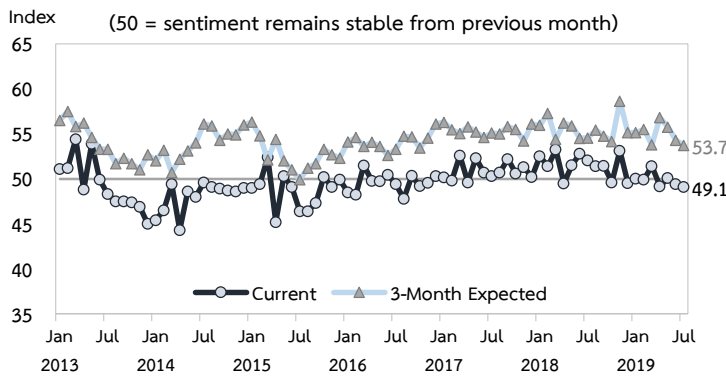




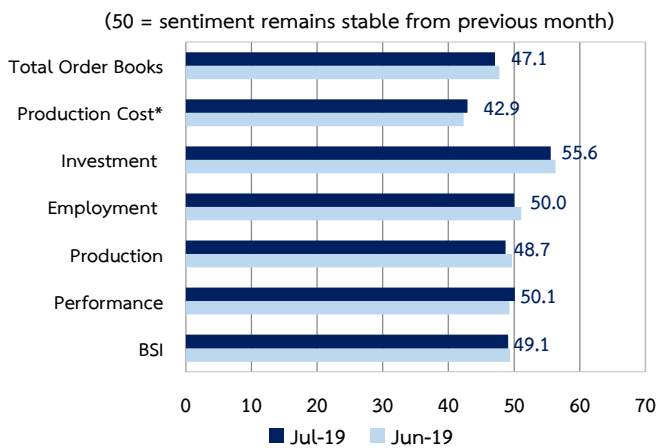
Business Sentiment Index



Key points:

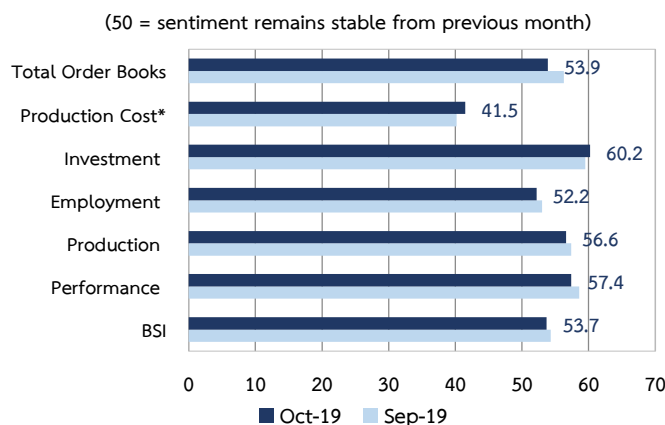
- In July, The Business Sentiment Index (BSI) was stable from last month at 49.1. The respondents' confidence in the manufacturing sector was weaker while the BSI of the non-manufacturing sector rose above the 50-threshold.
- The 3-month expected BSI slightly declined to 53.7 but it remained above the 50-threshold, indicating confidence on future economic expansion.

Current Business Sentiment Index



In July 2019, the BSI was stable at 49.1. In the manufacturing sector, respondents had weaker confidence in order books, production, and employment. Specifically, those in food and beverage, and petroleum and related products sectors had deteriorated sentiment on foreign order books and production following the global economic slowdown and uncertainty over the US-China trade war. On the contrary, the BSI of the non-manufacturing sector improved, especially for hotel and restaurant sector according to its stronger volume and performance compared to last month.

3-Month Expected Business Sentiment Index



The 3-month expected BSI slightly fell from last month to 53.7. However, the BSI of both manufacturing and non-manufacturing sector were still well above the 50-threshold, illustrating respondents' optimistic view on future economic expansion. For the manufacturing sector, the percentage of respondents with positive view somewhat declined, especially in the electronics sector following the lower confidence of foreign order books and employment due partly to the slower-than-expected recovery of electronics cycle. Meanwhile, the expected BSI of the non-manufacturing sector increased thanks to stronger confidence in retail and hotel and restaurant sectors, where expected volume and performance improved.

