

**No.19/2018****Press Release on Southern Region's Economic Conditions in October 2018**

The overall economic activities in the Southern region in October 2018 decelerated from the previous month. The number of foreign tourists slowed down. The major merchandise exports declined in all categories resulting from the lower prices and external demand. However, domestic demand remained growth. Private consumption improved following the spending on consumer goods increased. Nevertheless, the contraction in agricultural prices stagnated the consumption. Private and public investment continued to grow. **On the stability front**, inflation slightly increased from the previous month due to higher fresh food prices. The seasonally-adjusted unemployment rate was lower than preceding month.

Details of the economic conditions are as follows;

**The number of foreign tourists** grew marginally at 0.8 percent from the same period last year. The growth rate was slowdown from the preceding month as the number of Chinese and Russian tourists continued to decline. The number of Malaysian tourists also decelerated. When considering the tourism by area, the number of Chinese and Russian tourists declined in Andaman coast. The number of Chinese and Malaysian in the Gulf of Thailand also dropped. However, the number of Malaysian and Asian (excluding Chinese) tourists in southern border increased.

The value of **merchandise exports** expanded at 10.9 from the same period last year. Excluding the aircraft, petroleum platform, ship and rail, the merchandise exports dropped in all major categories, at 5.8 percent due to lower external demand. The **manufacturing production** stayed flat. The production of processed rubberwood and products continued to decline. The production of processed rubber decreased after the slowdown in Chinese economy, coupled with high Shanghai rubber stock. However, the production of rubber glove continually expanded following higher export to the US. The production of frozen and processed seafood, specifically from Vannamei shrimp and cuttlefish, dropped due partly to the decreasing competitiveness in Vannamei shrimp products because of higher cost of production than the competitors. However, the fish products slightly increased. The production of canned seafood production expanded, whereas the production of crude palm oil went down.

**Private consumption indicators** slightly expanded at 1.0 percent from the same period last year. The spending on non-durable goods, in particular food and household categories. The purchase of vehicles continued to contract following the contraction in motorcycle. The fundamental factors supporting overall consumption remained weak as reflected by low farm and non-farm income levels.

**Agricultural production** increased at 1.4 percent from the same period last year, mainly from rubber and Vannamei shrimp. The rubber production rose due to the expansion of new tapping areas, whereas the increase in Vannamei shrimp price during August 2018 pushed the shrimp harvesting up. However, oil palm production continued to fall owing to the adverse weather conditions. Agricultural prices contracted at 17.7 percent. Rubber price fell resulting from higher production, higher Shanghai rubber stock, and trade tensions between China and the US that weighed on the investor sentiment and lowered

the demand on rubber. The oversupply of Vannamei shrimp remained the major factor of the price falling. Oil palm price continually declined following the global price, together with higher stock in both Thailand and Malaysia. As a consequent, **farm income** contracted at 16.5 percent.

**Private investment indicators** expanded at 2.4 percent from the same period last year. Investment in machinery and equipment grew from higher domestic machinery sales, including construction materials and the machinery in transportation. In addition, the investment in construction rose due partly to the declining housing backlog, as reflected by the increase in permitted construction areas for housing and hotel, together with the higher in cement sales.

**Public spending** decreased at 2.6 percent from the same period last year from the falling in current spending at 19.4 percent due to the lower disbursement by the Internal Security Operations Command in three southern border provinces and by the public universities. However, the capital spending increased at 34.2 percent, accelerating from the preceding month as the disbursement on land and construction budget, general purpose subsidy by public universities, and specific purpose subsidy for road, waterworks, and child development centre maintenance, increased.

On the stability front, **headline inflation** marginally increased to 1.39 percent from 1.37 percent in the previous month as the fresh food prices rose resulting from lower supply of vegetables, fruits, and aquatic animals, whereas the energy prices slightly slowed down. The seasonally-adjusted **unemployment rate** was at 1.0 percent, declining from the previous month due to higher non-farm employment, particularly in trade, hotel, and construction sectors.

At the end of September 2018, overall **deposit** expanded at 4.3 percent from the same period last year. The deposit of both Specialised Financial Institutions (SFIs) and commercial banks increased mainly from savings account. The overall **loan** also increased at 2.1 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 continued to fall.

