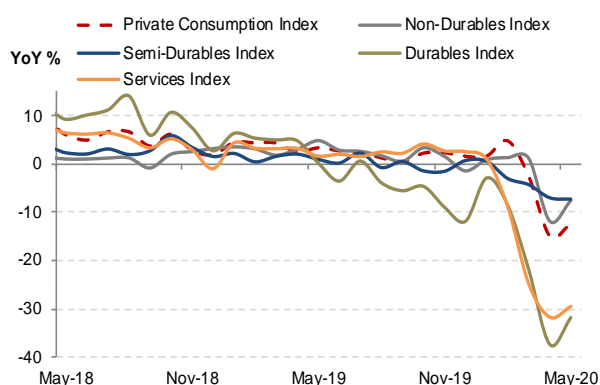


Thailand Private Sector Expenditure

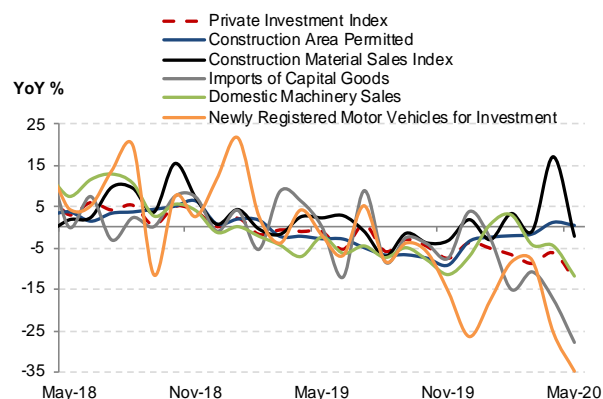
Investment worsened, while consumer activities showed signs of recovery in May

- **Private consumption index (PCI) contracted at a slightly slower rate in May (-12.5% YoY; Apr: -15.1%)**
 - Reflective of the gradual economic reopening beginning on 3rd May, smaller contraction in farm income (-4.3%; Apr: -9.) and marginal improvement in consumer confidence (48.2; Apr: 47.2).
- **By segment, the modest improvement was led by softer decline in spending on non-durables and durables**
 - Durables (-32.0%; Apr: -37.5%): dropped by less, but continued to register double-digit decline, with consumers reining in purchases of big-ticket items amid soured labour market condition.
 - Non-durables (-7.5%; Apr: -11.7%): decline eased on resumption of spending on necessities following the reopening of malls.
- **In contrast, private investment index (PII) charted the worst contraction in over 10 years (-12.4% YoY; Apr: -6.1%)**
 - Investment plans remained on hold amid broad weakness in domestic and external demand, in spite of signs of recovery in businesses sentiment (34.4; Apr: 32.6).
- **By segment, the deterioration was broad based, dragged mainly by the construction sector and imports of capital goods**
 - Construction material sales (-2.3%; Apr: 17.0%): turned negative, after a one-time bump in the previous month following the signing of the delayed budget at end-February.
 - Imports of capital goods (-28.0%; Apr: 17.5%): steepest drop on record.
- **Broad weakness in private sector expenditure to persist, but with gradual recovery going forward**
 - Private sector spending is expected to gradually pick up, as the country enters another stage of relaxation of lockdown, marked by the reopening of border to some foreign travellers and entertainment venues beginning today, despite extension of the emergency decree until end-July.
 - Against the expectation of improvement in economic activities, the BoT will likely retain the policy rate at 0.50% for now, preserving its limited policy space.

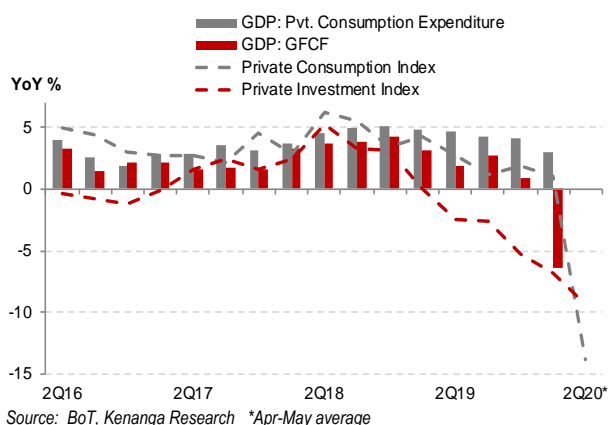
Graph 1: PCI Growth Trend



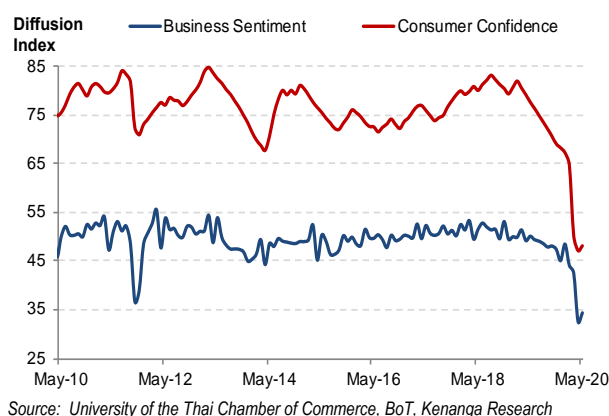
Graph 2: PII Growth Trend



Graph 3: GDP, PCI, PII Growth Performance



Graph 4: Consumer Confidence & Business Sentiment



01 July 2020

Table 1: PCI & PII Growth Trend (YoY %)

	2018	2019	Nov -19	Dec -19	Jan -20	Feb -20	Mar -20	Apr -20	May -20
PCI	4.5	2.5	2.2	1.4	1.5	4.7	-2.7	-15.1	-12.5
Non-Durables	1.4	2.3	1.5	-1.4	0.9	1.3	1.2	-11.7	-7.5
Semi-Durables	2.8	0.5	-1.5	0.7	0.6	-2.9	-4.2	-6.9	-7.2
Durables	8.0	-2.0	-9.1	-12.0	-3.0	-8.7	-22.0	-37.5	-32.0
Services	5.3	2.8	2.7	2.6	1.0	-8.9	-25.0	-31.9	-29.7
PII	3.5	-2.7	-7.4	-3.6	-5.0	-6.5	-8.7	-6.1	-12.4
Construction Area Permitted	2.9	-3.9	-9.3	-3.5	-2.5	-2.2	-1.8	1.1	0.3
Construction Material Sales Index	4.4	-0.7	-3.3	1.7	-3.2	3.2	-1.0	17.0	-2.3
Imports of Capital Goods	3.6	-1.0	-7.6	3.7	-2.8	-15.2	-10.9	-17.5	-28.0
Domestic Machinery Sales	6.1	-5.5	-11.4	-7.1	0.7	3.0	-4.3	-4.5	-11.8
Newly Registered Motor Vehicles for Investment	5.7	-3.0	-15.5	-26.4	-17.6	-8.4	-8.0	-25.4	-34.7

Source: BoT, Kenanga Research

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