

No.5/2019Press Release on Southern Region's Economic Conditions in February 2019

The overall economic activities in the Southern region in February 2019 slowed down from the previous month. The agricultural production decelerated following rubber production. Meanwhile, manufacturing production continued to contract, due to soft foreign demand, and was in line with the decrease in merchandise exports value. Regarding domestic demand, the growth of private consumption stayed flat compared to the last month. It was pressured by the decline in both farm income and non-agricultural labor income but was also supported by the government measures to help low-income people. Private investment was also unchanged from the previous month. For government spending, it dropped from the preceding month due mainly to the decrease in capital spending. **On the stability front**, the inflation rate rose owing to the higher fresh food and retail petroleum prices than the last month. The seasonally-adjusted unemployment rate slightly increased from the preceding month.

Details of the economic conditions are as follows;

The value of **merchandise exports** expanded by 6.4 percent from the same period last year following the expansion in the value of aircraft, petroleum platform, ship and rail category. However, by excluding that category, the value of merchandise exports dropped by 5.6 percent and dropped in most major categories. Such contraction was in accordance with the reduction in **manufacturing production** at 1.1 percent from the same period last year. Processed rubber production fell owing largely to the decline in concentrated latex production caused by soft demand from China and Malaysia. Moreover, the production of processed rubberwood continually decreased following an economic slowdown in trading partner countries. Processed and frozen seafood production also fall as a partial result of the raw material shortage, especially squid. Nevertheless, the production of canned seafood, rubber glove, and tin grew. For Crude Palm Oil (CPO), the production level remained the same as the same period last year. By comparing with the previous month, the manufacturing production decelerated which was mainly attributable to the slowdown of China economy.

The number of foreign tourists grew by 0.5 percent from the same period last year, decelerating from last month. The number of Malaysian tourists strongly expanded in southern-border area and also in the Andaman Coast which had more direct flights from Kuala Lumpur to Phuket and Krabi. Meanwhile, The European, Russian, and Indian tourists continued to grow. However, Chinese tourists significantly dropped since there was a lot of tourists travelling during the Chinese New Year festival last year, together with the confidence recovery from the events around the end of last year has not reached the full level yet.

Agricultural production registered a growth of 1.4 from the same period last year mainly from rubber caused by the expansion of tapping areas. However, the agricultural production decelerated from the preceding month where shrimp production contracted due to an outbreak in shrimp farm areas of Andaman Coast. In addition, oil palm production decreased as a result of the low-base effect last year. Regarding agricultural price, it dropped by 10.4 percent from the same period last year. The falling in rubber

price was from high Shanghai rubber stock including low demand from China. Oil palm price reduced due to the high stock in both Thailand and Malaysia. Meanwhile, the price of Vannamei shrimp decreased according to an increase in global supply together with soft foreign purchasing order. As a consequent, **farm income** contracted by 9.2 percent where the contraction was higher than the last month.

Private consumption indicators slightly expanded by 0.6 percent from the same period last year which was reflected by an increase in sales of consumer goods. The consumption was supported by government measures helping low-income people along with the expansion of the spending on tourism-related services by Thai people. Nevertheless, the spending on personal car and motorcycle declined. By comparing with the previous month, the private consumption remained stable as there still has pressure from the decline in both farm income and non-agricultural labor income.

Private investment indicators expanded by 2.3 percent from the same period last year, stayed flat compared to the preceding month. The expansion was indicated mainly by an increase in capital import of processed rubberwood and rubber glove industries including an increase in permitted construction areas for hotel and housing, consistent to continued growth in real estate sector, especially in horizontal housing.

Public spending contracted by 2.0 percent from the same period last year following the capital spending that decreased by 13.0 percent after the decline in disbursement on durable articles of the Gulf of Thailand provincial cluster. Meanwhile, current spending rose by 9.6 percent due to the increasing disbursement on general purpose subsidy by public universities and operating expenses by the Royal Thai Police.

On the stability front, **headline inflation** was at 0.44 percent, rose from the negative figure in the previous month due to retail petroleum prices which increased following global prices, and also meat and egg prices were higher as the demand expanded together with government measure solving low price problem. The seasonally-adjusted **unemployment rate** was at 1.5 percent, slightly rose from the previous month following the decrease in employment.

At the end of January 2019, overall **deposit** expanded by 3.7 percent from the same period last year. The expansion was from both commercial banks and Specialized Financial Institutions (SFIs). Regarding the overall **loan**, it expanded by 5.6 percent, accelerated from the preceding month especially the portfolio of commercial banks as there was the credit portfolio transferring among some financial institutions. The SFIs' loan stayed flat from the previous month thanks to long-term credit to farmers.

