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

The overall economic activities in the Southern region in November 2019 slightly contracted from the previous month. Private consumption grew at a slower pace from last month due partly to the decline in non-farm income and the delay of new car purchase. However, the expenditure on consumer goods marginally increased on the back of the government stimulus measures, together with higher farm income. Private investment remained in contraction at a similar pace as the previous month, whereas public spending continued to shrink. The agricultural production dropped further, especially from the decline in oil palm following the seasonal pattern and high base effect last year after the drought. Moreover, the manufacturing production and export sectors remained contracted in line with the weakness of external demand resulting from global economic sluggish which also undermined the number of foreign tourists.

On the stability front, the inflation rate was less negative than the previous month following the less drop in energy price. Meanwhile, the seasonally-adjusted unemployment rate rose from last month.

Details of the economic conditions are as follows;

Private consumption grew at a slower pace. The spending on durable goods and the spending of Thai tourists on tourism-related services slowed down partly due to the decline in non-farm income, together with the delayed purchase of new car waiting for the launch of new models. However, the spending on consumer goods slight improved from last month supported by government stimulus measures and higher farm income resulting from price increased.

Private investment declined at a similar pace as the previous month. The imports value of machinery and equipment used in processed rubberwood, processed rubber and crude palm oil industries remained subdued. The domestic sales of machinery and equipment were also pulled down by the weakness in manufacturing production. Nevertheless, the expansion was observed in the permitted construction areas and the number of newly registered pickup trucks.

Public spending continued to drop as the delay in 2020 budget approval weigh on both current and capital spending. The current spending declined mainly from other expense and operational expense. Meanwhile, the capital spending remained in contraction but slightly improved from the previous month.

Agricultural production decreased further due mainly to seasonal decline in oil palm output, together with high base effect last year from the seasonal shift. In addition, Vannamei shrimp output turned negative affected by heavy rain throughout the month causing the lower survival rate. Agricultural prices, conversely, turned positive since the prices of all products increased especially oil palm price, resulting from the lower output and higher demand owing to the announcement of biodiesel B10 as

the primary diesel since 2020 onwards, which reflected by the intense competition in buying raw material in several areas. The oil palm output shortfalls caused high competition of oil palm purchase in many areas. As a consequent, **farm income** increased from the previous month.

The weakening global economic growth continued to weigh on the value of **merchandise exports** which dampened **manufacturing production**. The production of processed rubber exporting to China and Japan dropped, whereas the production of crude palm oil significantly declined following the declining output. However, the production of rubber glove remained growth due to increased demand.

The number of foreign tourist arrivals fell from last month mainly from decreasing in the number of Malaysian tourists on the back of high base effect last year that the number of Malaysian tourists accelerated after the consumer confidence rose due to post-election optimism. In addition, the number of European tourists contracted, especially those from Germany and Sweden. The number of Chinese tourists grew at a slower pace as the Chinese economic slowdown continued to put downward pressure on demand. Nevertheless, the number of Indian and Russian tourists expanded continually, attributable to the launch of new airline routes from to Phuket.

On the stability front, **headline inflation** was at -0.43 percent, slightly edged up from the previous month after the lower global crude oil price. The seasonally-adjusted **unemployment rate** was at 2.3 percent, increasing from the preceding month.

At the end of October 2019, total **deposit** stayed unchanged from the previous month. The deposit of the commercial banks slowed down, whereas the deposit of Specialized Financial Institutions (SFIs) improved. The overall **loan**, however, expanded on the back of SFIs' loan.

