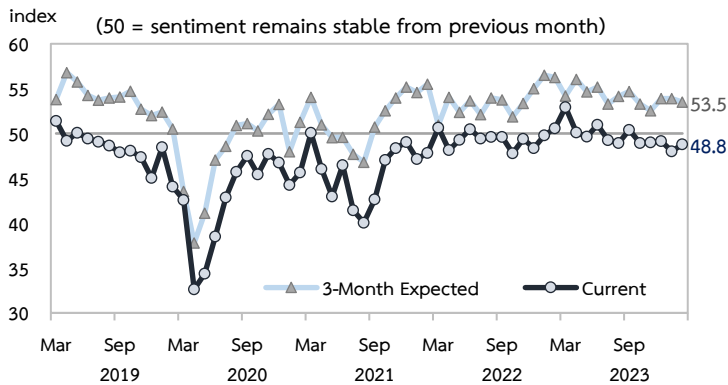


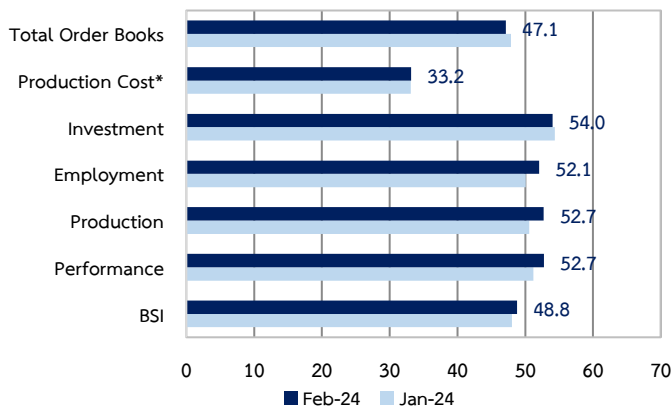


Business Sentiment Index



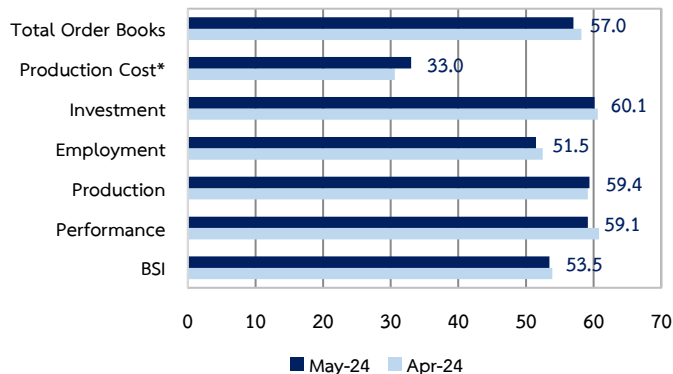
Current Business Sentiment Index

(50 = sentiment remains stable from previous month)



3-Month Expected Business Sentiment Index

(50 = sentiment remains stable from previous month)



*Index value above 50 reflects reduction in production cost

Key points:

- In February, the Business Sentiment Index (BSI) rose mostly in the manufacturing sector, while the non-manufacturing index remained close to the previous month. Over the next 3 months, BSI dropped, indicating still fragile business confidence.

In February 2024, the overall BSI grew marginally to 48.8 from 48.0 in the previous month, thanks to the improved sentiment in production, employment, and performance. The manufacturing index increased in almost all components and sectors, led by the food industry, especially processed food, which had all-sub-indices rise as a result of destocking and a recovery in total order books from trading partners. Meanwhile, the non-manufacturing index stayed close to the prior month. Respondents in the construction sector reported better confidence, owing largely to foreign investors' increased investment in the industrial estate, but the construction overall confidence was hampered by the government's 2024 annual budget delay. However, respondents' confidence in other sectors declined marginally. The logistic sector was an exception, with practically all components showing large declines in confidence, especially in the number of services and the employment. Furthermore, the sentiment indices in various sectors such as automobile, electronics, retail trade, and construction, remained constantly below the 50-threshold, reflecting an uneven economic recovery.

The 3-month expected BSI fell slightly to 53.5 from 53.9 last month, following decreases in mostly every component. The manufacturing index dropped in several businesses, such as the automotive industry, where respondents reported lower confidence in almost all aspects, as purchasing power recovered unevenly and there was growing concern over the electric vehicle (EV) trend. Moreover, in the electronics industry, respondents' confidence in employment and performance weakened substantially. The non-manufacturing index was unchanged. Following the beginning of the low tourism season, respondents in the hotel and restaurant sectors had deteriorated confidence in service and total order books. However, respondents' confidence in the retail trade and the construction sectors improved in nearly all components, partly from the government's 2024 annual budget, which is expected to be released within the second quarter and boost economic activity.