Bank of Thailand  
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BANK OF THAILAND

Table Attached to Press Release on Southern Region's Economic Conditions in October 2018

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	2018					
	May	Jun.	Jul.	Aug.	Sep.	Oct.
<b>The Real Sector</b> ( $\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index <sup>f</sup>	-7.5	-10.8	-4.7	-10.8	-21.7	-16.5
Agricultural Production Index	17.5	0.3	6.9	6.7	0.5	1.4
Agricultural Price Index	-21.3	-11.1	-10.9	-16.4	-22.1	-17.7
- Rubber (RSS3)	-30.1	-17.4	-15.4	-19.3	-22.9	-14.9
- Oil palm (FFB)	-27.8	-0.7	-8.3	-16.3	-21.9	-24.0
- Shrimp (70 pc/kg)	-25.5	-16.8	-7.6	-10.5	-18.2	-20.1
<b>Fishery Production</b>						
- Fishery production loaded at ports	41.5	14.1	15.1	26.4	25.5	n.a.
- Shrimp production	-4.1	-24.6	-21.3	5.4	2.8	6.7
<b>Number of Foreign Tourists</b>	8.4	20.3	10.4	8.2	16.8	0.8
<b>Manufacturing Production Index (MPI)</b>	-1.6	2.1	-1.7	-0.9	-6.3	-0.3
<b>Private Consumption Index (PCI) <sup>f</sup></b>	1.4	1.9	1.0 <sup>f</sup>	0.8 <sup>f</sup>	-0.1 <sup>f</sup>	1.0 <sup>e</sup>
- Car Index	-3.5	-4.4	2.1	-2.0	-1.7	-0.8
- Fuel Index	-5.4	-3.2	-2.5 <sup>f</sup>	1.2 <sup>f</sup>	-5.3 <sup>f</sup>	-2.2 <sup>e</sup>
- Household Electricity Index	2.8	1.9	2.6	2.9	-0.4 <sup>f</sup>	1.7 <sup>e</sup>
- Non-durable goods Index	3.3	5.7	1.6	0.4	-2.2	1.9
- Semi-durable goods Index	9.1	8.7	6.0	4.1	3.9	5.5
- Services Index	11.2	9.4	9.8	10.0	8.5	9.4
<b>Private Investment</b>						
- Private Investment Index (PII) <sup>1/</sup>	2.0	1.7	2.0	1.8	1.7	2.4
- Registration of Business Entity (total registration)	-11.9	-22.5	1.4	-43.4	-6.8	16.4
- Construction area permitted in municipal zone (12-month moving average)	-3.1	0.8	13.6	11.2	13.4	15.6
<b>Fiscal Sector</b>						
- Tax revenue	1.0	5.1	4.8	-0.8	13.9	9.3
- Total disbursement	25.3	-5.3	-23.3	5.6	26.0	-2.6
<b>Consumer Price Index (Base Year = 2015)</b>	1.27	1.37	1.55	1.60	1.37	1.39
- Food and beverages	-0.17	-0.48	-0.27	0.22	-0.16	0.12
- Non food and beverages	2.09	2.45	2.60	2.40	2.26	2.13
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.46	0.44	0.48	0.50	0.47	0.35
<b>Seasonally-adjusted Unemployment Rate *</b>	1.4	1.5	1.3	1.1	1.3	1.0
<b>International Trade(million USD)</b>						
- Exports	1,203.5	1,261.2	1,268.4	1,692.4	1,104.6	1,148.1
$\Delta\%$ year-on-year	-8.3	-14.2	-8.0	26.1	-11.3	-8.5
- Imports	877.3	765.7	938.4	862.5	911.7	963.6
$\Delta\%$ year-on-year	5.0	-0.5	10.0	6.5	17.6	-26.3
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	<b>1,093.7</b>	<b>1,098.3</b>	<b>1,096.4</b>	<b>1,096.1</b>	<b>1,094.5</b>	<b>n.a.</b>
$\Delta\%$ year-on-year	<b>4.3</b>	<b>4.9</b>	<b>4.7</b>	<b>5.3</b>	<b>4.3</b>	<b>n.a.</b>
- Deposits of commercial banks	680.9	679.0	677.3	676.2	673.4	n.a.
$\Delta\%$ year-on-year	3.4	3.7	3.8	3.5	3.3	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	412.9	419.3	419.0	419.9	421.0	n.a.
$\Delta\%$ year-on-year	5.8	6.9	6.1	6.1	6.1	n.a.
<b>Overall loans</b>	<b>1,220.7</b>	<b>1,226.8</b>	<b>1,227.8</b>	<b>1,228.7</b>	<b>1,235.9</b>	<b>n.a.</b>
$\Delta\%$ year-on-year	<b>2.1</b>	<b>2.4</b>	<b>2.1</b>	<b>1.7</b>	<b>2.1</b>	<b>n.a.</b>
- Loans of commercial banks	683.5	685.4	685.5	684.6	689.5	n.a.
$\Delta\%$ year-on-year	-0.7	-0.6	-0.9	-1.5	-0.8	n.a.
- Loans of Specialised Financial Institutions (SFIs)	537.2	541.4	542.4	544.1	546.5	n.a.
$\Delta\%$ year-on-year	5.8	6.4	6.1	6.1	6.0	n.a.

Remark : e = estimated r = revised n.a. = not available \* Seasonally-adjusted by BOT

<sup>1/</sup> The index has been revised since March 2018.

Source : Bank of Thailand, Southern Region Office