

Business Expectation Index Report

Quarter 3/2004 (July - September 2004)

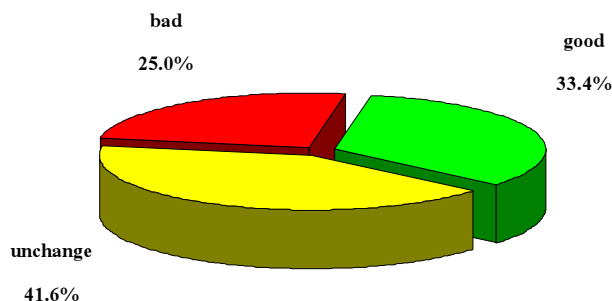
Bureau of Trade and Economic Indices

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Result of Surveying Business Situation

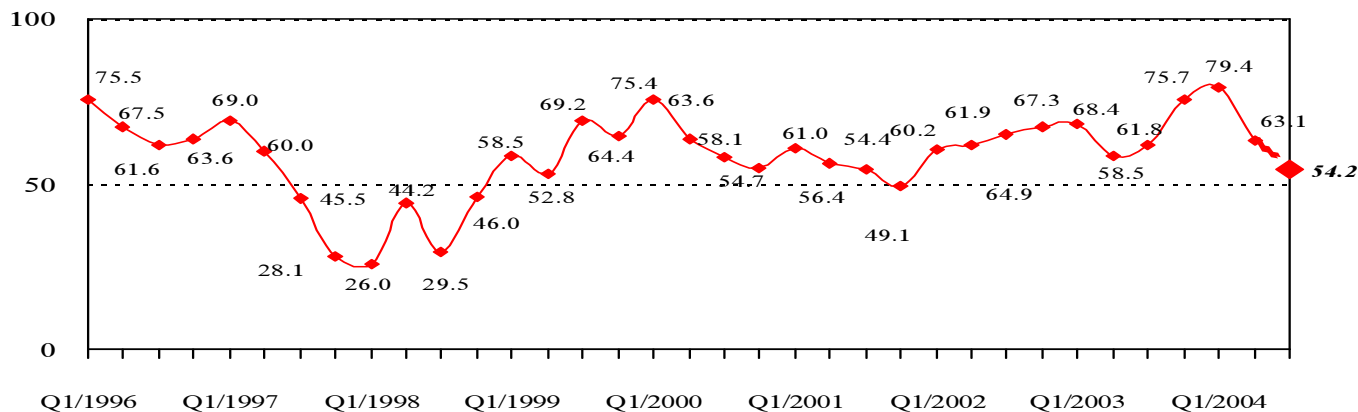


Business Expectation Index for the Quarter 3/2004 (July - September 2004) by inquiring the group of businessmen in 47 provinces about 1,270 questionnaires, it appears that the Business Expectation Index is 54.2 and above the middle line(50 level line). It shows that the next three months, most of businessmen have convinced that Thai Economy will be “good” about 33.4% , “unchange” about 41.6% and “bad” about 25.0%, because high cost of raw material and fuel oil , unpeace situation in 3 province in the Southern and rebound of Bird Flu Outbreak.

The result of surveying in every region , the North-Eastern businessmen have convinced that the lowest economy level 46.9, and the other regions are still above the middle line(50 level line) in the Central, the Eastern, the Northern, Bangkok Metropolitan and Vicinity and the Southern at 60.2, 59.1, 56.4, 53.4 and 52.0 respectively.

Each sector of business, it appeared that structural and commercial sector had convinced under the 50 level line. They were 45.2 and 47.8, respectively because trade competition is higher, expenditure of population had continuously decreased and living expenses had continuously increased. Other sectors had just convinced the economy will be “better” such as; financial, agriculture, service and industry. The Index were at 71.2, 60.8, 57.6 and 55.7, respectively.

