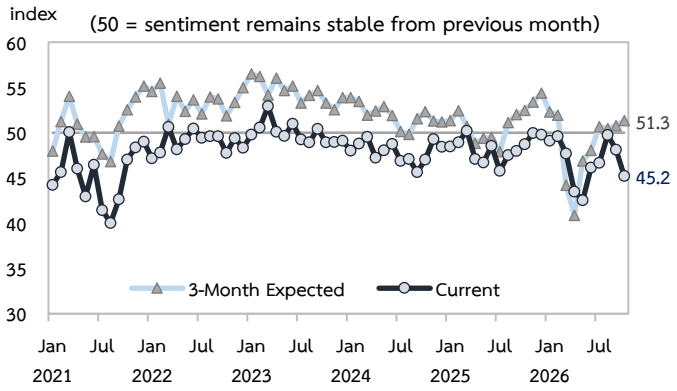
BANK OF THAILAND

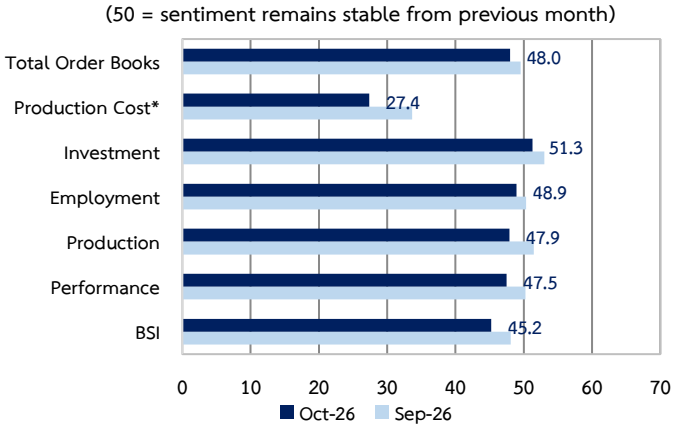
REPORT ON BUSINESS SENTIMENT INDEX

October 2026

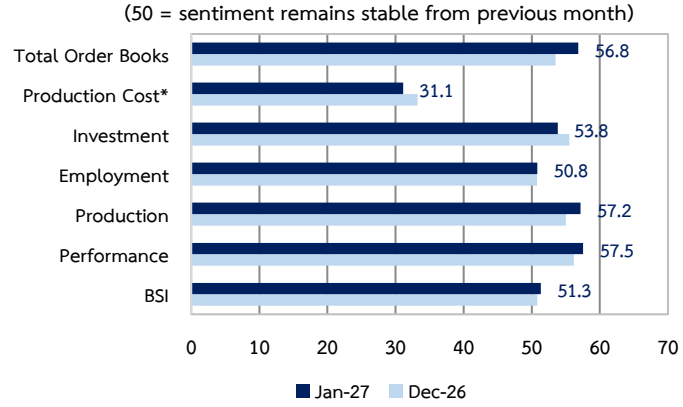
Business Sentiment Index



Current Business Sentiment Index



3-Month Expected Business Sentiment Index



*Index value above 50 reflects reduction in production cost

Key points:

- **In October 2026, the Business Sentiment Index (BSI) declined in both manufacturing and non-manufacturing sectors amid persistently high cost pressures from the prolonged Middle East conflict and temporary flood impacts. Over the next 3 months, the BSI is expected to edge up slightly, led by the non-manufacturing sector, supported by post-flood reconstruction and repairs and the tourism high season.**

In October 2026, the BSI fell to 45.2 from 48.1, with declines across all sub-components, led by cost, production, and performance, reflecting the prolonged Middle East conflict and temporary impacts from flooding. The Manufacturing index weakened across nearly all industries, remaining below the 50-threshold for the second consecutive month. Sentiment among food and beverage manufacturers led the decline, particularly canned fruit and animal feed producers, as flood damage compounded concerns over an expected decline in agricultural output due to El Niño. The electronics and electrical appliances also weakened due to (1) potential damage to warehouses and electrical systems exposed to floodwater and (2) transport disruptions affecting goods deliveries and workers' commutes. Also, the non-manufacturing index declined as the persistently high costs, weakening confidence in transportation, trade, and warehousing. Wholesale trade sentiment fell across several product categories, including chemicals, furniture, and construction materials. Hotel sentiment also weakened as some tourists postponed their trips.

