

Thailand's SMEs in February 2026: Confidence Remains Above Neutral, but Growth Lacks Momentum



“The economy is still moving forward, but it is doing so carefully, gradually, and without strong momentum.”

A Recovery That Continues, but Without Strong Conviction

Thailand's SME sector in February 2026 reflects an economy that remains stable but still lacks clear acceleration. The SME Sentiment Index, or SMESI, remained above the neutral threshold, suggesting that businesses can continue operating under manageable conditions. However, this confidence appears more cautious than robust.

Entrepreneurs are not pessimistic enough to scale back sharply, but neither are they confident enough to expand. As a result, many SMEs remain caught between recovery and stabilization, focusing more on maintaining operations than pursuing growth.

Confidence remains positive, but moves within a narrow band

The SMESI stood at around 52.3, while the three-month forward expectation index reached 52.8, with both remaining above

the neutral level of 50. This indicates that overall business sentiment is still positive and that domestic demand has not weakened materially.

Still, the pattern of the index points to a restrained outlook. The SMESI has continued to move within a relatively narrow range of roughly 52 to 53, without showing a sustained upward trend.

The gap between the current index and the forward expectation, at only around 0.5 points, is modest. That suggests SMEs expect only limited improvement in the near term, and even that expectation remains tentative.

Seen in this light, the current level of confidence signals an economy that is still moving forward, but without a strong engine of growth. Rather than indicating expansion, the index increasingly reflects a cautious holding pattern among businesses.

Chart1: SME Sentiment Index (SMESI)

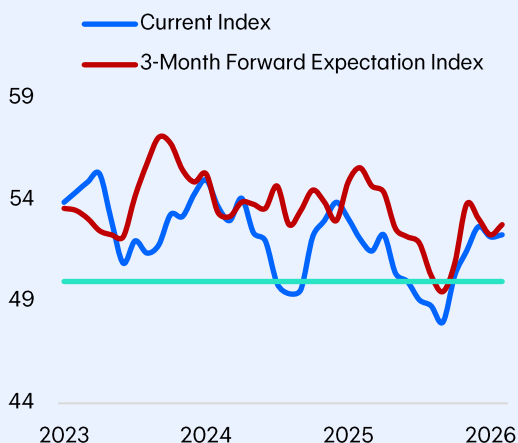


Chart2: SME Sentiment Index Components (Current)

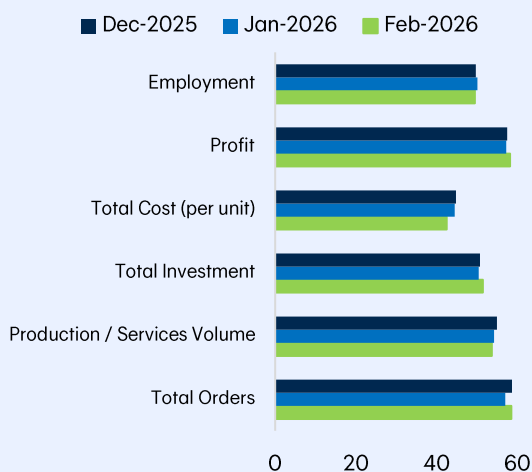
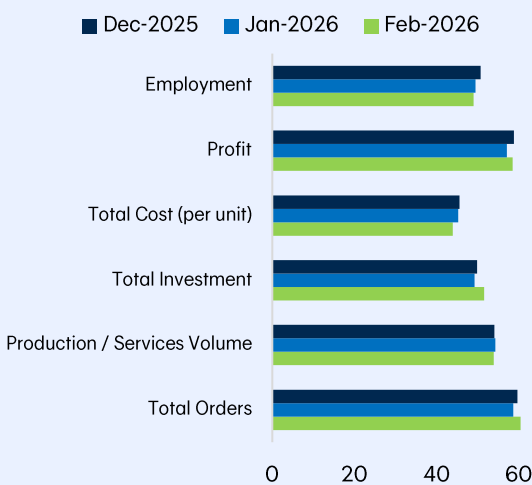


Chart3: SME Sentiment Index Components (3-Month Outlook)



Source: Office of Small and Medium Enterprises Promotion (OSMEP)

Demand is still present, but cost pressures remain a constraint

Demand-side indicators such as orders and production or services remained relatively firm in February, at around 58.5 and 53.7 respectively, pointing to continued economic activity. These numbers suggest that demand has not disappeared and that business operations are still being supported by ongoing market needs.

By contrast, cost indicators remained lower at around 42.5, highlighting persistent pressure on operating expenses. Investment stayed moderate at roughly 51.5, while employment came in at about 49.5, implying that firms are largely maintaining their current scale rather than expanding capacity or hiring aggressively.

Cost concerns are also being reinforced by external risks, especially global economic uncertainty and trade measures from partner countries, both of which continue to weigh on sentiment. The result is a business environment in which demand remains stable enough to sustain operations, but rising costs continue to limit confidence and flexibility.

A stable outlook encourages selective demand strategies and cautious adaptation

The broader outlook for 2026 appears stable rather than growth-led. Most SME operators do not expect rapid expansion, but they also do not foresee a severe downturn. This steady but unexciting environment encourages businesses to focus on risk management and operational continuity.

At the same time, consumer demand remains present but has become more selective. Buyers are placing greater emphasis on value, quality, and convenience. This raises competitive pressure and pushes SMEs to adjust prices, refine product offerings, and strengthen sales channels, particularly through digital platforms.

In response, SME strategy remains mostly defensive and short term. Cost control continues to dominate decision-making, while attempts to grow revenue are centered more on marketing and channel management than on large-scale investment. In practice, this means businesses are reducing risk, preserving liquidity, and adapting gradually rather than expanding aggressively.

Positive sentiment, but only gradual and cautious growth

Thailand's SME sector in February 2026 remains in positive territory, with the SMESI hovering around 52 to 53. Yet this should be read less as a sign of strong recovery and more as evidence of cautious continuity.

A stable economic backdrop, persistent cost pressures, and increasingly selective consumer demand have all pushed businesses to prioritize resilience over expansion. SME activity is therefore continuing, but without meaningful acceleration.

At this stage, business confidence should be interpreted as a sign of stability under constraint. The economy is still moving forward, but it is doing so carefully, gradually, and without strong momentum.

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