



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

Quarter 2/2024



# 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 2024)

The Thai economy slightly expanded from the same period last year, driven by tourism sector and export-oriented manufacturing sector in line with increasing demand from trading partners. However, there remained challenges from sluggish household purchasing power and high production costs.

Balance of opinion



### Services Income\*

**83%**

expanded from the same period last year, due to increased number of foreign and Thai tourists travelling during long holidays and additional tourism promotion activities in many cities.



### Manufacturing Income\*

**5%**

slightly expanded from the same period last year, owing to increased demand from trading partners in export-oriented manufacturing. However, there were challenging factors from higher competition with Chinese products and sluggish purchasing power of households.



### Retail Income\*

**-15%**

slightly declined from the same period last year, considerably from the sluggish of purchasing power among middle and lower-income households, high cost of living, and household debt. Hence, consumers were more cautious in their spending.



### Real Estate and Construction Income\*

**-6%**

slightly declined from the same period last year, particularly in properties below 3 million baht due to the tightening of credit standards by financial institutions. Meanwhile, the 2024 fiscal budget has been disbursed mostly in small projects.

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

**50%**

of businesses expected an improvement in economic conditions in the next 12 months, driven by the service and tourism sectors. Nevertheless, the businesses remained concerned about sluggish recovery of household purchasing power.



### Business Expenses

**86%**

of businesses indicated that the escalating costs were attributed mostly to high raw material, shipping, energy and labor costs. Cost pass-through was still limited amid high market competition and not-fully-recovered purchasing power.



### Business Constraints

**39%**

of businesses mentioned that low domestic demands were the main constraints of doing business.



### Labor Market

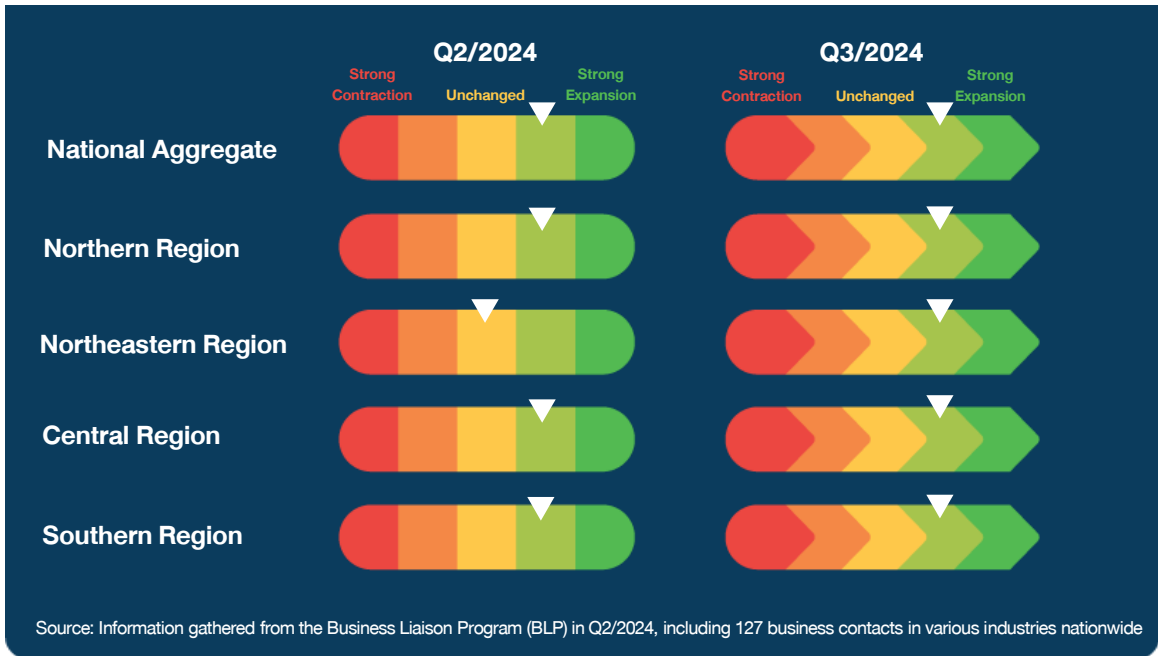
**72%**

of businesses reported that their employment levels were unchanged, while employment in service and tourism sectors were slightly increased. Many businesses assigned employees to perform multitask.



