

**No.21/2018****Press Release on Southern Region's Economic Conditions in November 2018**

The overall economic activities in the Southern region in November 2018 expanded from the same period last year. The number of foreign tourists grew from Malaysian, European, and Russian. Private investment continued to grow particularly in construction. However, value of merchandise exports contracted as same as the manufacturing production. In addition, falling agricultural prices weakened the farm income, whereas non-farm income remained low which consequently flattened the private consumption. **On the stability front**, inflation rate decreased from the previous month due to energy price deceleration. The seasonally-adjusted unemployment rate was higher than preceding month.

Details of the economic conditions are as follows;

The number of foreign tourists registered a growth of 21.0 percent from the same period last year. Malaysian tourists accelerated due to post-election optimism over the economic sentiment, together with long weekends in November. The increase was also seen in European, Russian, and Indian tourists. The number of tourists from China contracted, but slightly improved from the previous month especially at Phuket. When considering the tourism by area, the number of tourists from Malaysia and other Asian countries (excluding Chinese) increased in southern border. The number of tourists at Andaman coast rebounded mainly from Malaysia, Europe, Russia and other Asian countries (excluding China). Nevertheless, the number of Chinese and Malaysian tourists remained in contraction at the Gulf of Thailand.

The value of **merchandise exports** declined at 23.8 percent from the same period last year in most major categories due mainly to lower external demand. This was consistent with the **manufacturing production** that contracted at 6.6 percent. The decline in processed rubber production was affected by lower demand from China after the Chinese imports was rushed last month in order to export to the U.S. within this coming December before additional duty increases. The production of processed rubberwood contracted, whereas the production of rubber glove continued to expand supported by higher exports to the U.S. The production of frozen and processed seafood dropped because the decreasing raw materials, coupled with declining competitiveness in Vannamei shrimp products. The production of canned seafood production expanded mainly from Sardine, whereas the production of crude palm oil decreased affected by the lingering supply shock.

Agricultural production slightly dropped at 0.2 percent from the same period last year. Oil palm production continued to decline from adverse weather. The rubber production rose due to the expansion of new tapping areas as same as Vannamei shrimp production that rose from more favourable weather than the previous year. Agricultural prices contracted at 18.3 percent. Rubber price fell resulting from higher production, higher Shanghai rubber stock, and low demand from China. Oil palm price continually declined due to the decreasing global price, coupled with higher 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 at 18.4 percent.

Private consumption indicators stayed flat from the same period last year. The fundamental factors supporting the overall purchasing power, including farm and non-farm income, remained at low level, resulted in decreasing spending on consumer goods, in particular food and personal care categories, and automotives. Nevertheless, the spending on tourism-related services continued to increase.

Private investment indicators expanded at 2.5 percent from the same period last year due mainly to the expansion in construction as reflected by increasing permitted construction areas for housing and hotel. The cement sales also increased, in line with the investment in real estate sector. The investment in machinery and equipment for construction works rose, but the imports of capital goods using in processed rubberwood and processed rubber dropped.

Public spending decreased at 6.1 percent from the same period last year from the falling in capital spending at 32.6 percent as the disbursement on general purpose subsidy, land and construction, and durable goods, declined after the expedite disbursement last month. However, the current spending expanded at 12.7 percent mainly from higher disbursement on other expenses and operational costs due to the different months of disbursement from last year.

On the stability front, **headline inflation** decreased to 0.88 percent from 1.39 percent in the previous month as the energy prices slowed down, whereas the fresh food increased as the adverse weather lowered the supply. The seasonally-adjusted **unemployment rate** was at 1.5 percent, rising from the previous month due to the decreasing the number of employed labours in agricultural sector.

At the end of October 2018, overall **deposit** expanded at 5.2 percent from the same period last year. The deposit of both Specialised Financial Institutions (SFIs) and commercial banks increased due to government bonds redemption after the maturity. The overall **loan** also increased at 2.2 percent from the same period last year, mostly from SFIs' loan, namely long-term credit to farmers and mortgage loan. However, the loan of commercial banks unchanged.

