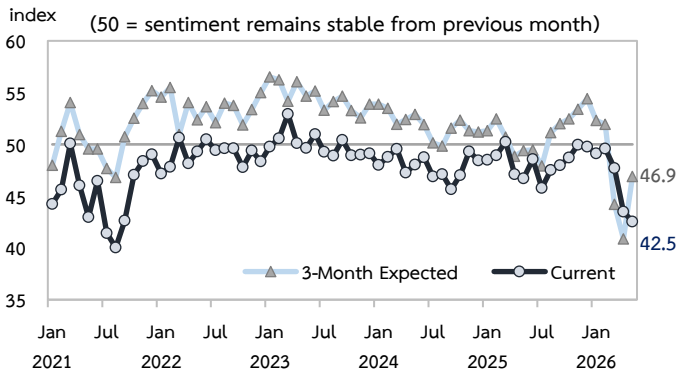




Business Sentiment Index



Key points:

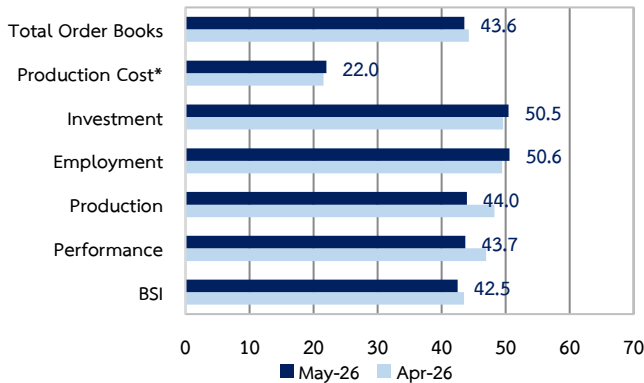
- In May, the Business Sentiment Index (BSI) declined due to the prolonged Middle East conflict, which weakened the manufacturing index, while the non-manufacturing index remained stable at a low level.
- Over the next 3 months, the BSI increased markedly in both manufacturing and non-manufacturing sectors, partly due to businesses' gradual adaptation to elevated cost pressures and the positive effects of the "Thais Help Thais Plus 60/40" scheme, which supports domestic purchasing power.

In May 2026, the BSI fell to 42.5 from 43.5 in the previous month, particularly in performance and production sub-components amid the unsolved Middle East conflict. This pushed businesses' confidence below the 50-threshold across almost all sectors. The manufacturing index weakened in several industries, especially the automotive segment, where production and performance sub-indices declined significantly in line with intensified competition in vehicle sales. Also, the food and beverage industry's confidence declined pressured by packaging costs that have risen by more than 30–50% compared to the pre-conflict period and delayed orders from the Middle East due to persistently high freight rates, which pressured canned fish and canned fruit products. The non-manufacturing index remained unchanged from the prior month. Respondents of hotel and restaurant sectors reported slightly improved confidence. Although the confidence stayed below the 50-threshold for the third consecutive month, following reduced long-haul tourist arrivals from high airfares. Moreover, the retail trade confidence weakened, particularly in trade volume and performance on the back of weak domestic purchasing power and tighter upstream supply conditions, especially in printing-related products and chemicals.

The 3-month expected BSI rose significantly to 46.9 from 40.9 last month, improving across all components and nearly all sectors, led by cost, performance, and production sub-components. The manufacturing index increased across all industries as concerns over raw material shortages eased, despite high raw material price pressures. Notably, the confidence in chemical and plastics industries increased sharply due to easing supply constraints which improved outlooks on production and costs sub-indices. Meanwhile, the sentiment in the food industry rose, partly supported by seasonal factors in exports and the harvest season such as canned tuna, shrimp, and longan, along with easing concerns over packaging shortages. Also, the non-manufacturing index increased in all sectors, led by the transportation sector reflecting firms' ability to adapt to persistently high oil prices. Meanwhile, the trade sector's confidence was supported by the "Thais Help Thais Plus 60/40" scheme, which was anticipated to strengthen domestic purchasing power.

