



ธนาคารแห่งประเทศไทย

**BLP**  
BUSINESS LIAISON  
PROGRAM



# รายงาน ภาวะและแนวโน้มธุรกิจ Business Sentiment and Outlook Report

Quarter 1 / 2026

# About this Report

Recognizing the importance of real business insights from all stakeholders, the Bank of Thailand (BOT) established the Business Liaison Program (BLP) in 2004. Under this program, BOT has gathered the qualitative and in-depth information from those directly engaged in the field, as well as spanning across various regions and industries. With the information obtained, the "Business Sentiment and Outlook Report" is published on a quarterly basis on the BOT website.

Annually, BOT collects information through phone / online interviews and field visits for over 800 entities nationwide. This process aims to exchange information on current and long-term issues relevant to each participant, covering small to large businesses, as well as associations, organizations, government agencies, and financial institutions. Then the information is used by BOT staff to supplement the quantitative data for evaluating economic conditions, making our analysis more comprehensive and well-rounded, supporting Monetary Policy Committee (MPC) and other BOT policy formulations.

**Note:** This report assesses the views of surveyed businesses and organizations in Q1 2026, which reflects real economic activity that occurred and certain economic indicators.

Views in this report reflect overall business views, may not necessarily align with macroeconomic indicators, and do not necessarily reflect the views of Bank of Thailand.

# National Summary

(Survey result of business conditions across Thailand during 1 January – 31 March 2026)

Business activity in the first quarter of 2026 expanded marginally year-on-year, supported by continued growth in manufacturing and exports alongside a tourism sector bolstered by rising international arrivals and regional promotional events.

However, the Middle East conflict toward the end of the quarter posed immediate challenges for three specific groups: energy-intensive industries, businesses with high upstream reliance on Middle Eastern raw materials, and the tourism sector. These sectors have faced mounting operational cost pressures alongside a surge in canceled orders and advance bookings.

## Northern Region

Overall business grew slightly compared to the same period last year

### Early quarter momentum:

- **Services, Tourism, and Trade:** expanded strongly, driven by increased travel activity and spending
- **Manufacturing:** remained stable
- **Real estate:** contracted due to slow recovery of purchasing power

### Late Quarter Conflict Impacts (Middle East):

- **Manufacturing:** some businesses faced order suspensions from Middle Eastern partners
- **Hotels:** experienced a rise in booking cancellation
- **Consumer goods:** temporarily benefited from panic buy

## Northeastern Region

Overall business remained stable compared to the same period last year. This was driven by mixed performance across sectors:

- **Trade, Real Estate & Construction:** contracted due to weak purchasing power and elevated debt levels, leading to more cautious consumer spending
- **Manufacturing:** expanded slightly, primarily driven by export production, despite a minor decline in domestic consumption
- **Services & Tourism:** saw marginal growth, supported by an increase in organized events and improved travel convenience

## Central Region

Overall business grew slightly compared to the same period last year

### Early quarter momentum:

- **Manufacturing and exports:** grew slightly, supported by steady demand
- **Services and tourism:** expanded slightly due to the rising number of international arrivals
- **Trade:** stable, with weak purchasing power but partly offset by panic buy
- **Real estate and construction:** declined slightly in line with the economic slowdown

### Late Quarter Conflict Impacts (Middle East):

- **Services and tourism:** impacted by declining travel confidence and flight route closures.
  - **Automotive and auto parts:** faced a suspension of orders
- However, petrochemicals and plastics manufacturing, and trade benefited temporarily from accelerated purchasing by businesses and consumers.

