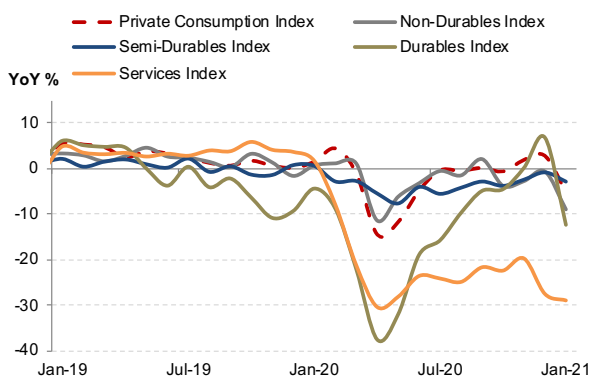


Thailand Private Sector Expenditure

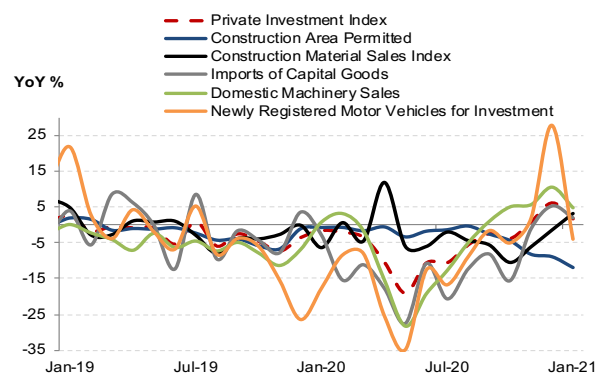
Activities weakened in January on COVID-19 resurgence

- Private consumption index (PCI) marked the steepest contraction in eight months in January (-4.9% YoY; Dec: 3.0%)**
 - Reflecting the adverse impact of the tightened COVID-19 restrictions on labour market conditions and consumer confidence (47.8; Dec: 50.1).
- By segment, the deterioration was broad-based, led by spending on durables**
 - Durables (-12.3%; Dec: 6.9%): primarily attributed to a plunge in the sales of passenger cars (-28.3%; Dec: 12.0%) as consumers delayed purchases of big-ticket items.
 - Non-durables (-8.8%; Dec: -0.5%): mirroring the slump in fuel consumption (-20.8%; Dec: 0.4%), in line with the reduced mobility in January (Google mobility data for retail & recreation: -17.7%; Dec: -6.0%).
- Private investment index (PII) growth moderated to 1.6% YoY (Dec: 6.1%)**
 - Business sentiment remained on a downtrend (44.2; Dec: 46.8) amid elevated worries over the local pandemic situation.
- This was steered by the machinery & equipment segment, outweighing an improved construction investment**
 - Newly registered motor vehicles (-4.0%; Dec: 27.7%): declined for the first time in three months due to the absence of a low base effect.
 - Domestic machinery sales (4.8%; Dec: 10.5%): weakened on uncertainty over future revenue flows.
- Recovery in private sector activities to resume in February onwards, following the tapered COVID-19 infections**
 - With the gradual relaxation of lockdown measures since early February, ongoing vaccination drive, extended fiscal stimulus and various initiatives to support the tourism sector (e.g. villa quarantine scheme to attract wealthy foreign tourists, additional public holidays to encourage domestic travelling), private sector activities are bound to resume its recovery trend.
 - As such, coupled with improvement in external demand, 2021 GDP growth is expected to rebound to 3.3% (2020: -6.1%).

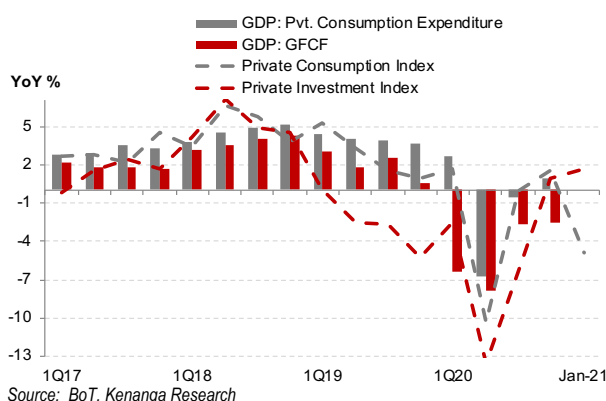
Graph 1: PCI Growth Trend



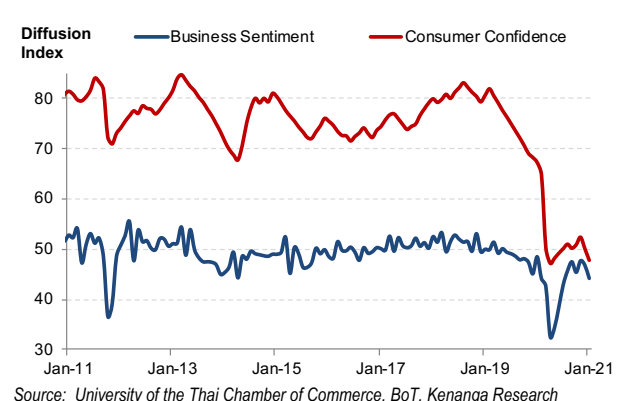
Graph 2: PII Growth Trend



Graph 3: GDP, PCI, PII Growth Performance



Graph 4: Consumer Confidence & Business Sentiment



26 February 2021

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

	2019	2020	Jul -20	Aug -20	Sep -20	Oct -20	Nov -20	Dec -20	Jan -21
PCI	2.8	-1.8	-0.2	-0.4	0.3	-0.5	2.1	3.0	-4.9
Non-Durables	2.3	-1.9	-0.3	-1.3	2.3	-3.6	-2.6	-0.5	-8.8
Semi-Durables	0.6	-3.4	-5.6	-4.2	-2.9	-3.8	-2.4	-0.8	-2.9
Durables	-1.7	-12.3	-15.7	-9.6	-4.8	-4.5	0.2	6.9	-12.3
Services	3.8	-20.9	-24.2	-24.9	-21.7	-22.4	-19.7	-27.6	-29.0
PII	-2.7	-5.2	-10.7	-5.7	-2.6	-4.0	0.7	6.1	1.6
Construction Area Permitted	-2.0	-91.9	-1.2	-0.2	-2.4	-4.3	-8.1	-8.7	-11.7
Construction Material Sales Index	-1.6	-3.5	-1.9	-4.3	-5.5	-10.4	-6.0	-1.3	3.3
Imports of Capital Goods	-1.0	-92.6	-20.5	-12.1	-8.0	-15.4	-1.0	5.4	2.1
Domestic Machinery Sales	-5.4	-92.1	-12.7	-5.0	1.0	5.0	5.7	10.5	4.8
Newly Registered Motor Vehicles for Investment	-3.0	-92.6	-16.7	-8.9	-1.6	-5.0	1.8	27.7	-4.0

Source: BoT, Kenanga Research

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