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

The overall economic activities in the Southern region in October 2019 remained unchanged from the previous month. Private consumption expanded attributed to higher spending on durable goods and the improved spending on consumer goods, partly supported by government stimulus measures. However, private investment and public spending further contracted. Meanwhile, manufacturing production remained in contraction as the production of processed rubber declined, as well as the weaker exports value. Agricultural production also registered a slower growth as the oil palm output decelerated. Tourism, nevertheless, turned positive following the increase in Chinese and Indian tourists.

On the stability front, the inflation rate further dipped due to the energy prices, in line with the direction of global crude oil price. Meanwhile, the seasonally-adjusted unemployment rate fell from last month as the employment in the agricultural sector increased.

Details of the economic conditions are as follows;

**Private consumption** expanded further from the previous month due mainly to the growth of spending on durable goods, in particular, the higher number of newly registered motorcycles. Meanwhile, the spending on consumer goods also improved, partly supported by government stimulus measures. Also, the spending of Thai tourists on tourism-related services recorded a continued robust growth.

**Private investment** fell further due mainly to the lower imports value of machinery and equipment in processed rubber and rubberwood industries, as well as the decline in the domestic sales of machinery and equipment, consistent with weak manufacturing production. The number of newly registered pickup trucks remained growth but at a softer pace.

**Public spending** contracted at a higher pace following the decrease in disbursement on general subsidy of autonomous public universities. Consequently, in this month, capital spending turned into contraction while current spending continued to contract.

The value of **merchandise exports** continued to decline, corresponding with **manufacturing production** which remained in contraction following lower processed rubber production affected by Chinese economic downturn. The production of crude palm oil also shrank because of the oil palm output decline. The production of canned seafood contracted due partly to high base as there was a high demand for Sardine product last year. By contrast, the production of frozen seafood increased in all major products.

**Agricultural production** slower expanded as the output of oil palm declined seasonally, together with the high base effect from the changing in a seasonal pattern in the previous year. Nonetheless, the Vannamei shrimp output grew further following the higher shrimp raising. Regarding

agricultural prices, it remained in contraction mainly from rubber price, resulting from the global economic downturn and high rubber stockpiles. As a consequent, **farm income** turned negative.

**The number of foreign tourist arrivals** registered a growth after the contraction last month. The number of Malaysian and Russian tourists turned positive, whereas the number of Chinese tourists expanded at a higher rate. The growth was partly attributed to the launch of new airline routes from China and Russia to Phuket. Meanwhile, the number of Indian tourists remained growth robustly. However, the weak Malaysian ringgit remained negative factor to the number of Malaysian tourists reflected by the slight improvement in cumulative number of Malaysian tourists during the first ten months.

On the stability front, **headline inflation** was at -0.66 percent, stepping down further from the preceding month, largely due to a decline in the energy prices following the lower global crude oil price. The seasonally-adjusted **unemployment rate** was at 1.3 percent, declining from the previous month as there was employment gained in agricultural sector.

At the end of September 2019, total **deposit** further increased from both the commercial banks and the Specialized Financial Institutions (SFIs). The overall **loan**, however, expanded at a slower pace on the back of SFIs' loan.

