

Business Outlook Survey

4th Quarter 2022



REPORT 2022 Q4

Executive Summary

- Business condition has continued to deteriorate in Q4 2022, on a year-on-year basis, amidst demand-side constraints. This deterioration was primarily attributable to the subdued domestic demand, reflecting the weakened purchasing power of the consumers in a high inflationary environment. Unstable external demand also contributed to the subdued business condition. Moreover, it is expected that the business condition will deteriorate in Q1 2023 as well, compared to Q1 2022.
- Considering the business activities, the balance of opinion¹ on demand decreased during Q4 2022, compared to the corresponding quarter of the previous year, and is expected to decline further in Q1 2023, due to adverse impact on disposable income following the implementation on new income tax rates. However, sales (revenue) continued to increase during Q4 2022 and are anticipated to increase in Q1 2023, too, on a year-on-year basis, largely owing to higher sales prices than the corresponding quarters of 2022. When the sector-wise indices are considered, demand and sales decreased in Agriculture and Industry sectors, while that of the Services sector increased during Q4 2022, especially related to transport and IT sectors.
- The balance of opinion on capacity utilization and investment declined in Q4 2022, on a year-on-year basis, in line with the subdued demand condition. Further, the firms expect capacity utilization and investment to decline in Q1 2023.
- The number of respondents who experienced an increase in input prices was higher than those who increased their output prices in Q4 2022. The prices are expected to follow a similar trend in Q1 2023 as well. Meanwhile, profitability and the financial situation deteriorated in Q4 2022 and are expected to deteriorate in the next quarter too.
- The balance of opinion on demand for bank credit has increased in Q4 2022 compared to Q4 2021, while the majority expect to borrow in Q1 2023 for operational purposes.

Key to Interpretation:

Business Sentiment Indices (BSIs);

BSI>100 - improved/increased

BSI=100 - unchanged

BSI<100 - worsened/decreased

Chart 1: Business Condition

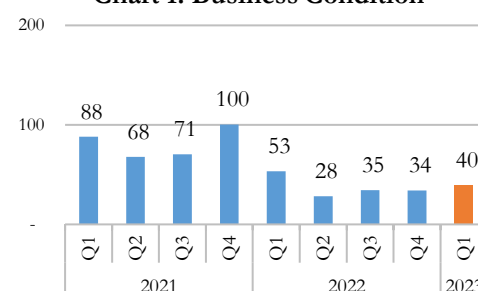


Chart 2: Business Activities

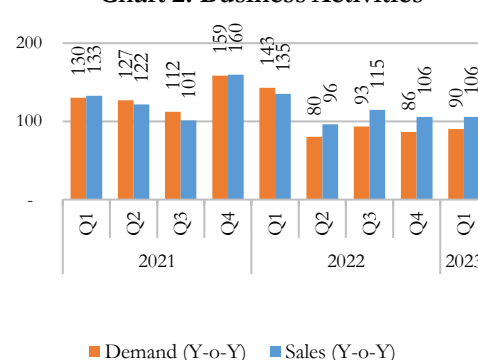
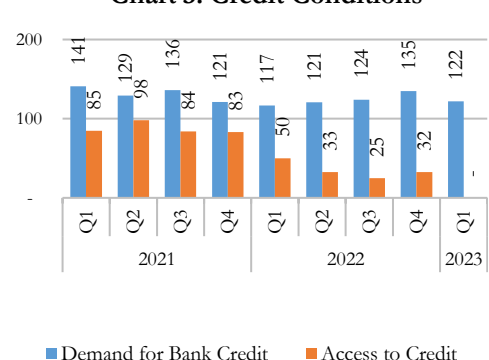


Chart 3: Credit Conditions



¹ Balance of opinion: Percentage of firms reporting growth minus the percentage reporting contraction