



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Quarter 3/2023



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 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

Nutha-on Benchapathomrong 0-2283-7861
Nakanang Kulnartsiri 0-2356-6639
Krichkanok Srimuang 0-2356-6639

Northern Economic Division

Siriporn Siripanyawat 0-5393-1091
Kusol Chansangri 0-5393-1164
Natthaphat Supphasetthasiri 0-5393-1169

Northeastern Economic Division

Benjamas Kodnongbua 0-4391-3520
Pacharee Vachiradatewong 0-4391-3512
Nichapa Kongboonkiat 0-4391-3512

Southern Economic Division

Jutaporn Kotchasantaksin 0-7443-4880
Kritsanee Pisitsupakul 0-7443-4895



National Summary of Business Conditions

(Survey result of business across Thailand during 1 July - 30 September 2023)

Overall, the business condition slightly expanded over the same period last year, driven by improving economic and tourism activities, despite high operational costs and market competition.

Balance of opinion



Retail Income*

29%

Slightly expanded, due to a gradual resumption of economic activities as well as sale promotions. However, gradually increased purchasing power of some households continued to dampen sales growth.



Manufacturing Income*

-31%

Contracted, particularly the electronic component and frozen seafood businesses, due to a decline in overseas orders associated with the global economic slowdown and persistently high inventory level.



Real Estate and Construction Income*

25%

Slightly increased, owing to demand from the middle-to-high-income Thai customers and also foreigners in certain areas. However, the high level of household debt remained, putting a downward pressure on credit accessibility.



Services Income *

60%

Expanded, in response to increasing numbers of both Thai and foreign tourist. However, Chinese visitors were lower than expected while Thais became more cautious on spendings.

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 expected an improve in economic conditions in the next 12 months, due to the recovery of economic activities, despite concerns on fragile purchasing power in some households from high cost of living and household debt.



Cost of Doing Business

73%

of businesses indicated that their cost increased, due to high energy and input prices. Meanwhile, cost pass-through was still limited amid high competition and weak purchasing power.



Business challenges

39%

of businesses mentioned that labour cost and weak domestic demand in tandem with fragile purchasing power in some households were the main obstacles to doing business.



