



No. 14/2019

Press Release on Southern Region's Economic Conditions in August 2019

The overall economic activities in the Southern region in August 2019 slowed from the previous month. Manufacturing production, as well as merchandise export's value and number of foreign tourist arrivals, decreased from the same period last year, following a consequence of slow world's economic growth. Nevertheless, agricultural production accelerated, especially boosted durian output, while agricultural price dropped, leading to slowly growth of farm income. According to domestic demand, private consumption expanded at a slower pace mainly from consumer goods and new vehicles spending. Private investment slightly decreased from last month, meanwhile the overall public spending continued to decrease. **On the stability front**, the inflation rate dropped due to falling domestic retail petroleum price, and low price of fresh food. The seasonally-adjusted unemployment rate rose from last month.

Details of the economic conditions are as follows;

Agricultural production increased by 17.4 percent from the same period last year, bolstered by every major products which are rubber, oil palm, Vannamei shrimp, and fruits. In comparison with the last month, the agricultural output expanded from durian in particular. Regarding agricultural price, it turned to be weakened by 10.1 percent, from largely drop of rubber price since Chinese demand has diminished and the world's rubber output was overestimated. While, oil palm price continued to descend because of great amount of output and remained high stock level. Consequently, the overall farm income grew slower than last month.

The number of foreign tourist arrivals endured to decrease by 3.0 percent from the same period last year, due to a low number of Malaysian tourists in Phuket and lower side Southern. However, the number of Chinese tourists picked up for the first month in Phuket owing to partial reason of the low-base condition since tourist boat accident happened in July last year. In addition, the number of Indian tourists remained to grow at a solid pace.

The value of **merchandise exports** contracted by 41.7 from the same period last year, mainly on Aircrafts, ships, floating structures, and locomotive as well as manufactured goods, which were impacted by slow economic growth of the key partners, corresponded with a reduce of manufacturing production. The manufacturing production dwindled in most products, specifically processed rubber, processed rubberwood for export to China. Moreover, canned seafood production decreased following by pet food export. Regarding rubber glove export, it contracted due mainly to European's order has continued to lessen. Nonetheless, crude palm oil production expanded from an increase of oil palm output. Growing production also confirmed in frozen seafood which turned positive in fish products.

Private consumption indicators expanded by 2.8 from the same period last year, slower growth rate compared to the last month. The spending on Fast-Moving Consumer Goods (FMCG) slowed in alcohol and cigarette, as well as non-alcohol beverage. This sluggish consumption also happened in durable goods in vehicles after the number of all newly registered vehicles reached a high level in the last month. However, domestic expenditure of Thai tourist remained robust.

Private investment indicators slightly declined from the previous month, following a smaller amount of cement sales and a decline of domestic machinery and equipment sales. While, the value of capital goods imports continued to contract in processed rubber, processed rubberwood, and palm oil industries. Nonetheless, the number of newly registered personal pickup truck increased continually. Permitted construction areas slightly improved in hotel and hospital construction.

Public spending lessened by 15.7 percent from the same period last year, continued to contract compared to the last month. The current spending decelerated by 16.9 percent on other expenses of Department of Local Administration in Three-Southern Border Provinces, disbursement of Office of the Basic Education Commission, and the disbursement of Community Development Department. Additionally, capital spending decreased by 14.0 on land and construction expenditure of Royal Irrigation Department and cluster of Three-Southern Border Provinces, and on durable goods expenses of Royal Irrigation Department, also Office of the Permanent Secretary.

On the stability front, **headline inflation** was at -0.16 percent, fell from 0.41 in the preceding month, following a low price of domestic retail petroleum, fresh vegetable, and fruit caused by domestic oversupply. The seasonally-adjusted **unemployment rate** was at 1.7 percent, rose from the previous month and was in line with decreased employment.

At the end of July 2019, total **deposit** expanded by 3.6 percent from the same period last year, slightly gained from the preceding month owing mainly to the increase in the Specialized Financial Institutions (SFIs)' deposit. While, the overall **loan** expanded by 5.1 percent, stayed unchanged from last month. SFIs' loan enlarged at a solid level, whereas commercial banks' loan slightly boosted. (Excluding transferring portfolio transaction among affiliates of some financial institutions.)

