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

The overall economic activities in the Southern region in July 2019 expanded from the previous month due to the agricultural production, which grew at a similar pace as the prior month. Meanwhile, manufacturing production and merchandise exports' value turned positive following slightly improved external demand, while the number of foreign tourist arrivals also less contracted. Regarding domestic demand, private consumption expanded while the factors supporting the purchasing power was partially from an increased farm income and the continued government welfare card measure. The public spending improved owing to the expansion of capital expenditure. However, private investment remained stable. **On the stability front**, the inflation rate slightly rose following the fresh food prices. The seasonally-adjusted unemployment rate unchanged from last month.

Details of the economic conditions are as follows;

Agricultural production increased by 12.0 percent from the same period last year. It expanded with a similar rate as the previous month. Agricultural production expanded in every major product, especially oil palm as a result of crop areas expansion and the low base effect of the overlapped season last year. Regarding agricultural price, it increased by 3.1 percent, slowed down from the prior month following the deceleration of rubber price as global production was higher than the output market forecasted. Also, Chinese demand continued to decrease. Meanwhile, oil palm price remained in contraction caused by a surge in the output and high stock level of crude palm oil in Thailand and Malaysia. Consequently, the overall farm income grew by 15.6 percent from the same period last year.

The value of **merchandise exports** expanded by 1.7 percent from the same period last year, in line with **manufacturing production**, which rebounded by 4.0 percent. The expansion of manufacturing production was mainly from crude palm oil production following an increase in oil palm output. The production of rubber glove grew due to the demand from China and the US. Also, the production and exports of fiberboard to the Middle East increased. However, the production and exports of processed rubber contracted, especially in the China market, as China's economic slowdown together with the effect of a trade war. Regarding the production of canned seafood, it contracted due mainly to fewer exports of Mackerel products. The production of processed and frozen seafood slightly decreased.

The number of foreign tourist arrivals declined by 3.0 percent from the same period last year, improved from the previous month due to the improvement of the number of Chinese and Malaysian tourists. It was a partial result of China's semester break period together with the increase of new airline routes from China to Phuket. Meanwhile, the number of Indian tourists continued to expand.

Private consumption indicators expanded by 2.4 percent from the same period last year from the increase in the spending on non-durable goods. The factors supporting the purchasing power was partially from an increased farm income and the continued government welfare card measure. Also, spending on domestic tourism by Thai tourists expanded, especially in major tourism provinces, i.e. Phuket and Krabi. For spending on durable goods, it turned positive following the number of newly registered motor vehicles in every category.

Private investment indicators stayed flat compared to the same period last year. The value of capital goods imports contracted, from processed rubber and rubber glove industries. Meanwhile, the value of domestic machinery and equipment sales slightly decreased. Nevertheless, the number of newly registered personal pick up and cement sales increased.

Public spending contracted by 2.0 percent from the same period last year, improved from the previous month following capital spending, which expanded by 12.0 percent. The capital spending expansion was from specific subsidy for Department of Local Administration in many provinces, together with the disbursement on land and constructions by the Department of Rural Roads and Customs Department. For current spending, it decreased by 11.9 percent following the decrease in central budget of Songkhla, Pattani, and Yala, the disbursement on the overhead expenses by Office of the Basic Education Commission and the disbursement on compensation by Office of the Permanent Secretary.

On the stability front, **headline inflation** was at 0.41 percent, slightly rose from the preceding month, following the increase in fresh vegetable prices as the volatile weather leading to less output. The seasonally-adjusted **unemployment rate** was at 1.2 percent, stayed unchanged from the previous month.

At the end of June 2019, total **deposit** expanded by 3.4 percent from the same period last year, slightly decelerated compared to the preceding month owing mainly to the deceleration of the Specialized Financial Institutions (SFIs)' deposit. Regarding the overall **loan**, it expanded by 5.1 percent, remained unchanged from the previous month both loan of SFIs and commercial banks. By excluding transferring portfolio transaction among affiliates of some financial institutions, the commercial banks' loan slightly expanded.