## Business views on economic conditions and outlook

(compared to the same period last year)



## Regional Highlights in Quarter 2/2024

### Northern Region

Overall businesses expanded slightly from the same period last year, driven by increased economic activities and number of direct international flights. Air pollution was less than the same period last year which positively affected service and trade businesses in tourist destinations. The manufacturing sector expanded modestly due to increased exports of processed food and automotive parts, while real estate businesses grew slightly from demand of middle to high income customers.

### Central Region

Overall businesses expanded slightly from the same period last year. However, there was an uneven recovery in each business sector. Service businesses in tourism industry grew from increasing high income customers. Some manufacturing and export sectors increased from improved demand of trading partners. Meanwhile the trade sector remained stable, however, most middle and lower-income households remained cautious in their spendings. Furthermore, real estate and construction sectors declined from both government construction and real estate especially in properties below 5 million baht.

### Northeastern Region

Overall businesses remained unchanged from the same period last year. Trading and domestic-oriented manufacturing businesses decreased due to weakening purchasing power of low income earners, high level of household debt, high competition, and tightening of credit standards by financial institutions. Export-oriented manufacturing businesses improved from growing demand of trading partners. Agricultural business expanded due to the hike in prices. Service and tourism sectors improved by increased promotional activities.

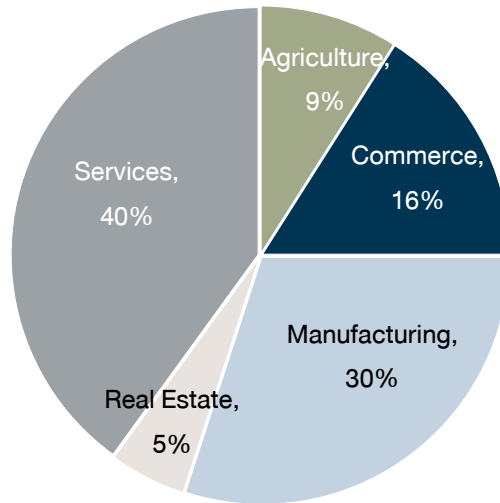
### Southern Region

Overall businesses expanded slightly from the same period last year, driven by a growth in service and tourism business following an increase in tourist arrivals particularly during long holidays. Manufacturing and export sector increased slightly due to improved demand of trading partners in some industries. Nonetheless, trade and real estate businesses contracted slightly because of high cost of living and household debt as well as tightening of credit standards by financial institutions.



## Appendix

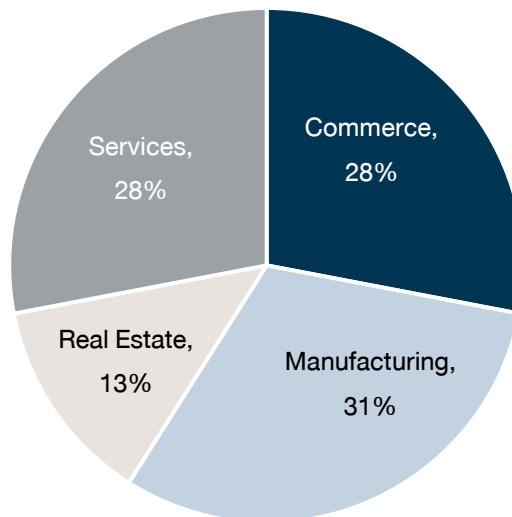
Thailand's Economic Structure



■ Agriculture ■ Commerce ■ Manufacturing ■ Real Estate ■ Services

Source: NESDB, calculated by BOT

Composition of businesses among BLP participants in Q2/2024



\*Survey result of 127 business contacts from all regions of Thailand from 1 April – 30 June 2024

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 2/2024, 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.