



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 1/2021



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 at 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.

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National Summary of Business Conditions

(Survey result of 250 business contacts across Thailand during 1 January – 31 March 2021, before the new wave of COVID-19 in April 2021)

Business contacts viewed that the Thai economy contracted in all sectors and deteriorated from last quarter, especially for the tourism sector. However, some businesses in the manufacturing sector slowly recovered. In addition, high economic uncertainty caused 63 percent of businesses not to hire additional workers.

Balance of opinion



Retail Income*

-16%

Contracted due to weakened purchasing power and cautious consumer spending. However, some necessary goods still benefited from government's consumption stimulus measures.



Manufacturing Income*

-7%

Contracted slightly due to lower demand in some goods caused by COVID-19 outbreak. However, export has recovered despite being restrained by global container shortage.



Real Estate and Construction Income*

-19%

Contracted according to lower investor confidence, weakened purchasing power, and financial institutions' tightening credit standards.



Services Income*

-88%

Contracted continuously. Tourism businesses were affected by the second wave of COVID-19 and disease control measures in some areas, resulting in less activities during holidays. However, activities slowly revived after relaxing control measures.

*Calculated from survey responses as the percentage difference between respondents saying "income increase" and respondents saying "income decrease" as compared with the previous year (balance of opinion)

Percentage of respondents



Confidence in the Economy

36%

of interviewed businesses believed that economic conditions would improve in the next 12 months from vaccination of COVID-19.



Cost of Doing Business

45%

of businesses cited the cost increased, especially in export-oriented firms which encountered container shortage and higher transportation cost.



Challenges Faced by Business

45%

of businesses mentioned that weakened domestic demand was a main obstacle of doing business.



Labor Market

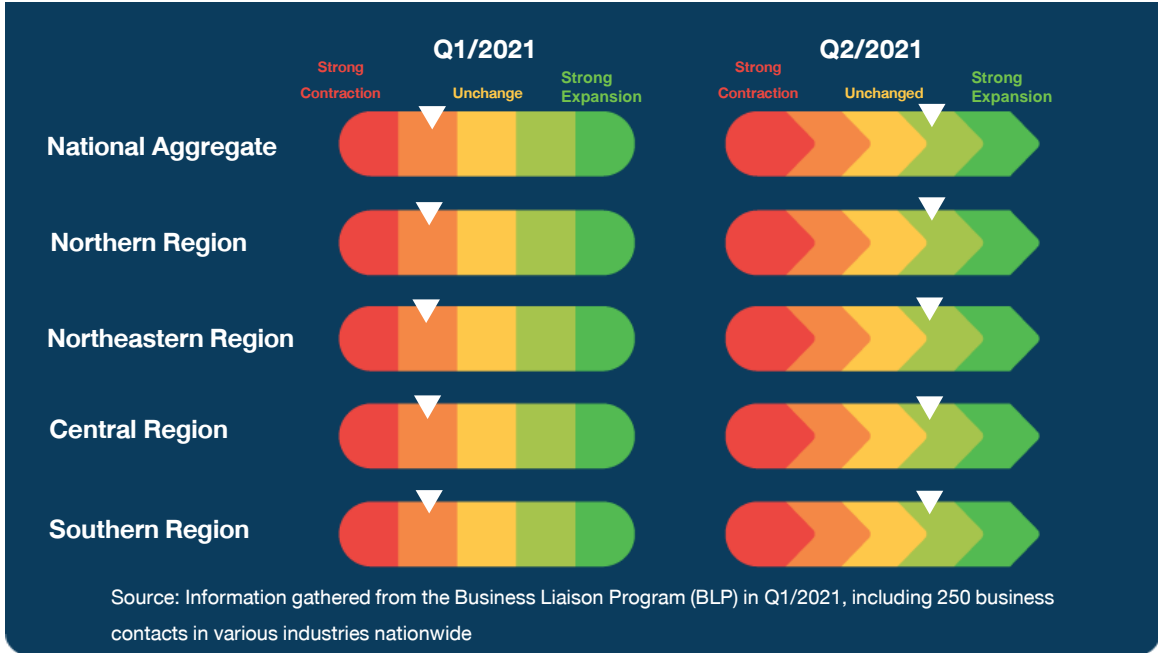
63%

of businesses did not hire new workers or replace resigned ones. Although many firms avoided laying off their remaining workers, they rather applied hiring policies such as leave without pay and alternate working days.

