



BANK OF THAILAND

BOT Press Release

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No. 16/2019

Press Release on Southern Region's Economic Conditions for the Third Quarter of 2019

The overall economic activities in the Southern region in the third quarter of 2019 expanded at a slower pace than the previous quarter as the decline in agricultural production, particularly in oil palm outputs. Manufacturing production continued to drop, led by lower production of rubber-related products, consistent with the decrease in value of merchandise exports. The tourism sector gained momentum from Chinese tourists due to the launch of new airline routes to Phuket. Private investment softened from the last quarter, while government spending decreased at a higher pace than the previous quarter, particularly in current spending. However, private consumption accelerated, following the expansion of durable goods spending.

On the stability front, the inflation rate turned to be negative mainly on the back of the decrease in global crude oil prices. The seasonally-adjusted unemployment rate increased, owing to a decline in both farm and non-farm employment.

Details of the economic conditions are as follows;

Manufacturing production continued to contract, with a lower rate than the previous quarter. Production of frozen seafood shown a positive sign. The production of shrimp products expanded partly due to the demand from China and the drop in production in India, including the higher demand for fish products from the US. The production of canned seafood improved owing to the demand from South Africa. In contrast, the production of processed rubber and rubberwood remained contracted as a result of weakening demand from China. The contraction of manufacturing production was in line with the contraction of the value of merchandise exports.

The number of foreign tourists arrivals remained contracted but improved slightly from the previous quarter. This mainly due to the improvement of Chinese and Indian tourists, thanks to the launch of new airline routes and the exemption of the visa on arrival fee, together with the low base effect from the tour boat incident in Phuket last year. Also, the number of Indian tourists' growth kept increasing. However, the number of Malaysian tourists turned into contraction, which was partly undermined by weakening of the Malaysian ringgit.

Agricultural production expanded at a slower rate than the previous quarter. Palm oil outputs decreased, which was the result of high base effect from the overlapped crop season last year. Vannamei shrimp outputs decelerated. Meanwhile, rubber outputs increased following the expansion of yields areas and favorable conditions. For agricultural prices, it contracted more

than the previous quarter, following the continued decline in rubber price as global production was higher than the output market forecasted. Also, Chinese demand continued to decrease. For Vannamei shrimp price, it turned into contraction because of the decrease in global demand, whereas palm oil price remained contracted due to the high level in Thai and Malaysia crude palm oil stocks. As a consequent, farm income expanded at a slower pace.

Private consumption continued to expand. The spending on durable goods, particularly passenger car, increased together with the expansion of domestic spending on travel-related services. The spending on non-durable goods slightly improved, supported by the continued government welfare card measure whereas the spending on semi-durable goods remained subdued.

Private investment softened compare to the previous quarter, reflected by the decline in import of capital goods, particularly in rubber-related industries which included processed rubber and rubberwood and rubber glove industries as well as palm oil industry. Investment in construction posted a lower rate than the previous quarter, reflected by decreasing cement sales and permitted construction areas. However, the permitted construction areas for commercial purpose and hotel buildings continued to expand.

Public spending remained contracted at a higher rate than the previous quarter. The current spending declined in disbursement on operating and other expenditures for Department of Local Administration, Office of the Basic Education Commission, and Department of Agricultural Extension. Also, the capital spending decreased in the disbursement on durable goods of office of Permanent Secretary, Ministry of public health, including the disbursement on land and construction by the Royal Irrigation Department.

On the stability front, **headline inflation** was at -0.04 percent, declined from 0.62 percent in the previous quarter, following the decrease in domestic retail petroleum price, in line with the movement in global crude oil price. The seasonally-adjusted unemployment rate was at 1.6 percent, rising from 1.2 percent in the previous quarter, owing to a decline in both farm and non-farm employment.

At the end of the third quarter of 2019, the **overall deposit** expanded higher than the last quarter following the expansion of government agencies' saving. The overall loan slow down from the previous quarter, both commercial banks' loan and SFIs' loan due to the decrease in business loan while consumption loan continued to expand.

