



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 1/2024



รายงานแนวโน้มธุรกิจ

BUSINESS OUTLOOK REPORT



About this Report

Recognizing the importance of real business insights from all stakeholders, the Bank of Thailand (BOT) established the Business Liaison Program in 2004. Under this program, the BOT delegates from its Headquarters as well as its Offices of the Northern, Northeastern, and Southern regions conduct phone interviews and regular visits to businesses, associations, and government agencies to exchange information on current and long-term issues relevant to each participant. With over 800 visits each year, the program provides a channel for BOT to exchange views and gain first-hand perspectives meaningful to assessing the health of the aggregate economy and particular business sectors.

In this program, our business contacts range from small to large enterprises, as well as spanning across various regions and industries. The BOT delegates collect anecdotal evidence from participants. Then the information is used by BOT staff to supplement the quantitative data for evaluating economic conditions, making our analysis more comprehensive and well-rounded, supporting Monetary Policy Committee (MPC) and other BOT policy formulations.

With the information obtained, the "Business Outlook Report" is published on a quarterly basis on the BOT website. BOT hopes that this report would communicate business views and also promote the understanding of current and future business conditions in Thailand as well as relay policy suggestions from participants back to BOT or any relevant government agencies.

Contact Us:

Headquarter

Nutha-on Benchapathomrong 0-2356-7861
Nakanang Kulnartsiri 0-2283-6639
Siripong Kaimuk 0-2283-7136
Suppanida Rattanaburee 0-2283-6905

Northern Economic Division

Jarnya Tananuchittikul 0-5393-1154
Natthaphat Supphasetthasiri 0-5393-1169

Northeastern Economic Division

Benjamas Kodnongbua 0-4391-3520
Thanapat Chammaphruek 0-4391-3543
Atchara Sorasing 0-4391-3516

Southern Economic Division

Jularat Kosako 0-7443-4860
Ratchanapak Innukul 0-7443-4894



National Summary of Business Conditions

(Survey result of business across Thailand during 1 January – 31 March 2024)

The Thai economy has expanded marginally from the same period last year, driven by tourism sector and trading partners' economies.

However, high levels of inventory and business expenses are the challenging factors for businesses.

Balance of opinion



Services Income*

65%

expanded from the same period last year, due to the continued increase of tourist arrivals and spendings of middle to high-income households.



Manufacturing Income*

14%

expanded from the same period last year, driven by the improved economic performance of trading partners. Nevertheless, high level of inventory in some products and sluggish purchasing power among low-income earners obstructed performances of overall manufacturing businesses.



Retail Income*

-14%

declined from the same period last year. This was mainly driven from poor performance of trading businesses in the northeastern region, owing to the sluggish recovery of purchasing power among low-income earners and the high level of household debt. As a result, consumers were more cautious in their spendings.



Real Estate

and Construction Income *

-42%

declined from the same period last year, as a result of domestic economic slowdown, the tightening of credit standards by financial institutions due to borrowers' high level of debt, and the delay in 2024 fiscal budget approval.

* Balance of opinion is calculated from survey responses as percentage differences between respondents stating "income increased" and "income decreased" compared with the same period last year.

Percentage of respondents



Confidence in the Economy

47%

of businesses anticipated a favorable upswing in the business performance over the next 12-month period, driven by the retail and service sectors, which will benefit from improved economic activities and tourism expansion.



Business Expenses

80%

of businesses stated that the escalating costs were attributed mostly to energy prices, shipping costs, labor costs and agricultural prices due to drought.



Business Constraints

36%

of businesses mentioned that high level of business expenses and low domestic demands were the major constraints of doing business.



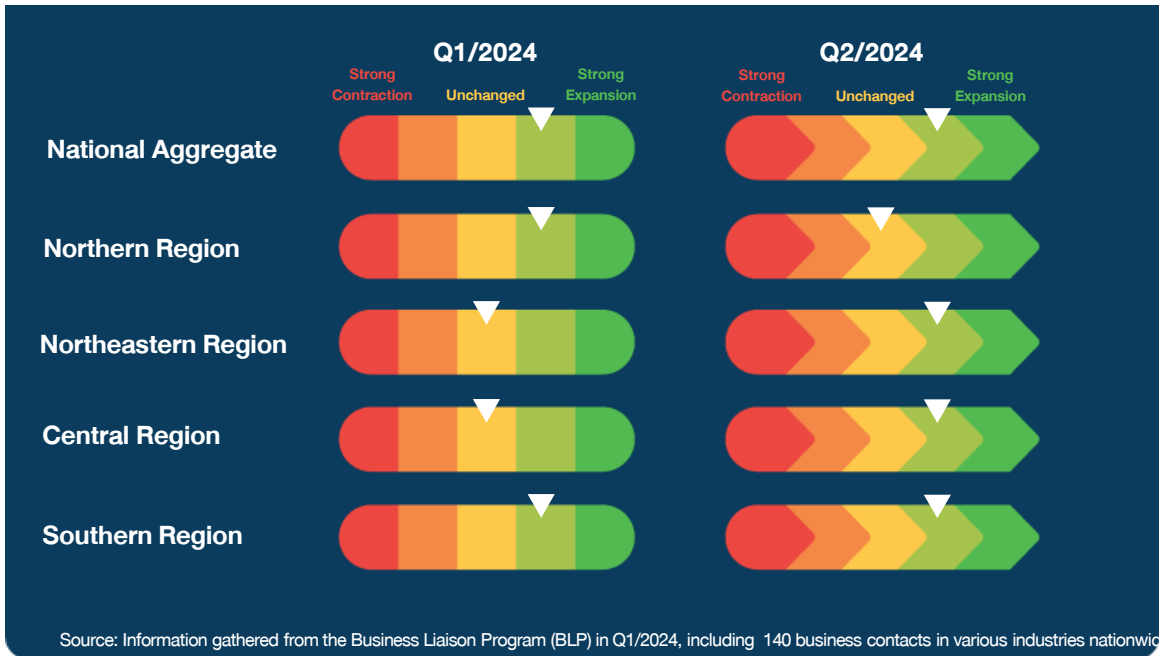
Labor Market

73%

of businesses reported that employment levels remained steady. However, many businesses, especially in the service sector, faced shortages of skilled labors.

