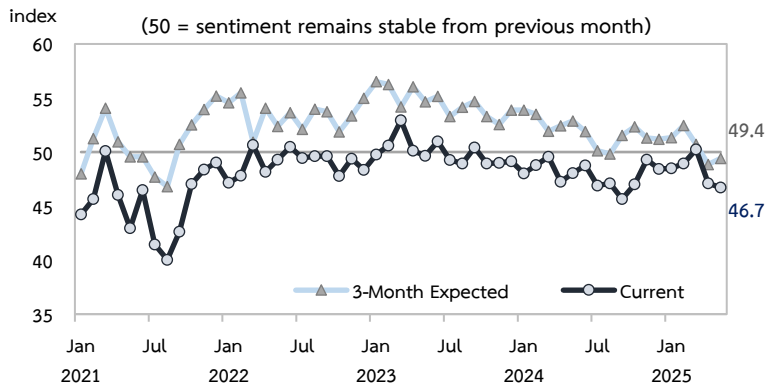




Business Sentiment Index

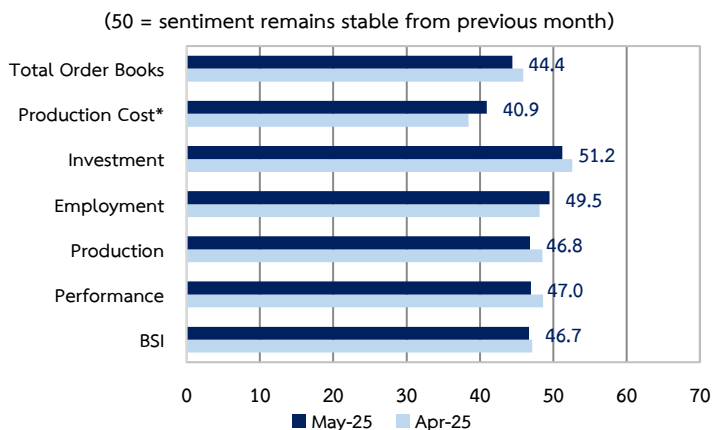


Key points:

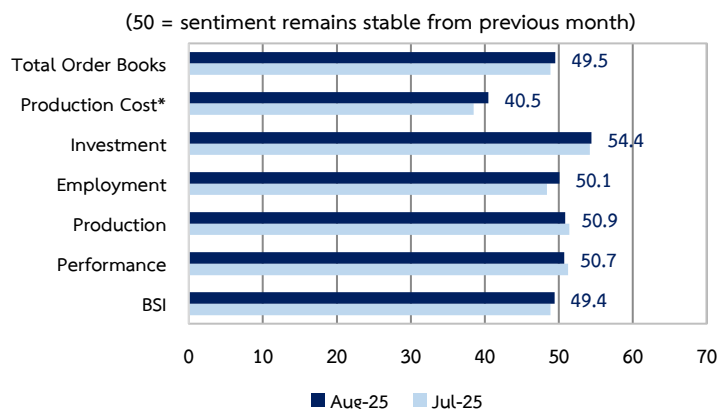
- In May, the BSI fell slightly from the export-oriented manufacturing sectors due to uncertain US Reciprocal tariffs. Meanwhile, the 3-month BSI climbed marginally from the non-manufacturing sector, benefiting from government domestic-tourism scheme.

In May 2025, the BSI dropped moderately to 46.7 from 47.1, following decreases in nearly all components, particularly in performance, production, and total order books sub-components. The manufacturing index dipped slightly, led by the electric appliance and food industries, where performance and production confidence declined sharply. This was partly due to postponed orders from trading partners to reassess clearer impacts of the tariffs, along with an export deceleration, following a prior surge before the conclusion of the 90-day waiver period (July 8, 2025), especially in processed food such as canned tuna. Nevertheless, respondents' confidence in electronics industry improved continuously on the back of temporary exemption from the tariffs, resulting in growing export of computer parts. However, the non-manufacturing index remained relatively stable, contributed by the hotel and restaurant sectors' confidence, which deteriorated for a third consecutive month, reaching its lowest level since the COVID-19 pandemic. This decline was attributed to a sharp drop in the number of foreign tourists, notably from China, owing to ongoing safety concerns. Meanwhile the real estate confidence grew minimally from 2 measures, a relaxation of the LTV, which was implemented this month, as well as the reduction in property registration and transfer fees. Ultimately, these policies could partially support residential sales in 2025 amid the concern over expected income, potentially affected by the tariffs, which may cause a deferral of consumers' housing purchases.

