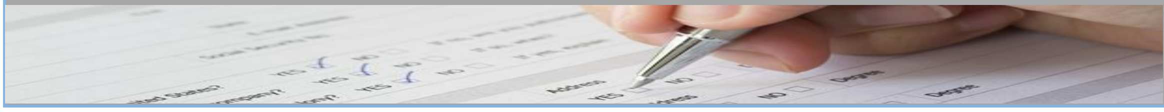
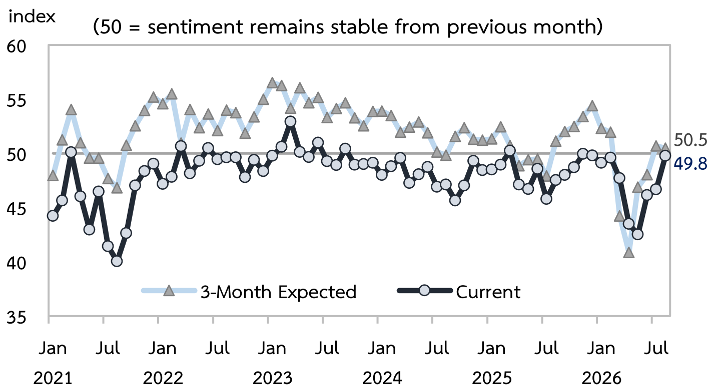
BANK OF THAILAND

REPORT ON BUSINESS SENTIMENT INDEX

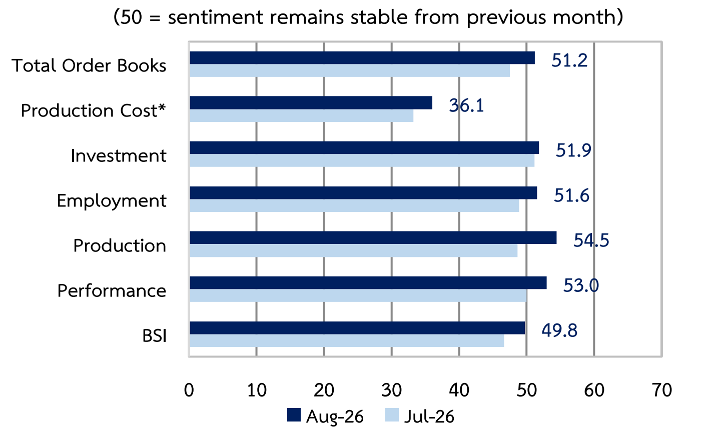
August 2026



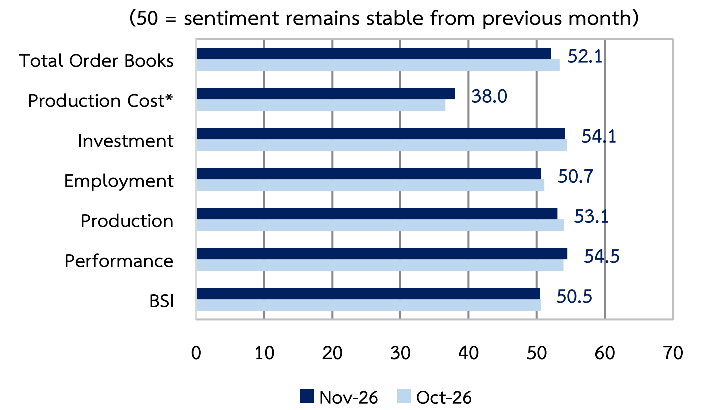
Business Sentiment Index



Current Business Sentiment Index



3-Month Expected Business Sentiment Index



*Index value above 50 reflects reduction in production cost

Key points:

- **In August 2026, the Business Sentiment Index (BSI) increased, led by the non-manufacturing sector supported by the gradual return of foreign tourists, while the manufacturing sector also improved due to accelerated purchases to manage El Niño risks, and strong external demand. Over the next 3 months, BSI remained stable, as the non-manufacturing sector expected to benefit from the tourism season and government measures, while some manufacturers remained concerned over a slight slowdown in orders amid uncertainty surrounding U.S. tariff measures.**

In August 2026, the BSI rose from last month to 49.8, led by production, total order books, and performance sub-indices. The non-manufacturing index improved in some businesses, led by the hotel and restaurant sectors, as confidence index returned above the 50-threshold for the first time in five months. This followed a gradual increase in foreign tourist arrivals, particularly from China and Europe. Middle Eastern tourists also gradually returned, consistent with an increase in flights operated by Middle Eastern airlines. Meanwhile, sentiment in the trade sector improved, particularly in the FMCG. However, the index remained below the 50-threshold for the ninth consecutive month, reflecting weak domestic purchasing power that kept spending concentrated mainly on essential consumer goods. Also, the manufacturing index increased, led by the processed rubber industry, on accelerated purchases to stock up on raw materials amid concerns over the impact of El Niño on future output. The plastic packaging industry also improved, in line with the food and beverage industry, whose confidence rose across all sub-components, driven by continued expansion in demand for processed food products, as well as pet food, which was supported by demand from overseas markets, including the European Union and the United States.

