Situation of Industrial Production in May 2026

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In May 2026, the Manufacturing Production index (MPI) contracted by 0.80% (YoY).

- The automotive industry contracted due to a slowdown in both domestic and overseas markets.
- High inflation contributed to higher production costs and living expenses, putting pressure on household purchasing power.
- The conflict in the Middle East remained unresolved, affecting energy prices, transportation, and the supply of certain imported raw materials.

Production	May 2026
Manufacturing Production Index (MPI, %YOY)	101.18 -0.80
Capacity utilization rate (Cap-U, %)	59.64

Industries impacting the MPI in May 2026

Industries with Positive Contributions (YoY)

Air Conditioners (+20.01%)
Production increased in both domestic and export markets due to extremely hot weather and higher demand for energy-efficient air conditioners.

Petroleum products (+5.33%)
Manufacturers accelerated production to maintain fuel inventories at sufficient levels to meet demand.

Sugar (+20.10%)
Manufacturers accelerated the processing of raw sugar for delivery under existing contracts, while the volume of sugarcane entering factories increased compared with the previous year.

Industries with Negative Contributions (YoY)

Automotive (-8.68%)
The domestic market slowed as financial institutions continued to tighten lending approval standards, while exports also slowed due to the conflict in the Middle East.

Palm oil (-31.13%)
Extremely hot weather accelerated the ripening of oil palm fruit, causing the crop to enter the market earlier than usual and resulting in lower palm oil production in May compared with the previous year.

Fertilizer and nitrogen compound (-23.62%)
The conflict in the Middle East disrupted the transportation of certain fertilizer feedstocks, resulting in higher fertilizer costs and weaker purchasing power among farmers.

In 2026, the MPI is estimated to expand by 1.0–2.0 percent (YoY), while industrial GDP is also projected to grow by 1.0–2.0 percent (YoY).
The expansion is supported by continued export expansion, government economic stimulus measures, accelerated disbursement of the 2026 government budget, and a potential increase in the government budget framework. However, prolonged geopolitical tensions, uncertainty surrounding U.S. trade policies, and weak domestic consumption amid elevated inflation and household debt remain key risks that require close monitoring.

(%YOY)	2025	2026		Estimate for 2026
		Q1	Q2	
GDP	+2.4	+2.8	N/A	1.5 – 2.5
Industrial GDP	+0.4	+0.9	N/A	1.0 - 2.0
MPI	-0.38	+0.9	N/A	1.0 – 2.0

Source: GDP by NESDC, MPI by OIE, data as of June 2026.
Estimation: Thailand's GDP by NESDC, industrial GDP and MPI by OIE

Upside factors

- Continued growth in exports
- Government economic stimulus measures
- Accelerated government budget disbursement

Downside factors

- Geopolitical conflicts
- Uncertainty surrounding U.S. economic policies and tariff measures.
- Household debt issues and a slow recovery in consumption.

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