# Industrial Production Situation in the First Half of 2026

*The Manufacturing Production Index (MPI) for January–June 2026 contracted by 0.40% YoY. The capacity utilization rate stood at 59.37%. Industrial production was affected by the prolonged situation in the Middle East, which raised production costs due to volatile energy prices and freight rates, as well as the risk of shortages of certain raw materials. High household debt and rising inflation also increased the cost of living, putting pressure on domestic purchasing power. However, supporting factors helped limit the contraction in the MPI. These included continued growth in exports of industrial products and government economic stimulus policies, such as the "Thai Chuay Thai Plus" program. To mitigate these impacts, the Office of Industrial Economics (OIE) is currently developing measures to restructure Thailand's industrial sector. The initiative aims to enhance production capabilities through Green Productivity, strengthen industrial competitiveness, and promote sustainable growth.*

## Industries Influencing the MPI in 2026 (Jan. – Jun.)

### Industries with Positive Impact (YoY)

**Sugar: +15.02% YoY**

Growth was driven by increased sugarcane deliveries to mills compared with the previous year, while the harvesting season was delayed

**Basic Chemicals: +18.52% YoY**

Growth was driven by higher production of caustic soda and chlorine, in line with continued demand growth across various industries.

**Basic Iron and Steel: +9.07% YoY**

Growth was driven by continued expansion in demand, while several steel mills were able to produce steel in compliance with CBAM measures.

### Industries with Negative Impact (YoY)

**Automotive: -2.99% YoY**

The contraction was driven by a weaker domestic market due to tighter lending standards by financial institutions, while exports contracted due to the conflict in the Middle East.

**Air Conditioners: -6.90% YoY**

The contraction was driven by pressure from higher logistics costs and trading partners beginning to impose non-tariff trade barriers.

**Chemical Fertilizers: -24.52% YoY**

The conflict in the Middle East disrupted the transportation of certain fertilizer feedstocks, resulting in higher chemical fertilizer costs.

## Industrial Economic Outlook

In 2026, the MPI and industrial GDP are projected to grow by 1.0–2.0%, supported by government economic stimulus measures and continued growth in international trade with key trading partners.

| (%YoY) | 2025 | Q1/2026 | Q2/2026 | 2026 Estimation |
|---|---|---|---|---|
| Thailand's GDP | +2.4 | 2.8 | N/A | 1.5 – 2.5 |
| Industrial GDP | +0.4 | 0.9 | N/A | 1.0 – 2.0 |
| MPI (Index) | 97.18 | 102.87 | 95.96 | 98.64 – 99.61 |
| MPI (%YoY) | -0.43 | 0.94 | -1.79 | 1.5 – 2.5 |

Note: N/A = No information is available.
Estimation: Thailand's GDP by NESDC, industrial GDP and MPI by OIE
Source: GDP by NESDC, MPI by OIE, data as of July 2026.

### Supporting Factors

- Government economic stimulus measures
- Continued expansion in trade with key trading partners
- Industries benefiting from consumer trends

### Downside Factors

- Prolonged conflict in the Middle East
- High household debt and inflation
- Uncertainty surrounding U.S. import tariff measures.

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