

No. 9/2019Press Release on Southern Region's Economic Conditions in April 2019

The overall economic activities in the Southern region in April 2019 expanded with higher growth than the previous month. The agricultural production increased in all major products leading to improved farm income. Non-farm labour wage also increased. An increase in both types of income supported the private consumption to slightly expanded. Meanwhile, private investment and public spending expanded. However, manufacturing production contracted and was in line with the contraction of merchandise exports value. Such contraction was due mainly to surge in the export of processed rubber after the end of the fifth Agreed Export Tonnage Scheme (AETS) last year. For tourism, the number of foreign tourists decreased from Chinese and Russian tourists, while the Malaysian tourists kept expanding. **On the stability front**, the inflation rate slightly rose owing to vegetable fruit and petroleum prices. The seasonally-adjusted unemployment rate slightly decreased from the last month.

Details of the economic conditions are as follows;

Agricultural production grew by 26.0 percent from the same period last year where the production expanded in all major products. Rubber and palm oil outputs increased following the expansion of yield area, including heatwave making palm oil ripened faster than usual. For Vannamee shrimp, the output expanded as the weather was favourable and the efficiency of culture was better. Regarding agricultural price, it decreased by 1.3 percent but improved from the last month. Rubber price rose following the futures market from the concern of decreasing output. Palm oil price continued to contract from the higher output, together with Thai and Malaysia crude palm oil stock was at a high level. Vannamee shrimp price declined due to an increase in domestic output but improved from the previous month following the global price trend. The high growth of output caused farm income to expand by 24.4 percent.

The number of foreign tourists dropped by 5.0 percent from the same period last year as the number of Chinese and Russian tourists declined. The major driving factor was the economic slowdown. Nevertheless, Malaysian tourists continued to expand as there were more Songkran Festival events more than last year with a longer period. Meanwhile, European tourists increased as a result of day overlap of Easter Festival last year.

The value of **merchandise exports** fell by 9.2 percent from the same period last year, consistent with the contraction of **manufacturing production** at 6.7 percent. The manufacturing production shrank substantially in the processed rubber industry as a partial result of the high base effect where the exporters exported high volume of goods after the end of the fifth Agreed Export Tonnage Scheme (AETS) last year. Also, the processed rubberwood production which exported to

China kept decreasing but improved from the prior month. However, the production of particle board and fiberboard expanded. Regarding canned seafood, the production dropped following the export to the Middle East. Meanwhile, the processed and frozen seafood production continued to contract in shrimp and squid. Nevertheless, the production of rubber glove increased with high growth following the demand from the US and Europe. For crude palm oil, the production expanded following the palm oil output.

Private consumption indicators raised by 0.3 percent from the same period last month, due to the increase of domestic tourism spending on service sector. Furthermore, the expenditure on non-durable expanded , such as construction equipments and vehicle expenses, while non-durable spending dragged from daily-life products. Increasing farm income and upward wage in non-agricultural sector built up strong private spending.

Private investment indicators expanded by 1.4 percent from the same period last year due to the expansion of the construction sector, which was reflected by an increase in permitted construction areas and cement sales. Also, the value of capital import rose mainly from rubber glove and crude palm oil industries.

Public spending increased by 16.6 percent from the same period last year following the current spending that increased by 34.9 percent, owing to an increase in disbursement on other expenditures of Internal Security Operations Command and disbursement on the compensation of Office of Permanent Secretary, Ministry of Public Health. However, the capital spending contracted by 1.0 percent from the disbursement on durable articles and other expenditures.

On the stability front, headline inflation was at 0.92 percent, rose from the preceding month following higher vegetable and fruit prices due to the heatwave which harmed the output, including higher retail petroleum price which moved in the same trend as global price. The seasonally-adjusted **unemployment rate** was at 1.1 percent, declined from the previous month following an increase in the employed workers, especially in the non-agricultural sector.