## Southern Region

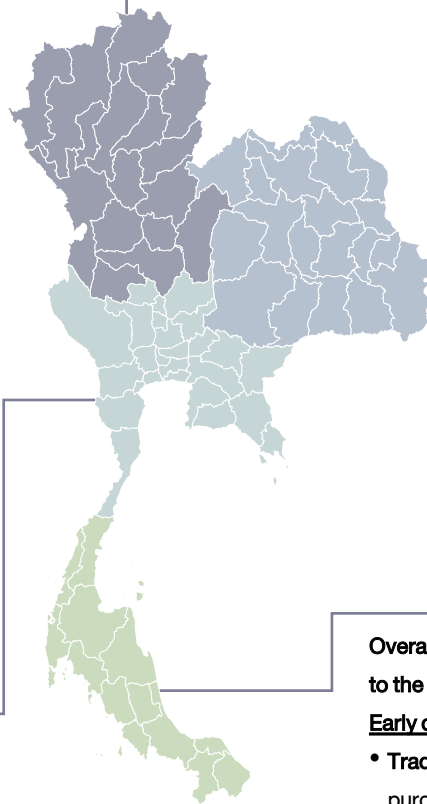
Overall business activity slightly declined compared to the same period last year

### Early quarter momentum:

- **Trade and real estate:** contracted in line with weak purchasing power and more cautious consumer spending
- **Tourism:** declined due to a reduction in international tourist arrivals
- **Manufacturing:** order volumes remained stable compared to the same period last year

### Late Quarter Conflict Impacts (Middle East):

- **Fiberboard & Canned Tuna:** faced order delays from Middle Eastern trade partners
- **Hotels:** impacted by a rise in booking cancellations



# Navigating the Middle East Conflict: Thai Business Impact and Adaptation



Over the past two months, the Middle East conflict has inevitably begun to weigh on Thailand's real economy. In the early phase, many businesses were still able to hold up, supported by existing input inventories and forward contracts, while most continued to absorb higher costs rather than pass them through immediately.

### After 2 month

the impact on the business sector has increased significantly

### 3 Impact groups

Classified by severity

### Mid-2026

Business liquidity and profitability should be closely monitored

However, the impact has become more pronounced at present, with Thai businesses experiencing a broader and more widespread effect. This is driven by rising energy costs, higher transportation expenses, increased raw material prices, and heightened uncertainty in the procurement of goods and inputs (supply chain disruptions), which constitute common pressures across multiple sectors. Nevertheless, the nature and extent of the impact have begun to diverge according to business characteristics and can be classified by severity and type as follows:

# Early-stage impact

## Key similarities

**“Most businesses face similar pressures from rising energy costs, transportation expenses, and raw material prices. However, the impact varies depending on cost structure, market dependence, and inventory level”**

### 1) Frontline impact group: early and severe impact

In the initial phase, the effects were felt most quickly and clearly in demand-sensitive businesses, as well as those reliant on upstream inputs from the Middle East and those with high energy costs.



#### Declining Demand and Surging Costs: Hotel Sector

- **In March 2026, approximately 10–20% of all room bookings were postponed or canceled.** This specifically impacted areas like Patong, Phangan, and Koh Samui, which rely heavily on tourists from the Middle East and Europe.
- **Advance bookings for the post-Songkran through May 2026 remain below 50%**, primarily driven by three key factors: 1) Flights from the Middle East have only recovered to 65–70% of normal levels. 2) Airfares have increased by 20–40% in response to rising oil prices. 3) A drop in tourist confidence has caused some travelers to take a "wait and see" approach to the situation.

**10–20%**

Canceled/postponed

**Below 50% YoY**

Advanced bookings



#### Supply Chain Disruptions (High dependence on Middle Eastern upstream materials): Petrochemicals, Plastics, Chemicals, and Fertilizers

- **The global supply of Naphtha (a key plastic resin precursor) dropped by approximately 20% following the Strait of Hormuz closure**, tightening plastic resin production. Compounding this squeeze, resin prices more than doubled as freight insurance surged from 100 USD to 600 USD/ton, driving plastic packaging prices up by over 30%.
- **Global markets depend on the Middle East for 40% of urea exports, a key component in fertilizers.** This reliance has caused: 1) Some manufacturers to face material shortages and pause production. And 2) Fertilizer prices to jump by 20–50%. However, as of April 2026, the government and private sector are actively negotiating imports from alternative countries to ease the shortage.

