Industrial Production Situation First Quarter of 2026

The Manufacturing Production Index (MPI) expanded by 0.83% (YoY) during the first quarter of 2026, while the capacity utilization rate stood at 61.26%. Industrial production was supported by continued growth in manufactured exports, the smooth and timely formation of a stable government, and an increase in the number of foreign tourist arrivals. Nevertheless, the industrial sector continued to face headwinds from prolonged geopolitical tensions and non-tariff trade barriers, rising production costs, and persistent household debt coupled with weak domestic consumption, which weighed on household purchasing power and spending. To mitigate these challenges, the Office of Industrial Economics (OIE) is currently formulating industrial restructuring measures aimed at enhancing Green Productivity, strengthening industrial competitiveness, and promoting sustainable industrial growth.

Industries Influencing the MPI in 2026 (Jan. – Mar.)

Industries with Positive Impact (YoY)

Sugar: +13.87% YoY
Growth was driven by raw sugar and refined sugar, which increased in line with higher sugarcane crushing volumes, supported by favorable weather conditions.

Palm oil: +40.41% YoY
Expansion was supported by favorable weather conditions, which improved palm tree productivity and resulted in higher volumes of fresh palm fruit entering the market.

Basic iron and steel: +11.75% YoY
Growth was supported by continued expansion in demand, while several manufacturers were able to produce steel in compliance with the Carbon Border Adjustment Mechanism (CBAM) requirements.

Industries with Negative Impact (YoY)

Air conditioners: -8.29% YoY
The contraction was driven by higher logistics costs and the increasing adoption of non-tariff barriers (NTBs) by trading partners.

Other rubber products: -4.95% YoY
The contraction was driven by higher transportation costs in line with global oil prices, resulting in slower export orders.

Starch and starch products: -18.49% YoY
The contraction was driven by higher production costs and shortages of raw materials, as cassava imports from Cambodia were disrupted.

Industrial Economic Outlook

In 2026, both the Manufacturing Production Index (MPI) and industrial GDP are estimated to expand by 1.5–2.5 percent. The outlook is supported by government economic stimulus measures, continued growth in trade with Thailand's key trading partners, and the easing trend in the policy interest rate.

(%YoY)	2025	Q1/2026	2026 Estimation
Thailand's GDP	2.4	N/A	1.5 - 2.5
Industrial GDP	0.4	N/A	1.5 - 2.5
MPI (Index)	97.18	102.76	98.64 – 99.61
MPI (%YoY)	-0.43	0.83	1.5 – 2.5

Note: F = Estimation, 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 April 2026.

Supporting Factors

- Government economic stimulus measures.
- Continued expansion in trade with key trading partners.
- An easing trend in policy interest rates

Downside Factors

- Uncertainty surrounding U.S. import tariff measures.
- Persistently high household debt and weak consumption
- Geopolitical tensions

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