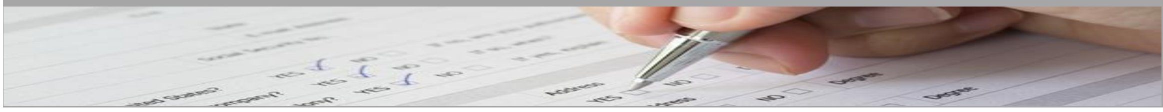
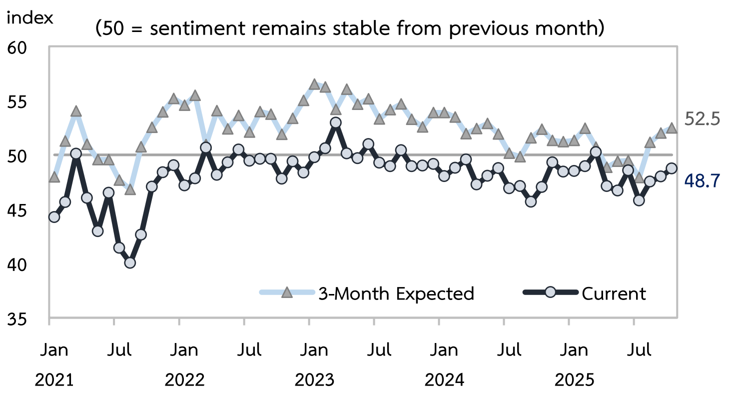
BANK OF THAILAND

REPORT ON BUSINESS SENTIMENT INDEX

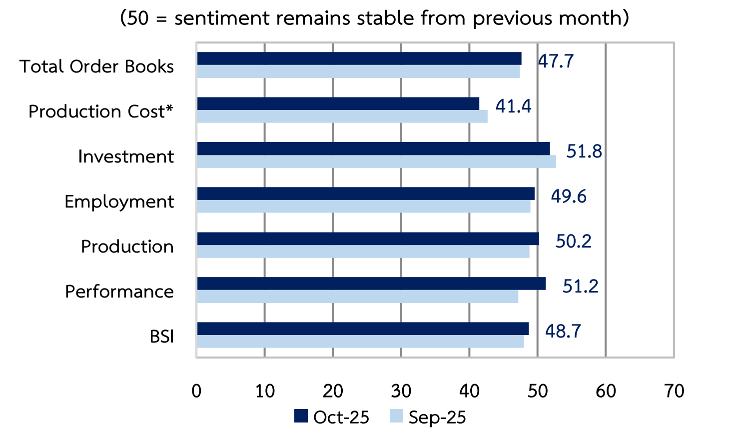
October 2025



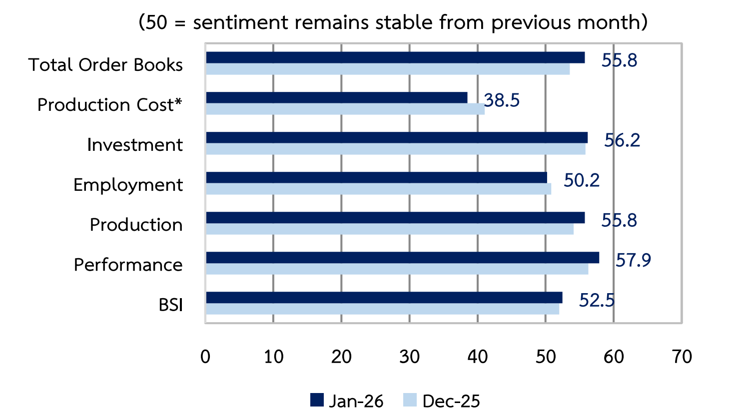
Business Sentiment Index



Current Business Sentiment Index



3-Month Expected Business Sentiment Index



*Index value above 50 reflects reduction in production cost

Key points:

- **In October, the Business Sentiment Index (BSI) increased, driven by the non-manufacturing sector due to the tourism high season and the government's "Half-Half Plus Co-Payment Scheme," which expected to support domestic consumption. Also, the 3-month expected BSI slightly rose, particularly in the manufacturing sector, owing to seasonal factors in the food and beverage sectors.**

In October 2025, the BSI increased to 48.7 from 48.0 last month in almost all components, especially in performance, production and employment sub-components. <u>The non-manufacturing index</u> rose, particularly in the hotel and restaurant and the passenger transportation sectors, due to the start of the tourism season, where respondents' confidence improved in performance, total order books and service volume sub-indices, which driven by long-haul tourist arrivals. However, the index remained below 50-threshold as short-haul tourist arrivals continued dropped, especially Chinese visitors, stemming from safety concerns and unresolved image issues. For the retail trade sector's confidence increased across almost all sub-indices, led by performance, trade volume, and total order books. This was driven by rising confidence among retail stores and grocery shops, supported by the "Half-Half Plus Co-payment Scheme", which is expected to boost year-end spending. <u>The manufacturing index</u> remained stable. While the automotive industry's confidence improved in the total order books, performance and production sub-indices, in line with higher production volume and expectation to meet 2025 production target. However, the food industries' confidence declined, such as canned fruits and frozen seafoods, due to reduced orders resulting from Reciprocal Tariffs. Additionally, the electrical appliance industry's confidence declined due to ongoing competition from imported goods, especially household appliances such as refrigerators and washing machines.