At the end of March 2019, overall **deposit** expanded by 4.6 percent from the same period last year, similar to the preceding month. The expansion was from both Specialized Financial Institutions (SFIs) and commercial banks. Regarding the overall **loan**, it expanded by 5.0 percent, remained unchanged from the previous month following the expansion in SFIs' loan. Meanwhile, the commercial banks' loan slightly expanded (excluding transferring portfolio transaction among affiliates of some financial institutions)

Bank of Thailand
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	2018		2019			
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-20.0	-14.6	-7.6	-9.3	0.4	24.4
Agricultural Production Index	-2.7	-2.6	-0.4	1.2	7.8	26.0
Agricultural Price Index	-17.9	-12.4	-7.2	-10.4	-6.8	-1.3
- Rubber (RSS3)	-12.4	-9.2	-3.6	-2.6	6.0	7.9
- Oil palm (FFB)	-30.7	-16.3	-18.9	-29.8	-36.0	-29.7
- Shrimp (70 pc/kg)	-24.0	-15.8	-6.0	-13.3	-19.5	-0.9
Tourism						
- Number of foreign tourists	21.0	15.7	4.4	0.5	-7.2	-5.0
- Occupancy rate (%)	67.6	76.2	79.6	82.3	81.0	82.6
Manufacturing Production Index (MPI)						
- Level	163.7	160.1	153.7	152.2	165.4	153.5
- $\Delta\%$ year-on-year	-6.6	-5.5	-5.8	-1.1	2.0	-6.7
Private Consumption Index (PCI)	0.3	1.0	0.9	0.3	0.1	0.3
- Car Index	-16.7	-12.0	8.1	-1.1	-5.1	5.9
- Fuel Index	3.0	1.9	-3.2	-5.9	-4.8	-4.8
- Household Electricity Index	1.2	5.6	7.3	-0.7	4.3	3.6
- Non-durable goods Index	-0.4	3.4	3.5	2.0	1.2	-0.4
- Semi-durable goods Index	-2.7	-3.8	-5.2	-2.3	-5.1	2.4
- Services Index	19.8	16.3	4.7	4.8	4.2	7.4
Private Investment						
- Private Investment Index (PII) 1/	3.1	2.8	2.3	1.7	1.1	1.4
- Registration of Business Entity (total registration)	-39.9	-72.5	61.7	24.1	-28.9	-15.8
- Construction area permitted in municipal zone (12-month moving average)	12.9	12.2	11.4	10.2	10.2	10.9
Fiscal Sector						
- Total disbursement	-6.1	1.9	9.2	-2.0	-13.6	16.6
- Current expenditure	12.7	19.3	22.8	9.6	-15.6	34.9
- Capital expenditure	-32.6	-16.2	-5.4	-13.0	-10.6	-1.0
Consumer Price Index (Base Year = 2015)	0.88	0.01	-0.14	0.44	0.90	0.92
- Food and beverages	0.56	-0.08	0.49	1.05	1.22	1.20
- Non food and beverages	1.06	0.06	-0.50	0.09	0.72	0.75
Seasonally-adjusted Unemployment Rate *	1.6	1.4	1.4	1.5	1.6	1.1
International Trade(million USD)						
- Exports	1,162.2	1,068.5	1,061.5	1,172.7	1,226.3	1,146.5
$\Delta\%$ year-on-year	-23.8	-12.8	-12.6	6.3	-18.9	-9.2
- Imports	1,025.2	846.5	975.2	752.3	1,092.4	991.8
$\Delta\%$ year-on-year	23.2	16.8	8.8	1.1	1.0	-2.7
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,109.8	1,111.7	1,128.2	1,139.3	1,149.5	n.a.
$\Delta\%$ year-on-year	3.9	3.0	3.7	4.5	4.6	n.a.
- Deposits of commercial banks	681.8	682.1	693.4	698.8	702.5	n.a.
$\Delta\%$ year-on-year	2.6	1.2	2.4	3.0	3.0	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	427.9	429.5	434.7	440.4	447.0	n.a.
$\Delta\%$ year-on-year	6.0	6.1	5.9	6.8	7.2	n.a.
Overall loans	1,238.8	1,280.8	1,283.2	1,282.3	1,283.3	n.a.
$\Delta\%$ year-on-year	2.3	5.2	5.6	5.0	5.0	n.a.
- Loans of commercial banks	692.3	729.9	730.9	728.0	726.0	n.a.
$\Delta\%$ year-on-year	0.1	5.3	5.9	5.2	5.5	n.a.
- Loans of Specialised Financial Institutions (SFIs)	546.5	550.9	552.2	554.4	557.3	n.a.
$\Delta\%$ year-on-year	5.2	5.1	5.1	4.8	4.5	n.a.

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

^{1/} The index has been revised since March 2018.

Source : Bank of Thailand, Southern Region Office