Bank of Thailand

30 August 2019



	2019					
	Feb.	Mar.	Apr.	May.	Jun.	Jul.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-8.8	-0.6	18.3	7.7	20.6	15.6
Agricultural Production Index	1.7	6.7	20.1	17.9	12.8	12.0
Agricultural Price Index	-10.4	-6.9	-1.5	-8.6	6.9	3.1
- Rubber (RSS3)	-2.6	6.0	7.9	6.1	22.2	11.8
- Oil palm (FFB)	-29.8	-36.0	-30.4	-33.9	-24.0	-20.6
- Shrimp (70 pc/kg)	-13.3	-19.5	-0.9	12.4	-1.0	-10.1
Tourism						
- Number of foreign tourists	0.5	-7.2	-5.0	-5.7	-14.1	-3.0
- Occupancy rate (%)	82.3	81.0	82.6	69.8	68.8	64.6
Manufacturing Production Index (MPI) ^{1/}						
- Level	109.5	121.9	110.6	116.0	102.1	110.6
- $\Delta\%$ year-on-year	-5.3	1.5	-10.4	4.3	-3.5	4.0
Private Consumption Index (PCI)	-1.0	0.1	2.7	2.8	-0.8	2.4
- Car Index	-2.9	-1.7	6.4	0.6	-14.4	15.2
- Fuel Index	-7.4	-6.9	-5.8	-9.3	-15.0	-12.3
- Household Electricity Index	-0.7	4.3	7.9	8.8	4.8	3.1
- Non-durable goods Index	1.2	1.8	-0.4	1.2	-1.8	1.2
- Semi-durable goods Index	-10.0	-9.2	2.4	-3.5	-1.9	-3.2
- Services Index	4.6	4.0	7.7	9.5	7.8	5.6
Private Investment						
- Private Investment Index (PII) ^{2/}	1.7	1.4	0.7	0.7	0.5	-0.2
- Registration of Business Entity (total registration)	24.1	-28.9	-15.8	-3.6	-28.3	3.2
- Construction area permitted in municipal zone (12-month moving average)	10.2	10.2	7.6	7.4	-1.7	-9.0
Fiscal Sector						
- Total disbursement	-2.0	-13.6	16.6	-21.3	-13.8	-2.0
- Current expenditure	9.6	-15.6	34.9	-34.2	-10.9	-11.9
- Capital expenditure	-13.0	-10.6	-1.0	-4.0	-16.5	12.0
Consumer Price Index (Base Year = 2015)	0.44	0.90	0.92	0.62	0.32	0.41
- Food and beverages	1.05	1.22	1.20	1.52	2.00	2.31
- Non food and beverages	0.09	0.72	0.75	0.11	-0.64	-0.67
Seasonally-adjusted Unemployment Rate *	1.4	1.6	1.1	1.3	1.2	1.2
International Trade(million USD)						
- Exports	1,172.7	1,226.3	1,146.5	1,197.0	975.5	1,173.0
$\Delta\%$ year-on-year	6.3	-18.9	-9.2	-0.6	-22.6	1.7
- Imports	752.3	1,092.4	991.8	953.9	751.8	1,087.6
$\Delta\%$ year-on-year	1.1	1.0	-2.7	8.6	-1.9	15.9
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,139.3	1,149.5	1,145.2	1,131.7	1,135.4	n.a.
$\Delta\%$ year-on-year	4.5	4.6	4.4	3.5	3.4	n.a.
- Deposits of commercial banks	698.8	702.5	702.0	689.5	689.0	n.a.
$\Delta\%$ year-on-year	3.0	3.0	2.8	1.3	1.5	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	440.4	447.0	443.1	442.2	446.5	n.a.
$\Delta\%$ year-on-year	6.8	7.2	7.0	7.1	6.5	n.a.
Overall loans	1,282.3	1,283.3	1,281.3	1,283.1	1,289.3	n.a.
$\Delta\%$ year-on-year	5.0	5.0	5.3	5.1	5.1	n.a.
- Loans of commercial banks	728.0	726.0	723.9	725.4	727.1	n.a.
$\Delta\%$ year-on-year	5.2	5.5	6.1	6.1	6.1	n.a.
- Loans of Specialised Financial Institutions (SFIs)	554.4	557.3	557.4	557.7	562.2	n.a.
$\Delta\%$ year-on-year	4.8	4.5	4.2	3.8	3.8	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