Business views on economic conditions and outlook

(compared with the same period last year)



Regional Highlights in Quarter 1/2024

Northern Region

Overall business conditions expanded from the same period last year due to improved economic activities especially in tourism sector. This was stemmed from increased event tourism, the delay in PM 2.5 situation compared to the previous year, and the increase of direct flights to the region. As a result, service and trade businesses in the tourist destinations experienced improved business performances especially increased sale of consumer products. Similarly, the manufacturing business expanded slightly driven by export productions mainly from the electronic components for automobiles.

Central Region

Overall business conditions remained stable compared to the same period last year. The manufacturing sector contracted following the slowdown in exports and high inventory levels. Similarly, the construction sector was negatively affected by the delay in 2024 fiscal budget approval. Also, the real estate sector declined slightly due to the moderation of domestic economy. Meanwhile, the trade sector maintained its conditions despite the slow recovery of purchasing power among low-income earners. This was offsetted by the expansion of spendings of middle to high income customers. On a positive note, the service sector gained advantage from continual growth in tourism.

Northeastern Region

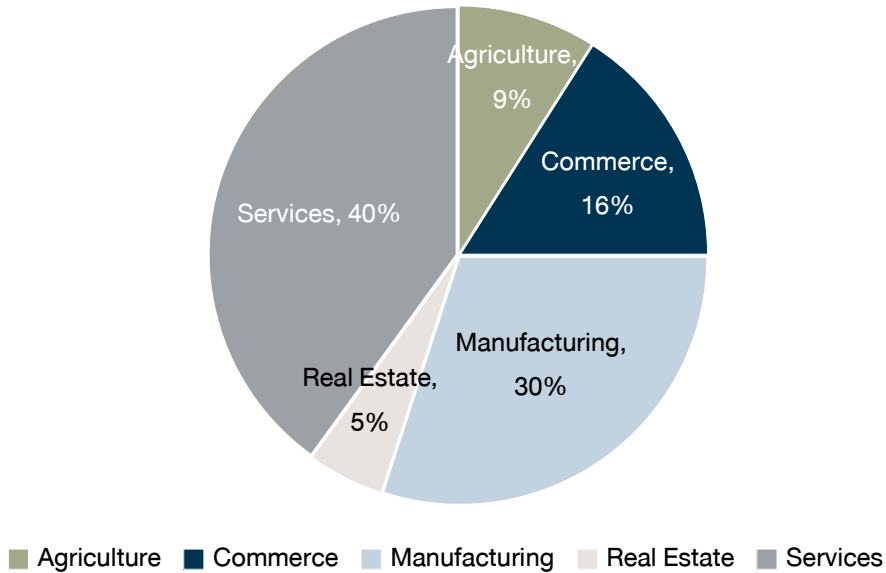
In general, businesses in the region remained stagnant compared to the same period last year. The trade and real estate sectors retracted from limited recovery of purchasing power in the low income groups, and the tightening of credit standards by financial institutions due to borrowers' high debt level. Nevertheless, the manufacturing sector in food, electronics and textile industries gradually recovered, driven by rising demand from export markets. Correspondingly, the service sector experienced growth due to increased promotional activities in tourism and hostings of larger events in various locations in the region.

Southern Region

Overall businesses grew slightly from the same period last year. The increase in foreign tourist arrivals has fueled expansion in the service and tourism sectors, positively impacting retail sales, investment, and employment, particularly in tourist destinations. However, the purchasing power of low-income groups was limited by a not-fully-recovered income level and high household debt. On the other hand, manufacturing and export sectors increased slightly from improved trading partners' demand despite delayed shipping due to the Red Sea crisis.

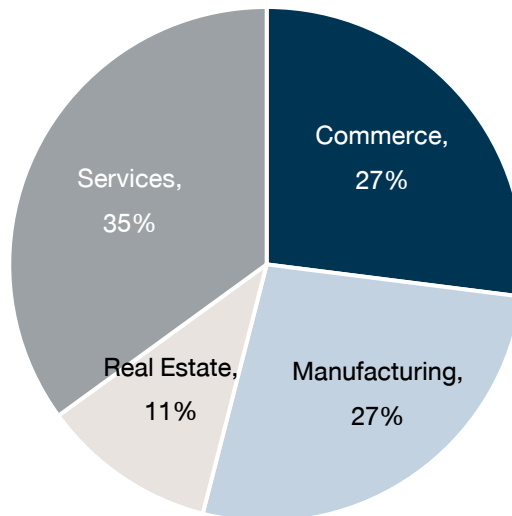
Appendix

Thailand's Economic Structure



Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q1/2024



*Survey result of 140 business contacts from all regions of Thailand from 1 January – 31 March 2024

Note: Sample emphasizes the business sector, while views of agriculture stakeholders is in part reflected in the manufacturing sector, for example through the agro-manufacturing sector.



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By

Northern Region Office, Northeastern Region Office, and Southern Region Office, Corporate Relations Group

Economic Policy Department, Monetary Policy Group

Disclaimer: This report assesses the views of surveyed businesses and organizations in Quarter 1/2024,
which reflects real economic activity that occurred and certain economic indicators.

Views in this report reflect overall business views, may not necessarily align with macroeconomic indicators,
and do not necessarily reflect the views of Bank of Thailand.