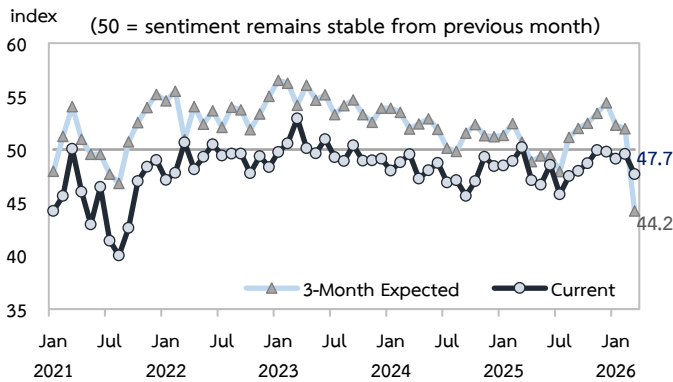




Business Sentiment Index



Key points:

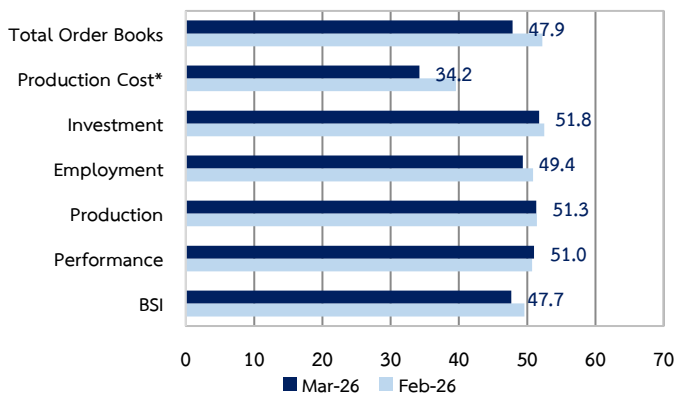
- In March, the Business Sentiment Index (BSI) declined, driven mainly by the non-manufacturing sector, due to the impact of Middle East conflict. Also, the 3-month expected BSI dropped below the 50-threshold and, for the first time since 2011, fell below current level, reflecting concerns over a potentially prolonged situation.

In March 2026, the BSI decreased almost all components to 47.7, led by total order books and costs sub-components, resulting from the impact of the conflict in the Middle East. This caused a decline in the non-manufacturing index in most businesses, particularly in the hotel and restaurant sectors, in which the sentiment fell to an eight-month low, led by sharp reductions in total order books, performance, and number of services sub-indices. This was owing to cancellations of flight tickets and hotel bookings by Middle Eastern tourists, especially hotels in southern Thailand, which are highly rely on Middle Eastern and European tourist arrivals, along with the suspension of direct flights from Middle Eastern airlines to Thailand. Also, the manufacturing index weakened across several industries, led by plastics pellets and packaging industries, as the closure of the Strait of Hormuz pushed energy prices higher, affecting transportation costs and imported feedstocks for plastic manufacturing, such as crude oil and naphtha. As a result, confidence in costs and total order books fell to their lowest level in 19 months. However, the food industry’s sentiment improved, partly due to accelerated demand for consumer goods, such as palm oil and rice, which boosted total order books and production.

The 3-month expected BSI dipped across all sub-components to 44.2, led by costs, production, and total order books, reflecting the impact of the Middle East conflict. The manufacturing index fell significantly in all industries amid concerns over a prolonged conflict, particularly in the plastics pellets and packaging industries, partly due to concern over raw material shortages. This softened costs, production and performance sub-indices. Also, confidence in the steel industry weakened, regarding potentially weaker demand from several sectors, including automotive parts, electronics, and electrical appliances. Also, the non-manufacturing index decreased across nearly all sectors, notably the hotels and restaurants sectors’ confidence, which plummeted to its lowest level since mid-2020 as number of services, performance, and total order books were hit by surging airfares, driven by energy prices and uncertainty affecting travel decisions. Furthermore, confidence in the retail trade sector declined, led by performance and trade volume sub-indices, due to potential shortages of consumer goods and fuel.

