

**No. 2/2021****Press Release on Southern Region's Economic Conditions for the Fourth Quarter of 2020**

The overall economic activities in Southern region in the Fourth quarter of 2020 remained to contract, yet observed a slight improvement from the last quarter. Private consumption contracted at a slower pace than the previous quarter due partly to the support of the government's stimulus measures and an increase in agriculture price. However, the COVID-19 effect obstructed the overall consumption to weaken. Export value accelerated as the global demand and a higher price in some products. While the manufacturing production continued to decrease mainly from low agricultural materials. The tourist arrivals declined constantly with travel restrictions remained in place. Private investment indicator stayed to dwindle from imported capital goods and construction investment. Government expenditure intensively grew, as a result of the low-based effect of the delayed enforcement of FY2020 budget last year.

**On the stability front**, the fall of headline inflation improved from the last quarter, on account of an increasing fresh food price together with an increase of retail petroleum prices. The labour market was prolonged vulnerable by the COVID-19 effects, validated by a few Insured person in section 33.

**Details of the economic conditions are as follows;**

**Private consumption** reduced at a slower pace than the last quarter, as a result of the government's stimulus measure such as "Half-Half co-payment", and a higher agriculture price. The expenditure of daily-use products expanded in necessities category. The expenses on vehicles less contracted as larger number of registration in commercial vehicles and passenger cars. Nevertheless, the semi-durable goods extended to decline, showing cautiousness of household expenditure.

**Agricultural production** diminished at a faster pace from the last quarter, majorly from low palm output since the prior lack of rainfall and decent maintenance. Vannamei shrimp output retreated, due to flood damage in some area. The rubber output shrank similarly to the last quarter. While, **the agricultural price** rose in most primary commodities, as a consequence of the output shortage. However, the price of Vannamei shrimp slowly increased, affected by a decrease of global market's price in the middle of the quarter and the decelerated demand due to consumers' concerns about COVID-19 situation. Hence, the total gain of the agricultural price was critical to expand the **farm income**.

**The value of merchandise exports** revived to hasten, on account of larger international demand in some products such as rubber gloves, rubber latex, and rubberwood. Nonetheless, the manufacturing production continued to fall, led by the palm oil retraction from short palm input. The processed rubber stayed in tightening, owing to slow demand of the main partners, as well as the limited rubber output. Whereas, the rubberwood production for export grew particularly to China. The production of rubber gloves continued to progress.

**The number of foreign tourist arrivals** continued to plummet since the travel restriction had imposed. While, the domestic tourism improved progressively, due to the government's stimulus package and many extra holidays. However, this advancement revealed a slowdown at year end when new cases of COVID-19 in Thailand emerged.

**Private investment** more shorten than the last quarter, according to a decline in the import value of capital goods, particularly in rubberwood industry owing to an accelerated import in the previous quarter and in frozen seafood industry which was in line with a decline in manufacturing level. Moreover, the construction investment also deteriorated as in less number of permitted construction areas for commercial and hotel service, as well as a fall of cement sales. The real estate investment was respectively slow, in order to behold a new decision for the forthcoming economy.

**Public spending** intensively expanded from the last quarter, due significantly to the low-based effect when it was occurred the delay enforcement of FY2020 budget. While the current spending rebounded from the last quarter. The capital spending was also developed by a general subsidy in the autonomous university and a special subsidy in Department of Local Administration. Nonetheless, the overall disbursement in this quarter remained below the average of the disbursement in the Fourth quarter of 2017 – 2019.

On the stability front, **headline inflation** was at -0.80 percent, less negative, following higher fresh food prices, and gradual rising of domestic retail petroleum price as the same direction of global crude oil price. The labour market was protracted, as distinguished a small number of Insured person in section 33.

At the end of the fourth quarter of 2020, **the total deposit** steadily upturned from the last quarter in both commercial banks and the Specialized Financial Institutions (SFIs), according to a preservation of financial liquidity in both households and businesses. **The overall loan** also expanded at a similar pace as the previous quarter, due partially to an upsurge of the financial liquidity.

Bank of Thailand

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Contact: Southern Regional Economic Division Tel: +66 (0) 7443 4884

E-mail: SRO-EconDiv@bot.or.th