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	2019					
	May	Jun	Jul	Aug	Sep	Oct
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
<b>Farm Income Index</b>	7.3	20.5	14.2	7.5	2.2	-3.6
<b>Agricultural Production Index</b>	17.4	12.6	10.7	19.6	8.6	1.9
<b>Agricultural Price Index</b>	-8.6	6.9	3.1	-10.1	-5.9	-5.3
- Rubber (RSS3)	6.1	22.2	11.8	-8.6	-3.9	-9.1
- Oil palm (FFB)	-33.9	-24.0	-20.6	-19.2	-15.2	1.3
- Shrimp (70 pc/kg)	12.4	-1.0	-10.1	-9.8	-11.3	-5.9
<b>Tourism</b>						
- Number of foreign tourists	-5.7	-14.1	-3.0	-3.0	-7.1	5.4
- Occupancy rate (%)	69.8	68.8	64.6	60.2	62.5	64.0
<b>Manufacturing Production Index (MPI) <sup>1/</sup></b>						
- Level	116.0	102.1	109.0	109.6	95.4	106.3
- $\Delta\%$ year-on-year	4.3	-3.5	2.5	-2.6	-9.2	-7.4
<b>Private Consumption Index (PCI)</b>	2.9	-0.7	3.8	2.2	0.2	1.8
- Car Index	0.6	-14.4	15.2	6.3	-2.4	2.5
- Fuel Index	-9.3	-15.0	-13.0	-18.4	-20.8	-15.6
- Household Electricity Index	8.8	4.8	6.6	3.1	0.7	3.8
- Non-durable goods Index	1.2	-1.8	1.6	0.4	-1.8	-0.1
- Semi-durable goods Index	-2.6	-0.8	4.3	-4.0	-5.5	6.7
- Services Index	9.6	7.8	5.5	9.0	8.6	9.6
<b>Private Investment</b>						
- Private Investment Index (PII) <sup>2/</sup>	0.7	0.8	0.5	-0.4	-0.8	-1.6
- Registration of Business Entity (total registration)	-3.6	-28.3	3.2	9.8	-31.4	-16.5
- Construction area permitted in municipal zone (12-month moving average)	7.4	3.0	-0.4	4.3	7.5	7.0
<b>Fiscal Sector</b>						
- Total disbursement	-21.3	-13.8	-2.0	-15.7	-8.2	-26.7
- Current expenditure	-34.2	-10.9	-11.9	-16.9	-13.8	-10.3
- Capital expenditure	-4.0	-16.5	12.0	-14.0	0.2	-48.4
<b>Consumer Price Index (Base Year = 2015)</b>	0.62	0.32	0.41	-0.16	-0.36	-0.66
- Food and beverages	1.52	2.00	2.31	1.39	1.32	0.94
- Non food and beverages	0.11	-0.64	-0.67	-1.03	-1.30	-1.58
<b>Seasonally-adjusted Unemployment Rate *</b>	1.3	1.3	1.2	1.7	1.9	1.4
<b>International Trade(million USD)</b>						
- Exports	1,197.0	975.5	1,173.0	986.5	1,067.4	1,268.5
$\Delta\%$ year-on-year	-0.6	-22.6	1.7	-41.7	-3.5	-8.9
- Imports	953.9	751.8	1,087.6	780.0	699.1	1,088.9
$\Delta\%$ year-on-year	8.6	-1.9	15.9	-9.6	-23.3	13.0
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	<b>1,131.7</b>	<b>1,135.4</b>	<b>1,135.8</b>	<b>1,141.8</b>	<b>1,144.3</b>	<b>n.a.</b>
$\Delta\%$ year-on-year	<b>3.5</b>	<b>3.4</b>	<b>3.6</b>	<b>4.2</b>	<b>4.6</b>	<b>n.a.</b>
- Deposits of commercial banks	689.5	689.0	690.0	692.7	693.2	n.a.
$\Delta\%$ year-on-year	1.3	1.5	1.9	2.4	2.9	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	442.2	446.5	445.9	449.1	451.0	n.a.
$\Delta\%$ year-on-year	7.1	6.5	6.4	7.0	7.1	n.a.
<b>Overall loans</b>	<b>1,283.1</b>	<b>1,289.3</b>	<b>1,290.6</b>	<b>1,289.1</b>	<b>1,292.8</b>	<b>n.a.</b>
$\Delta\%$ year-on-year	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>	<b>4.9</b>	<b>4.6</b>	<b>n.a.</b>
- Loans of commercial banks	725.4	727.1	728.7	726.5	729.2	n.a.
$\Delta\%$ year-on-year	6.1	6.1	6.3	6.1	5.8	n.a.
- Loans of Specialised Financial Institutions (SFIs)	557.7	562.2	561.9	562.6	563.6	n.a.
$\Delta\%$ year-on-year	3.8	3.8	3.6	3.4	3.1	n.a.

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

<sup>1/</sup> The index has been revised since January 2014. <sup>2/</sup> The index has been revised since

Source : Bank of Thailand, Southern Region Office