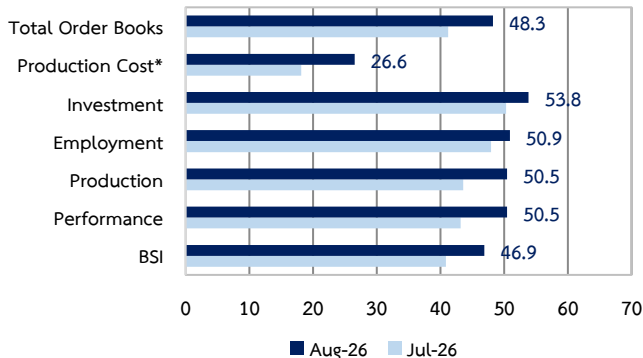
Current Business Sentiment Index

(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:

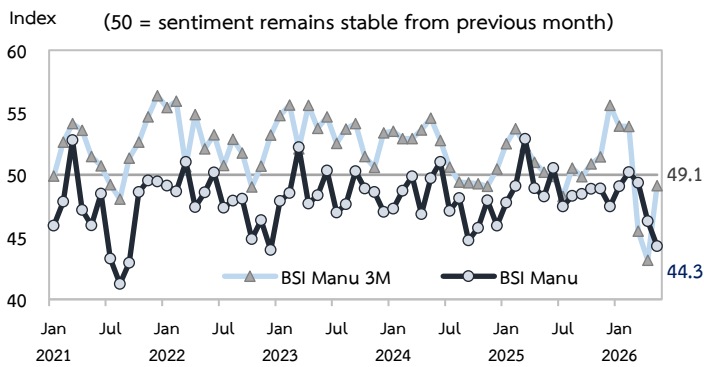
- (1) The BSI was developed by the Bank of Thailand (BOT). The diffusion index is made up of six components: production, total order books, investment, production cost, performance, and employment. Each component is applied with equal weight to calculate the monthly composite index. Each component index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

$$\text{Index} = 100 \times \{ (1.0 \times \text{percentage of respondents indicating "improvement"}) + (0.5 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"}) \}$$
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.
- (2) For this month, the survey had 666 respondents, or a response rate of 60.6 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.

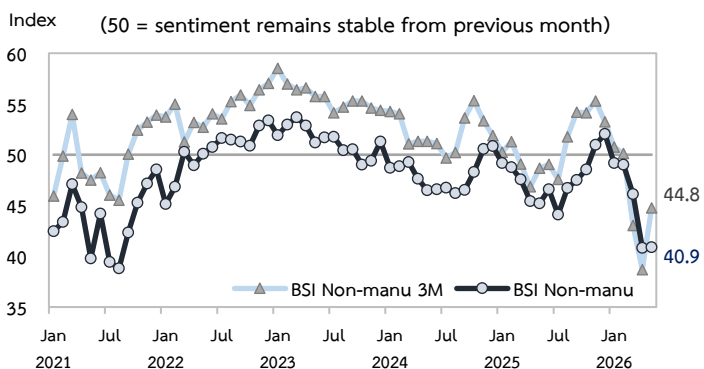
**Other sentiment indices:**

- Current total order books declined and stayed below the 50-threshold for the third consecutive month, amid unresolved Middle East conflict, resulting in the total order volumes fell to their lowest level since October 2021. This was evident in the non-manufacturing sectors such as hotels and restaurants due to lower long-haul tourist arrivals, and transportation and logistics, where fuel costs accounted for a major share of operating costs.
- High production cost was the top concern for doing business for the third consecutive month, although the share of respondents declined slightly from last month, following relieved oil price. Meanwhile, difficulty in price adjustment was the second-largest concern, with the share of respondents increasing continuously since the start of 2026 amid weak domestic purchasing power. Consequently, businesses had to absorb higher costs. Lastly, the 12-month-ahead inflation expectation declined slightly from the previous month to 2.7%