Labor Market

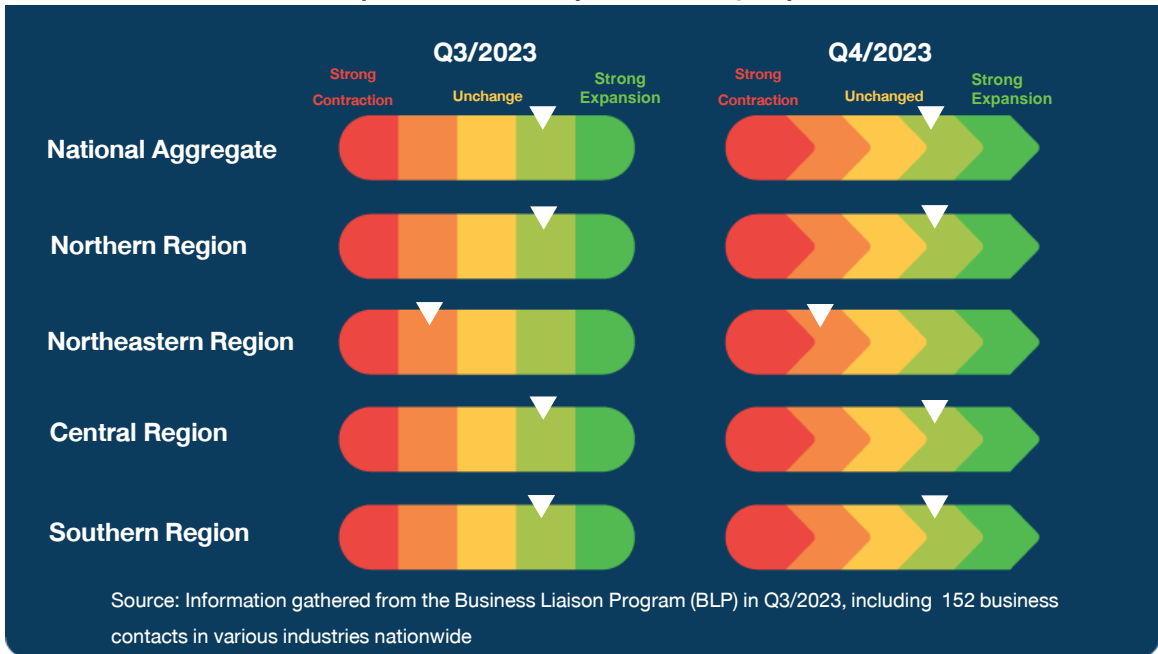
67%

of businesses viewed that the number of current workers was sufficient although a shortage of skilled labour in certain sector remained, the service sector in particular.



Business views on economic conditions and outlook

(% from the same period of last year)



Regional Highlights in Quarter 3/2023

Northern Region

Overall businesses slightly expanded from the same period of last year in the light of increased economic activities and number of tourists which benefitting service and trade business. Additionally, manufacturing business, both for export and domestic, expanded in line with the continuous demand from trading partners and improved domestic economic activities.

Central Region

Overall businesses expanded from the same period of last year, particularly in the service and trade sectors, in response to the increasing number of foreign tourists. However, export-oriented manufacturing business contracted. Meanwhile, most businesses were not only facing high raw material costs but also experiencing limited price increase given gradually recovered purchasing power and intense competition. Therefore, other strategies instead of adjusted selling price were implemented.

Northeastern Region

Overall businesses contracted from the same period of last year, due to weak purchasing power and high cost of living while financial institutions remained cautious on loan approvals. Sales, therefore, declined as most spendings were on necessities despite increased number of tourists and promotional activities.

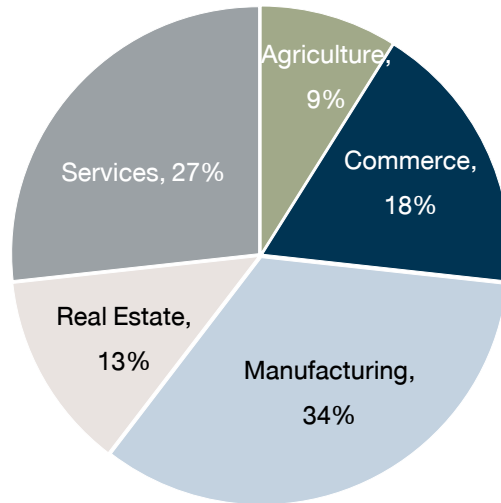
Southern Region

Overall businesses slightly expanded from the same period of last year, driven by a growth in service and tourism business following an increase in foreign tourists. Also, trade was slightly benefitted amid high cost of living and household debt. However, decreasing overseas orders hampered sales of export-related manufacturing business but the processed rubberwood and rubber gloves.



Appendix

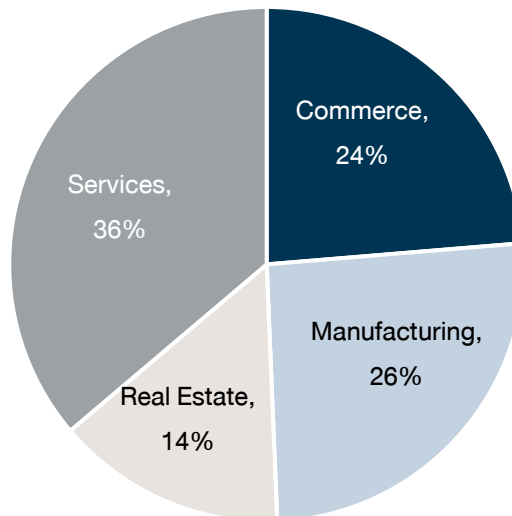
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q3/2023



*Survey result of 152 business contacts from all regions of Thailand from 1 July – 30 September 2023

Note: Sample emphasizes the business sector, while views of agriculture stakeholders are in part reflected in the manufacturing sector, for example through the agro-manufacturing sector.



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

By

Northern Region Office, Northeastern Region Office, and Southern Region Office, Corporate Relations Group

Structural Economic Policy Department, Monetary Policy Group

Disclaimer: This report assesses the views of surveyed businesses and organizations in Quarter 3/2023, 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.