



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 2/2022



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 businesses across Thailand during 1 April – 30 June 2022,

In the period of easing restrictions of both country's entry rules and control measures, especially removing Test and Go scheme and allowing to reopen entertainment venues and serve alcohol in restaurants.

Businesses assessed that the Thai economy slightly expanded from the same period of last year and the previous quarter. Overall, business revenues increased, in line with economic activities which gradually recovered while the cost was soaring.

Balance of opinion

Retail Income*

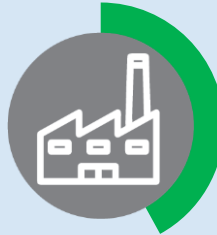
10%



slightly expanded from the same period of last year and the previous quarter, owing to fewer concerns over the spread of Omicron. Households could normalize their lifestyles amid existing outbreaks. In addition, the service sector's recovery contributed to higher consumers' spending.

Manufacturing Income*

42%



slightly expanded from the same period of last year and the previous quarter, particularly the export-oriented businesses, following the rising demand from trading partners. Although firms were affected by heightened production costs, they adjusted costs to mitigate the impacts, such as by adjusting production formulas and changing packaging materials.

Real Estate and Construction Income*

50%



expanded from the same period of last year but remained unchanged from the previous quarter. Businesses increased the construction of low-rise housing to serve the increasing demand, which partially accelerated before raising higher prices in the period ahead.

Services Income *

73%



expanded from the same period of last year and the previous quarter due to the easing of the country's opening and the permission to operate entertainment places. These revitalized the tourism atmosphere, both the number of resumed businesses and international and domestic tourists.

*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

58%



of businesses projected that the economic conditions would improve in the next 12 months. The percentage is higher than in the last quarter. Businesses mostly believed that the economy had already bottomed and it would signal a recovery in the near future.

Cost of Doing Business

94%



of businesses experienced rising costs, especially input prices caused by raw material shortages, fluctuating commodities prices, freight costs, and surging energy prices. Besides, the baht's depreciation trend influenced the higher cost of imported raw materials.

Challenges Faced by Business

32%



of businesses mentioned that weak domestic demand was the main obstacle to doing business, driven by the upturn in costs and prices.

Labor Market

73%



of businesses would not hire more permanent employees to maintain labour costs. Meanwhile, many businesses experienced basic-skilled labour inadequacy. They preferred multitasking for the existing employees and occasionally hired part-time workers.

Note: The light-colored bars show data as of Q1/ 2022, while the dark-colored bars and the percentages show data as of Q2/ 2022

Business Views on Economic Conditions and Outlook

(% from the same period of last year)



Regional Highlights in Quarter 2/2022

Northern Region

An upturn in the tourism and service sectors induced entire businesses to slightly expand from the same period of last year and the previous quarter. In addition, the loosening of border controls and domestic travel enhanced some retail sales. Real estate entrepreneurs have started investing in new projects. Export-oriented industries have still expanded, but the lack of electronic chips and parts, energy prices, and the hike in living costs hampered business activities.

Northeastern Region

Most businesses slightly expanded from the same period of last year and the previous quarter. An unwind from the COVID-19 pandemic and control measures boosted consumption-based manufacturing, tourism and real estate businesses. Nevertheless, the growth in the tourism and service sector could not amplify retail revenues, as well the acceleration in business costs and prices amid weak purchasing power pressured the recovery.

Central Region

All businesses slightly expanded from the same period of last year and the previous quarter. Export-oriented businesses continued to grow, driven by the expansion of global demand and domestic activities. Despite tourism-related and hospitality industry, including real estate businesses benefited from easing restrictions for entering the country, fragile purchasing power, high living costs and elevated business costs limited the business recovery.

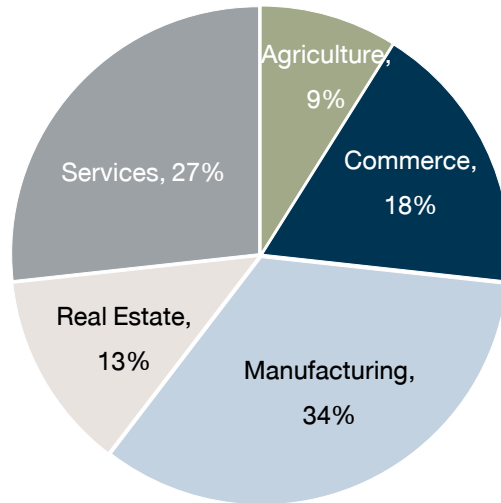
Southern Region

Overall, business conditions slightly expanded from the same period of last year and the previous quarter owing to increasing economic activities after the relaxation of domestic controls and the country's opening without quarantine. Tourism and the retail sector, accordingly, gain benefits. Similarly, real estate businesses grew with higher investor confidence and stronger housing demand. In contrast, the manufacturing sector slightly contracted due to China's zero-covid policy and trading partners' demand, which relies on the Chinese market.



Appendix

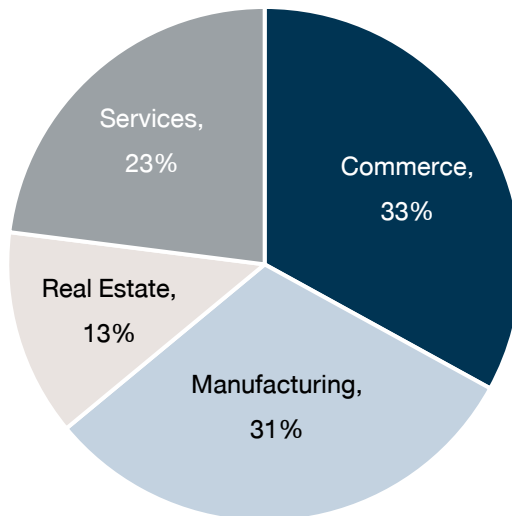
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q2/2022



*Survey result of 179 business contacts from all regions of Thailand from 1 April – 30 June 2022

Note: Sample emphasizes the business sector, while views of agriculture stakeholders are partly 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 2/2022, 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.