Bank of Thailand
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Table Attached to Press Release on Southern Region's Economic Conditions in November 2018



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	2018					
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-10.8	-4.7	-10.8	-21.7	-17.7	-18.4
Agricultural Production Index	0.3	6.9	6.7	0.5	-0.1	-0.2
Agricultural Price Index	-11.1	-10.9	-16.4	-22.1	-17.7	-18.3
- Rubber (RSS3)	-17.4	-15.4	-19.3	-22.9	-14.9	-12.4
- Oil palm (FFB)	-0.7	-8.3	-16.3	-21.9	-24.0	-30.7
- Shrimp (70 pc/kg)	-16.8	-7.6	-10.5	-18.2	-20.1	-24.0
Fishery Production						
- Fishery production loaded at ports	14.1	15.1	26.4	25.5	26.4	n.a.
- Shrimp production	-24.6	-21.3	5.4	2.8	6.7	20.4
Number of Foreign Tourists	20.3	10.4	8.2	16.8	0.8	21.0
Manufacturing Production Index (MPI)	2.1	-1.7	-0.9	-6.3	-0.3	-6.6
Private Consumption Index (PCI) ^r	1.9	1.0 ^r	0.8 ^r	-0.1 ^r	0.7 ^r	0.1 ^e
- Car Index	-4.4	2.1	-2.0	-1.7	-0.8	-16.0
- Fuel Index	-3.2	-2.5	1.2	-5.3	-0.5 ^r	-1.5 ^e
- Household Electricity Index	1.9	2.6	2.9	-0.4	1.6 ^r	1.4 ^e
- Non-durable goods Index	5.7	1.6	0.4	-2.2	1.9	-0.2
- Semi-durable goods Index	8.7	6.0	4.1	3.9	-3.2 ^r	-2.9 ^e
- Services Index	9.4	9.8	10.0	8.5	9.3 ^r	11.7 ^e
Private Investment						
- Private Investment Index (PII) ^{1/}	1.7	2.0	1.8	1.7	2.0 ^r	2.5 ^e
- Registration of Business Entity (total registration)	-22.5	1.4	-43.4	-6.8	16.4	-39.9
- Construction area permitted in municipal zone (12-month moving average)	0.8	13.6	11.2	13.4	16.2	16.5
Fiscal Sector						
- Tax revenue	5.1	4.8	-0.8	13.9	9.3	4.5
- Total disbursement	-5.3	-23.3	5.6	26.0	-2.6	-6.1
Consumer Price Index (Base Year = 2015)	1.37	1.55	1.60	1.37	1.39	0.88
- Food and beverages	-0.48	-0.27	0.22	-0.16	0.12	0.56
- Non food and beverages	2.45	2.60	2.40	2.26	2.13	1.06
Core Consumer Price Index (excluding raw food and energy)	0.44	0.48	0.50	0.47	0.35	0.31
Seasonally-adjusted Unemployment Rate *	1.5	1.3	1.1	1.3	1.0	1.5
International Trade(million USD)						
- Exports	1,261.2	1,268.4	1,692.4	1,104.6	1,392.5	1,162.2
$\Delta\%$ year-on-year	-14.2	-8.0	26.1	-11.3	10.9	-23.8
- Imports	765.7	938.4	862.5	911.7	963.6	1,025.2
$\Delta\%$ year-on-year	-0.5	10.0	6.5	17.6	-26.3	23.2
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,098.3	1,096.4	1,096.1	1,094.5	1,105.8	n.a.
$\Delta\%$ year-on-year	4.9	4.7	5.3	4.3	5.2	n.a.
- Deposits of commercial banks	679.0	677.3	676.2	673.4	682.4	n.a.
$\Delta\%$ year-on-year	3.7	3.8	3.5	3.3	4.6	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	419.3	419.0	419.9	421.0	423.4	n.a.
$\Delta\%$ year-on-year	6.9	6.1	6.1	6.1	6.2	n.a.
Overall loans	1,226.8	1,227.8	1,228.7	1,235.9	1,235.4	n.a.
$\Delta\%$ year-on-year	2.4	2.1	1.7	2.1	2.2	n.a.
- Loans of commercial banks	685.4	685.5	684.6	689.5	691.6	n.a.
$\Delta\%$ year-on-year	-0.6	-0.9	-1.5	-0.8	0.0	n.a.
- Loans of Specialised Financial Institutions (SFIs)	541.4	542.4	544.1	546.5	543.8	n.a.
$\Delta\%$ year-on-year	6.4	6.1	6.1	6.0	5.3	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