Business Expectation Index



Reading Index

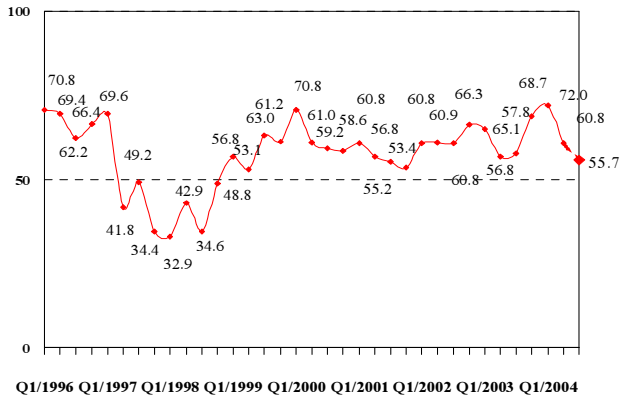
If index approaches the line 100 , it shows that business will be better

If index approaches the line 50 , it shows that business will be unchange

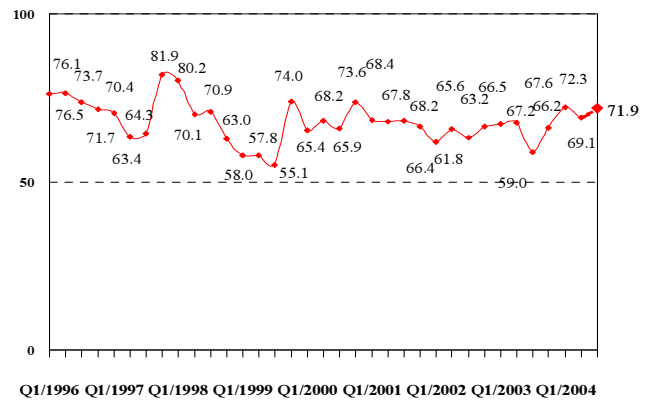
If index approaches the line 0 , it shows that business will be bad

