



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

Quarter 2/2021



# 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.

## Contact Us:

### Headquarter

Pongsarun Assawachaisophon 0-2356-7148  
Wanmai Nonthitipong 0-2356-7136

### Northern Economic Division

Kongpop Phusuwan 0-5393-1112  
Chitsupha Sukkasem 0-5393-1146

### Northeastern Economic Division

Sarawan Angklomkliew 0-4391-3530  
Pacharee Vachiradatewong 0-4391-3512

### Southern Economic Division

Siriporn Siripanyawat 0-7443-4890  
Araya Jansakul 0-7443-4891



(Survey result of business across Thailand during 1 April - 30 June 2021, before tightening the control and prevention measures of COVID-19 outbreak in July 2021)

The Business sector revealed that the Thai economy slightly expanded year-on-year (YOY) due to the previous lockdown, however, it considerably shrank from the last quarter caused by the outbreak in the third wave COVID-19.

Additionally, 60 percent of entrepreneurs are affected by the higher cost of doing business.

### Retail Income\*

**13%**

**Expanded** from low baseline (YOY) but it contracted from the previous quarter due to the control and protection measure execution, including consumer confidence and worse purchasing power.

### Manufacturing Income\*

**31%**

**Expanded** by growing international demand from trading partners. However, it contracted from the previous quarter as a result of supply disruption, factory workers infection, and domestic demand decline.

### Real Estate and Construction Income\*

**38%**

**Expanded** from low baseline (YOY) but it contracted from the previous quarter according to low investor confidence and weak homebuyers' purchasing power. Moreover, construction workers infection caused the construction handover delay.

### Services Income\*

**-3%**

**Contracted.** The ongoing COVID-19 pandemic –the third wave situation more severely aggravated services income, particularly the control and prevention measures and consumer concerns dampened service activities.

Balance of opinion

\*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)

### Confidence in the Economy

**39%**

of businesses projected that economic conditions will improve in the next 12 months, driven by an increase in the population vaccinated against COVID-19.

### Cost of Doing Business

**60%**

of businesses indicated that business cost increased from the higher transportation and raw materials, especially steel price rose up.

### Challenges Faced by Business

**42%**

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

### Labor Market

**64%**

of businesses did not employ more workers and adjusted employment contracts corresponding to business income, such as leave without pay, deduct working hours and stagger working days.