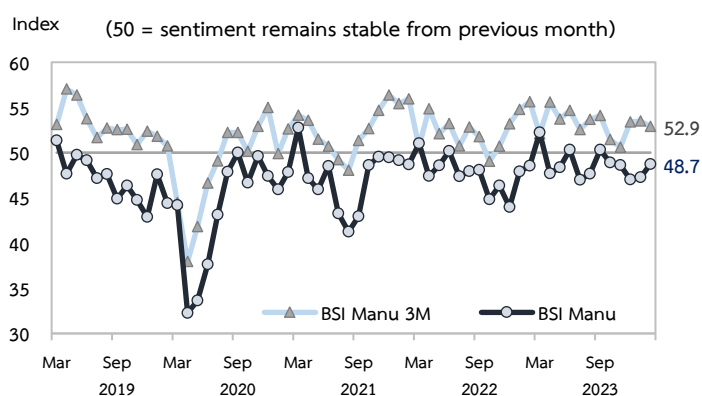
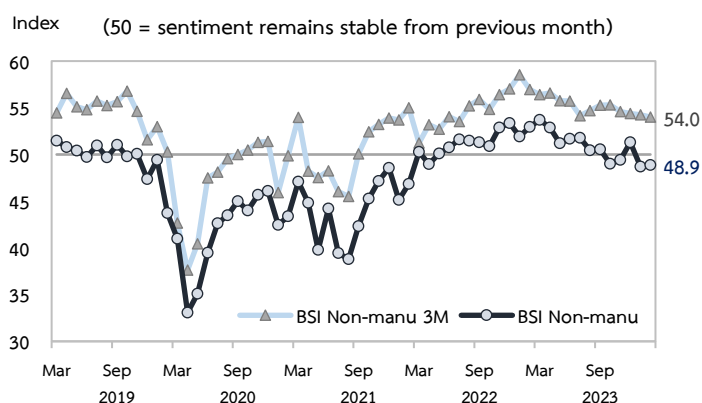
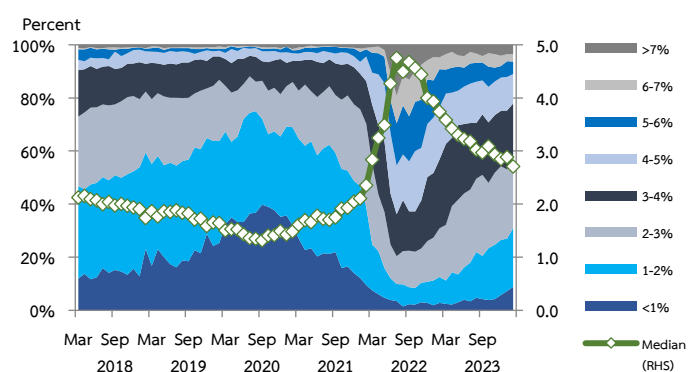
Notes:

- The BSI was developed by the Bank of Thailand (BOT). The diffusion index is made up of six components: production, total order books, investment, production cost, performance, and employment. Each component is applied with equal weight to calculate the monthly composite index. Each component index is calculated according to the following formula:
$$\text{Index} = 100 \times \left\{ (1.0 \times \text{percentage of respondents indicating "improvement"}) + (0.5 \times \text{percentage of respondents indicating "stable"}) + (0 \times \text{percentage of respondents indicating "deterioration"}) \right\}$$

