Thailand Economics

News Update

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Strong exports and improving trade balance

- **Exports grew 21.6% y-y in July.**
- **A 36.7% y-y import growth was considered healthy.**
- **Trade deficit fell sharply.**
- **Lower trade deficit is a plus to 3Q26F GDP**

Healthy exports and strong imports reflect a new investment cycle: Thai exports (customs-based) grew 21.6% y-y in July while imports grew 36.7% y-y. Growth drivers remained quite similar to the previous months this year both on exports and imports. As for exports, strong growth areas were electronics (+68% y-y), electrical appliances (+31), petroleum & petrochem (+36%, more from pricing effect), metal & steel (+24%), and machinery (+22%). As for imports, strong growth areas were raw materials excluding fuel (+41% y-y) and capital goods (+39%). Fuel import still grew 54% y-y in July 2026 but it fell 14% m-m from June and 48% from the peak in April 2026 as the Iran war de-escalated.

In 7M26, export growth (customs-based) was 18.2% y-y vs. 37.8% y-y import growth. The reason we see the import growth as healthy is because it has started to reflect Thailand's new investment cycle and strong export outlook. That is, capital goods import grew 35% y-y in 7M26 and raw materials, excluding fuel import, grew 50% y-y.

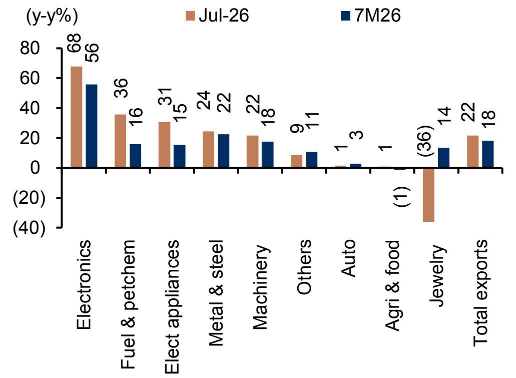
Fuel import falls as Iran war de-escalates: Fuel import in July fell 14% m-m from June and it fell 48% from the peak-war level in April. To recap, from a normal level of US$3.5bn fuel import per month, the figure jumped to US$8.4bn in April and fell to US$5.1/4.3bn in June and July (Exhibit 3). The drop helped improve trade balance.

Trade deficit fell sharply in July: A more correct way to look at trade balance is to use free on board (fob) export and import figures rather than customs-based reports that include insurance, freight and handling costs mostly on the import side. On fob or balance of payment basis, trade balance turned from US$2.1bn surplus per month in 2025 to a deficit of US$1.9bn per month in 7M26 due to a sharp jump in fuel import. The Iran war has pushed up both oil prices and reserve volume. The new investment cycle also pushed up imports of capital goods and raw materials. Please see Exhibit 4.

In July 2026, due to a sharp drop in fuel import, trade balance on fob basis fell to US$0.9bn from US$2.7bn in June and the peak of Iran war at US$6.8bn in April.

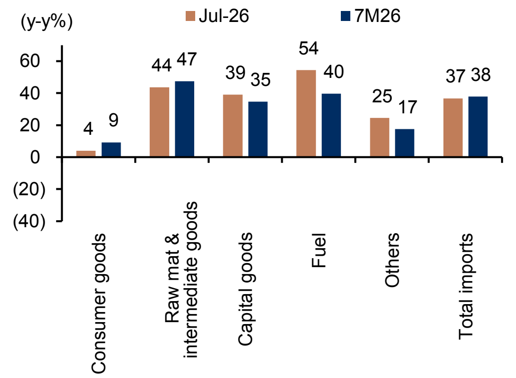
Conclusions: We interpret the trade figures in July as positive news for Thailand. Exports remained strong while growth in imports reflected a new investment cycle. There was also a relief of the concern on a jump in oil import due to the Iran war as the import kept falling each month from the peak in April. We are also not concerned on trade deficit this year as the biggest cause is the temporary jump in oil import. Despite we see a possibility of a small trade deficit into next year, we don't see this as bad news as Thailand is in its new investment cycle that requires higher capital goods and raw materials imports. Lastly, the falling trade deficit in July is a positive implication for improving GDP in 3Q26F.

Ex 1: Export Growth



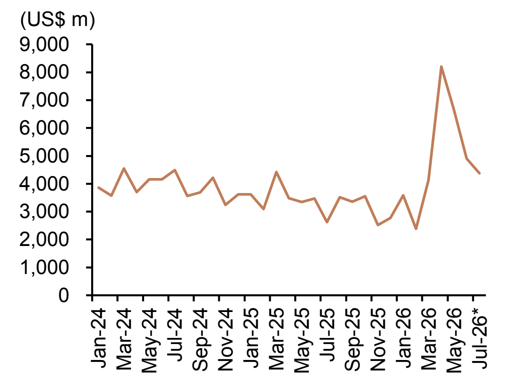
Source: Ministry of Commerce

Ex 2: Import Growth



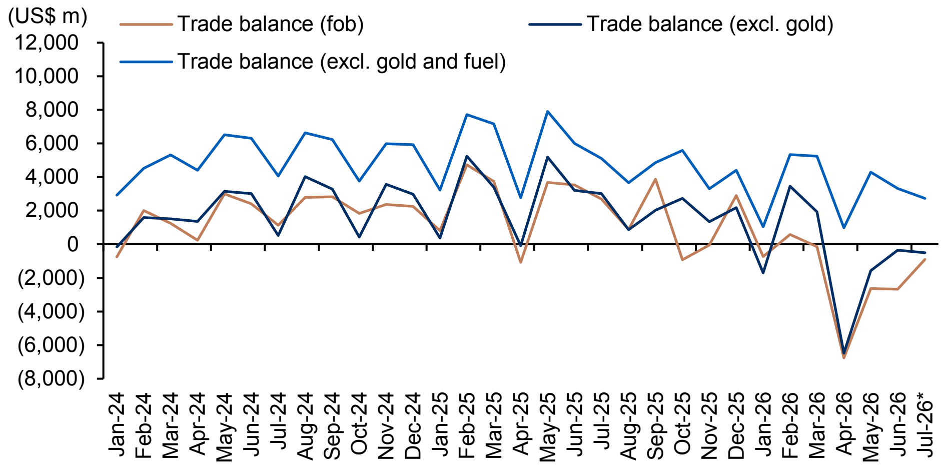
Source: Ministry of Commerce

Ex 3: Fuel Import Normalizing Down



Source: Ministry of Commerce

Ex 4: Improving Trade Balance Due To Normalizing Down Fuel Import



Sources: Ministry of Commerce, Bank of Thailand, ttb wealth estimates

Note: July 2026 figures are adjusted from customs basis to fob basis.

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