dissolution to be market negative in the short term but to create a market catalyst into early next year. We do not expect a significant downside to the already low SET from the short-term negative sentiment, though some investors may prefer to stay on the sideline for now or take shelters in dividend stocks, including banks, and other defensive names, including TRUE and ADVANC. On a positive side, it is more likely that MPC will cut policy rate in the week

Top Picks

	-EPS growth-		— PE —		Yield
	25F (%)	26F (%)	25F (x)	26F (x)	26F (%)
AMATA	28.2	25.2	5.5	4.4	6.8
CPALL	12.8	15.9	13.8	11.9	4.2
CPN	(1.5)	13.5	14.7	12.9	4.5
DELTA	38.1	47.5	93.6	63.5	0.6
GPSC	19.6	29.2	19.9	15.4	3.6
GULF	20.6	21.2	23.0	19.0	3.2
MOSHI	27.6	24.5	16.4	13.2	3.8
MTC	12.9	15.2	10.6	9.2	1.6
SAWAD	(10.8)	13.6	8.8	7.7	5.8
TRUE	75.4	58.7	21.9	13.8	3.6

Source: Thanachart estimates
Based on 11 December 2025 closing prices

ahead, and this is positive to microfinance stocks, which have already been down significantly over the past two months.

- Into early 2026F, we expect the new market catalysts from election campaigns and later on from election result that can give a new hope to long-term policy direction.

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