



Business Conditions and Outlook

Overall Thai economy continued to expand. Export-oriented manufacturing businesses continuously grew but domestic-oriented ones were rather stable as private consumption expanded at a slower pace in accordance with slow recovery of consumers' purchasing powers in regional areas. Tourism grew in all regions from both Thai and foreign tourists. Nonetheless, Chinese tourists still contracted but overall situation has gradually improved from the last quarter. Real estate sector expanded only in Bangkok and metropolitan areas and tourist destination provinces, and construction businesses expanded along with continuous public infrastructure projects and private-sector megaprojects especially in metropolitan areas. However, constructions in regional areas were rather unchanged because of a delay in government budget reimbursement. Most businesses still invested as usual for branch expansions or for machineries to improve production efficiency, and their investment capital remained rather the same as last year. Only some large corporates invested in long-term big projects which require great amounts of funding facility. In addition, most businesses expected their revenues to increase in the next quarter in accordance with continuously economic expansion. However, they expected growth in some sectors to slow down, especially the automobile market.

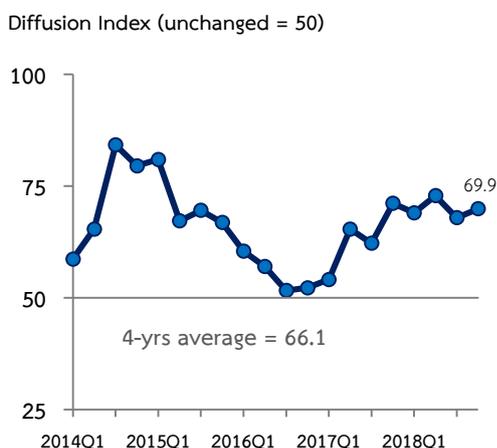
Employment

Demand for labor slightly increased. The manufacturing sector needed more labors to support growing production, while many businesses continuously implemented machines and automated systems. Therefore, their demands for labor were shifted to high-skilled employees to work with advanced technology. For the service sector, labor demand marginally improved in line with expansion in tourism and logistics. However, hotel businesses tended to hire more part-time workers during the high season instead of full-time employment. The trading sector slightly increased demand for labor following branch expansions with employment of less workers per branch. Meanwhile, real estate and construction sectors needed more workers only in Bangkok and metropolitan areas.

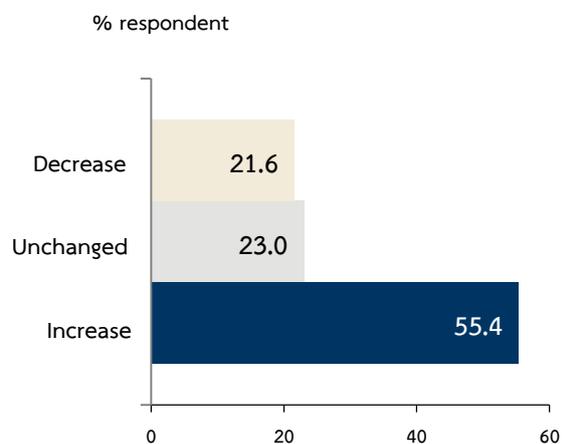
Costs and Prices

Costs slightly rose from last year due to wage hike and increases in some commodity prices, even though all businesses seemed to benefit from the decline in oil price this quarter. However, most businesses still could not pass the rising costs through their product or service prices.

Business Confidence in the next 12 months



Expected Revenue in Q1/2019



Note: Information gathered from the Business Liaison Program (BLP) in Q4/2018, including 241 business contacts in various sectors throughout the country.
 Diffusion Index Calculation: Index = (100 × percentage of respondents indicating “improvement”) + (50 × percentage of respondents indicating “stable”) + (0 × 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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