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

The overall economic activities in the Southern region in May 2019 increased at a similar pace compared to the previous month. The agricultural production boosted in most products, especially palm oil production. Meanwhile, the number of foreign-tourist arrivals continued to drop, notably in Chinese, European and Russian tourists. Regarding the domestic demand, private consumption improved from the previous month due in part to the implementation of a government welfare program for the poor and the continuing growth of farm income. Private investment was robust at a steady pace from the last month. However, public spending shrank on both current and capital spending. **On the stability front**, the inflation rate dropped due to the falling domestic retail fuel price. The seasonally-adjusted unemployment rate slightly grew from the last month.

Details of the economic conditions are as follows;

Agricultural production grew by 17.6 percent from the same period last year, which was close to the last month growth. Rubber and Vennamei shrimp output expanded. Correspond to palm oil expansion that derived from the larger yield areas and the low base effect last year due to the overlapped crop season. For the agricultural price, it reduced by 8.6 percent from the same period last year due to the major drop of palm oil price from the high domestic output and large stocks of crude palm oil in Thailand and Malaysia. Conversely, rubber price continued to rise as the production in Indonesia was low caused by leaf fall disease and export-cut agreement among Malaysia, Indonesia, and Thailand. Vennamei shrimp price also escalated from a high foreign demand and also Cyclone storm affecting the output in India. Consequently, the overall farm income upturned by 7.5 percent from the same period last year.

The value of **merchandise exports** fell by 0.6 percent from the same period last year, while **manufacturing production** increased by 2.5 percent in which the production expanded in many products. Essentially high output of palm oil produced a great amount of crude palm oil production. Processed rubber wood advanced from last year as a reason of irregular low demand from China since they implemented an environmental policy, consistent with the expansion of particle board and fiberboard production. Also, rubber gloves remained improved by the main order from the US, Europe, and China markets. Nonetheless, processed rubber production contracted in every products, except concentrated latex, regarding to low exports because of export-cut agreement among Malaysia, Indonesia, and Thailand that have been implemented during May-August 2019. Moreover, canned seafood production dropped from the contraction of export to the US. Meanwhile, the processed and frozen seafood production continued to contract in shrimp, squid, and fish.

Foreign tourist arrivals remained to contract by 5.7 percent from the same period last year, which was worse than last month. The largest decrease of arrivals were Chinese, European, and Russian tourists; as a result of slow global economic growth, along with Chinese tour programs have been shifted the destinations from Thailand to the neighbors such as Vietnam, Cambodia, and Myanmar. However, Malaysian tourists continued to improve from the effect of the last-year election in Malaysia that triggered an unusual low arrivals.

Private consumption indicators expanded by 3.6 percent from the same period last year, which improved from last month, due to the growth of domestic tourism spending on the service sector, and the expenditure on daily-life products. Whereas, the spending on durable goods, specifically automobile, slowed down by the declined amount of car and motorcycle license plates. Also, spending on semi-durable goods contracted. In constant, the overall purchasing power was improved due in part to the spending supported by government policy for the poor, along with the enlarge of farm income.

Private investment indicators expanded by 1.7 percent from the same period last year, which was steady from the last month. The value of capital import on private sector increased in the processed rubber wood industry, as well as the palm oil industry. In addition, the construction investment amplified by the indicator of increasing permitted construction areas and cement sales.

Public spending deteriorated by 21.3 percent from the same period last year. The current spending decreased by 34.2 percent, owing to the decline of general subsidy to Thaksin University, as well as the slow down of compensation expenditure in Office of the Basic Education Commission, Royal Thai Army, and Royal Thai Navy. Meanwhile, capital purchasing diminished by 4.0 percent on mostly durable goods, land, and constructions.

On the stability front, **headline inflation** was at 0.62 percent, fell from the preceding month, following the drop of domestic retail fuel price. The seasonally-adjusted **unemployment rate** was at 1.3 percent, increased from the previous month as a weakening number of the employed workers in the non-agricultural sector.

At the end of April 2019, total **deposits** expanded by 4.4 percent from the same period last year, which was a steady movement compared to the preceding month. The expansion was from both Specialized Financial Institutions (SFIs) and commercial banks. Regarding the overall **loan**, it expanded by 5.3 percent, improved at a similar pace from the previous month by the key provider, Specialized Financial Institutions (SFIs), even though the slow pace of growth. Meanwhile, the commercial banks' loan slightly strengthened (excluding transferring portfolio transaction among affiliates of some financial institutions).

