

No.6/2019Press Release on Southern Region's Economic Conditions in March 2019

The overall economic activities in the Southern region in March 2019 slightly improved from the previous month. The agricultural production increased including rubber, palm oil, and Vannamei shrimp. Meanwhile, manufacturing production turned positive, due mainly to processed rubber production, and was in line with less contracted merchandise exports value. However, tourism contracted from Chinese and European tourists. Regarding domestic demand, private consumption remained unchanged from the preceding month as the factors supporting the overall purchasing power stayed flat both agricultural and non-agricultural sectors. Private investment continued to expand. Public spending decreased both in current spending and capital spending. **On the stability front**, the inflation rate rose following petroleum and fresh food prices. The seasonally-adjusted unemployment rate slightly increased from the last month.

Details of the economic conditions are as follows;

Agricultural production grew by 7.8 percent from the same period last year from rubber and palm oil output following the expansion of yield area, including Vannamei shrimp output which increased from the favourable weather condition. Agricultural price decreased by 6.8 percent and contracted less than the previous month as rubber price rose from improving trade war situation. Palm oil price remained contracted as the output increased, together with Thai and Malaysia crude palm oil stock was at a high level. Meanwhile, Vannamei shrimp price declined as global output increased and also the lower foreign orders. As a consequent, **farm income** slightly improved where it increased by 0.4 percent compared with the contraction in the last month.

The value of **merchandise exports** fell by 18.9 percent from the same period last year following the decrease in the value of aircraft, petroleum platform, ship and rail category. However, by excluding that category, the value of merchandise exports dropped by 1.0 percent, contracted less compared to the previous month. Such improvement was in line with the manufacturing production which turned positive and expanded by 2.0 percent from the same period last year. Processed rubber production increased from raw material for tires as a partial result of the fifth Agreed Export Tonnage Scheme (AETS) last year. Also, the production of canned seafood, crude palm oil, and tin expanded. Nevertheless, the production of processed rubberwood continued to decrease following an economic slowdown in trading partner countries. For processed and frozen seafood production, it declined from shrimp and fish. Meanwhile, rubber glove production contracted following the decreasing in export to Europe.

The number of foreign tourists dropped by 7.2 percent from the same period last year as the number of Chinese tourists continually decreased by cause of China economic slowdown. Moreover, tourists were still uncertain regarding the safety of sea travel in the South. Meanwhile, the number of European tourists declined, especially from Germany, France, and the United Kingdom, as a result of the high base effect of day overlap of Easter Festival which started in early April 2018. Then, the tourists came in a lot during the end of March last year which was ahead of the holiday period. In addition, a European economic slowdown also contributed to the contraction of European tourists. The number of Malaysian

tourists remained expanded but decelerated from the last month due to the high expansion in the earlier periods.

Private consumption indicators remained stable compared to the last month. The spending on daily life products and tourism-related services expanded. However, the spending on semi-durable goods and automobile declined. The factors supporting the overall purchasing power stayed flat where the recovery of household income, both in agricultural and non-agricultural sectors, was still unclear.

Private investment indicators expanded by 1.5 percent from the same period last year and were supported by capital import in the crude palm oil, rubber glove and processed rubber industries. Moreover, permitted construction areas and sales of construction equipment continued to expand, consistent with the investment in real estate sector especially in horizontal housing. Nevertheless, by comparing with the previous month, private investment slightly decelerated.

Public spending contracted by 13.6 percent from the same period last year following the current spending that decreased by 15.6 percent, owing to the decline in disbursement on other expenditures of Internal Security Operations Command and general purpose subsidy by public universities. Meanwhile, capital spending contracted by 10.6 percent according to the decline in disbursement on land and construction, durable articles of the Gulf of Thailand provincial cluster, and general purpose subsidy.

On the stability front, **headline inflation** was at 0.90 percent, rose from the preceding month following higher retail petroleum prices which were in line with the rise in global prices, and also higher vegetable and fruit prices due to the heatwave which harmed the output. The seasonally-adjusted **unemployment rate** was at 1.7 percent, slightly rose from the previous month following an increase in the unemployed workers in “never worked” category.

At the end of February 2019, overall **deposit** expanded by 4.5 percent from the same period last year, continued to expand from the preceding month. The expansion was from both commercial banks and Specialized Financial Institutions (SFIs). Regarding the overall **loan**, it expanded by 5.0 percent, decelerated from the previous month.