The 3-month expected BSI remained relatively stable at 50.5, with improvements in cost and performance sub-components, while total order books and production declined. This was in line with the manufacturing index, which weakened across several industries, particularly the electronics industry, as total order books and employment softened following sustained growth in the preceding periods, partly reflecting concerns over uncertainty surrounding U.S. tariff measures. Nevertheless, the index remained above the 50-threshold for the ninth consecutive month, supported by the global electronics cycle. Meanwhile, confidence in the plastic pellet industry fell below the 50-threshold as easing raw material shortages led to lower selling prices, thereby reducing incentives to stockpile products. However, the non-manufacturing index increased, led by the hotel and restaurant sectors, particularly in total order books and employment sub-indices, supported by tourism high season and government stimulus measures, which helped support domestic purchasing power.

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.

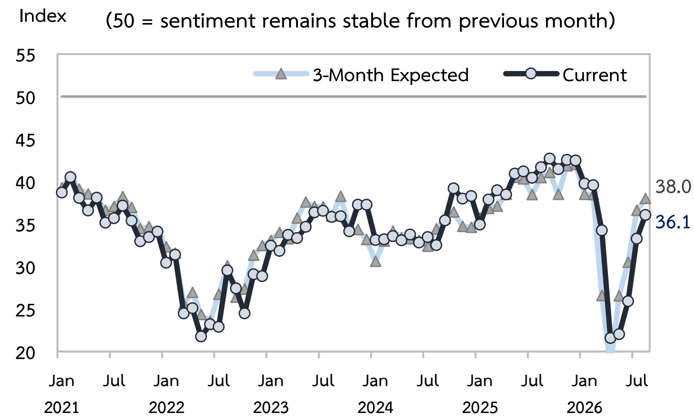
(2) For this month, the survey had 635 respondents, or a response rate of 57.8 percent from a sample of large and medium-size firms that received the survey form.

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

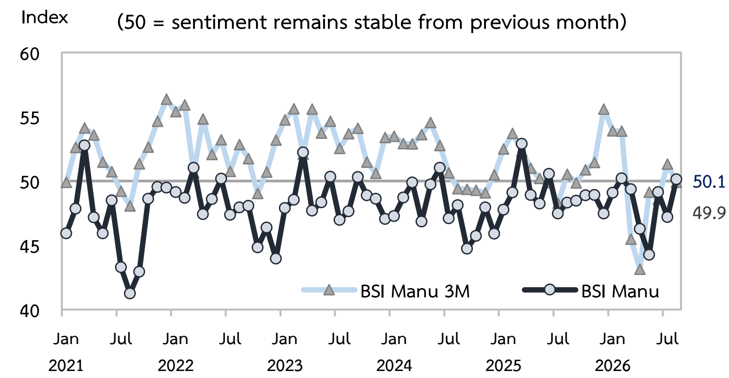
Other sentiment indices:

- The cost sentiment index improved from the previous period, as energy prices declined, coupled with businesses improved their raw material sourcing and production efficiency. This was consistent with the share of respondents citing production costs as a business constraint, which continued to decline despite production costs remaining the most reported obstacle to business operations. Consequently, pressure to pass higher costs on to selling prices eased.
- The sale price sentiment index showed a declining trend compared to the early period of the war, reflecting weak domestic purchasing power. In addition, some businesses had already raised prices in the previous period, leaving less room for further price adjustments. As a result, the 12-month inflation expectation fell to 2.5% from 2.6% last month.