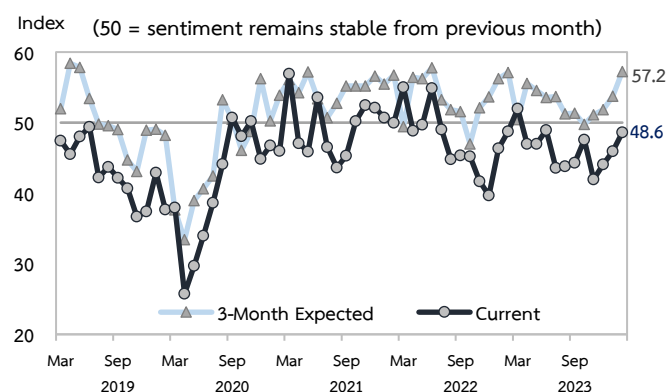
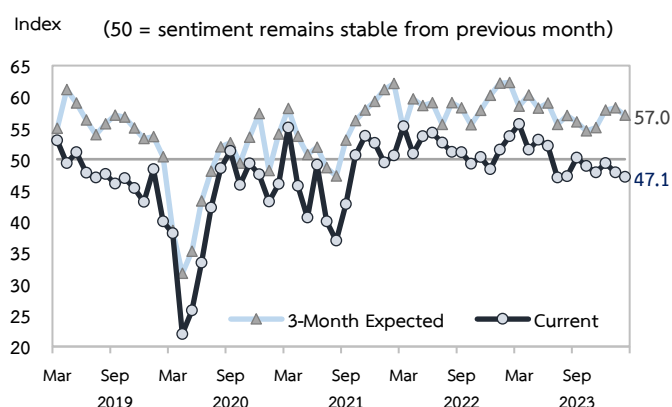
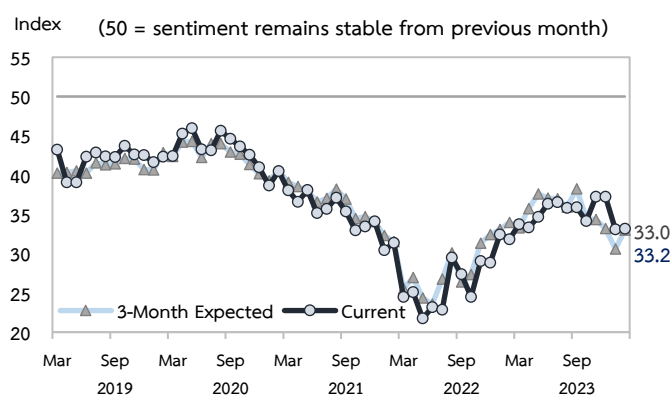
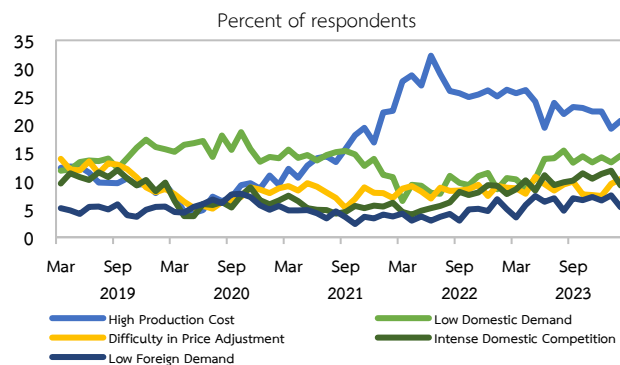
Interpretation of the index is as follows:
Index = 50 indicates that the respondents' business sentiment remains stable from the previous month;
Index > 50 indicates that the respondents' business sentiment has improved from the previous month;
Index < 50 indicates that the respondents' business sentiment has deteriorated from the previous month.
- For this month, the survey had 772 respondents, or a response rate of 72.3 percent from a sample of large and medium-size firms that received the survey form.
- The questionnaires were distributed during the first week of the survey month and compiled by the first working day of the following month.

Other sentiment indices:

- Both the current and the 3-month expected export sentiment index has continuously increased. However, the current sentiment index stayed below the 50-threshold, attributable to export uncertainties in particular products such as electrical appliances and chemicals. Moreover, overall total order books sentiment index declined, reflecting a worsening domestic economic condition compared to last month.
- About one-fifth of respondents addressed that high production cost was the most significant obstacle of doing business, and it had been the top concern for 30 consecutive months, while low domestic demand was more concerned since the mid of 2022. However, the expected inflation for the next 12 months decreased from 2.9% to 2.7% this month.

Business Sentiment Index (Manufacturing)**Business Sentiment Index (Non-Manufacturing)****Expected Inflation in the next 12 months**

Percent	<1	1-2	2-3	3-4	4-5	5-6	6-7	>7	Median
Feb-24	8.9	22.1	27.0	20.0	11.1	4.6	2.9	3.5	2.7
Jan-24	7.3	19.7	26.1	22.2	12.6	6.0	2.6	3.6	2.9

Export Sentiment Index (Manufacturing sector)**Total Order Books Sentiment Index****Cost Sentiment Index****Top 5 first constraints for doing business**

Business Intelligence Division

Monetary Policy Group

0-2356-7136, 0-2356-7861

1 March 2024