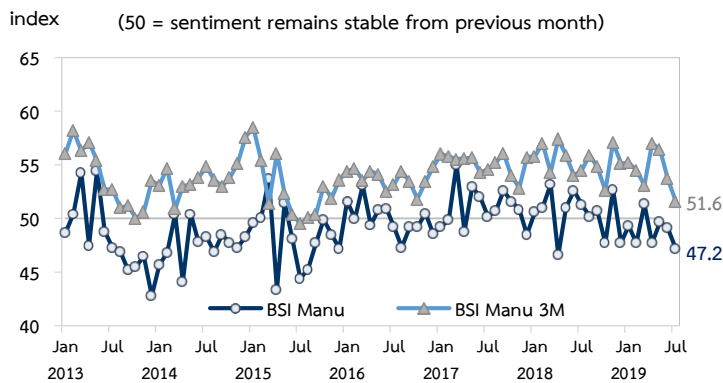
\*Index value above 50 reflects reduction in production cost

Notes:  
 (1) The BSI was developed by the Bank of Thailand (BOT). The diffusion index is made up of six components: production, total order books, investment, production cost, performance, and employment. Each component is applied with equal weight to calculate the monthly composite index. Each component index is calculated according to the following formula:  
 $Index = 100 \times \{(1.0 \times \text{percentage of respondents indicating "improvement"}) + (0.5 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"})\}$   
 Interpretation of the index is as follows:  
 Index = 50 indicates that the respondents' business sentiment remains stable from the previous month;  
 Index > 50 indicates that the respondents' business sentiment has improved from the previous month;  
 Index < 50 indicates that the respondents' business sentiment has deteriorated from the previous month.  
 (2) For this month, the survey had 607 respondents, or a response rate of 75.97 percent from a sample of large and medium-size firms that received the survey form.  
 (3) The questionnaires were distributed during the first week of the survey month and compiled by the first working day of the following month.

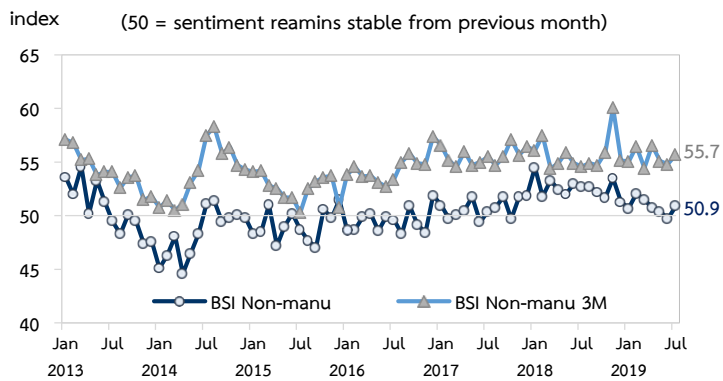
**Other sentiment indices:**

In July 2019, low domestic demand was still ranked the top constraint in doing business by respondents, reflecting slow domestic consumption. In addition, firms expressed more concern over intense domestic competition and, as such, difficulty in price adjustment remained one of the key business constraints. With regard to this, the expected inflation over 12 months was rather unchanged at 1.9 percentage point, comparing with the previous month.

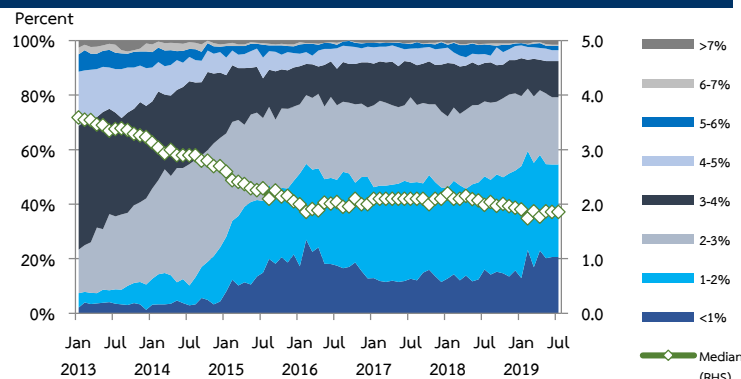
**Business Sentiment Index (Manufacturing)**