**100 USD to  
600 USD / ton**

Increase in Freight  
Insurance Costs

**20–50%**

Rising fertilizer  
prices



#### Energy-intensive sectors (fuel cost at 40–70% of total costs): Logistics, Airlines, and Fisheries

- Domestic diesel prices jumped from 20 THB/liter in February 2026 to nearly 50 THB/liter by early April.
- **Transportation:** Transportation operators are raising freight rates and fares. Some airlines are cancelling April–August flights to manage costs. Furthermore, some businesses face contract cancellations, while others are incurring losses due to inflexible prices in long-term agreements.
- **Fisheries:** Approximately 50–70% of fisheries operators have already suspended fishing operations, and the number of grounded vessels is expected to rise as long as fuel prices remain high.

**40–70%**

Share of Fuel in Total  
Production Costs

**50–70%**

Suspension in  
fishing activities



# The Ripple Effect: Impact Spreads Across All Sectors

Many businesses now face intense cost and raw material pressures, though existing stocks provide temporary relief.

## 2) Industries under "Mounting Pressure" from rising costs and material shortages

The full impact is staggered as most businesses hold 1–3 months of stock. However, surging costs for raw materials, plastic packaging, and freight are now pressuring almost every sector.

### Critical Material Watchlist

#### Restaurants and trades

**Rising material, packaging, and freight costs combined with longer shipping delays**

- **Trade sector:** Sales of consumer goods (e.g., soap, shampoo, dried-food, and oil) and fertilizer spiked initially due to panic buying; however, orders are now slowing down due to weakened purchasing power.
- **Restaurants:** Consumers are dining out less frequently or switching to cheaper options with lower average ticket sizes.

#### Real estate and constructions

- Construction materials prices up 20–30% (e.g., steel, cement, and aluminum)
- Transport costs rose in line with domestic diesel prices
- Shortages of construction vehicles and haulers, risking future project delays

#### Food and beverages

**Exports to the Middle East face 100–600% freight hikes and delivery delays along with extra land costs of up to 1,000–1,500 USD per container**

- New orders indefinitely postponed for products such as canned tuna, pet food, and honey
- Supply delays for raw materials (e.g., fish) due to the partial suspension of fishing fleets
- Packaging inventory is sufficient only through the end of April 2026

#### Automotive and Parts

- Raw material costs up 60–100%, particularly for plastic pellets, steel, aluminum, and paint
- Some suppliers are under-delivering on contracts. This may hit SMEs with only 1 month of stock, whereas large firms hold a 3-month buffer



#### Plastic pellets

- Occasional supply tightness
- Prices have more than doubled



#### Plastic packaging

- Prices up 30%
- Impacting downstream sectors such as processed food and restaurants



#### Chemical fertilizer

- Prices up 20–50%
- Inventory sufficient only through May 2026



#### Paint

- Prices up 30–40%

## 3) Resilient Sectors with Limited Impact for Now

#### Electrical appliances, electronics, and textiles & apparels

- Current impact is limited by 3–6-month advance contracts and 6-month material stocks
- While some IC coating chemicals (treating process) are tightening, firms are successfully switching to alternative sources like Taiwan.

# Outlook and Adaptation

The speed of resolution will determine whether the impact eases or broadens into production cuts and layoffs.

**The reopening of the Strait of Hormuz will be the key trigger for easing supply chain disruptions**

## Scenario: Situation Resolves within Q2 2026



### Post-Resolution Outlook

- Shipping operations are expected to return to near-normal levels within approximately 6 weeks.
- Business impacts may persist for 6–12 months due to:
  - 1) Elevated costs that will remain high and subside only gradually
  - 2) Infrastructure restoration requirements in the Middle East (e.g., Qatar), which will necessitate a longer recovery period.



### Watchlist

- **Mid-2026:** Material, packaging, and freight costs to rise further as 3-month stocks run out
- **Post-June 2026 Risks:** 1) Material shortages to intensify, especially for petrochemicals and fertilizers 2) High fertilizer prices and drought to lower agricultural yields 3) Foreign tourist arrivals to decrease across all markets

## Business Adaptation

### Holding the Line on Prices

- Most firms absorb costs for 3 months to protect sales
- April 2026: gradual price hikes started for essentials like transport and consumer goods

### Strategic Shifts in Sales and Production

- Prioritizing high-demand items in production cycles
- Diverting exports from the Middle East to alternative markets e.g., export canned tuna to Japan to clear excess inventory
- Optimizing service models e.g., transportations prioritizing high-margin route or hotels enhance additional services to maintain customer loyalty

