

No.4/2019Press Release on Southern Region's Economic Conditions in January 2019

The overall economic activities in the Southern region in January 2019 decelerated from last month. The manufacturing production dropped affected by external factors that eventually lowered the merchandise exports value. Tourism also expanded at a slower pace due to the decline in number of Malaysian, European, and Russian tourists, whereas the number of Chinese arrivals improved from previous month although remained in contraction. However, agricultural production increased from rubber and Vannamei shrimp. For domestic demand, growth of private consumption stayed unchanged from the previous month as the spending on consumer goods expanded due partly to the government measures to help low-income people. In contrast, the spending on tourism-related services decelerated. Private investment continued to grow. **On the stability front**, inflation rate continually decelerated from the previous month due to energy price decline. The seasonally-adjusted unemployment rate was flatten from preceding month.

Details of the economic conditions are as follows;

The value of **merchandise exports** declined by 12.6 percent from the same period last year following the decline in all major categories owing to the falling prices and external demand. This partly led to lower **manufacturing production** by 5.8 percent. Processed rubber production dropped due to decreasing demand for block rubber from China because of the slowdown economic growth. However, the demand for latex rubber from China grew. The production of process rubberwood continually declined. The production of processed and frozen seafood dropped because raw material tightened and competitiveness decreased. Nevertheless, the expansion has been observed in rubber glove and canned seafood production.

The number of foreign tourists grew by 4.4 percent from the same period last year, decelerating from last month. The main decline was from Malaysian, European, and Russian tourists. The decelerated growth of Malaysian tourists was due partly to a worry on Chikungunya infection in Songkhla province. The European and Russian tourists declined after the economic slowdown. The number of tourists from China contracted, but slightly improved from the previous month especially free individual traveler (FIT) group both in Phuket, Krabi, and Samui Island. However, the number of any other Asian countries (excluding Chinese) continued to rise thanks to the visa-on-arrival fee exemption, together with the launch of new airline routes.

Agricultural production registered a growth of 2.3 from the same period last year mainly from rubber and Vannamei shrimp. Rubber production grew from new tapping area expansion, whereas the low-base effect last year that the farmer lowered the juvenile shrimp grown due to the flood. Agricultural prices remained in contraction by 7.2 percent. The falling in rubber price was from high Shanghai rubber stock and low demand from China. Oil palm price reduced due to the high stock in both Thailand and Malaysia. The oversupply of Vannamei shrimp remained the major factor of the price falling. As a consequent, **farm income** contracted by 5.1 percent.

Private consumption indicators expanded by 0.8 percent from the same period last year which was similar to the previous month. The consumption was still impeded by low farm income, although there was a support from government measures to help low-income people. The spending on consumer goods particularly food and beverages, and automotives expanded. However, the spending on tourism-related services by Thai people slowed down.

Private investment indicators continually expanded by 2.2 percent from the same period last year both the investment in construction and machinery. The construction grew as indicated by the increasing permitted construction areas for housing and hotel, consistent to growth in real estate sector. Moreover, the investment in machinery rose in rubber glove and latex rubber industries.

Public spending expanded by 9.2 percent from the same period last year following the current spending that increased by 22.8 percent after the increasing disbursement on general purpose subsidy by public universities. Nevertheless, capital spending declined by 5.4 percent as the disbursement on land, construction, and durable goods dropped.

On the stability front, **headline inflation** continually decelerated to -0.14 percent from 0.88 percent in the previous month due to a decline in retail petroleum prices, and also vegetables and fruits because of the oversupply. The seasonally-adjusted **unemployment rate** was at 1.4 percent, stayed unchanged from the previous month following the stable employment.