The 3-month expected BSI slightly increased to 52.5, following increases in total order books, production, and performance sub-components. <u>The manufacturing index</u> increased in nearly all industries, led by the food industry where respondents' confidence grew significantly in all sub-indices, especially in performance, total order books, and production, supported by the pineapple harvesting season for canned fruit, as well as expectations of increased demand for snacks and non-alcoholic beverages during festive celebrations. Also, confidence in the electrical appliances industry improved markedly in total order books and production sub-indices, particularly in small appliances such as fans, partly due to anticipated spending on gifts during the New Year season. <u>The non-manufacturing index</u> remained stable, led by respondents in the hotel and restaurant sectors who reported higher service volumes and performance, following the New Year tourism season. However, confidence was below the same period last year, owing to ongoing safety concerns and intensified competition from other countries. Meanwhile the retail trade sector's confidence dropped, primarily from performance, due to the expiration of the "Half-Half Plus Co-Payment Scheme" at the end of 2025. Lastly, other non-manufacturing businesses' confidence remained stable.

Notes:

(1) 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:

Index = 100× {(1.0 × percentage of respondents indicating "improvement") + (0.5 × percentage of respondents indicating "stable") + (0 × 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.

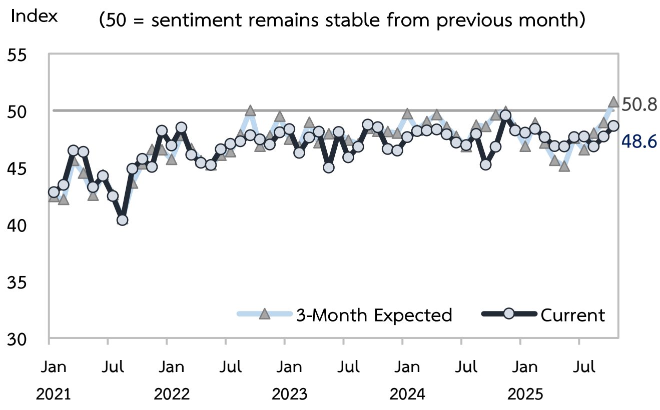
(2) For this month, the survey had 698 respondents, or a response rate of 65.4 percent from a sample of large and medium-size firms that received the survey form.

(3) The questionnaires were distributed during the first week of the survey month and compiled by the first working day of the following month.

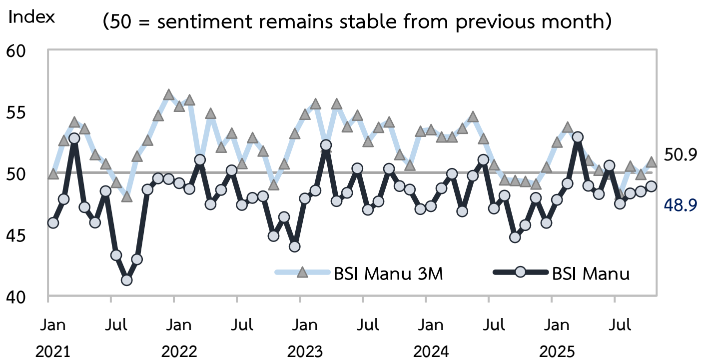
Other sentiment indices:

- The liquidity confidence rose slightly to 48.6, driven by the non-manufacturing sector, such as hotel and restaurant businesses, due to the high season in tourism. However, attention should be paid to the SMEs' liquidity sentiment in manufacturing firms, which has shown a downward trend since Q3/2025. This included the food industry, following the implementation of US Reciprocal Tariffs, resulting in deducted export orders. Also, the textile industry in the mass production products faced intensified competition from foreign goods.
- Difficulty in price adjustment was the primary business obstacle, with a rising share of respondents for the fourth consecutive month. This was especially in non-manufacturing businesses such as retail trade amid increasing competitive pressures from both domestic and international entities. Also, businesses were pressured from weak domestic purchasing power. Consequently, consumers have become more cautious with their spending and more sensitive to price changes, particularly in FMCG goods. Lastly, the 12-month-ahead inflation expectations dipped slightly to 2.12% from 2.19% in the previous month.

