OIE Reports April 2026 MPI Contracted Slightly by 0.36%, with Government Measures Helping Mitigate the Impact of Middle East Tensions

The Office of Industrial Economics (OIE) reported that the Manufacturing Production Index (MPI) for April 2026 stood at 92.76, a slight contraction of 0.36 percent compared to the same period last year, due to pressure from the Middle East situation, a decline in foreign tourists, and household debt that remains high. However, the industrial sector still received support from government measures and continued to expand its exports of industrial goods. Meanwhile, the OIE estimates that in 2026, the MPI and industrial sector GDP will grow by 1.0–2.0%.

Mr. Supakit Boonsiri, Director-General of the Office of Industrial Economics (OIE), disclosed that the MPI for April 2026 stood at 92.76, a slight contraction of 0.36 percent compared to the same period of the previous year, with a capacity utilization rate of 56.41%. The key cause stems from the conflicts in the Middle East, which continue to pressure the global economy and Thai industry, affecting production costs and the profitability of business operators. At the same time, foreign tourist numbers returned to contraction due to high oil prices and a slowing global economy, affecting related industries such as ready-to-drink fresh milk, potato chips, ham, and sausages. In addition, household debt, remaining at a high level of 86.7% of GDP, continues to exert pressure on domestic purchasing power.

However, the MPI for April 2026 received important support from government measures that helped sustain the economy, particularly assistance to the transportation sector through fuel subsidies, as well as the freezing of electricity rates, which helped reduce the cost of living for the public and the cost burden on businesses. In addition, industrial goods exports continued to expand well. In April 2026, industrial goods exports were valued at USD 25,937 million, up 27.5%, while industrial goods exports (excluding gold, weapons, tanks, and combat aircraft) were valued at USD 24,404 million, up 29.0 percent, marking the 22nd consecutive month of growth. At the same time, confidence in the economy and investment was also supported by Moody's Ratings improving its outlook on Thailand's creditworthiness, reflecting the stability of the Thai economy, and helping to support the investment climate and confidence of the Thai business sector.

Thailand's Industrial Economic Early Warning System (EWS-IE) for May 2026 is at the Watch level. Domestic indicators remain at the Watch level, reflecting declining business confidence amid concerns over raw material supplies for the petrochemical and plastics industries, while imports in the electronics industry continue to expand. Meanwhile, external indicators are also at the Watch level due to the impact of the war, which has increased production and transportation costs. However, China's export value has continued to expand.

“Regarding the outlook for 2026, the OIE has revised its forecast for MPI and industrial sector GDP for 2026 from the previously expected growth of 1.5–2.5% down to 1.0–2.0%, due to continued significant pressure factors that must be closely monitored, including geopolitical issues that tend to be protracted, uncertainty over US economic policy and import tariff measures, household debt and consumption problems that have not yet recovered, and increasing competition from imported goods. Nevertheless, there remain supporting factors from Thailand’s continued growth in international trade with major trading partners, economic stimulus measures, and accelerated government budget disbursement, which will help sustain the Thai industrial sector going forward,” **said Mr. Supakit.**

Key industries that contributed positively to the Manufacturing Production Index (MPI) in April 2026, compared with the same month last year, included:

Basic chemicals: Production expanded by 19.53% year-on-year, driven primarily by caustic soda, chlorine, and ethanol. The increase was mainly attributed to production capacity expansions by some manufacturers, including higher ethanol output for use as a blending component in gasohol production following rising oil prices.

Sugar: Production increased by 16.54% year-on-year, led by raw sugar, molasses, and refined white sugar. The expansion was mainly due to a later end to the sugarcane crushing season compared with last year, as border-area conditions in Thailand caused labor shortages for sugarcane harvesting, compounded by fuel shortages in the preceding period.

Basic iron and steel: Production rose by 11.06% year-on-year, driven mainly by steel pipes, wire rods, deformed bars, and hot-rolled steel sheets. The increase reflected a low base in the previous year, stronger demand from downstream industries such as packaging and automotive manufacturing, and market expansion by some producers.

Key industries that negatively affected the Manufacturing Production Index (MPI) in April 2026, compared with the same month last year, included:

Other general-purpose machinery: Production declined by 12.86% year-on-year, mainly due to lower output of air conditioners, as manufacturers scaled back production following weaker orders from trading partners amid ongoing economic uncertainty.

Palm oil: Production decreased by 16.12% year-on-year, primarily due to lower output of crude and refined palm oil, in line with reduced volumes of fresh palm fruit entering the market as a result of extreme heat.

Chemical fertilizers and nitrogen compounds: Production fell by 27.98% year-on-year, as manufacturers reduced output due to raw material shortages caused by the conflict in the Middle East.

Manufacturing Production Index (MPI) and Capacity Utilization Rate (Monthly)

Index	2025									2026			
	Apr.	May	Jun.	Jul.	Aug.	Sep	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
MPI	93.09	101.99	98.04	94.37	93.09	95.99	96.32	92.53	95.00	101.76	97.57	109.28	92.76
Month-on-Month (%)	-13.71	9.56	-3.88	-3.74	-1.35	3.11	0.34	-3.93	2.66	7.12	-4.12	12.00	-15.12
Year-on-Year (%)	1.97	2.03	0.26	-3.58	-3.69	1.58	0.51	-3.73	2.56	1.64	-0.18	1.30	-0.36
Capacity Utilization Rate	56.91	61.33	59.83	57.28	57.42	58.77	58.24	56.36	57.91	60.36	58.81	64.66	56.41

Source: Information and Industrial Economic Index Division, Office of Industrial Economics, data as at May 28, 2026

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