

Consumer confidence down again amid flood worries, survey finds

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THE NATION

CONSUMER CONFIDENCE sank to its lowest figure in a year last month, mainly from high concerns over another flood crisis and the gloomy outlook for the Kingdom's and global economic growth, according to a survey by the University of the Thai Chamber of Commerce (UTCC).

A separate survey by Bangkok Poll between September 30 and October 2 on 1,190 Bangkokians released yesterday also showed that the top worry for most people was the fear that the metropolitan and central governments would not cooperate if a flood hit the capital (50.3 per cent).

According to the UTCC survey, weaker confidence was reflected in September in reluctance to spend money in a wide range of areas – to purchase products and durable goods, to invest, and to travel.

Based on the survey, the UTCC anticipated that spending during the nine days of the Vegetarian (Gin Je) Festival would grow by 6.3 per cent, slower than the originally expected to 8-10 per cent, to Bt40.15 billion, on concerns over the slowing economy and rising food prices. Average spending per capita during the festival would rise by 7.9 per cent to Bt8,799 because of higher food prices.

"Consumer confidence will drop continuously in the fourth quarter of the year as

there are no signs of positive factors to encourage confidence. Thus the Thai economy will grow more slowly this year than [previously] expected, at less than 3.5 per cent," said Thanavath Phonvichai, director of the UTCC's Economic and Business Forecasting Centre.

A survey of 2,257 respondents resulted in the Consumer Confidence Index declining from 79.3 points in August to 77.9 points last month. The CCI has dropped for six consecutive months. Any score below the 100 benchmark indicates negative confidence.

Negative factors included flooding in more than 30 provinces, the delay of annualised budget disbursement and the Bt2-trillion infrastructure development project, the Fiscal Policy Office's decision to cut its economic-growth forecast from 4.5 per cent to 3.7 per cent for this year, concern over political instability from the government's attempt to amend the Constitution Act, low price of farm crops, and a rising cost of living.

The United States' shutdown of its government agencies, hesitation on whether to extend its quantitative easing programme, and concern over the debt ceiling have also affected consumer confidence in Thailand, the UTCC claimed.

Thanavath said the United States' financial problems had negative impacts all over the world, including Thailand. However, he

expects that the US government will solve the initial problem – Congress' failure to approve a budget – within a couple weeks.

Meanwhile in Thailand, consumers are slowing down their spending, delaying new investments, and borrowing more money, the centre claims. Last month, confidence on travelling dropped to the lowest level in 21 months.

The survey also found that confidence for future employment opportunity was down from 71.6 points in August to 70.6 points, while confidence in future incomes also dropped from 96.7 to 95.1.

Govt fails to prove capability

In addition, the survey found the government had failed to prove itself capable of solving flood problems and increasing water-management efficiency, despite the experiences of the past. Respondents gave the government only 4.1 marks out of 10 for flood solutions.

"Although the Bt350-billion water-management budget has not been passed, the government should transfer budgets from other projects or ministries to prepare for flooding and solve the problem more efficiently," Thanavath said.

More than half of respondents do not believe that the government has developed its water-management ability since the 2011

crisis.

The poll showed consumers have moderate concern over the current flooding, doubting that it will be as serious as in 2011. However, they are worried about the damage to crops – which would lead to higher prices for foods and consumer goods – as well as about damaged roads and disease.

The separate survey by Bangkok Poll uncovered numerous flood worries besides expected lack of cooperation between the Bangkok Metropolitan Administration and the central government (the top concern). These were: corruption regarding the flood-management budget (39.2 per cent), problems regarding flood preparations such as canal dredging and pump installation (38.1 per cent), problems regarding flood victim assistance (35.4 per cent), problems in integrating all agencies' roles in water management (33.7 per cent), and problems in communication between officials and residents (22.6 per cent).

Respondents gave a confidence score in the BMA's ability to handle floods of 5.96 out of 10, and the central government 5.69 out of 10. Most people (54 per cent) believed that a prolonged and devastating flood like in 2011 was unlikely this year and 35 per cent believed the city wouldn't suffer from flooding this year.

About half (50.2 per cent) said the government was better prepared for the flood this time.