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Press Release on Southern Region's Economic Conditions in April 2021

The overall economic activities in Southern region was set back in April 2021 due to the resurgence in the third wave of COVID-19 infections and the disruption in economic activity in particular after Songkran Festival that domestic tourism significantly dropped. The decline in private consumption reflected weak households' purchasing power despite fiscal stimulus packages and higher farm income. Manufacturing production slowed down from the previous month as a result of freight rates hike amid the container shortage. However, export value continued to rise due partly to higher export prices in rubber products. Private investment accelerated.

On the stability front, headline inflation turned mildly positive due to the expiry of living cost relief measures, together with higher petroleum and fresh food prices. Regarding labour market conditions, it remained vulnerable. As for financial sector as of March, deposit and loan expanded at a similar rate as last month.

Details of the economic conditions are as follows;

The number of domestic tourists declined from the previous month especially after Songkran Festival due mainly to the resurgence in the third wave of COVID-19 infections and the interprovincial restrictions. As a result, the occupancy rate dropped. Moreover, international travelling restrictions remaining in place.

Private consumption contracted from the previous month affected by the resurgence in the third wave of COVID-19 infections, together with the gradual expiry of fiscal stimulus packages. The decline was observed in various categories, including consumer goods, semi-durable goods, energy, and tourism-related services, which reflected weak households' purchasing power despite higher farm income. However, the spending on automobile slightly increased.

Agricultural production increased at a slower pace than the previous month from the slowdown in oil palm output after accelerating last month due to the earlier peak season this year compared to last year. Vannamei shrimp output turned negative resulting from the difference weather temperature between daytime and nighttime which caused higher shrimp mortality rate. Rubber output slightly slowed down due to higher-than-usual rainfall. **Agricultural prices** rose at a higher pace from the previous month mainly from all major products, in particular oil palm price as the inventory of crude palm oil remained low. The further increase in agricultural prices, yet slowdown production was crucial to an increase at a similar pace in **farm income**.

The value of merchandise exports continually expanded due partly to higher export prices, especially rubber products. The **manufacturing production** decelerated from the previous month as some trading partners delayed shipments of canned seafood and rubber gloves due to the hike of ocean freight rates after mid of April. The production of processed rubber slowed down from the previous month mainly from the decline in mixture rubber exporting to China. The production of processed rubber wood, however, increased at a higher pace than the previous month mainly from fiberboard and particle board.

Private investment showed an improvement from the previous month due mainly from the investment in construction. The permitted construction areas for manufacturing and services contracted at a slower pace, whereas cement sales turned positive in this month. Additionally, the import value of capital goods increased due to the rise in imported machinery in rubber glove and food industries. However, the number of registered pickup trucks slowed down. The investment in **real estate** sector remained sluggish as reflected by the decline in low-rise houses investment. Moreover, the developers slowed down the launch of new residential projects.

Public spending expanded at a higher pace than the previous month. The capital spending expedited from the disbursement by the Department of Local Administration in all provinces, the disbursement in durable goods, and also the disbursement by the Office of the Ministry of Public Health. The current spending remained in contraction, but at a slower pace, as the disbursement the Office of the Basic Education Commission declined.

On the stability front, headline inflation picked up more strongly from the previous month to 3.62 percent. The increase was driven by the expiration of government subsidies in utilities bills, including water and electricity. In addition, the upward trend of global oil prices passed through to the domestic petroleum prices. The **labour market** conditions remained vulnerable as reflected by a continued decline of the number of employee under Social Security System.

At the end of March 2020, total **deposit** continually increased, despite at a slower pace than the previous month, as a consequence of the essential to preserve financial liquidity in both businesses and households. The overall **loan** also grew at a similar pace as last month in part by an increase of financial liquidity and debt relief measures.

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