Over the next 3 months, the BSI edged up to 51.3, with improvements across nearly all sub-components except cost and investment, reflecting concerns over uncertainty surrounding the Middle East conflict. The non-manufacturing index rose slightly, led by retail trade, supported by anticipated vehicle purchases ahead of an excise tax increase, deliveries following the Motor Show, and tourism-driven demand for consumer goods. Construction sentiment also improved on anticipated post-flood infrastructure and housing repairs. Meanwhile, the manufacturing index remained stable. Food and beverage sentiment rose above the 50-threshold for the first time in 6 months, supported by the harvest season for sugar and canned fruit production and festive demand for beverages. Automotive manufacturers also anticipated orders from the year-end motor show. However, sentiment weakened among manufacturers of electronic products outside the electronics upturn, such as printer parts and eyeglass lenses, and electrical appliance manufacturers facing excess supply and intense price competition.

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.

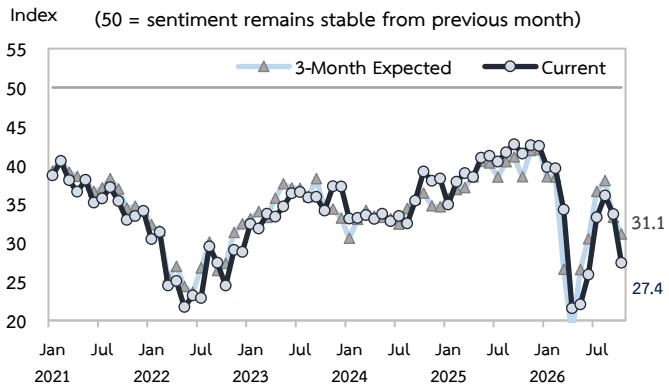
(2) For this month, the survey had 583 respondents, or a response rate of 53 percent from a sample of large and medium-size firms that received the survey form.

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

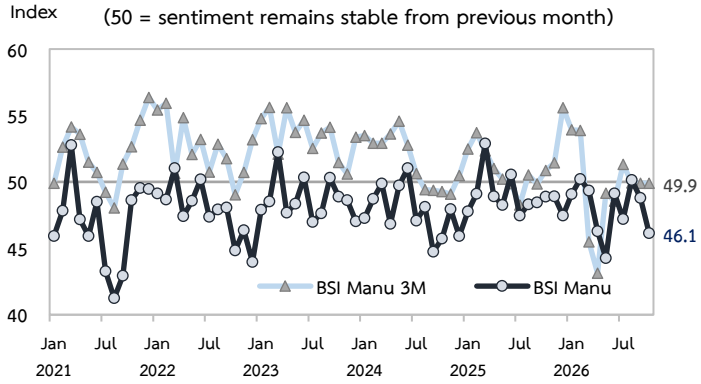
Other sentiment indices:

- The cost sentiment index fell sharply for the second consecutive month, reflecting higher energy prices amid the Middle East conflict and flood impacts. A growing share of respondents cited production costs as a constraint, which remained the top business concern, increasing pressure to pass costs on to goods and services prices.
- Selling price sentiment increased, particularly among businesses directly affected by energy and transport costs, as well as hotels and restaurants benefiting from the tourism high season. Consequently, 12-month inflation expectations rose to 2.6% from 2.5% in the previous month.

