



Summary of Business Conditions and Outlook Q3/2018

Business Conditions and Outlook

The overall Thai economy continuously grew. Export-oriented manufacturing businesses expanded and manufacturers serving the domestic market slowly improved which corresponded to the growth of private consumption in all categories. The purchasing power of consumers with regular income, along with intensive product promotion campaigns, allowed consumption of durable goods to rise while consumption of semi-durable goods increased only in some sector. At the same time, sales of non-durable goods started to marginally increase, partially from the government’s welfare card which supported consumption of grassroots, although consumers are still cautious on spending. As Thailand’s economic activity continued to expand, more businesses invested in tools, machines, as well as automation systems to improve production efficiency but the amount of investment was still minimal. In addition, there were some businesses started to expand their production line to support incoming domestic and foreign demand. Tourism continuously expanded in all regions, in line with increases of Thai and foreign tourists from the previous year even though the number of Chinese tourists had declined since the Phuket boat incident. Real estate sector only grew in Bangkok Metropolitan Area and tourist cities, which corresponded with the increase in construction of government projects and private residential and commercial buildings in major provinces. Most businesses estimated that their revenue will improve and believed that the economy will continue to grow.

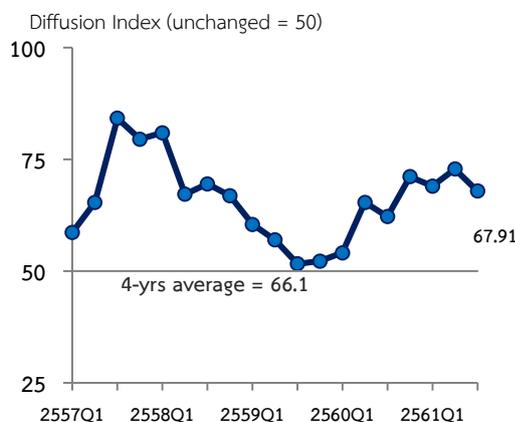
Employment

The overall employment showed sign of slight improvement. Many businesses changed from full-time to part-time employment. At the same time, businesses in the manufacturing sector tended to implement more automation system into their production lines, which decreased demand for non-skilled labor but increased demand for skilled labor and machine/technological expertise. Demand for labor in the trading sector also increased as businesses expanded their branches, but the use of technology reduced the number of workers per branch. Meanwhile, demand for labor in the service sector grew along with tourism, but most businesses in this sector tended to hire their initial workers overtime rather than new full-time employment.

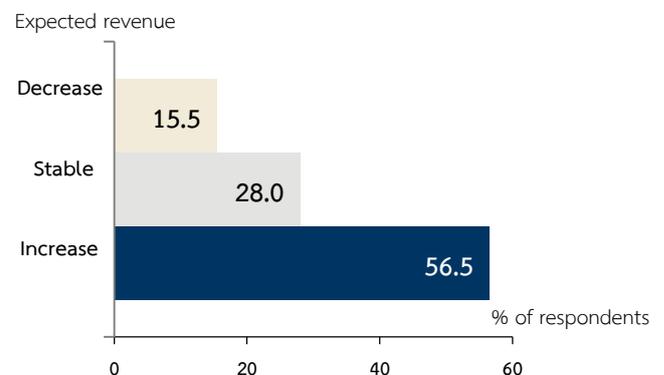
Costs and Prices

Operating cost increased from last year mainly due to hike in wage and oil price. However, most businesses were unable to adjust their prices. Only some large enterprises could gradually raise their prices, but only in some goods and services that served middle to high income consumers.

Business Confidence in the next 12 months



Expected Revenue in Q4/ 2018



Note: Information gathered from the Business Liaison Program (BLP) in Q3/2018, including 233 business contacts in various sectors throughout the country.

Diffusion Index Calculation

$$\text{Index} = (100 \times \text{percentage of respondents indicating "improvement"}) + (50 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"})$$



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 the 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 staffs to supplement the quantitative data for evaluating economic conditions. Therefore, our analysis is more comprehensive and well-rounded, which equitably supports the BOT policy formulations.

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

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