Current Business Sentiment Index



3-Month Expected Business Sentiment Index



*Index value above 50 reflects reduction in production cost

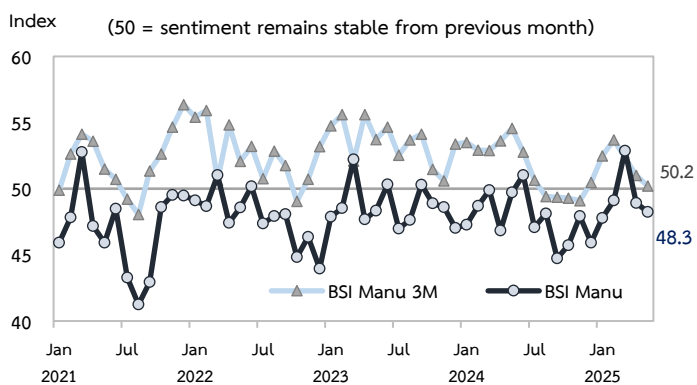
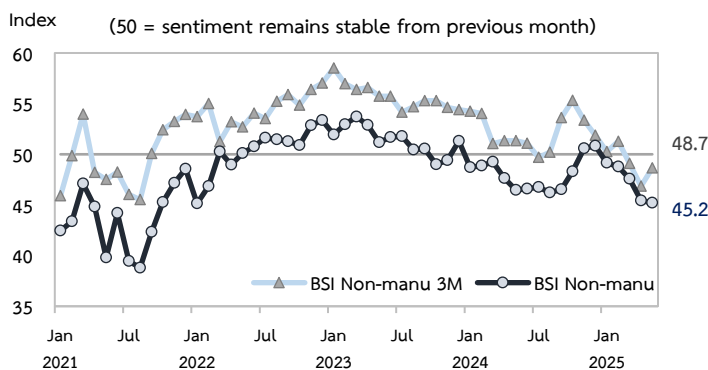
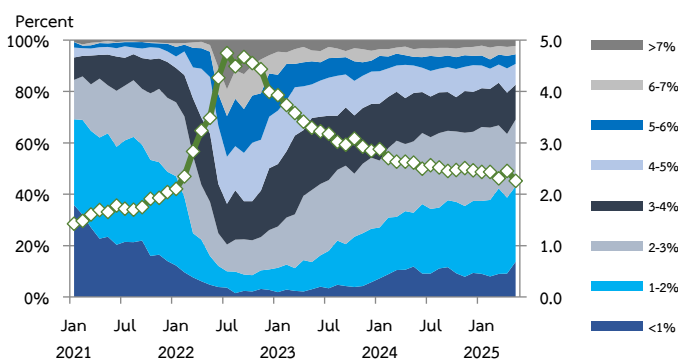
Notes:

- The BSI was developed by the Bank of Thailand (BOT). The diffusion index is made up of six components: production, total order books, investment, production cost, performance, and employment. Each component is applied with equal weight to calculate the monthly composite index. Each component index is calculated according to the following formula:

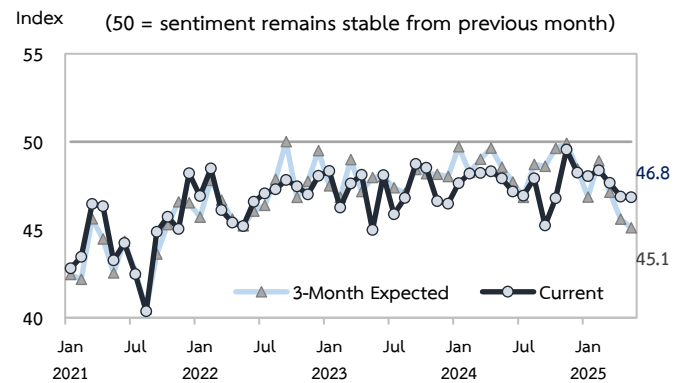
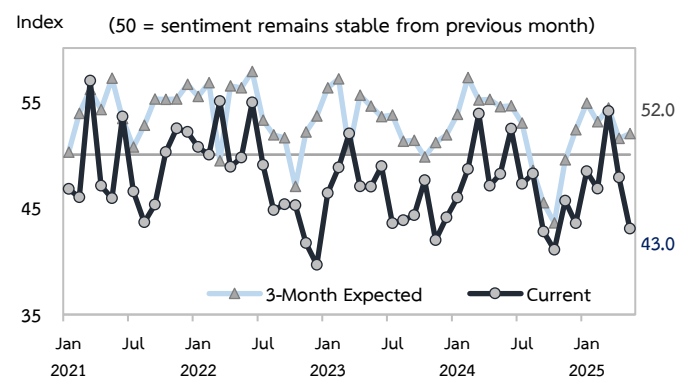
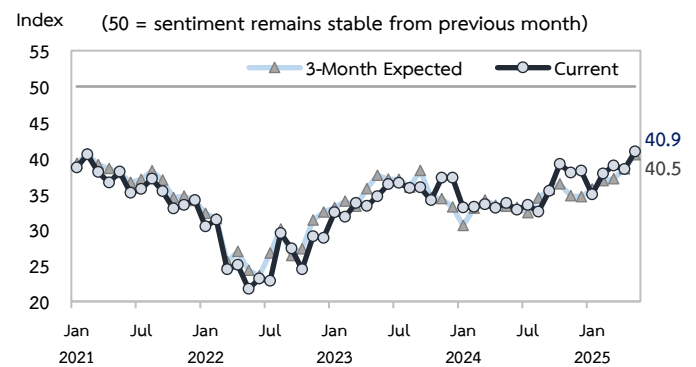
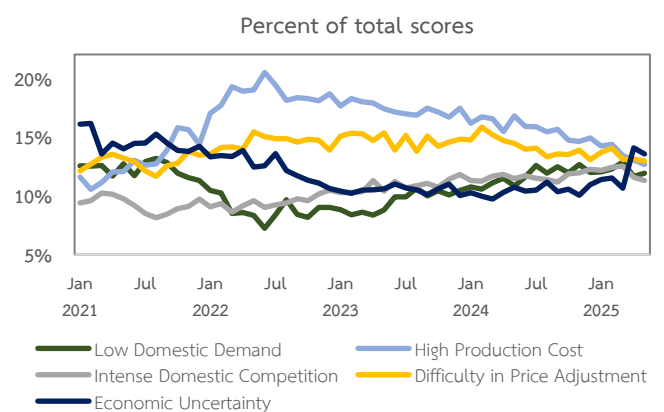
$$\text{Index} = 100 \times \{ (1.0 \times \text{percentage of respondents indicating "improvement"}) + (0.5 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"}) \}$$
 Interpretation of the index is as follows:
 Index = 50 indicates that the respondents' business sentiment remains stable from the previous month;
 Index > 50 indicates that the respondents' business sentiment has improved from the previous month;
 Index < 50 indicates that the respondents' business sentiment has deteriorated from the previous month.
- For this month, the survey had 717 respondents, or a response rate of 67.1 percent from a sample of large and medium-size firms that received the survey form.
- The questionnaires were distributed during the first week of the survey month and compiled by the first working day of the following month.

Other sentiment indices:

- The 3-month expected liquidity sentiment plummeted to its lowest level in almost 3 years and stayed below the current confidence level, reflecting an increasingly tightened business liquidity outlook. This deteriorated confidence was head by respondents in the hotel and restaurant, and real estate sectors, due to a projected decline in Chinese tourists and more broad-based weakening in consumer purchasing power.
- Economic uncertainty has been the first limitation of doing business, specifically in export-oriented manufacturing sectors because of uncertain Reciprocal tariffs. Lastly, expected inflation for the next 12 months declined to 2.3 from 2.5% in the prior month.

Business Sentiment Index (Manufacturing)**Business Sentiment Index (Non-Manufacturing)****Expected Inflation in the next 12 months**

Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
May-25	13.7	29.5	25.9	13.7	8.0	3.8	3.3	2.2	2.3
Apr-25	9.1	29.5	24.8	16.1	9.4	4.9	3.5	2.6	2.5

Liquidity Sentiment Index**Export Sentiment Index (Manufacturing sector)****Cost Sentiment Index****Top constraints for doing business**

Business Intelligence Division

Monetary Policy Group

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4 June 2025