Bank of Thailand
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Contact: Southern Regional Economic Division Tel: +66 (0) 7427 2000 ext. 4712
e-mail: SRO-EconDiv@bot.or.th



	2019					
	Jun	Jul	Aug	Sep	Oct	Nov
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	27.0	16.4	8.4	1.4	-5.9	7.8
Agricultural Production Index	18.8	12.8	20.5	7.8	-0.6	-4.2
Agricultural Price Index	6.9	3.1	-10.1	-5.9	-5.3	12.6
- Rubber (RSS3)	22.2	11.8	-8.6	-3.9	-9.1	6.2
- Oil palm (FFB)	-24.0	-20.6	-19.2	-15.2	1.3	42.8
- Shrimp (70 pc/kg)	-1.0	-10.1	-9.8	-11.3	-5.9	6.9
Tourism						
- Number of foreign tourists	-14.1	-3.0	-3.0	-7.1	5.4	-3.9
- Occupancy rate (%)	68.8	64.6	60.2	62.5	64.0	65.9
Manufacturing Production Index (MPI) ^{1/}						
- Level	102.1	109.0	109.6	95.4	106.3	103.3
- $\Delta\%$ year-on-year	-3.5	2.5	-2.6	-9.2	-7.4	-11.3
Private Consumption Index (PCI)	-0.7	3.8	2.2	0.2	1.8	1.3
- Car Index	-14.4	15.2	6.3	-2.4	2.5	1.3
- Fuel Index	-15.0	-13.0	-18.4	-20.8	-19.3	-14.2
- Household Electricity Index	4.8	6.6	3.1	0.7	2.0	2.1
- Non-durable goods Index	-1.8	1.6	0.4	-1.8	-0.1	0.5
- Semi-durable goods Index	-0.8	4.3	-3.9	-5.1	4.7	4.5
- Services Index	7.8	5.5	9.0	8.6	9.3	4.6
Private Investment						
- Private Investment Index (PII) ^{2/}	0.8	0.5	-0.4	-0.8	-1.4	-1.3
- Registration of Business Entity (total registration)	-28.3	3.2	9.8	-31.4	-16.5	-36.5
- Construction area permitted in municipal zone (12-month moving average)	3.0	-0.4	4.3	7.5	8.1	9.6
Fiscal Sector						
- Total disbursement	-13.8	-2.0	-15.7	-8.2	-26.7	-29.1
- Current expenditure	-10.9	-11.9	-16.9	-13.8	-10.3	-32.4
- Capital expenditure	-16.5	12.0	-14.0	0.2	-48.4	-21.5
Consumer Price Index (Base Year = 2015)	0.32	0.41	-0.16	-0.36	-0.66	-0.43
- Food and beverages	2.00	2.31	1.39	1.32	0.94	0.49
- Non food and beverages	-0.64	-0.67	-1.03	-1.30	-1.58	-0.95
Seasonally-adjusted Unemployment Rate *	1.3	1.2	1.7	1.9	1.6	2.3
International Trade(million USD)						
- Exports	975.5	1,173.0	986.5	1,067.4	1,268.5	1,149.9
$\Delta\%$ year-on-year	-22.6	1.7	-41.7	-3.5	-8.9	-0.4
- Imports	751.8	1,087.6	780.0	699.1	1,088.9	748.2
$\Delta\%$ year-on-year	-1.9	15.9	-9.6	-23.3	13.0	-27.0
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,135.4	1,135.8	1,141.8	1,144.3	1,156.6	0.0
$\Delta\%$ year-on-year	3.4	3.6	4.2	4.6	4.6	-100.0
- Deposits of commercial banks	689.0	690.0	692.7	693.2	700.9	0.0
$\Delta\%$ year-on-year	1.5	1.9	2.4	2.9	2.7	-100.0
- Deposits of Specialised Financial Institutions (SFIs)	446.5	445.9	449.1	451.0	455.7	0.0
$\Delta\%$ year-on-year	6.5	6.4	7.0	7.1	7.6	-100.0
Overall loans	1,289.3	1,290.6	1,289.1	1,292.8	1,296.2	0.0
$\Delta\%$ year-on-year	5.1	5.1	4.9	4.6	4.9	-100.0
- Loans of commercial banks	727.1	728.7	726.5	729.2	732.0	0.0
$\Delta\%$ year-on-year	6.1	6.3	6.1	5.8	5.8	-100.0
- Loans of Specialised Financial Institutions (SFIs)	562.2	561.9	562.6	563.6	564.3	0.0
$\Delta\%$ year-on-year	3.8	3.6	3.4	3.1	3.8	-100.0

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