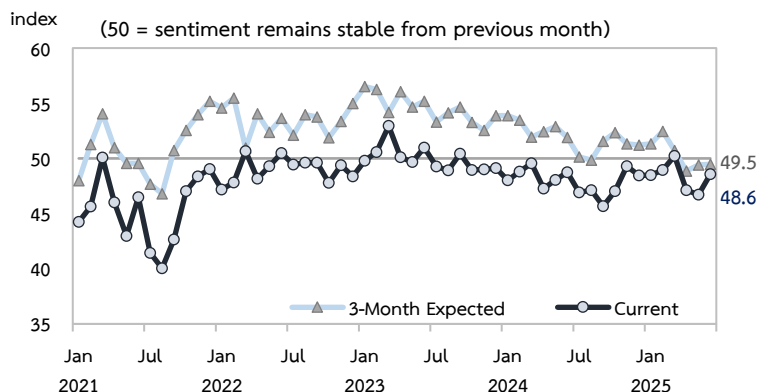




Business Sentiment Index



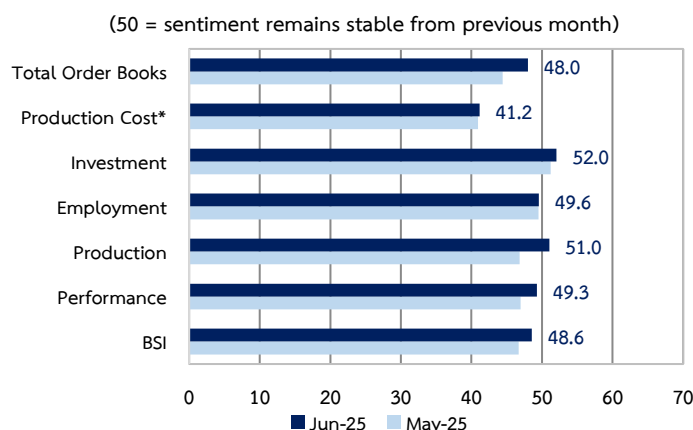
Key points:

- In Q2/2025, the BSI declined, led by the non-manufacturing sector, particularly in tourism-related businesses as foreign tourist arrivals fell sharply. Also, the 3-month expected BSI fell from the last quarter, owing to several uncertainties such as the US Reciprocal tariffs and ongoing safety concerns, which contributed to the hotel and restaurant sectors' confidence dropping to a 3-year low.

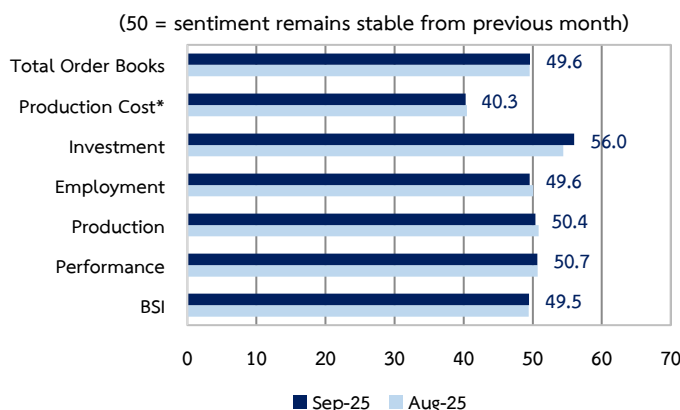
In June 2025, the BSI increased to 48.6 from 46.7 last month. However, the overall BSI in Q2/2025 weakened, driven mainly by the non-manufacturing index. Respondents' confidence in the hotel and restaurant sectors declined notably due to lower service volume and total order books sub-indices, following a drop in foreign tourists, distinctly from China, amid ongoing safety concerns. Also, respondents in the real estate sector reported a significant drop in total order books on the back of concerns over potential income impacted by Reciprocal tariffs, prompting some customers to defer their purchases. Nonetheless, at the end of the quarter, respondents' confidence in the real estate sector rose, aided by a reduction in property registration and transfer fees, as well as an ease of LTV regulations, effective in May. Meanwhile the manufacturing index remained unchanged to the previous quarter. Confidence of respondents in the export-oriented industries such as the electronics and food improved. This was partly due to an export acceleration during the 90-day grace period, which allowed for transportation to U.S. ports in May before the waiver period (8 July). Conversely, respondents' confidence in the textile and apparel industries, explicitly in performance sub-indices, declined consistently because of intensified import competition, which is expected to worsen under the Reciprocal tariff regime.

