Thailand 2Q26 GDP — Private Capex Leads, Domestic Demand Lag

- GDP beat expectations, but sequential momentum and domestic demand softened.
- Private investment is the key engine, led by machinery; FDI and data-centre capex support the forward outlook.
- Favour industrial estates and utilities; stay selective on electronics.

Headline — A Modest Beat, but Momentum Has Already Softened

Thailand's 2Q26 GDP expanded 1.9% YoY, above consensus of 1.7%, but slowed from 2.8% in 1Q26. More importantly, GDP contracted 0.2% QoQ SA, indicating that underlying momentum weakened despite the headline beat. The composition reinforces this divergence: private investment remained strong, while household and government demand contracted sequentially. Our conclusion is therefore unchanged but more nuanced: Thailand is not entering a broad domestic recovery. It is entering a narrow, private-investment-led expansion, with a softer handoff into the second half.

Composition — Private Capex Surges as Households Lose Steam

Private consumption remains the largest component at 61.0% of nominal GDP, followed by investment at 22.9% and government consumption at 16.5%. Yet private consumption slowed to +1.9% YoY and -0.5% QoQ, while government consumption was nearly flat YoY and fell 2.3% QoQ. Investment grew 9.1% YoY, but was flat sequentially. Meanwhile, inventory accumulation surged to THB399bn, or 8.3% of nominal GDP, versus a THB52bn drawdown a year earlier. The GDP beat therefore masks a considerably more uneven domestic picture.

Main Driver — A Private Machinery and FDI Cycle, not a Construction Boom

The strongest signal is private investment at +13.4% YoY and +2.5% QoQ, led by private equipment at +16.6% YoY / +3.6% QoQ. In contrast, construction investment grew only 0.2% YoY and contracted 4.5% QoQ, while public investment fell 1.6% YoY and 7.3% QoQ. This is a machinery, technology and FDI-led capex cycle, not a traditional infrastructure boom. The external data reinforce that interpretation: exports remained strong at +12.5% YoY / +2.3% QoQ, but imports surged 24.2% YoY / 7.2% QoQ, reflecting imported machinery and electronics. Thus, strong capex is real, but its near-term multiplier into domestic GDP is diluted by import leakage.

Outlook — Growth Holds, but Remains Uneven and Capex-Dependent

Our base case remains 2.2–2.4% GDP growth for 2026. H2 should remain supported by electronics, data-centre investment and the broader FDI pipeline, but momentum will likely soften as inventories normalize and household spending stays constrained by income, credit and living costs. The key upside is whether imported equipment translates into domestic production, power demand and capacity utilisation. The key downside is concentrated investment alongside weak consumption and public spending. Higher energy prices remain an additional risk, further squeezing households and raising operating costs.

Sector Implications — Own the Capex Beneficiaries, not Broad Domestic Beta

Utilities offer the cleanest read-through. Electricity and gas activity grew 6.2% YoY, supporting GULF and WHAUP as data-centre and industrial power demand expands. Industrial estates — WHA and AMATA — remain high-conviction beneficiaries of private investment and FDI, although manufacturing GDP at only +0.1% YoY shows capacity has yet to translate into a broad industrial upcycle. Electronics remains selectively positive: private equipment investment surged 16.6% YoY, reinforcing the AI/data-centre theme, but strong imports and weak manufacturing argue against a broad rerating. Consumer discretionary and contractors remain lower conviction, while PTTEP remains an oil/geopolitical hedge, not a GDP recovery play.

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

Assistant Analyst

Peerayu Sirivorawong

Exhibit 1: GDP Composition & Growth Summary

Component	% of GDP	Q2/26 YoY (%)	Q1/26 YoY (%)	Q2/26 QoQ SA (%)
Private consumption	**61.0**	***1.9***	***3.3***	***(0.5)***
Government consumption	**16.5**	***0.2***	***3.4***	***(2.3)***
Investment (GFCF)	**22.9**	***9.1***	***9.9***	***0.0***
Private investment	17.1	*13.4*	*10.1*	*2.5*
Public investment	5.8	*(1.6)*	*9.4*	*(7.3)*
Private equipment	13.9	*16.6*	*11.5*	*3.6*
Construction, total	8.0	*0.2*	*6.3*	*(4.5)*
Exports of goods & services	80.2	*12.5*	*12.4*	*2.3*
Imports of goods & services	90.8	*24.2*	*21.4*	*7.2*
Inventories	**8.3**			
Net exports	**(10.6)**			
Statistical discrepancy	**2.0**			
GDP	**100.0**	***1.9***	***2.8***	***(0.2)***

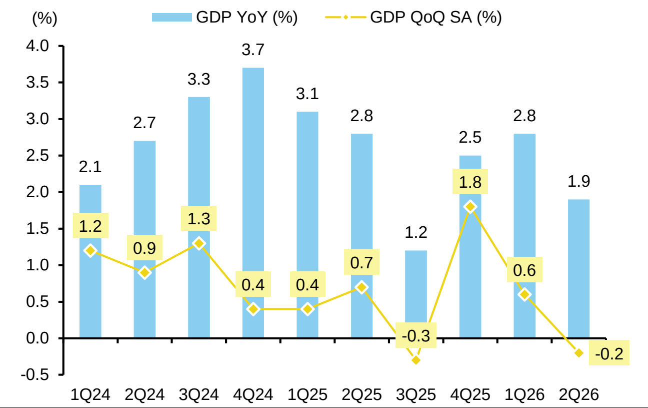
Sources: NESDC, Globlex Research

Exhibit 2: Selected Production-Side Sector Growth

Sector	Q2/26 YoY (%)
Electricity, gas, steam & AC	**6.2**
Mining & quarrying	5.1
Wholesale & retail trade	4.5
Health & social work	4.1
Information & communication	3.7
Financial services	3.6
Transport & storage	2.6
Agriculture	1.5
Accommodation & food	1.5
Construction	0.1
Manufacturing	0.1
Public administration	-0.9

Sources: NESDC, Globlex Research

Exhibit 3: Real GDP Growth



Sources: NESDC, Globlex Research

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Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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