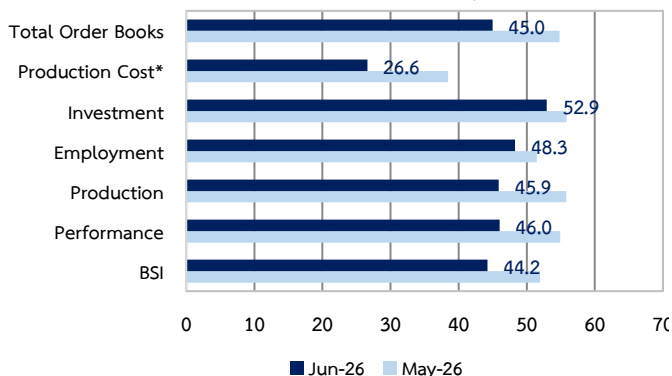
Current Business Sentiment Index

(50 = sentiment remains stable from previous month)



3-Month Expected Business Sentiment Index

(50 = sentiment remains stable from previous month)



*Index value above 50 reflects reduction in production cost

Notes:

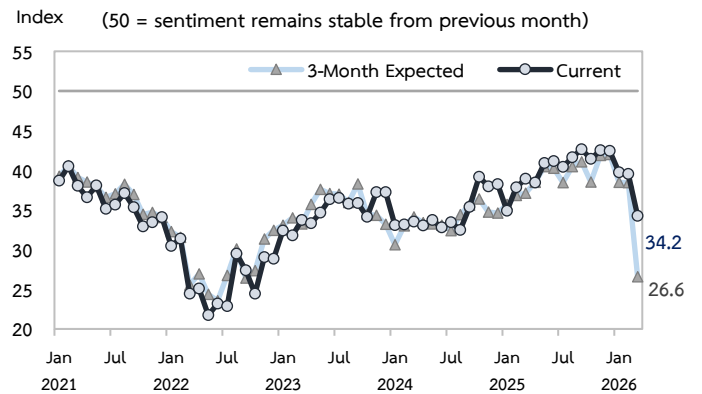
- The BSI was developed by the Bank of Thailand (BOT). The diffusion index is made up of six components: production, total order books, investment, production cost, performance, and employment. Each component is applied with equal weight to calculate the monthly composite index. Each component index 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 649 respondents, or a response rate of 59.1 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.

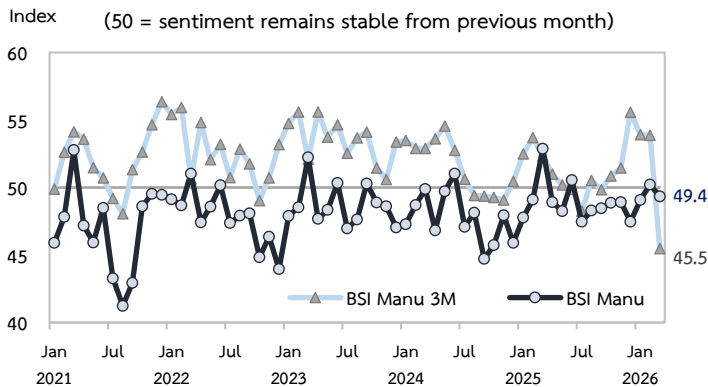
Other sentiment indices:

- Both the current and the 3-month expected cost sentiments fell dramatically across the manufacturing and non-manufacturing sectors, following a sharp rise in energy prices due to the Middle East conflict, which affected production and transportation costs. If the conflict persists for another two months, businesses will start increasingly concerned about shortages of imported raw materials from the Middle East, such as fertilizers and plastic pellets. This was in line with raw material inventory sentiment, which declined to its lowest level since 2021.
- The proportion of respondents who were concerned about high production costs soared to be the top businesses' concern, being the highest level in eight months. At the same time, economic uncertainty rose to become the second most significant constraint. These two concerns pushed the 12-month inflation expectation up to 2.5% from 2.1% last month.