The 3-month expected BSI in Q2/2025 fell from the prior quarter. The manufacturing index dropped across nearly all businesses due to the expiration of the waiver period for the 10% Reciprocal tariffs, which adversely affected exports, except for the electronics sectors such as semiconductors and server components, where demand continued to grow through 2026, driven by strong demand for data center-related products. Moreover, the non-manufacturing index decreased in all businesses, notably in the hotel and restaurant, which respondents' confidence plummeted to the lowest level in 3 years, below typical low-season levels, due to persistent safety concerns. However, confidence slightly rebounded due to the government's domestic tourism campaign, "Half-Half Co-Payment", which expected to stimulate local tourism among Thai tourists.

Current Business Sentiment Index



3-Month Expected Business Sentiment Index



*Index value above 50 reflects reduction in production cost

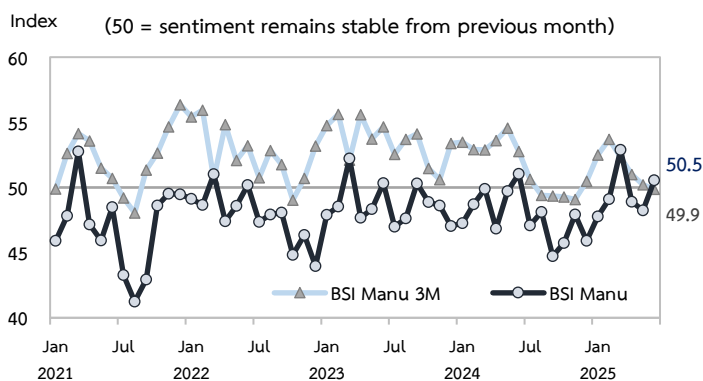
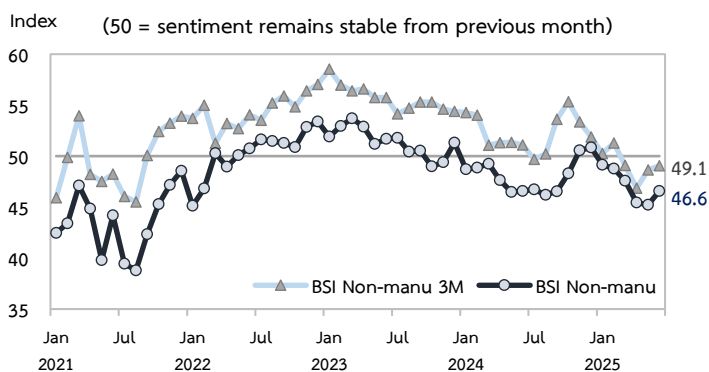
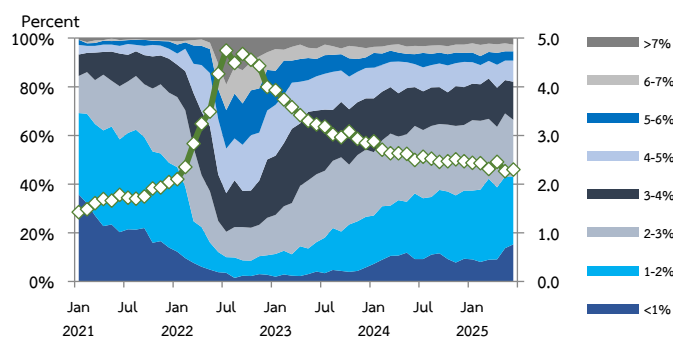
Notes:

- 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:

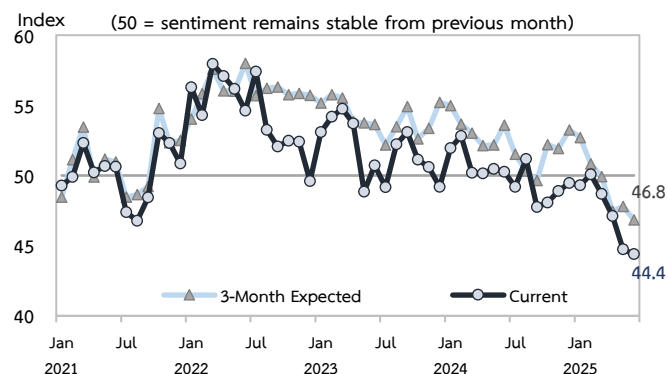
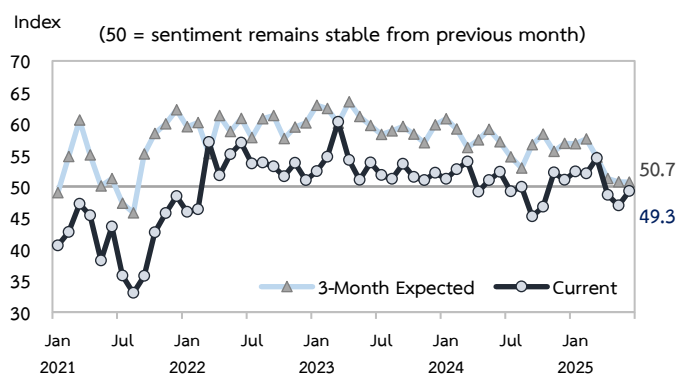
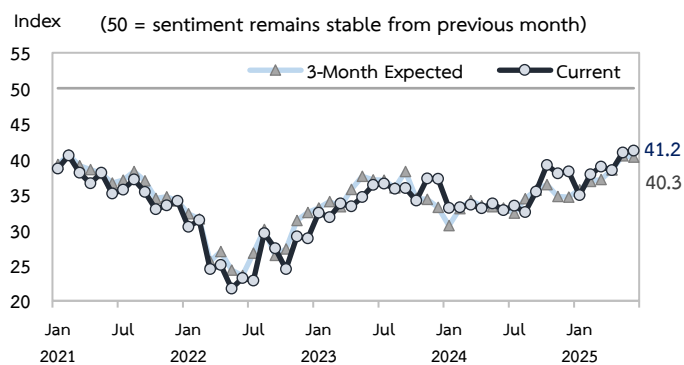
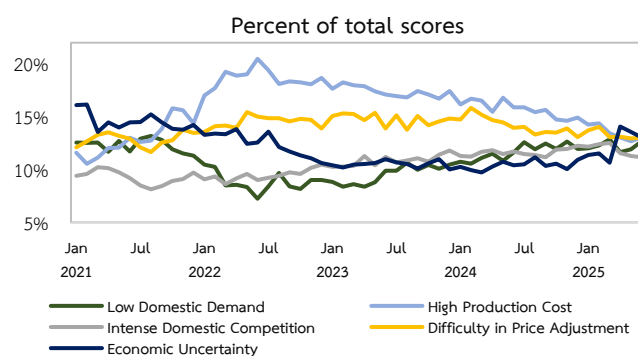
$$\text{Index} = 100 \times \{ (1.0 \times \text{percentage of respondents indicating "improvement"}) + (0.5 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"}) \}$$
Interpretation of the index is as follows:
Index = 50 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 701 respondents, or a response rate of 65.6 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 sale price sentiment shrank to its lowest level in almost 5 years across both the manufacturing and non-manufacturing businesses, indicating persistent difficulty in price adjustments. This was especially evident in the automotive and steel industries, which faced intense competition from low-cost imported goods along with the hotel and restaurant sectors, which experienced a sharp decline in foreign tourists, leading to oversupply and limiting their ability to raise room rates.
- High production cost was the primary concern for businesses, especially in the manufacturing sector. Meanwhile, economic uncertainty was the top constraint for non-manufacturing businesses, with respondents' concerns have risen notably higher than pre-COVID-19 level, reflecting tightened business pressures. Lastly, expected inflation for the next 12 months remained steady at 2.3% from last 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
Jun-25	15.3	27.8	23.3	15.7	8.7	3.7	2.8	2.7	2.30
May-25	13.7	29.5	25.9	13.7	8.0	3.8	3.3	2.2	2.26

Sale Price Sentiment Index**Performance Sentiment Index****Cost Sentiment Index****Top constraints for doing business**

Business Intelligence Division

Monetary Policy Group

0-2283-6905, 0-2356-7861

1 July 2025