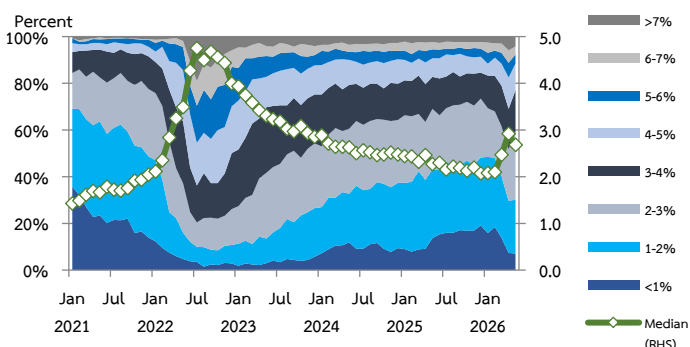
**Business Sentiment Index (Manufacturing)**



**Business Sentiment Index (Non-Manufacturing)**

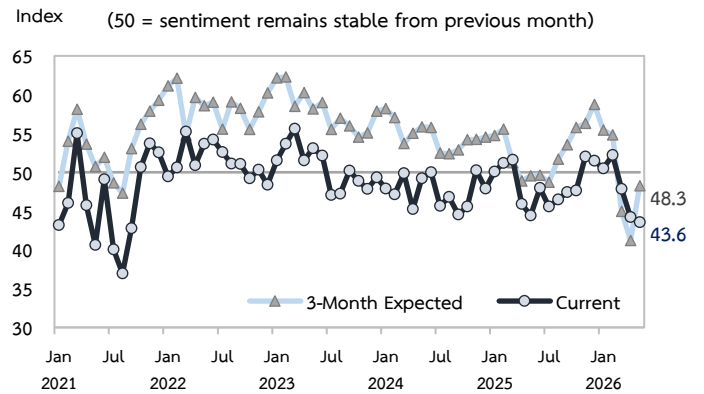


**Expected Inflation in the next 12 months**

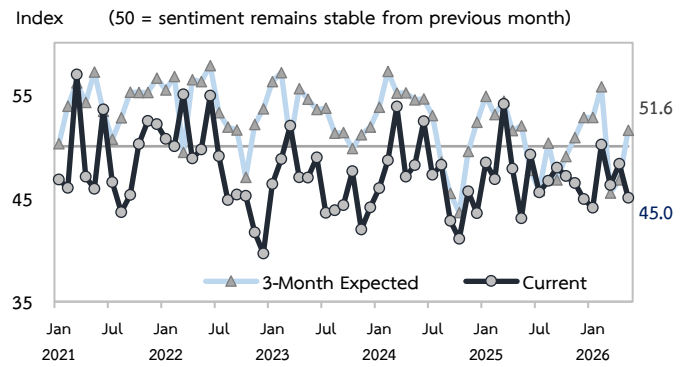


Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
May-26	7.1	23.0	29.2	17.7	11.5	3.8	3.5	4.2	2.7
Apr-26	7.4	22.3	22.1	17.2	13.4	6.3	5.4	5.8	2.9

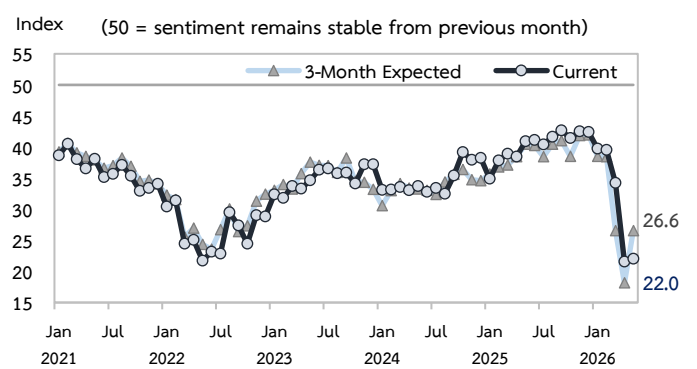
**Total Order Books Sentiment Index**



**Export Sentiment Index**



**Cost Sentiment Index**



**Top 5 constraints for doing business**

