



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 1/2023



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 on 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 business across Thailand during 1 January – 31 March 2023)

According to the business sector, the Thai economy has expanded from the same period last year, due to the ongoing economic recovery, increasing number of foreign tourists, and government supports. However, the persistently high operational costs remained the main concern.

Balance of opinion



Retail Income*

46%

expanded from the same period last year, driven by the ongoing economic recovery and the upswing in tourist arrivals. Nonetheless, the weak purchasing power and high operational expenses continued to impede growth.



Manufacturing Income*

-19%

contracted from the same period last year, particularly the export sector, owing to the decline in international orders.



Real Estate and Construction Income *

-17%

declined from the same period last year, owing to the high level of household debt, which caused buyers to postpone their decision to purchase real estate.



Services Income*

74%

expanded from the same period last year, propelled by the surge in tourist arrivals, particularly after China reopened. Moreover, the government stimulus packages in the tourism sector helped domestic tourism to rise.

* Balance of opinion is calculated from survey responses as percentage differences between respondents stating “income increased” and “income decreased” compared with the same period last year.

Percentage of respondents



Confidence in the Economy

66%

of businesses anticipated a favorable upswing in the economic landscape over the next 12-month period, primarily from the recovery of the tourism sector and the economic activity.



Business Expenses

90%

of businesses stated that the escalating costs were attributed mostly to high commodity prices and hikes in production factors.



Business Constraints

44%

of businesses mentioned that low domestic demand was the major constraint of doing business.



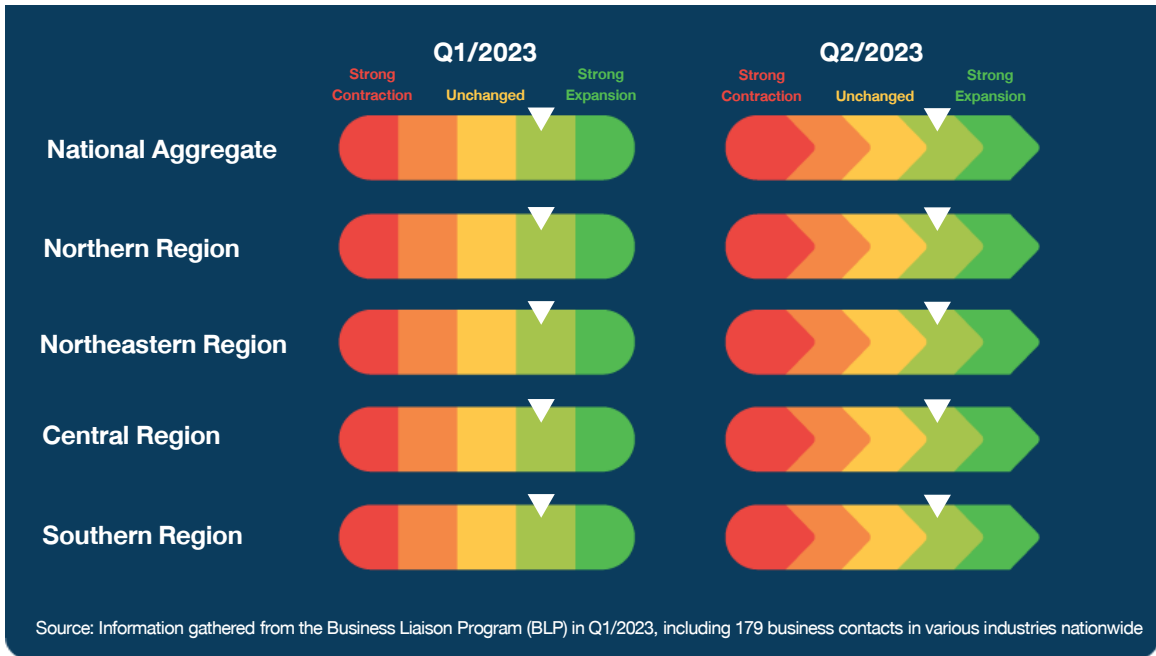
Labor Market

66%

of businesses reported that employment levels remained flat. Nevertheless, demand for labor in the trade and the tourism-related sectors to support tourism recovery continued to increase.

Business views on economic conditions and outlook

(compared with the same period last year)



Regional Highlights in Quarter 1/2023

Northern Region

Overall business improved compared to the same period last year as a result of economic recovery but experienced a slowdown compared to the preceding quarter after the end of high season for tourism and the escalation pollution problem, which adversely affected businesses in the tourism, retail, and restaurant sectors. However, the manufacturing and export sector of agricultural products expanded.

Northeastern Region

Overall business experienced a slight improvement from the same period last year, owing to the resurgence in economic activity and increased earnings of farmers resulting from the hike in agricultural prices. These factors contributed to the positive sentiments and activities in retail, service, and tourism sectors, particularly in tourism and major urban centers. However, consumer purchasing power was weakened by household debt and high living expenditures.

Central Region

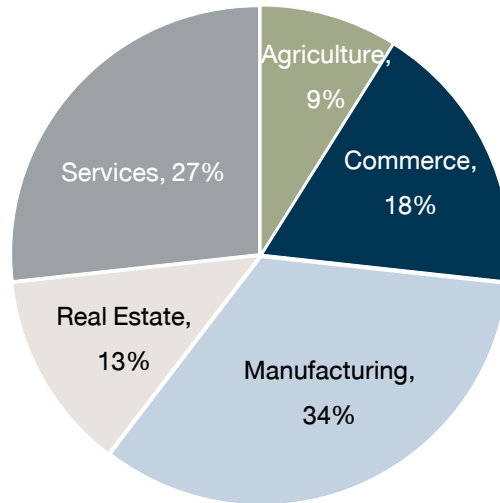
Overall business expanded from the same period last year, attributed to increasing foreign tourists and a rebounding economy. However, most of businesses were still dealing with high production costs, while there were certain limitations on raising selling prices. Consequently, businesses adopted alternative strategies instead of price hike.

Southern Region

Business generally improved from the same period last year, with the service and tourism sectors leading the growth and consequently benefited retail businesses. Conversely, the manufacturing and export industries declined due to weak demand for rubber products, processed seafood, and palm oil. Moreover, all businesses continue to struggle with high production costs, while intense competition made it difficult to increase prices.

Appendix

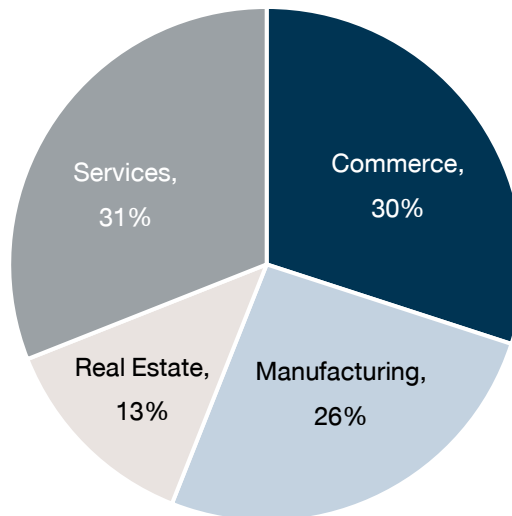
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q1/2023



*Survey result of 179 business contacts from all regions of Thailand from 1 January – 31 March 2023

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 1/2023, 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.