**Business Sentiment Index (Non-Manufacturing)**

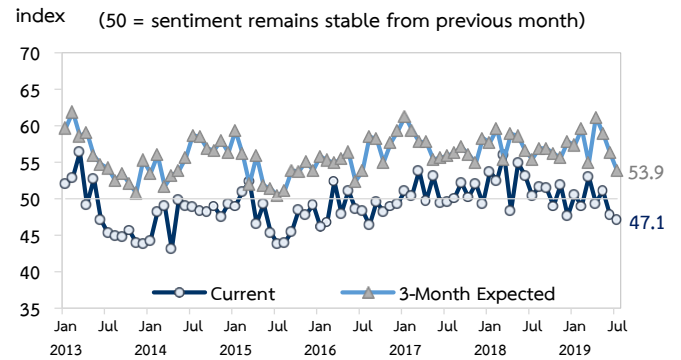


**Expected Inflation in the next 12 months**

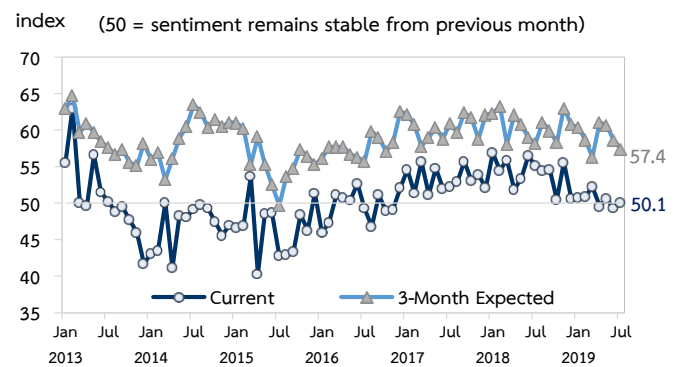


Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Jul-19	20.0	33.8	24.3	13.0	5.8	1.4	0.4	1.2	1.9
Jun-19	20.6	34.0	24.6	13.2	4.0	1.7	0.4	1.3	1.9

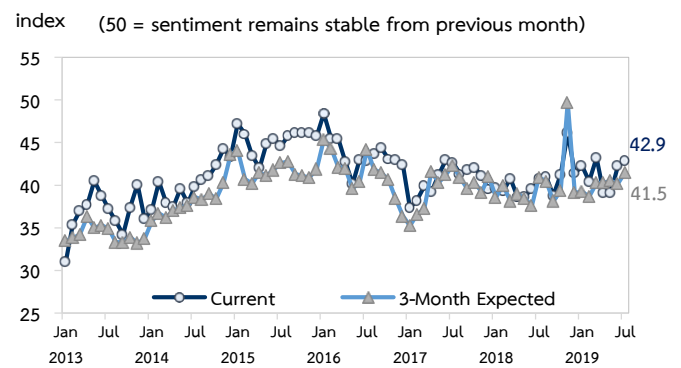
**Total Order Sentiment Index**



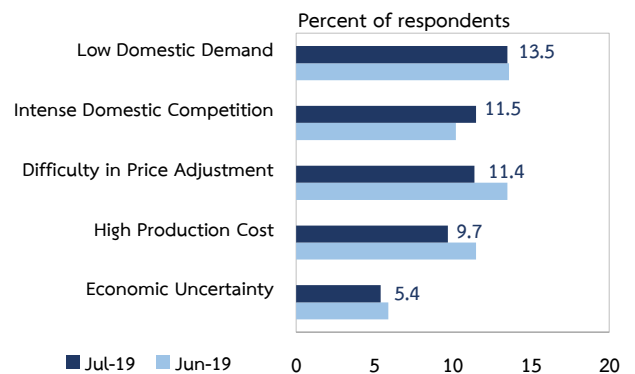
**Performance Sentiment Index**



**Cost Sentiment Index**



**Top constraints for doing business**



Business Intelligence Division  
 Monetary Policy Group  
 0-2356-7136, 0-2283-6639

1 August 2019