

No. 2/2019Press Release on Southern Region's Economic Conditions for the Fourth Quarter of 2018

The overall economic activities in the Southern region in the Fourth quarter of 2018 expanded at a slower pace from the previous quarter. Tourism continued to grow as the foreign tourists increased in particular Asian and European. The expansion in tourism, together with the government measures to help the low-income group were beneficial to private consumption, although still affected by decreasing farm income. Private investment in construction and machinery increased. However, manufacturing production in processed rubber, processed rubberwood, processed and frozen seafood, and crude palm oil, continually declined due mainly to the external factors which lowered the exports value. Meanwhile, public investment declined. **On the stability front**, inflation slowed down from the previous quarter as the retail petroleum prices dropped. The seasonally-adjusted unemployment rate stayed unchanged.

Details of the economic conditions are as follows;

International tourist arrivals registered a growth of 13.1 percent from the same period last year as the Malaysian tourists grew at a faster pace. Moreover, the number of tourists those from India, Europe and Russia also increased. The growth rate of Chinese tourists remained negative, despite at a slower pace at the end of quarter. When considering by area, tourism in southern border expanded. The tourism in Andaman coast slowed down, whereas the tourism in the Gulf of Thailand contracted.

Private investment indicators grew 2.4 percent from the same period last year in particular the investment in construction, supported by the increased cement sales and permitted construction areas for housing and hotel. In addition, there was an increase in the sales of domestic machinery and equipment for structural construction. This was in line with the investment in **real estate sector**.

Private consumption indicators registered a growth of 0.6 percent from the same period last year and stayed flat from the previous quarter. The spending on tourism-related services increased. The spending on consumer goods also grew partly due to the government measures to help low-income group, whereas the spending on durable goods contracted. However, low farm income could dampen future consumption.

Agricultural production declined 1.2 percent from the same period last year, following reduction in oil palm due to last year's high base effect from the adverse weather conditions. In contrast, the production of rubber and Vannamei, shrimp grew. The **agricultural prices** contracted 16.3 percent in all major products. The rubber price declined because the high stock level of rubber in China, coupled with decelerated Chinese demand. Meanwhile, oil palm and Vannamei shrimp prices dropped, following the global price owing to oversupply. As a result, **farm income** contracted 17.3 percent.

The value of **merchandise exports** declined 9.6 percent from the same period last year due to the contraction in all major categories, attributable to the decreased **manufacturing production** 4.1 percent from the same period last year. The production of processed rubber declined mainly from lower Chinese demand due to the slower growth of China, coupled with the trade tensions between China and the U.S. The production of processed rubberwood adversely affected by the strictness on environmental restriction in China. The production of frozen and processed seafood was affected by raw materials shortage, including cuttlefish and fish, as well as the loss of competitiveness in shrimp products. The production of crude palm oil (CPO) contracted. However, the production of canned seafood increased because of the continued demand from trading partners and decreasing tuna price and the rubber glove production continued to grow.

Public spending contracted 2.4 percent from the same period last year as the capital spending dropped 10.3 percent due to low disbursement on land and construction by Royal Irrigation Department, together with low disbursement on durable goods by Royal Thai Police and Provincial Cluster. Nevertheless, the current spending grew up 3.0 percent as the public universities increased the disbursement on general purpose subsidy. In addition, the spending on non-durable goods by Community Development Department increased and the spending on services by Royal Thai Police and Community Development Department increased.

On the stability front, **headline inflation** was at 0.76 percent, declining from 1.51 percent in the previous quarter, as a result of energy price decreasing. The seasonally-adjusted **unemployment rate** was at 1.3 percent, stayed the same from the previous quarter due to the unchanged in the number of the employed persons.

At the end of the fourth quarter of 2018, the overall **deposits** expanded 3.0 percent from the same period last year mainly from savings and fixed accounts. The overall **loan** also increased 5.2 percent especially on the commercial loans due to the loan transfer between the banks and their affiliates.

