



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 3/2021



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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(Survey result of business across Thailand during 1 July – 30 September 2021,
In the period of strict containment measures to control COVID-19 outbreak in July – August 2021)

The business sector revealed that Thai economy contracted from the same period last year and the previous quarter from the result of tightening lockdowns to contain the third wave of COVID-19 outbreak.

Balance of opinion



Retail Income*

-61%

contracted (QoQ) due to weakened purchasing power, strict containment measures, and the delay in vehicle deliveries resulting from the infected workers in many factories.



Manufacturing Income*

8%

expanded by growing demand from trading partners. However, it contracted from the previous quarter as a result of the infected factory workers from COVID-19, the decline in domestic demand, and the global shortage of shipping containers.



Real Estate and Construction Income*

-65%

contracted from the previous quarter owing to weakened purchasing power and the financial institutions' tightening credit standards.



Services Income *

-29%

contracted due to the lifting of lockdown measures. Businesses were highly affected by the travel restrictions from the maximum and strict controlled areas.

*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 businesses viewed that the economic conditions would improve in the next 12 months driven by an increased number of vaccinated population.



Cost of Doing Business

58%

of businesses indicated that the increased cost was mainly from the raw materials, logistics and also the expenses related to COVID-19 prevention.



Challenges Faced by Business

52%

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



Labor Market

70%

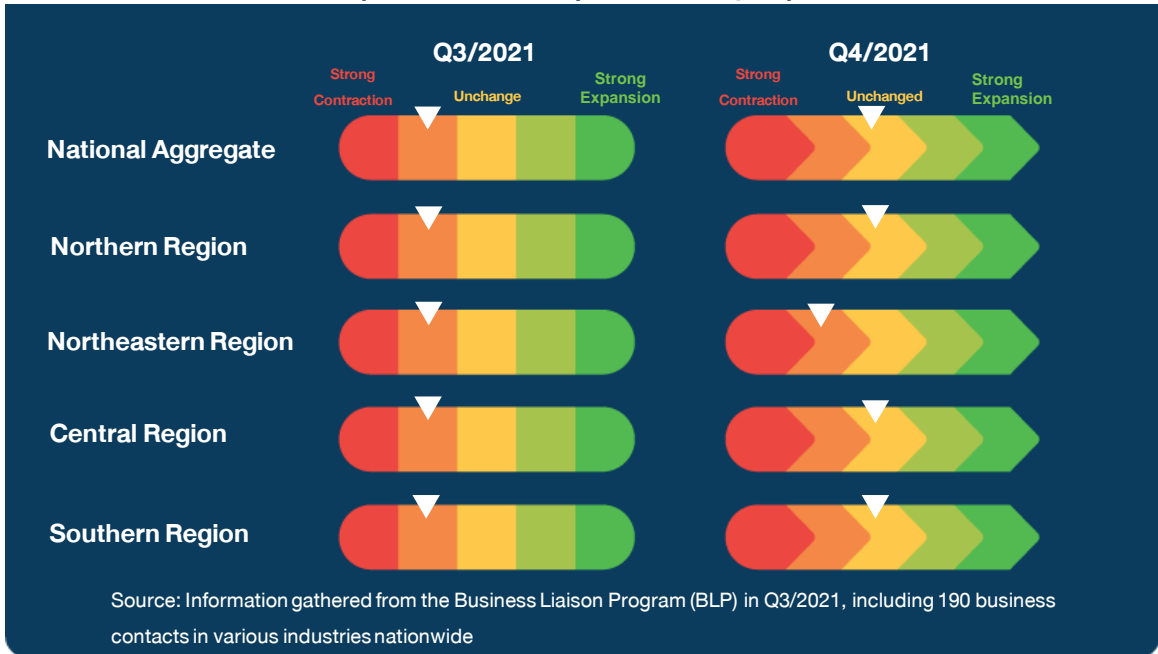
of businesses did not hire new workers. Some employers decided to pay overtime instead of additional employment.

Note: The light-colored bar shows data as of Q2/ 2021, while the dark-colored bar and the percentage show data as of Q3/ 2021



Business views on economic conditions and outlook

(% from the same period of last year)



Regional Highlights in Quarter 3/2021

Northern Region

Overall business conditions were affected more adversely than the previous quarter owing to tighter containment measures in response to the third wave of COVID-19. However, the export-oriented manufacturing sector, especially electronic components, processed food and jewelry, increased according to improving external demand. The semiconductor shortage and high cost of freight rate and raw materials are still major concerns.