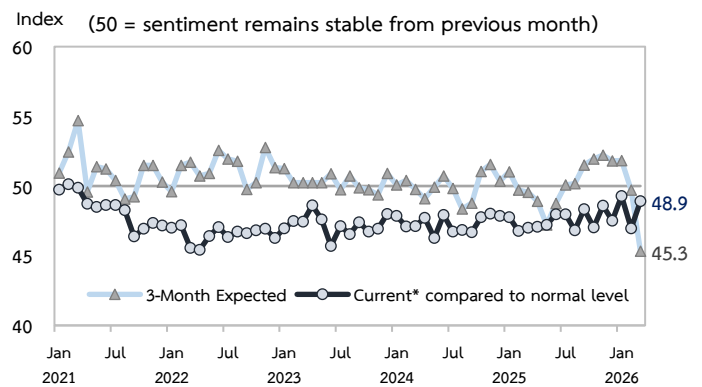
Cost Sentiment Index



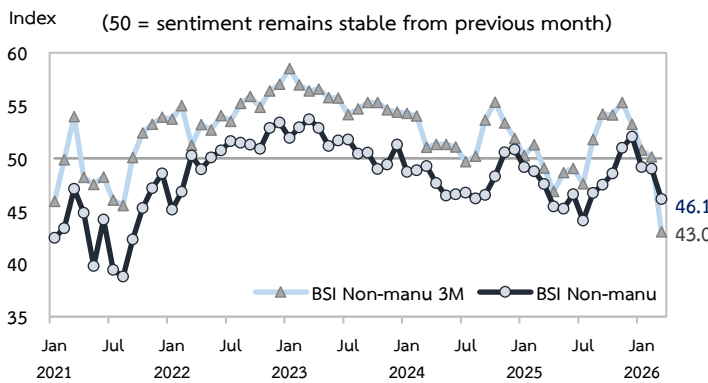
Business Sentiment Index (Manufacturing)



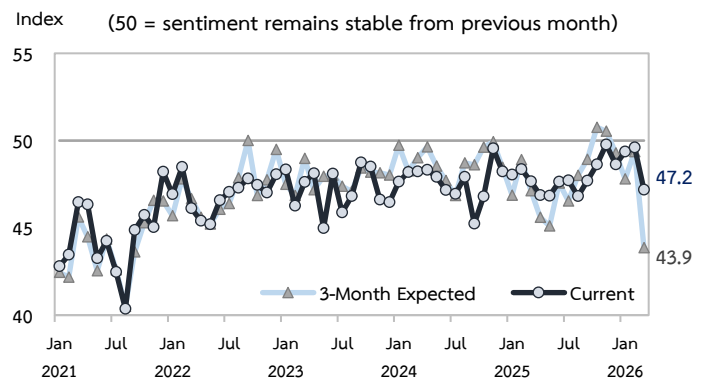
Raw Material Inventory Sentiment Index



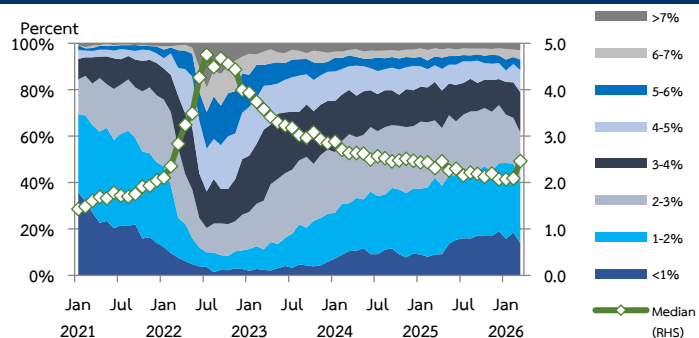
Business Sentiment Index (Non-Manufacturing)



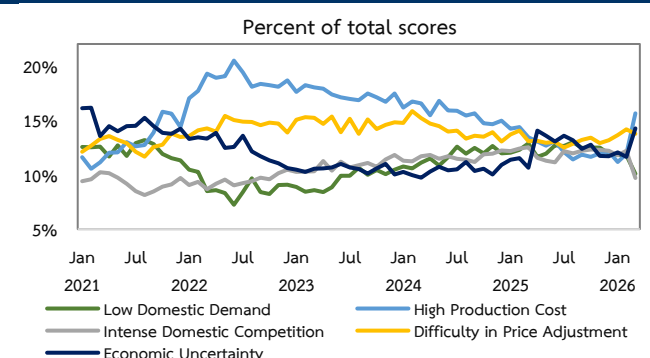
Liquidity Sentiment Index



Expected Inflation in the next 12 months



Top constraints for doing business



Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Mar-26	13.8	26.1	21.6	17.4	9.5	4.5	4.0	3.0	2.5
Feb-26	18.5	29.7	19.8	15.3	7.8	3.0	3.2	2.8	2.1