Bank of Thailand

28 May 2019



	2018	2019				
	Dec.	Jan.	Feb.	Mar.	Apr.	May.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-14.7	-8.3	-9.4	-0.9	18.4	7.5
Agricultural Production Index	-2.6	-1.2	1.2	6.4	20.0	17.6
Agricultural Price Index	-12.4	-7.2	-10.4	-6.8	-1.4	-8.6
- Rubber (RSS3)	-9.2	-3.6	-2.6	6.0	7.9	6.1
- Oil palm (FFB)	-16.3	-18.9	-29.8	-36.0	-30.4	-33.9
- Shrimp (70 pc/kg)	-15.8	-6.0	-13.3	-19.5	-0.9	12.4
Tourism						
- Number of foreign tourists	15.7	4.4	0.5	-7.2	-5.0	-5.7
- Occupancy rate (%)	76.2	79.6	82.3	81.0	82.6	69.8
Manufacturing Production Index (MPI)						
- Level	160.1	153.7	152.2	165.4	153.5	160.5
- $\Delta\%$ year-on-year	-5.5	-5.8	-1.1	2.0	-6.7	2.5
Private Consumption Index (PCI)	2.3	1.6	-2.0	-1.3	2.4	3.6
- Car Index	-9.5	2.9	-2.9	-1.7	6.4	0.6
- Fuel Index	0.2	-3.9	-7.4	-6.9	-5.8	0.1
- Household Electricity Index	5.4	7.3	-0.7	4.3	7.9	6.3
- Non-durable goods Index	3.8	4.1	1.2	1.8	-0.4	1.2
- Semi-durable goods Index	-8.1	-7.2	-8.4	-9.5	1.9	-3.4
- Services Index	16.3	5.7	4.6	4.0	7.6	9.6
Private Investment						
- Private Investment Index (PII) 1/	2.8	2.3	1.7	1.4	1.9	1.7
- Registration of Business Entity (total registration)	-72.5	61.7	24.1	-28.9	-15.8	-3.6
- Construction area permitted in municipal zone (12-month moving average)	12.2	11.4	10.2	10.2	7.6	6.4
Fiscal Sector						
- Total disbursement	1.9	9.2	-2.0	-13.6	16.6	-21.3
- Current expenditure	19.3	22.8	9.6	-15.6	34.9	-34.2
- Capital expenditure	-16.2	-5.4	-13.0	-10.6	-1.0	-4.0
Consumer Price Index (Base Year = 2015)	0.01	-0.14	0.44	0.90	0.92	0.62
- Food and beverages	-0.08	0.49	1.05	1.22	1.20	1.52
- Non food and beverages	0.06	-0.50	0.09	0.72	0.75	0.11
Seasonally-adjusted Unemployment Rate *	1.4	1.4	1.5	1.6	1.1	1.3
International Trade(million USD)						
- Exports	1,068.5	1,061.5	1,172.7	1,226.3	1,146.5	1,197.0
$\Delta\%$ year-on-year	-12.8	-12.6	6.3	-18.9	-9.2	-0.6
- Imports	846.5	975.2	752.3	1,092.4	991.8	953.9
$\Delta\%$ year-on-year	16.8	8.8	1.1	1.0	-2.7	8.6
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,111.7	1,128.2	1,139.3	1,149.5	1,145.2	n.a.
$\Delta\%$ year-on-year	3.0	3.7	4.5	4.6	4.4	n.a.
- Deposits of commercial banks	682.1	693.4	698.8	702.5	702.0	n.a.
$\Delta\%$ year-on-year	1.2	2.4	3.0	3.0	2.8	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	429.5	434.7	440.4	447.0	443.1	n.a.
$\Delta\%$ year-on-year	6.1	5.9	6.8	7.2	7.0	n.a.
Overall loans	1,280.8	1,283.2	1,282.3	1,283.3	1,281.3	n.a.
$\Delta\%$ year-on-year	5.2	5.6	5.0	5.0	5.3	n.a.
- Loans of commercial banks	729.9	730.9	728.0	726.0	723.9	n.a.
$\Delta\%$ year-on-year	5.3	5.9	5.2	5.5	6.1	n.a.
- Loans of Specialised Financial Institutions (SFIs)	550.9	552.2	554.4	557.3	557.4	n.a.
$\Delta\%$ year-on-year	5.1	5.1	4.8	4.5	4.2	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