Business Expectation Index in Quarter 3/2004

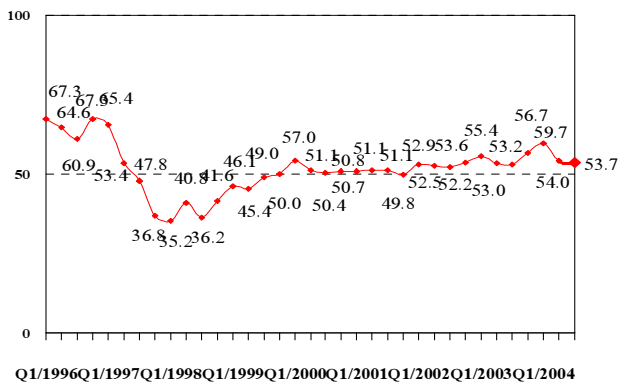
Business Performance Index



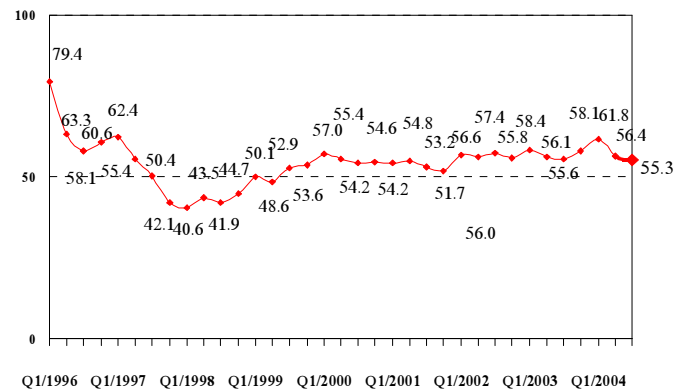
Cost Expectation Index



Employment Expectation Index



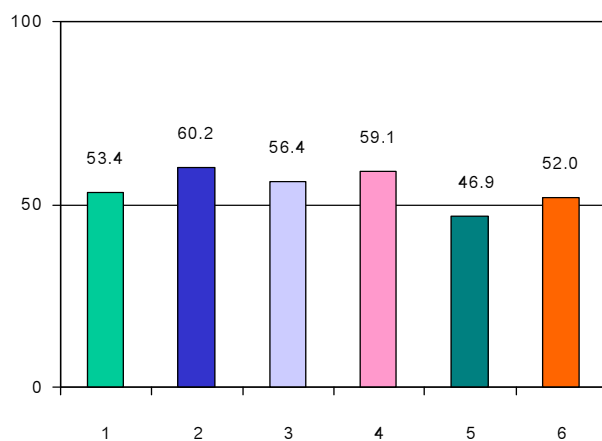
Business Expansion Expectation Index



	better/increase	unchange	bad/decrease	index
	(%)	(%)	(%)	
1. business performance	34.6	42.2	23.2	55.7
2. cost per unit of goods or services	52.1	39.5	8.4	71.9
3. employment in the private sector	16.7	74.1	9.2	53.7
4. business expansion	18.4	73.9	7.7	55.3

Regions Business Situation Expectation Index in Quarter 3/2004

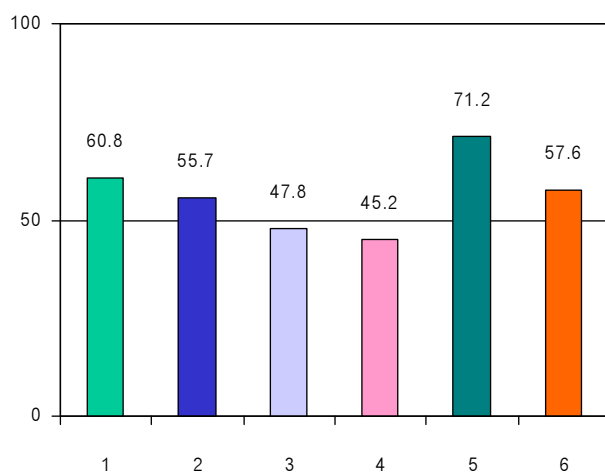
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- 1 = Bangkok Metropolitan and Vicinity
- 2 = The Central
- 3 = The Northern
- 4 = The Eastern
- 5 = The North - Eastern
- 6 = The Southern

Region	Number (unit)	better (%)	unchange (%)	bad (%)	index
Bangkok Metropolitan and Vicinity	280	30.8	45.3	23.9	53.4
The Central	205	40.3	39.8	19.9	60.2
The Northern	245	37.3	38.2	24.5	56.4
The Eastern	105	39.4	39.4	21.2	59.1
The North-Eastern	208	27.1	39.6	33.3	46.9
The Southern	227	29.3	45.4	25.3	52.0

Business Sectors Performance Expectation Index in Quarter 3/2004



- 1 = Agricultural Sector
- 2 = Industrial Sector
- 3 = Commercial Sector
- 4 = Construction Sector
- 5 = Financial and insurance Sector
- 6 = Service Sector

Sector	Number (unit)	better (%)	unchange (%)	bad (%)	index
1. Agricultural Sector	84	37.3	47.0	15.7	60.8
2. Industrial Sector	432	33.3	44.9	21.8	55.7
3. Commercial Sector	409	25.9	43.7	30.4	47.8
4. Construction Sector	62	27.4	35.5	37.1	45.2
5. Financial and insurance Sector	112	50.5	41.4	8.1	71.2
6. Service Sector	171	36.3	42.6	21.1	57.6

Commentary and Suggestion

1. General business situation

- The good factors are basic element of agricultural country and had low interest rate policy which influenced to entrepreneurs.
- The bad factors are higher fuel oil price and raw material price which influenced to cost of goods, living express and make purchasing power decreased. Unpeace of 3 province in the Southern and rebound of Bird Flu Outbreak influenced seriously to Confidence of businessmen and population.

