



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

Quarter 2/2023



# 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 April – 30 June 2023)

**Overall, the business condition slightly expanded over the same period last year, driven by improving economic and tourism activities.**

**However, businesses encountered high operational costs and market competition.**

Balance of opinion



### Retail Income\*

**9%**

**slightly expanded** over the same period last year, driven by the upturn in economic recovery. Nonetheless, the weak purchasing power impeded sales.



### Manufacturing Income\*

**5%**

**Slightly expanded** over the same period last year. The automotive and parts industry was recovering thanks to the easing of semiconductor shortage. However, a decline in trading partners' demand in tandem with the global economic slowdown still prevailed.



### Real Estate and Construction Income \*

**29%**

**expanded** over the same period last year, owing to foreign clients in some areas and the middle-to-high income of Thai customers. The high level of household debt, however, put downward pressure on credit access.



### Services Income\*

**62%**

**expanded** over the same period last year, following an increasing number of international and Thai tourists. Meanwhile, lower-than-expected Chinese arrivals as well as the cautious spending of Thai tourists were a restraint.

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

**54%**

of businesses reflected better prospects over the next 12-month period, according to the recovery of economic and tourism activities. Nevertheless, purchasing power, worsened by the high cost of living, remains a concern.



### Business Expenses

**83%**

of businesses stated that costs increased in line with high energy and input prices, whereas cost pass-through toward the selling price was limited.



### Business Constraints

**40%**

of businesses mentioned that intense competition within the domestic market was the crucial obstacle in doing business, caused by fragile purchasing power.



### Labor Market

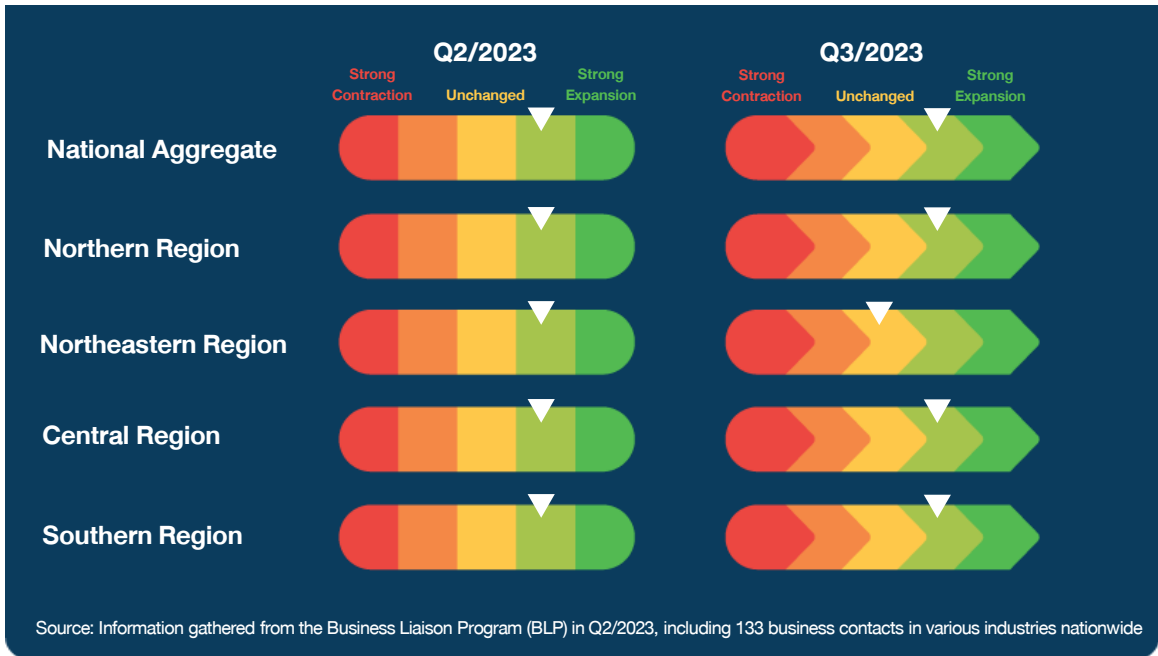
**61%**

of businesses reported that the employment level was unchanged due to labor sufficiency. However, the service sector experienced somewhat customer service skills problems.



## Business views on economic conditions and outlook

(compared to the same period last year)



## Regional Highlights in Quarter 2/2023

### Northern Region

Overall, business expanded compared to the same period last year. Export-oriented businesses grew in line with the production of agro-manufacturing products, supported by rising demand from trading partners. The retail sector gradually recovered amid the high cost of living pressure. An off-season in tourism and smoke pollution problems weighed down tourism and service businesses' income.

### Northeastern Region

The overall business experienced a slight improvement from the same period last year. The economic and tourism recovery resulted in an expansion in retail and tourism-related businesses. However, there is a need to monitor the forthcoming government economic policies, including the drought effect, which may attenuate purchasing power in the period ahead.

### Central Region

All businesses slightly expanded over the same period last year, mainly influenced by the continuation of foreign tourists and rebounding economic activities. However, most businesses were still confronted with persistently high costs, moderately increasing purchasing power, and intense market competition. Consequently, businesses could not entirely pass on costs through selling prices.

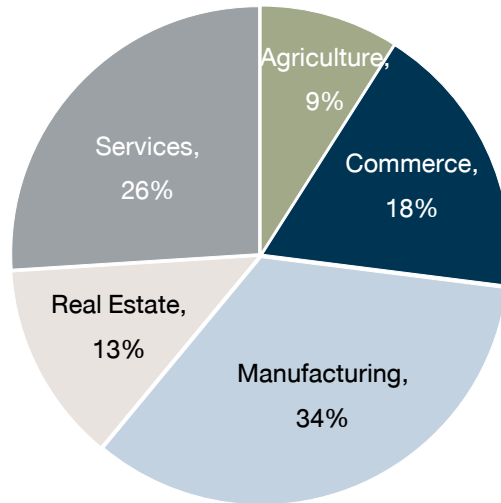
### Southern Region

Business generally slightly improved from the same period last year, with the service and tourism sectors leading the growth, which consequently benefited retail businesses. In contrast, the manufacturing and export industries contracted in line with global demand. Also, elevated living expenses and household debts hampered purchasing power.



## Appendix

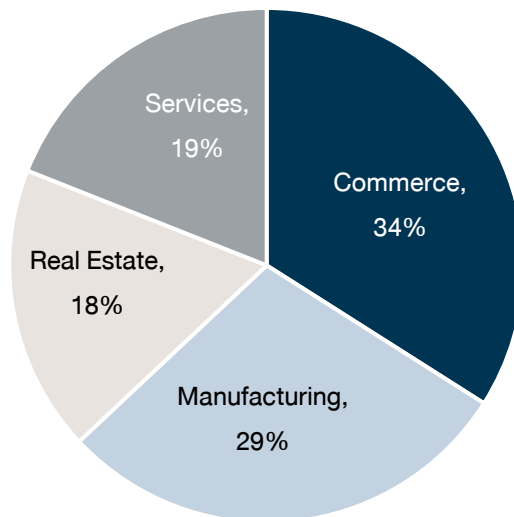
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q2/2023



\*Survey result of 133 business contacts from all regions of Thailand from 1 April – 30 June 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 2/2023, 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.