Bank of Thailand

4 November 2019

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| | 2018 | | | 2019 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 |
| The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated) | | | | | | |
| Farm Income Index | -20.5 | -5.9 | -17.0 | -7.5 | 14.2 | 7.7 |
| Agricultural Production Index | 0.0 | 12.4 | -1.2 | 0.6 | 15.6 | 12.3 |
| Agricultural Price Index | -20.4 | -16.3 | -16.0 | -8.1 | -1.2 | -4.1 |
| - Rubber (RSS3) | -27.2 | -19.2 | -12.3 | 0.0 | 11.9 | -0.1 |
| - Oil palm (FFB) | -22.1 | -15.5 | -24.0 | -28.5 | -29.0 | -18.5 |
| - Shrimp (70 pc/kg) | -20.5 | -12.0 | -20.0 | -12.9 | 3.1 | -10.4 |
| Tourism | | | | | | |
| - Number of foreign tourists | 15.1 | 11.4 | 13.1 | -1.0 | -8.4 | -4.2 |
| - Occupancy rate (%) | 73.3 | 63.2 | 68.5 | 81.0 | 73.7 | 62.4 |
| Manufacturing Production Index (MPI) | | | | | | |
| - Level | 113.5 | 108.0 | 115.8 | 113.3 | 109.6 | 104.7 |
| - $\Delta\%$ year-on-year | 2.8 | -8.4 | -9.2 | -4.5 | -3.5 | -3.0 |
| Private Consumption Index (PCI) | | | | | | |
| - Car Index | 3.9 | 3.2 | 2.7 | 0.5 | 1.6 | 2.7 |
| - Fuel Index | -7.6 | -6.3 | -10.6 | -0.6 | -3.6 | 5.8 |
| - Household Electricity Index | -1.5 | -2.4 | 0.3 | -6.1 | -9.9 | -14.3 |
| - Non-durable goods Index | 4.6 | 1.7 | 2.7 | 3.6 | 7.2 | 5.0 |
| - Semi-durable goods Index | 4.9 | 0.8 | 2.0 | 2.4 | -0.3 | 0.1 |
| - Services Index | 5.8 | 1.0 | -7.6 | -9.3 | -0.4 | -1.1 |
| Private Investment | | | | | | |
| - Private Investment Index (PII) ^{1/} | 11.1 | 13.5 | 16.6 | 4.7 | 8.4 | 7.8 |
| - Registration of Business Entity (total registration) | 2.0 | 2.1 | 2.8 | 1.8 | 0.7 | -0.3 |
| - Construction area permitted in municipal zone (12-month moving average) | 16.6 | -17.5 | -57.3 | 12.3 | -15.7 | -9.0 |
| Fiscal Sector | | | | | | |
| - Total disbursement | -3.0 | 12.7 | 13.7 | 10.6 | 6.0 | 3.6 |
| - Current expenditure | 4.7 | 3.5 | -2.4 | -4.7 | -8.6 | -9.1 |
| - Capital expenditure | -6.2 | -5.3 | 3.0 | -0.4 | -9.3 | -14.3 |
| Consumer Price Index (Base Year = 2015) | | | | | | |
| - Food and beverages | 19.6 | 19.8 | -10.3 | -10.0 | -7.8 | -1.4 |
| - Non food and beverages | 1.13 | 1.51 | 0.76 | 0.40 | 0.62 | -0.04 |
| Seasonally-adjusted Unemployment Rate * | | | | | | |
| | 1.5 | 1.3 | 1.3 | 1.5 | 1.2 | 1.6 |
| International Trade(million USD) | | | | | | |
| - Exports | 3,728.4 | 3,952.1 | 3,614.8 | 3,460.5 | 3,319.0 | 3,226.9 |
| $\Delta\%$ year-on-year | -11.8 | -0.4 | -9.8 | -9.6 | -11.0 | -18.3 |
| - Imports | 2,663.9 | 2,712.7 | 2,835.6 | 2,820.0 | 2,697.5 | 2,566.7 |
| $\Delta\%$ year-on-year | -6.6 | 11.3 | -1.0 | 3.6 | 1.3 | -5.4 |
| Financial Sector (at the end of period) (Billions baht) | | | | | | |
| Overall deposits | 1,098.3 | 1,094.5 | 1,111.7 | 1,149.5 | 1,135.4 | 1,144.3 |
| $\Delta\%$ year-on-year | 4.9 | 4.3 | 3.0 | 4.6 | 3.4 | 4.6 |
| - Deposits of commercial banks | 679.0 | 673.4 | 682.1 | 702.5 | 689.0 | 693.2 |
| $\Delta\%$ year-on-year | 3.7 | 3.3 | 1.2 | 3.0 | 1.5 | 2.9 |
| - Deposits of Specialised Financial Institutions (SFIs) | 419.3 | 421.0 | 429.5 | 447.0 | 446.5 | 451.0 |
| $\Delta\%$ year-on-year | 6.9 | 6.1 | 6.1 | 7.2 | 6.5 | 7.1 |
| Overall loans | 1,226.8 | 1,235.9 | 1,280.8 | 1,283.3 | 1,289.3 | 1,292.8 |
| $\Delta\%$ year-on-year | 2.4 | 2.1 | 5.2 | 5.0 | 5.1 | 4.6 |
| - Loans of commercial banks | 685.4 | 689.5 | 729.9 | 726.0 | 727.1 | 729.2 |
| $\Delta\%$ year-on-year | -0.6 | -0.8 | 5.3 | 5.5 | 6.1 | 5.8 |
| - Loans of Specialised Financial Institutions (SFIs) | 541.4 | 546.5 | 550.9 | 557.3 | 562.2 | 563.6 |
| $\Delta\%$ year-on-year | 6.4 | 6.0 | 5.1 | 4.5 | 3.8 | 3.1 |

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