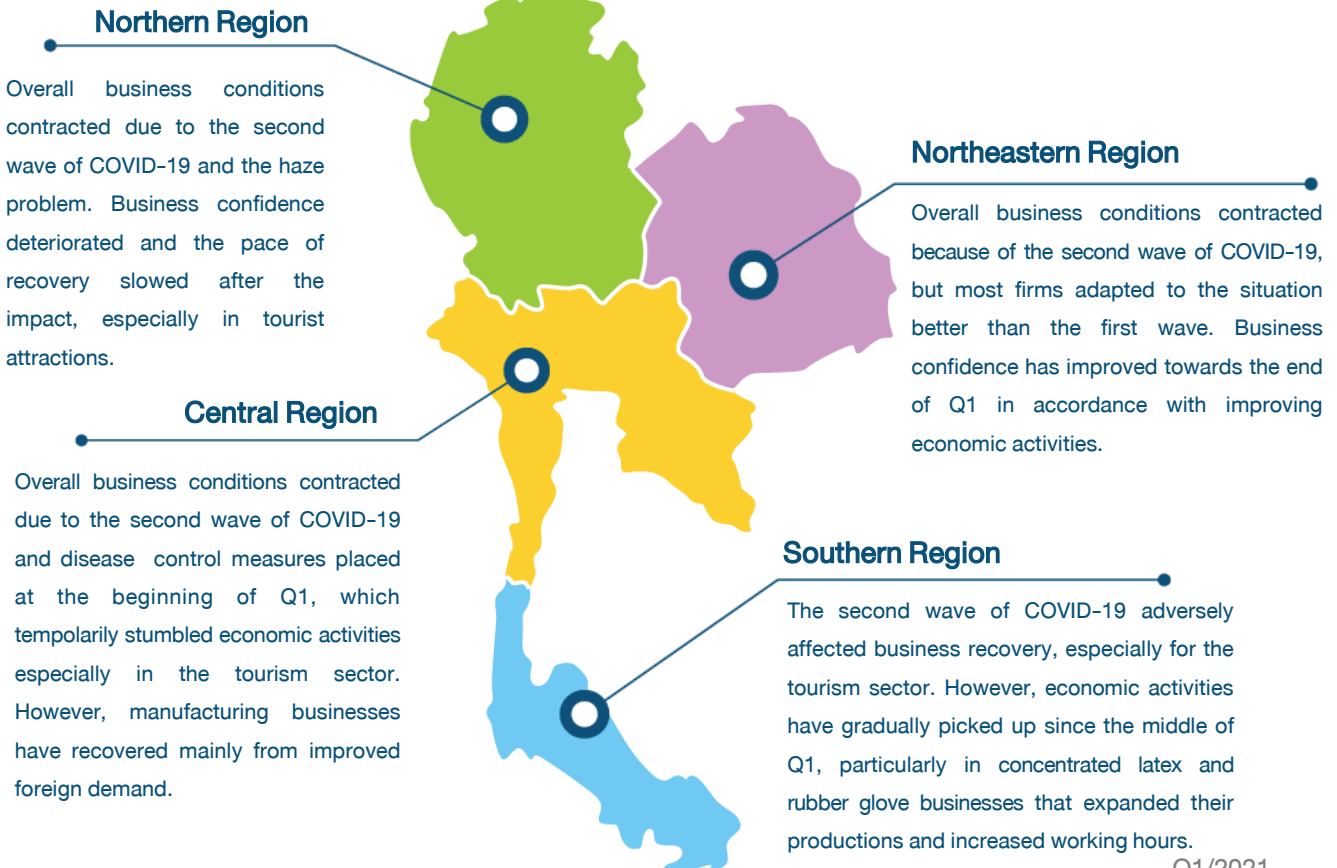
Note: The light-colored bar shows data as of Q4/ 2020, while the dark-colored bar and the percentage show data as of Q1/ 2021



Business views on economic conditions and outlook



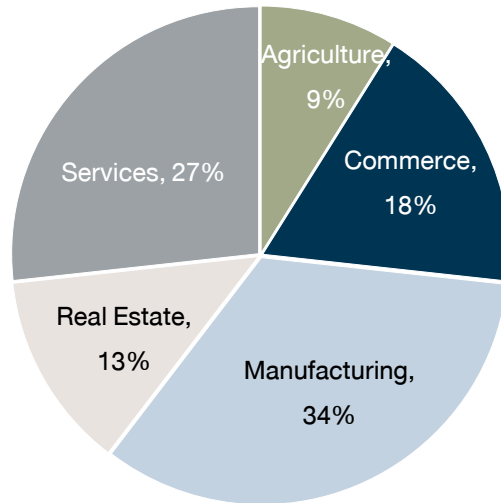
Regional Highlights in Quarter 1/2021





Appendix

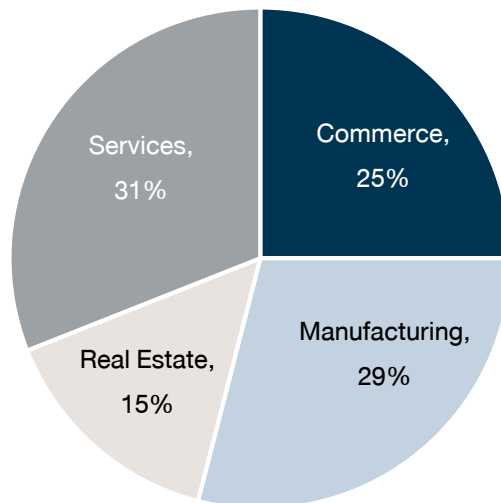
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q1/2021



*Survey result of 250 business contacts from all regions of Thailand from 1 January - 31 March 2021

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

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Disclaimer: This report assesses the views of surveyed businesses and organizations in Quarter 1 2021, 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.