Bank of Thailand
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	2018				2019	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-21.9	-17.7	-18.3	-15.0	-5.1	-9.2
Agricultural Production Index	0.0	-0.3	-0.3	-2.8	2.3	1.4
Agricultural Price Index	-21.9	-17.5	-18.0	-12.5	-7.2	-10.4
- Rubber (RSS3)	-22.9	-14.9	-12.4	-9.2	-3.6	-2.6
- Oil palm (FFB)	-21.9	-24.0	-30.7	-16.3	-18.9	-29.8
- Shrimp (70 pc/kg)	-18.2	-20.1	-24.0	-15.8	-6.0	-13.3
Tourism						
- Number of foreign tourists	16.8	0.8	21.0	15.7	4.4	0.5
- Occupancy rate (%)	62.6	61.6	67.6	76.2	79.6	82.3
Manufacturing Production Index (MPI)						
- Level	152.5	166.1	163.7	160.1	153.7	152.2
- $\Delta\%$ year-on-year	-6.3	-0.3	-6.6	-5.5	-5.8	-1.1
Private Consumption Index (PCI)	-0.1	0.9	0.3	1.0	0.8	0.6
- Car Index	-1.8	-0.4	-16.7	-12.0	8.1	-1.1
- Fuel Index	-5.3	-0.4	3.0	1.9	-3.2	0.6
- Household Electricity Index	-0.6	1.6	1.2	5.6	7.3	4.6
- Non-durable goods Index	-2.2	1.6	-0.4	3.4	3.5	2.0
- Semi-durable goods Index	4.7	1.0	-2.7	-5.4	-6.1	-3.1
- Services Index	8.6	12.9	19.8	16.1	4.7	4.1
Private Investment						
- Private Investment Index (PII) 1/	1.6	2.0	2.5	2.4	2.3	2.3
- Registration of Business Entity (total registration)	-6.8	16.4	-39.9	-72.5	61.7	24.1
- Construction area permitted in municipal zone (12-month moving average)	13.4	16.2	12.9	12.2	11.4	12.9
Fiscal Sector						
- Total disbursement	26.0	-2.6	-6.1	1.9	9.2	-2.0
- Current expenditure	25.3	-19.4	12.7	19.3	22.8	9.6
- Capital expenditure	26.9	34.2	-32.6	-16.2	-5.4	-13.0
Consumer Price Index (Base Year = 2015)	1.37	1.39	0.88	0.01	-0.14	0.44
- Food and beverages	-0.16	0.12	0.56	-0.08	0.49	1.05
- Non food and beverages	2.26	2.13	1.06	0.06	-0.50	0.09
Seasonally-adjusted Unemployment Rate *	1.4	1.1	1.6	1.4	1.4	1.5
International Trade(million USD)						
- Exports	1,104.6	1,392.5	1,162.2	1,068.5	1,061.5	1,172.7
$\Delta\%$ year-on-year	-11.3	10.9	-23.8	-12.8	-12.6	6.4
- Imports	911.7	963.6	1,025.2	846.5	975.2	752.3
$\Delta\%$ year-on-year	17.6	-26.3	23.2	16.8	8.8	1.1
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,094.5	1,105.8	1,109.8	1,111.7	1,128.2	n.a.
$\Delta\%$ year-on-year	4.3	5.2	3.9	3.0	3.7	n.a.
- Deposits of commercial banks	673.4	682.4	681.8	682.1	693.4	n.a.
$\Delta\%$ year-on-year	3.3	4.6	2.6	1.2	2.4	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	421.0	423.4	427.9	429.5	434.7	n.a.
$\Delta\%$ year-on-year	6.1	6.2	6.0	6.1	5.9	n.a.
Overall loans	1,235.9	1,235.4	1,238.8	1,280.8	1,283.2	n.a.
$\Delta\%$ year-on-year	2.1	2.2	2.3	5.2	5.6	n.a.
- Loans of commercial banks	689.5	691.6	692.3	729.9	730.9	n.a.
$\Delta\%$ year-on-year	-0.8	0.0	0.1	5.3	5.9	n.a.
- Loans of Specialised Financial Institutions (SFIs)	546.5	543.8	546.5	550.9	552.2	n.a.
$\Delta\%$ year-on-year	6.0	5.3	5.2	5.1	5.1	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