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Press Release on Southern Region's Economic Conditions for the Third Quarter of 2020

The overall economic activities in Southern region in the third quarter of 2020 slowly dwindled from the last quarter, as a result of the easing of COVID-19 restrictions in the domestic regions and other countries. Moreover, another supporting factor from an increase in farm income developed private consumption. The government expenditure expanded, as well as the private investment growth. While international demand slightly recovered, led export value to rebound, and some productions to enhance. However, the overall manufacturing production primarily mitigated by processed rubber products. Regarding the tourism sector, the major drop of tourists arrivals was remained; nonetheless, a resilient domestic-tourism was emerged by government stimulus measures.

On the stability front, the fall of headline inflation improved from the last quarter, chiefly reflected a rise in domestic oil prices, also the utilities fees that returned to the normal rate after the end of the government's COVID-19 relief measures. The labour market was protractedly vulnerable by the COVID-19 effects.

Details of the economic conditions are as follows;

Private consumption diminished at a slower pace than the last quarter, due crucially to the easing of nation's lockdown. In addition, the stronger consumer confidence and the higher farm income stayed afloat some purchasing power. The spending somewhat decreased in most categories, mainly on service spending that improved from Thai tourists, and vehicle spending which was benefited from some buyers' demand since the COVID-19 outbreak and the returning production of the automakers. In addition, the spending on daily-use products similarly developed.

Agricultural production contracted from the last quarter. The rubber output was remained to decline by a great amount of rainfall and the labour shortage. Oil palm output withdrew since the reflection of low rainfall in the first half year. While the Vannamei shrimp output receded after the price had fluctuated during the severe COVID-19 outbreak; hence, led to reduce postlarval shrimp in farming. Nevertheless, the total agriculture price rose in every primary products following the low supply, therefore the farm income was higher than the last quarter.

Public spending intensively accelerated from the last quarter due significantly to the capital spending rebound, reflected in Department of Highways, Department of Rural Road, and the Royal Irrigation Department, along with the increase of specific grant, principally in Department of Local Administration. While the regular spending slightly reduced, following a decent increase of the last quarter, associated with the other low spending. Whereas, the total expenditure of fiscal year 2020 lessened 2.7 percent from the fiscal year 2019, mainly attributed by the low disbursement in the government's investment budget.

Private investment improved from the last quarter. The import of capital goods slightly revitalized in machinery products from rubberwood and glove industries, correlating the production reforming of those industries. The construction investment also improved as the growing of domestic machinery sale, led by heavy machinery and equipment, consistent with the cement sale recovered. The real estate investment likewise expanded, even with a slower growth from a persistent demand.

The value of merchandise exports revived to accelerate from the last quarter, due to international demand gradually retrieved after their easing of COVID-19 lockdown restriction. Those demand triggered development of many manufacturing production from the last quarter, particularly the rubberwood and glove. However, the general manufacturing production recanted to decline from the last quarter, according to significant drop of processed rubber products that had already supplied pre-COVID-19 demand in the last quarter, such as latex rubber and mixture rubber.

The number of foreign tourist arrivals remained to diminished as the imposing travel restriction continued. Nevertheless, the domestic tourism recovered progressively with the benefits of government stimulus package in tourism and the recurrent long holidays.

On the stability front, **headline inflation** was at -1.44 percent, slowly declined from the last quarter caused by the higher domestic oil price, and the rebound of normal utilities fees after the end of the government's COVID-19 relief measures. The prolonged vulnerability in the labour market was afftected by COVID-19 pendamic, demonstrated by larger number of unemployed workers in the Social Security system than the last quarter.

At the end of the third quarter of 2020, the total deposit steadily accelerated from the last quarter in both commercial banks and the Specialized Financial Institutions (SFIs). While the overall loan marginally upturned from the previous quarter, partially in the loan for increasing business liquidity.

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