Central Region

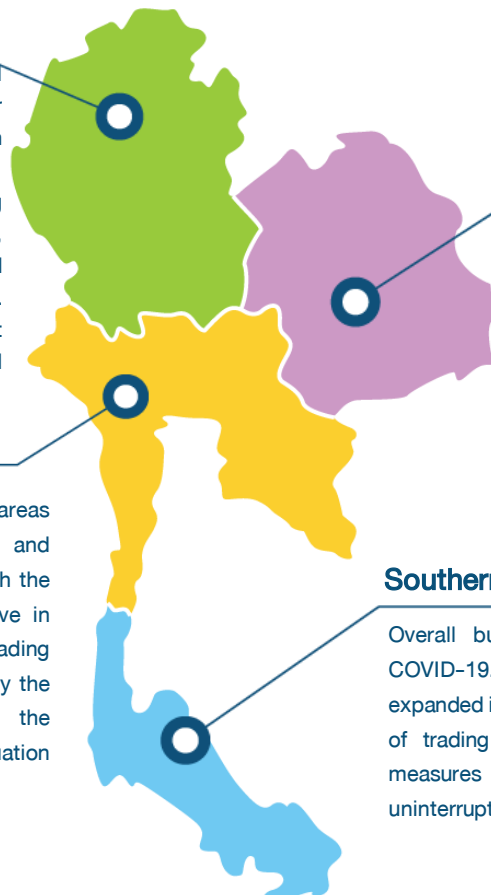
Stricter containment measures in many areas deteriorated consumer confidence and income in all business sectors. Although the manufacturing sector tended to improve in line with the economic recovery of trading partners, it has been more pressured by the infected workers in many factories, the worsening of electronic components situation and the unresolved container shortage.

Northeastern Region

Overall business conditions were affected by the prolonged and widely spread of COVID-19. Economic activities turned to be more contracted compared to the same period last year and the previous quarter due to weakened household purchasing power.

Southern Region

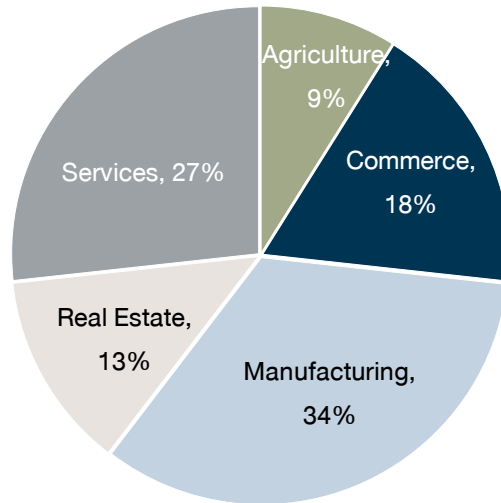
Overall business conditions contracted due to COVID-19. Only manufacturing sector slightly expanded in accordance with the economic recovery of trading partners. However, Bubble and Seal measures were taken in order to keep production uninterrupted during the factory outbreaks.





Appendix

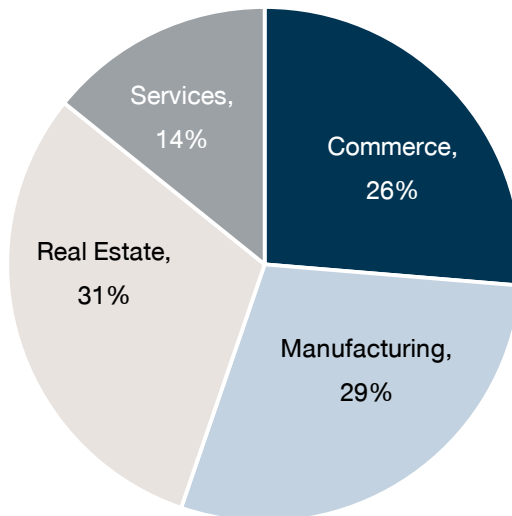
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q3/2021



*Survey result of 190 business contacts from all regions of Thailand from 1 July – 30 September 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

Structural Economic Policy Department

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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.