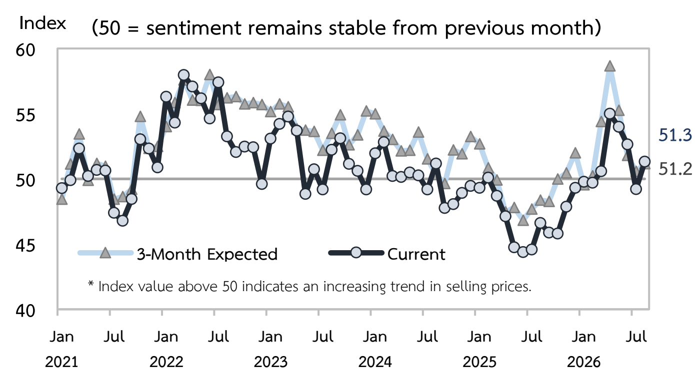
Cost Sentiment Index



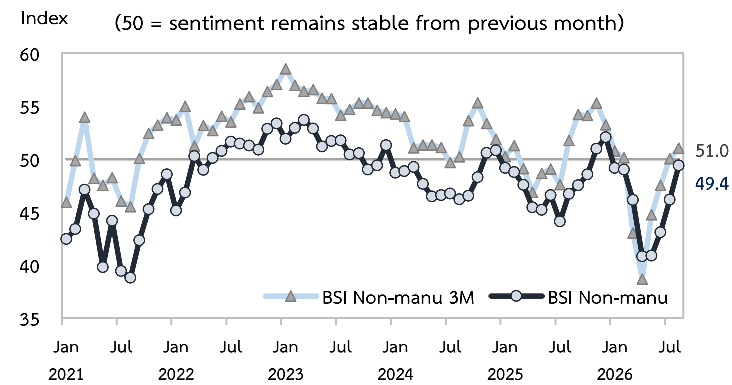
Business Sentiment Index (Manufacturing)



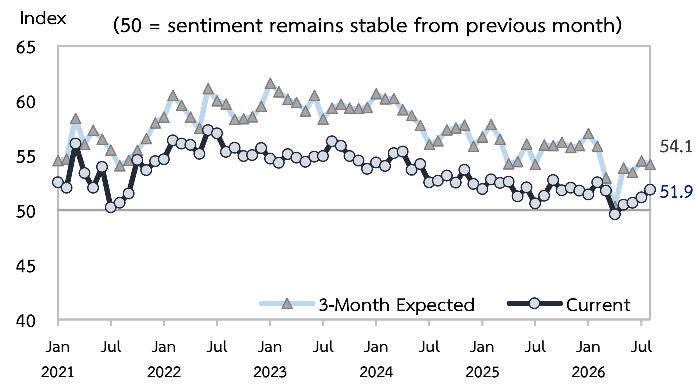
Sale Prices Sentiment Index



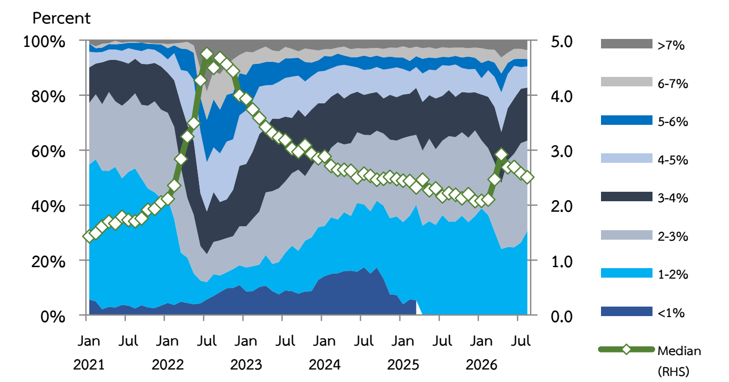
Business Sentiment Index (Non-Manufacturing)



Investment Sentiment Index

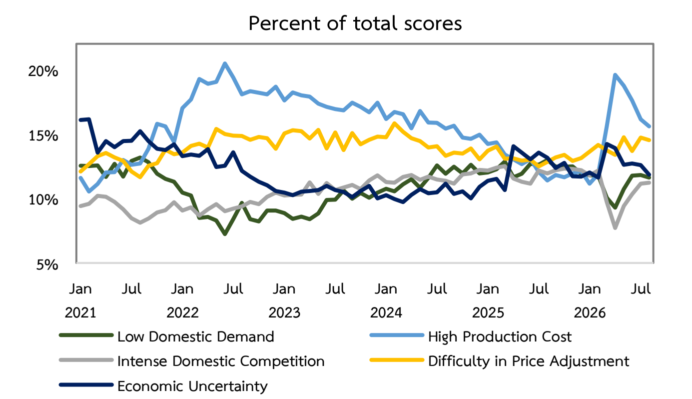


Expected Inflation in the next 12 months



Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Aug-26	5.2	29.0	31.2	18.3	7.3	2.5	3.1	3.5	2.5
Jul-26	5.5	24.9	34.2	18.7	7.5	2.8	3.4	3.0	2.6

Top 5 constraints for doing business



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