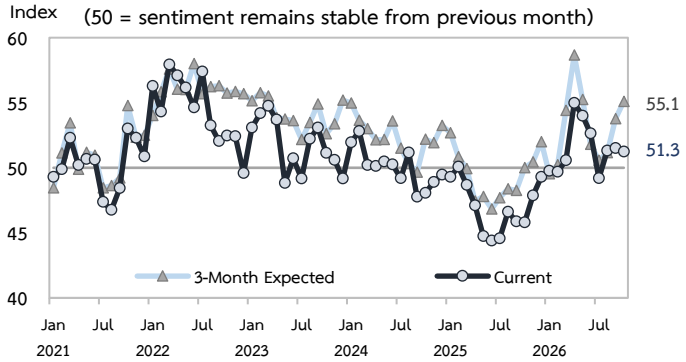
Cost Sentiment Index



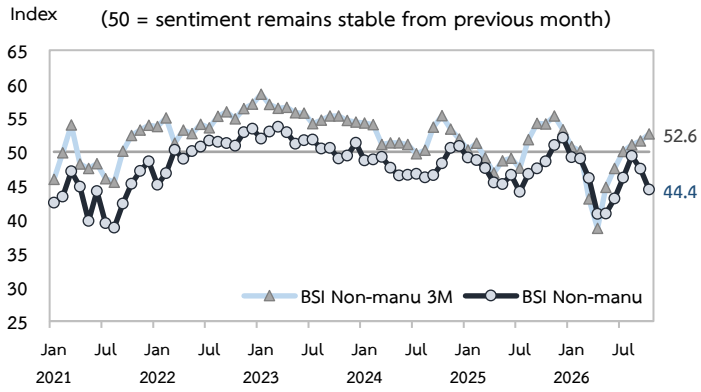
Business Sentiment Index (Manufacturing)



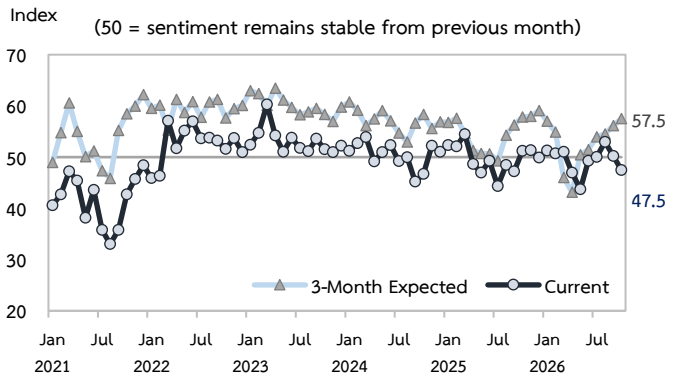
Sale Price Sentiment Index



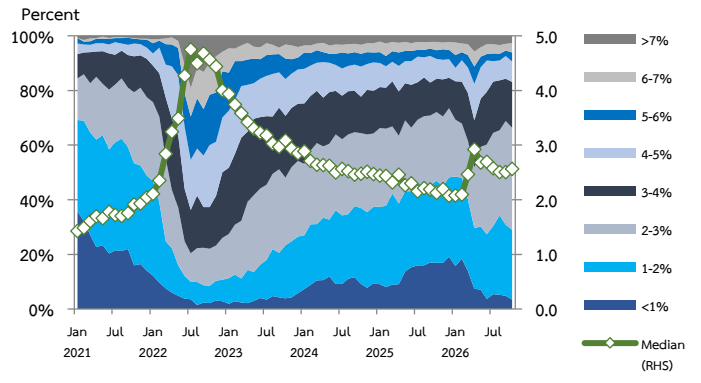
Business Sentiment Index (Non-Manufacturing)



Performance Sentiment Index

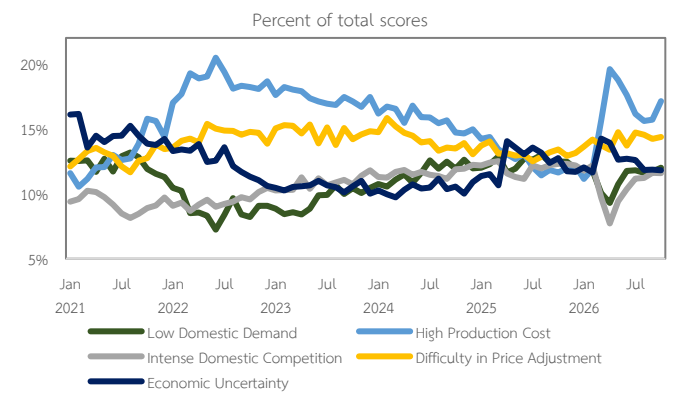


Expected Inflation in the next 12 months



Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Oct-26	3.5	25.5	37.3	16.7	7.6	3.3	3.5	2.7	2.6
Sep-26	4.8	26.0	38.0	15.5	8.3	1.9	2.5	2.9	2.5

Top constraints for doing business



Business Intelligence Division
Monetary Policy Group
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