Bank of Thailand

30 September 2019

Contact: Southern Regional Economic Division Tel: +66 (0) 7427 2000 ext. 4715
e-mail: SRO-EconDiv@bot.or.th



	2019					
	Mar.	Apr.	May.	Jun.	Jul.	Aug.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-1.1	18.3	7.7	20.6	13.9	5.5
Agricultural Production Index	6.2	20.1	17.9	12.8	10.4	17.4
Agricultural Price Index	-6.9	-1.5	-8.6	6.9	3.1	-10.1
- Rubber (RSS3)	6.0	7.9	6.1	22.2	11.8	-8.6
- Oil palm (FFB)	-36.0	-30.4	-33.9	-24.0	-20.6	-19.2
- Shrimp (70 pc/kg)	-19.5	-0.9	12.4	-1.0	-10.1	-9.8
Tourism						
- Number of foreign tourists	-7.2	-5.0	-5.7	-14.1	-3.0	-3.0
- Occupancy rate (%)	81.0	82.6	69.8	68.8	64.6	60.2
Manufacturing Production Index (MPI) ^{1/}						
- Level	121.9	110.6	116.0	102.1	109.0	109.6
- $\Delta\%$ year-on-year	1.5	-10.4	4.3	-3.5	2.5	-2.6
Private Consumption Index (PCI)	0.1	2.7	2.9	-0.7	3.6	2.8
- Car Index	-1.7	6.4	0.6	-14.4	15.2	6.3
- Fuel Index	-6.9	-5.8	-9.3	-15.0	-13.0	-16.0
- Household Electricity Index	4.3	7.9	8.8	4.8	6.6	5.7
- Non-durable goods Index	1.8	-0.4	1.2	-1.8	1.6	0.4
- Semi-durable goods Index	-9.2	2.4	-2.6	-0.9	3.7	-7.3
- Services Index	4.0	7.7	9.6	7.8	5.5	8.8
Private Investment						
- Private Investment Index (PII) ^{2/}	1.4	0.7	0.7	0.8	0.5	-0.1
- Registration of Business Entity (total registration)	-28.9	-15.8	-3.6	-28.3	3.2	9.8
- Construction area permitted in municipal zone (12-month moving average)	10.2	7.6	7.4	3.0	-0.4	1.0
Fiscal Sector						
- Total disbursement	-13.6	16.6	-21.3	-13.8	-2.0	-15.7
- Current expenditure	-15.6	34.9	-34.2	-10.9	-11.9	-16.9
- Capital expenditure	-10.6	-1.0	-4.0	-16.5	12.0	-14.0
Consumer Price Index (Base Year = 2015)	0.90	0.92	0.62	0.32	0.41	-0.16
- Food and beverages	1.22	1.20	1.52	2.00	2.31	1.39
- Non food and beverages	0.72	0.75	0.11	-0.64	-0.67	-1.03
Seasonally-adjusted Unemployment Rate *	1.6	1.1	1.3	1.3	1.2	1.7
International Trade(million USD)						
- Exports	1,226.3	1,146.5	1,197.0	975.5	1,173.0	986.5
<i>$\Delta\%$ year-on-year</i>	-18.9	-9.2	-0.6	-22.6	1.7	-41.7
- Imports	1,092.4	991.8	953.9	751.8	1,087.6	780.0
<i>$\Delta\%$ year-on-year</i>	1.0	-2.7	8.6	-1.9	15.9	-9.6
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,149.5	1,145.2	1,131.7	1,135.4	1,135.8	n.a.
<i>$\Delta\%$ year-on-year</i>	4.6	4.4	3.5	3.4	3.6	n.a.
- Deposits of commercial banks	702.5	702.0	689.5	689.0	690.0	n.a.
<i>$\Delta\%$ year-on-year</i>	3.0	2.8	1.3	1.5	1.9	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	447.0	443.1	442.2	446.5	445.9	n.a.
<i>$\Delta\%$ year-on-year</i>	7.2	7.0	7.1	6.5	6.4	n.a.
Overall loans	1,283.3	1,281.3	1,283.1	1,289.3	1,290.6	n.a.
<i>$\Delta\%$ year-on-year</i>	5.0	5.3	5.1	5.1	5.1	n.a.
- Loans of commercial banks	726.0	723.9	725.4	727.1	728.7	n.a.
<i>$\Delta\%$ year-on-year</i>	5.5	6.1	6.1	6.1	6.3	n.a.
- Loans of Specialised Financial Institutions (SFIs)	557.3	557.4	557.7	562.2	561.9	n.a.
<i>$\Delta\%$ year-on-year</i>	4.5	4.2	3.8	3.8	3.6	n.a.

Remark : e = estimated r = revised n.a. = not available * Seasonally-adjusted by BOT

^{1/} The index has been revised since January 2014. ^{2/} The index has been revised since

Source : Bank of Thailand, Southern Region Office