Bank of Thailand
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	2017			2018		
	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-6.6	-17.2	-21.3	-14.0	-13.2	-17.3
Agricultural Production Index	2.3	4.8	22.4	8.4	3.9	-1.2
Agricultural Price Index	-8.6	-20.9	-35.7	-20.7	-16.5	-16.3
- Rubber (RSS3)	-2.1	-26.9	-43.7	-27.2	-19.2	-12.3
- Oil palm (FFB)	-33.9	-35.1	-35.7	-22.1	-15.5	-24.0
- Shrimp (70 pc/kg)	-2.9	-0.6	-14.5	-20.5	-12.0	-20.0
Fishery Production						
- Fishery production loaded at ports	-10.9	-12.6	23.3	15.7	22.3	46.2
- Shrimp production	-4.1	9.9	44.2	-9.7	-4.4	9.5
Number of Foreign Tourists	-1.6	12.1	19.0	15.1	11.4	13.1
Manufacturing Production Index (MPI)	12.0	13.3	8.1	4.7	-3.0	-4.2
Private Consumption Index (PCI)	1.4	0.8	0.7	1.6	0.6	0.6
- Car Index	21.7	40.1	9.7	-1.1	-0.6	-9.7
- Fuel Index	2.7	1.1	3.8	-1.1	-2.2	2.0
- Household Electricity Index	4.6	5.0	7.7	4.6	1.7	1.2
- Non-durable goods Index	-0.8	-0.5	-1.8	3.6	-0.1	1.8
- Semi-durable goods Index	5.1	-6.8	5.8	8.0	4.8	-6.1
- Services Index	24.1	17.4	12.5	10.7	9.5	11.4
Private Investment						
- Private Investment Index (PII) ^{1/}	0.4	0.0	2.3	1.9	1.8	2.4
- Registration of Business Entity (total registration)	53.8	213.7	-29.5	16.6	-17.5	-57.3
- Construction area permitted in municipal zone (12-month moving average)	-25.9	-27.5	-16.6	-3.0	12.7	15.1
Fiscal Sector						
- Tax revenue	4.8	2.8	6.8	-5.3	6.2	2.8
- Total disbursement	-14.2	-21.2	12.2	4.7	3.5	-2.4
Consumer Price Index (Base Year = 2015)	0.52	1.04	0.42	1.13	1.51	0.76
- Food and beverages	-0.36	0.49	-0.55	-0.33	-0.07	0.20
- Non food and beverages	1.10	1.38	1.00	1.98	2.42	1.08
Core Consumer Price Index (excluding raw food and energy)	0.60	0.73	0.56	0.45	0.49	0.32
Seasonally-adjusted Unemployment Rate *	1.7	1.8	1.8	1.5	1.3	1.3
International Trade(million USD)						
- Exports	3,966.8	4,005.9	3,829.6	3,727.1	4,065.4	3,623.2
<i>$\Delta\%$ year-on-year</i>	19.8	29.8	9.7	-11.9	2.5	-9.6
- Imports	2,438.2	2,864.2	2,721.0	2,662.7	2,712.6	2,835.4
<i>$\Delta\%$ year-on-year</i>	-0.8	15.7	11.8	-6.6	11.3	-1.0
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,049.1	1,079.0	1,099.2	1,098.3	1,094.5	1,111.7
<i>$\Delta\%$ year-on-year</i>	4.9	5.1	4.2	4.9	4.3	3.0
- Deposits of commercial banks	652.1	674.1	682.1	679.0	673.4	682.1
<i>$\Delta\%$ year-on-year</i>	2.6	4.3	3.2	3.7	3.3	1.2
- Deposits of Specialised Financial Institutions (SFIs)	397.0	404.9	417.0	419.3	421.0	429.5
<i>$\Delta\%$ year-on-year</i>	8.7	6.5	5.7	6.9	6.1	6.1
Overall loans	1,210.7	1,217.3	1,221.7	1,226.8	1,235.9	1,280.8
<i>$\Delta\%$ year-on-year</i>	4.8	3.0	2.1	2.4	2.1	5.2
- Loans of commercial banks	695.1	692.9	688.4	685.4	689.5	729.9
<i>$\Delta\%$ year-on-year</i>	3.7	0.6	-0.7	-0.6	-0.8	5.3
- Loans of Specialised Financial Institutions (SFIs)	515.5	524.4	533.2	541.4	546.5	550.9
<i>$\Delta\%$ year-on-year</i>	6.2	6.3	6.1	6.4	6.0	5.1

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