Bank of Thailand
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	2018			2019		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-16.7	-20.6	-15.0	-8.1	-9.8	0.4
Agricultural Production Index	0.8	-3.3	-3.0	-1.0	0.6	7.8
Agricultural Price Index	-17.3	-17.9	-12.4	-7.2	-10.4	-6.8
- Rubber (RSS3)	-14.9	-12.4	-9.2	-3.6	-2.6	6.0
- Oil palm (FFB)	-24.0	-30.7	-16.3	-18.9	-29.8	-36.0
- Shrimp (70 pc/kg)	-20.1	-24.0	-15.8	-6.0	-13.3	-19.5
Tourism						
- Number of foreign tourists	0.8	21.0	15.7	4.4	0.5	-7.2
- Occupancy rate (%)	61.6	67.6	76.2	79.6	82.3	81.0
Manufacturing Production Index (MPI)						
- Level	166.1	163.7	160.1	153.7	152.2	165.4
- $\Delta\%$ year-on-year	-0.3	-6.6	-5.5	-5.8	-1.1	2.0
Private Consumption Index (PCI)	0.9	0.3	1.0	0.8	0.2	0.0
- Car Index	-0.4	-16.7	-12.0	8.1	-1.1	-5.1
- Fuel Index	-0.4	3.0	1.9	-3.2	-5.9	-4.8
- Household Electricity Index	1.6	1.2	5.6	7.3	-0.7	4.0
- Non-durable goods Index	1.6	-0.4	3.4	3.5	2.0	1.2
- Semi-durable goods Index	1.0	-2.7	-3.8	-5.2	-3.9	-8.0
- Services Index	12.9	19.8	16.3	4.7	4.1	4.6
Private Investment						
- Private Investment Index (PII) 1/	2.4	3.1	2.8	2.3	1.7	1.5
- Registration of Business Entity (total registration)	16.4	-39.9	-72.5	61.7	24.1	-28.9
- Construction area permitted in municipal zone (12-month moving average)	16.2	12.9	12.2	11.4	10.2	10.7
Fiscal Sector						
- Total disbursement	-2.6	-6.1	1.9	9.2	-2.0	-13.6
- Current expenditure	-19.4	12.7	19.3	22.8	9.6	-15.6
- Capital expenditure	34.2	-32.6	-16.2	-5.4	-13.0	-10.6
Consumer Price Index (Base Year = 2015)	1.39	0.88	0.01	-0.14	0.44	0.90
- Food and beverages	0.12	0.56	-0.08	0.49	1.05	1.22
- Non food and beverages	2.13	1.06	0.06	-0.50	0.09	0.72
Seasonally-adjusted Unemployment Rate *	1.1	1.6	1.4	1.4	1.5	1.6
International Trade(million USD)						
- Exports	1,392.5	1,162.2	1,068.5	1,061.5	1,172.7	1,226.3
$\Delta\%$ year-on-year	10.9	-23.8	-12.8	-12.6	6.3	-18.9
- Imports	963.6	1,025.2	846.5	975.2	752.3	1,092.4
$\Delta\%$ year-on-year	-26.3	23.2	16.8	8.8	1.1	1.0
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,105.8	1,109.8	1,111.7	1,128.2	1,139.3	n.a.
$\Delta\%$ year-on-year	5.2	3.9	3.0	3.7	4.5	n.a.
- Deposits of commercial banks	682.4	681.8	682.1	693.4	698.8	n.a.
$\Delta\%$ year-on-year	4.6	2.6	1.2	2.4	3.0	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	423.4	427.9	429.5	434.7	440.4	n.a.
$\Delta\%$ year-on-year	6.2	6.0	6.1	5.9	6.8	n.a.
Overall loans	1,235.4	1,238.8	1,280.8	1,283.2	1,282.3	n.a.
$\Delta\%$ year-on-year	2.2	2.3	5.2	5.6	5.0	n.a.
- Loans of commercial banks	691.6	692.3	729.9	730.9	728.0	n.a.
$\Delta\%$ year-on-year	0.0	0.1	5.3	5.9	5.2	n.a.
- Loans of Specialised Financial Institutions (SFIs)	543.8	546.5	550.9	552.2	554.4	n.a.
$\Delta\%$ year-on-year	5.3	5.2	5.1	5.1	4.8	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