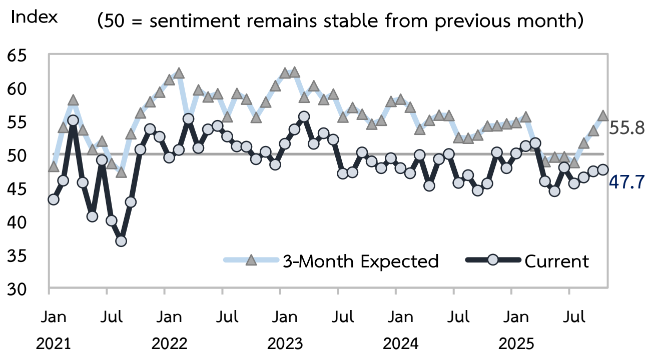
Liquidity Sentiment Index



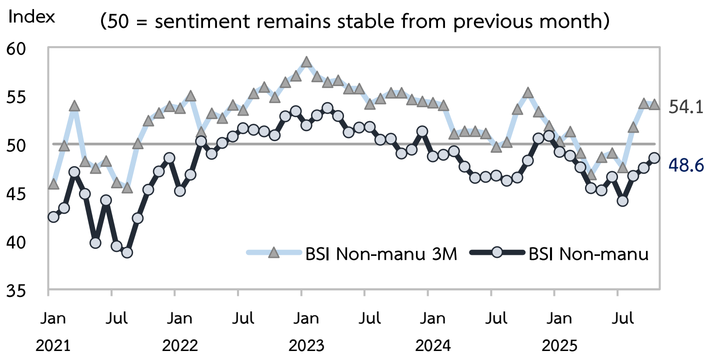
Business Sentiment Index (Manufacturing)



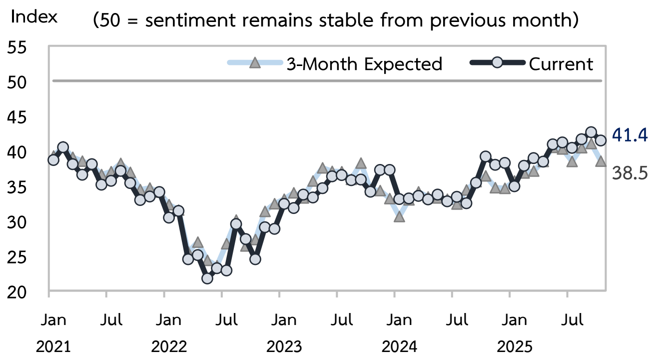
Total Order Books Sentiment Index



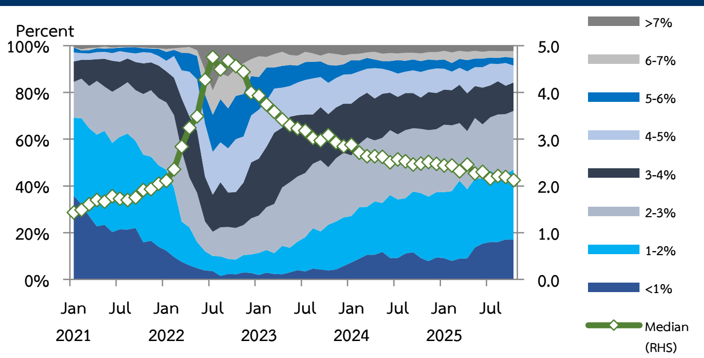
Business Sentiment Index (Non-Manufacturing)



Cost Sentiment Index

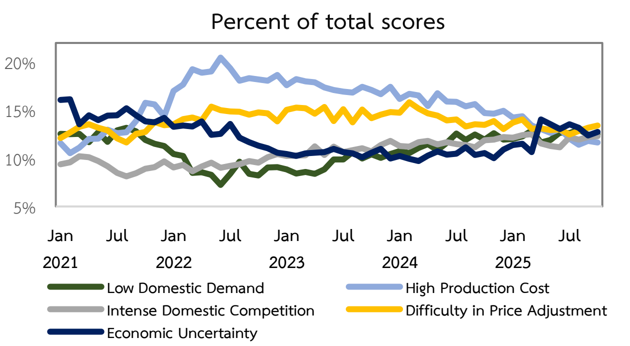


Expected Inflation in the next 12 months



Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Oct-25	16.9	30.0	25.2	12.2	7.2	3.2	3.0	2.3	2.12
Sep-25	17.1	28.2	25.5	12.1	9.7	2.6	2.5	2.3	2.19

Top constraints for doing business



Business Intelligence Division

Monetary Policy Group

0-2283-6905, 0-2356-7861

3 November 2025