### Diversifying Beyond the Middle East

- Plastic producers are importing from China, the US, and Australia
- Auto parts producers are shifting aluminum imports to India

### Prioritizing Liquidity over Expansion

- Maintaining headcounts by reducing OT and cutting production capacity by 30–40% (e.g., canned tuna, jewelry) or implementing temporary leave schemes (Section 75)
- Limiting investment to essential efficiency upgrades while postponing some expansion plans

## Scenario: Prolonged Severity into H2/2026



**Workforce Downsizing:** After months of absorbing costs, businesses, particularly hotels reliant on Middle Eastern tourists, may pivot from maintaining headcounts to reducing staffing levels

**Investment Retreat:** Firms will likely pivot from a "wait-and-see" approach to curbing capital expenditure, focusing strictly on high-value or essential projects.

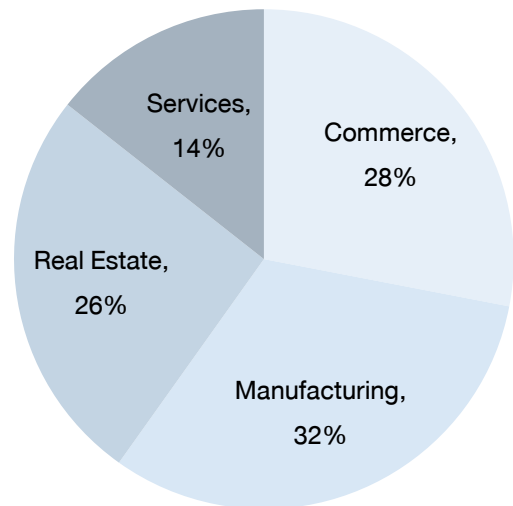
Note: \*Section 75 of the Thai Labor Protection Act B.E. 2541 allows for the temporary suspension of operations, provided that employers pay at least 75% of wages to employees during the period.



# Appendix

Composition of businesses participated in the BLP in Q1/2025

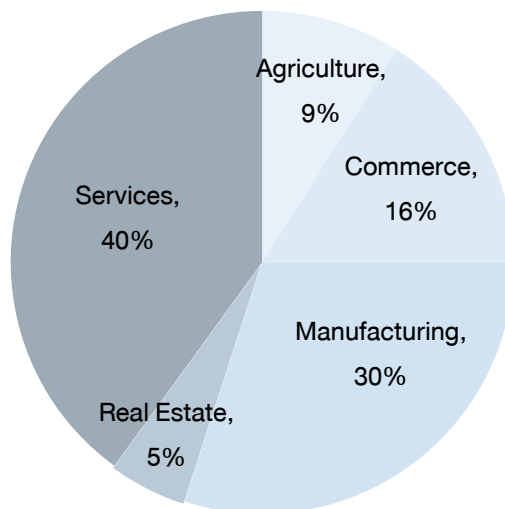
Survey result of 192\* businesses nationwide on 1 January – 31 March 2026 (Q1/2026)



\* Includes the total number of both regular and ad hoc interviews

Note :The sample emphasizes the business sector, while the views of agriculture stakeholders are partly reflected in the manufacturing sector, for example, through the agro-manufacturing sector.

## Thailand's economic structure



Source: NESDC, calculated by BOT



Other economic and financial data can be accessed from

**Thai economic and financial condition report (Monthly)**

<https://www.bot.or.th/en/thai-economy/state-of-thai-economy.html>

**Monetary policy report**

<https://www.bot.or.th/en/our-roles/monetary-policy/mpc-publication/Monetary-Policy-Report.html>

**Inflation rate**

<https://www.bot.or.th/en/thai-economy/economic-outlook.html>

**Interest rate policy**

<https://www.bot.or.th/en/our-roles/monetary-policy/mpc-publication/policy-interest-rate.html>

**Foreign exchange rate**

<https://www.bot.or.th/en/statistics/exchange-rate.html>

**Fraud-related information**

<https://www.bot.or.th/th/satang-story/fraud.html>

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