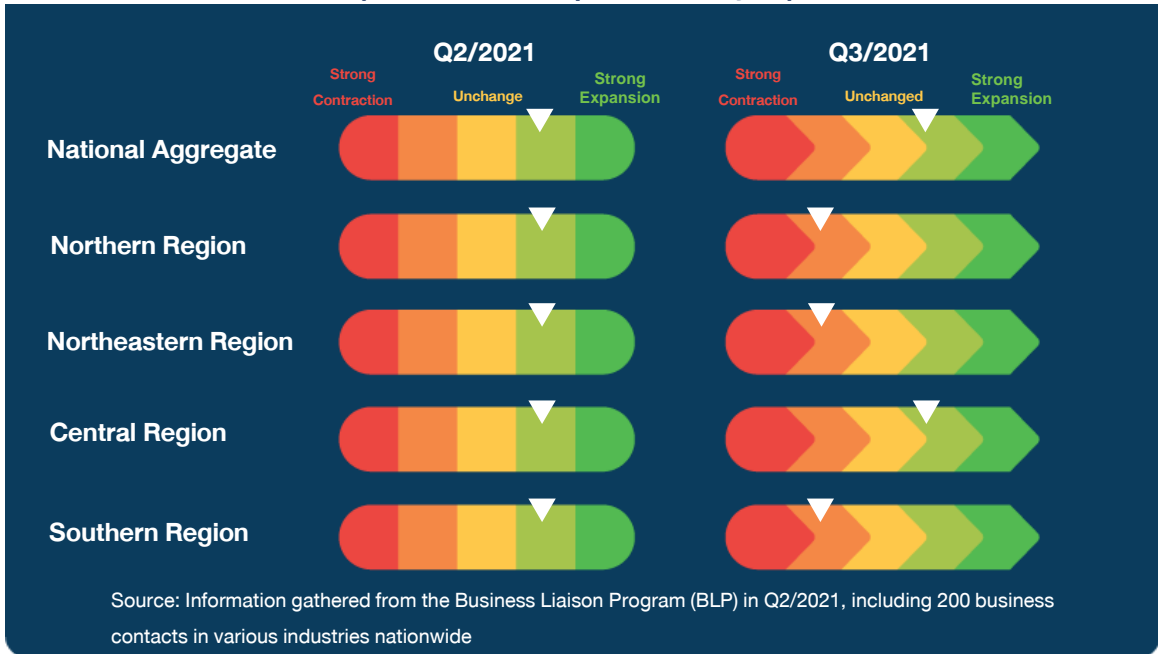
Percentage of respondents

Note: The light-colored bar shows data as of Q1/ 2021, while the dark-colored bar and the percentage show data as of Q2/ 2021



## Business views on economic conditions and outlook

(% from the same period of last year)



## Regional Highlights in Quarter 2/2021

### Northern Region

Overall business conditions were adversely influenced by the prolonged COVID-19 situation towards the third wave outbreak despite the gradual recovery at the end of Q1/2021. Nevertheless, export production mostly increased according to continuous foreign demand.

### Central Region

The third wave of COVID-19 spread led to disease control measures and deteriorated consumer confidence. These had a negative impact on the entire economic activities. Besides, the manufacturing and construction sectors are worsened by supply disruption.

### Northeastern Region

Overall business conditions more contracted because of the third wave of COVID-19, relatively to the second one. However, export-oriented manufacturing expanded coinciding with trading partner economies.

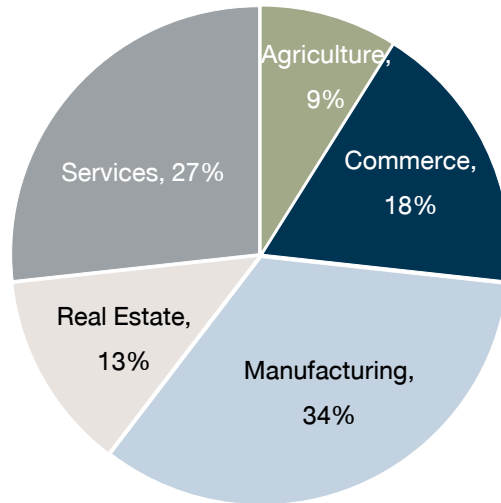
### Southern Region

All business sectors were hit by the COVID-19 situation. Particularly, the third outbreak deteriorated export-oriented manufacturing firms much stronger than the second pandemic. Despite trading partners' demand was growing, the infected cluster of factory workers damaged the manufacturing sector.



## Appendix

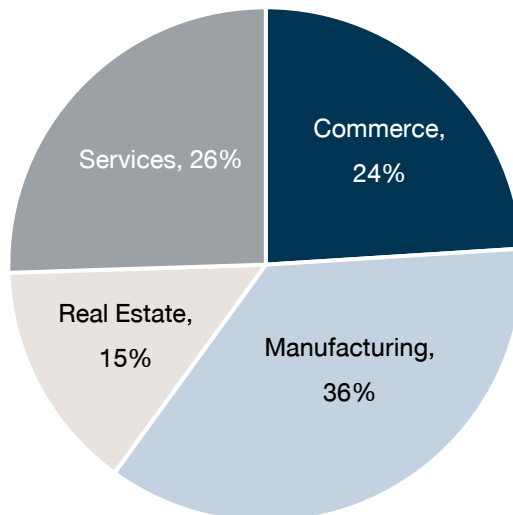
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q2/2021



\*Survey result of 200 business contacts from all regions of Thailand from 1 April – 30 June 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.



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

By

Structural Economic Policy Department

Monetary Policy Group

***Disclaimer:*** This report assesses the views of surveyed businesses and organizations in Quarter 2/2021, 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.