At the end of December 2018, overall **deposit** expanded by 3.0 percent from the same period last year, but at the slower pace from the previous month mainly from the deceleration in commercial banks' deposits. The overall **loan** also increased by 5.2 percent, accelerated from the previous month due to 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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Table Attached to Press Release on Southern Region's Economic Conditions in January 2019



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	2018					2019
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-11.2	-21.9	-17.7	-18.3	-15.0	-5.1
Agricultural Production Index	6.0	0.0	-0.3	-0.3	-2.8	2.3
Agricultural Price Index	-16.3	-21.9	-17.5	-18.0	-12.5	-7.2
- Rubber (RSS3)	-19.3	-22.9	-14.9	-12.4	-9.2	-3.6
- Oil palm (FFB)	-16.3	-21.9	-24.0	-30.7	-16.3	-18.9
- Shrimp (70 pc/kg)	-10.5	-18.2	-20.1	-24.0	-15.8	-6.0
Tourism						
- Number of foreign tourists	8.2	16.8	0.8	21.0	15.7	4.4
- Occupancy rate (%)	63.5	62.6	61.6	67.6	76.2	79.6
Manufacturing Production Index (MPI)						
- Level	164.2	152.5	166.1	163.7	160.1	153.7
- $\Delta\%$ year-on-year	-0.9	-6.3	-0.3	-6.6	-5.5	-5.8
Private Consumption Index (PCI)	0.9	-0.1	0.9	0.3	1.0	0.8
- Car Index	-2.3	-1.8	-0.4	-16.7	-12.0	8.1
- Fuel Index	1.1	-5.3	-0.4	3.0	1.9	1.5
- Household Electricity Index	2.9	-0.6	1.6	1.2	5.6	2.7
- Non-durable goods Index	0.5	-2.2	1.6	-0.4	3.4	3.5
- Semi-durable goods Index	3.8	4.7	1.0	-7.8	-10.3	-4.8
- Services Index	13.5	8.6	12.9	19.4	15.8	1.0
Private Investment						
- Private Investment Index (PII) 1/	1.8	1.6	2.0	2.4	2.2	2.2
- Registration of Business Entity (total registration)	-43.4	-6.8	16.4	-39.9	-72.5	61.7
- Construction area permitted in municipal zone (12-month moving average)	11.2	13.4	16.2	12.9	12.2	12.2
Fiscal Sector						
- Total disbursement	5.6	26.0	-2.6	-6.1	1.9	9.2
- Current expenditure	-1.8	25.3	-19.4	12.7	19.3	22.8
- Capital expenditure	18.6	26.9	34.2	-32.6	-16.2	-5.4
Consumer Price Index (Base Year = 2015)	1.60	1.37	1.39	0.88	0.01	-0.14
- Food and beverages	0.22	-0.16	0.12	0.56	-0.08	0.49
- Non food and beverages	2.40	2.26	2.13	1.06	0.06	-0.50
Seasonally-adjusted Unemployment Rate *	1.2	1.4	1.1	1.6	1.4	1.4
International Trade(million USD)						
- Exports	1,692.4	1,104.6	1,392.5	1,162.2	1,068.5	1,061.5
$\Delta\%$ year-on-year	26.1	-11.3	10.9	-23.8	-12.8	-12.6
- Imports	862.5	911.7	963.6	1,025.2	846.5	975.2
$\Delta\%$ year-on-year	6.5	17.6	-26.3	23.2	16.8	8.8
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,096.0	1,094.5	1,105.8	1,109.8	1,111.7	n.a.
$\Delta\%$ year-on-year	4.5	4.3	5.2	3.9	3.0	n.a.
- Deposits of commercial banks	676.2	673.4	682.4	681.8	682.1	n.a.
$\Delta\%$ year-on-year	3.5	3.3	4.6	2.6	1.2	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	419.9	421.0	423.4	427.9	429.5	n.a.
$\Delta\%$ year-on-year	6.1	6.1	6.2	6.0	6.1	n.a.
Overall loans	1,228.7	1,235.9	1,235.4	1,238.8	1,280.8	n.a.
$\Delta\%$ year-on-year	1.7	2.1	2.2	2.3	5.2	n.a.
- Loans of commercial banks	684.6	689.5	691.6	692.3	729.9	n.a.
$\Delta\%$ year-on-year	-1.5	-0.8	0.0	0.1	5.3	n.a.
- Loans of Specialised Financial Institutions (SFIs)	544.1	546.5	543.8	546.5	550.9	n.a.
$\Delta\%$ year-on-year	6.1	6.0	5.3	5.2	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