2. Subsector business situation

- Construction Sector have retarded because constructural raw material price is higher and make contractors adjusted and worked slow down. Population are aware of their expenditure, moreover it is rain season.

3. Result of business entrepreneur

- Business had almost seriously compete each other because new business just appeared and make profit decreased.

4. Cost per unit of goods and service

- Cost of several goods are higher such as raw material, fuel oil, transportation fee and infrastructure fee.

5. Employment situation

- Thailand obstruction in employment section, one problem is shortage of skill labors and another is new no-experience labors. So, the exportation business section cannot compete in world market.

6. Expansion of business

- Some business are expanded such as product of paper, artificial metal product, machinery and spare parts, furniture, vehicle, finance, insurance, real estate and health care,

Suggestion

1. Stock Exchange Index had fluctuated very much because investor assumed the profit, not for normal trade. Government could have measure to control gambling in Stock Exchange.
2. There are a few low cost airlines which just happened in Thailand, Government could take these opportunity to promote Thailand travelling by increasing of foreigners.
3. To promote agricultural product for increasing sale of quantity Thai agricultural products.
4. Government could control really and rapidly unpeace of 3 provinces in the Southern, or it will decrease confidence investor and life style of people.
5. Government could have suitable measure to control electricity energy.
6. Government ought to control the rebound of Bird Flu Outbreak.

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Annex

Population Sampling

Bangkok Metropolitan and Vicinity (6 provinces)	- Bangkok, Samut Prakan, Samut Sakhon, Pathum Thani, Nakhon Pathom and Nonthaburi total 280 units
The Central (9 provinces)	- Saraburi, Phra Nakhon Si Ayutthaya, Rachaburi, Lop Buri, Phetchaburi, Kanchanaburi, Sing Buri, Samut Songkhram and Suphan Buri total 205 units
The Northern (9 provinces)	- Chiang Rai, Chiang Mai, Lampang, Tak, Phitsanulok, Phrae, Phetchabun, Nakhon Sawan and Uttaradit total 245 units
The Eastern (5 provinces)	- Chon Buri, Rayong, Chanthaburi, Phrachin Buri and Trat total 105 units
The North- Eastern (9 provinces)	- Ubon Ratchathani, Nong Khai, Khon Kaen, Nakhon Ratchasima, Mukdahan, Surin, Roiet, Udon Thani and Si Sa Ket total 208 units
The Southern (9 provinces)	- Surat Thani, Trang, Phuket, Songkhla, Nakhon Si Thammarat, Krabi, Narathiwat, Yala and Chumphon total 227 units

Time duration

Operation to survey every three month and this quarter (the second quarter, between April – June 2004) had surveyed between June – July 2004, and received 1,276 questionnaires. All questionnaires were out of controlling 6 units or they are 0.5%. Then, there are correct 1,270 questionnaires.

Compiling the data and Conducting the index

In quarter 2/2004, compiling was set on 19 July, 2004 and was divided into 2 patterns

1. percentage proportion

- to make in percentage proportion by using every answer in questionnaire (better, unchange, bad)

2. calculate in index form

- to use the results of surveying and making diffusion index that shows 3 answers (“better”, “unchange” and “bad”)

Step of calculating

- 1) to translate raw quality data to quantity data

If raw quality data shows “better/increase”, score will be 1

If raw quality data shows “unchange”. score will be 0.5

If raw quality data shows “bad/decrease”, score will be 0

- 2) using the estimated percentage on “better” + “unchange” that is divided by 2

$$\text{index} = \% \text{ better} + (\% \text{ unchange} / 2)$$

Reading Index

1. If index approaches the line 100 , it shows that business will be better
2. If index approaches the line 50 , it shows that business will be unchange
3. If index approaches the line 0 , it shows that business will be bad

If the index is above the line 50, it shows that the business situation still expand. If the index is across down the line 50, it means that the business situation is bad or recession.

If the index is under the line 50, it shows that the business situation is in recession period. If the index is across upward the line 50, it means that the business situation is better or recovery.

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