

**No. 16/2018****Press Release on Southern Region's Economic Conditions in September 2018**

The overall economic activities in the Southern region in September 2018 decelerated from the previous month. Merchandise exports declined mainly due to the price reduction. Manufacturing production also dropped. Private consumption slowed down as a result of farm income contraction. Meanwhile, tourism expanded from Malaysian, Asian (excluding Chinese), and European tourists. However, the tourists from China and Russia decreased. The investment, both public and private, grew. **On the stability front**, inflation decreased from the previous month due to declining fresh food prices, namely vegetables and fruits. The seasonally-adjusted unemployment rate was higher than preceding month.

Details of the economic conditions are as follows;

Agricultural production increased at 2.7 percent from the same period last year, mainly from rubber and Vannamei shrimp. The rubber production rose due to the expansion in new tapping areas and favourable weather, whereas the increase in Vannamei shrimp price during July 2018 pushed the shrimp harvesting up. However, oil palm production continued to fall owing to the adverse weather conditions. Agricultural prices contracted at 22.1 percent. Rubber price fell resulting from higher production, higher Shanghai stock, and trade tensions between China and the US that weighed on the investor sentiment. The oversupply of Vannamei shrimp remained the major factor of the falling in its price. Oil palm price continually declined following the global price, together with higher stock in Thailand. Moreover, there was the concern on EU implications to ban the use of palm oil for the production of biofuels by 2020. As a consequent, **farm income** contracted at 20.0 percent.

The value of **merchandise exports** declined at 11.3 percent from the same period last year due mainly to price falling. The exports of major merchandise declined in all categories, contributed to a fall in **manufacturing production** at 6.3 percent. The production of processed rubber went down as the trade tensions between China and the US lowered the sentiment and the demand from major trading partners. The production of rubber glove expanded following the continued demand from the US. However, The production of processed rubberwood and products also decreased mainly from processed rubberwood, whereas the production of fibre board and particle board remained growth. For seafood production, the frozen and processed seafood declined in all major products, namely Vannamei shrimp, fish, and cuttlefish. Meanwhile, canned seafood production grew resulting from decreasing tuna price. The production of crude palm oil (CPO) continued to decline following lower oil palm supply.

Private consumption indicators registered a marginal growth of 0.2 percent from the same period last year, although at a slower pace compared to the preceding month. The expansion was supported by the spending on semi-durable goods, particularly electrical appliances. Moreover, the spending on services relating to tourism continued to grow. Nevertheless, the spending on consumer goods contracted affected by low farm income, as well as decreasing household income in exports and manufacturing sectors. The spending on durable goods remained in contraction.

The number of foreign tourists grew at 16.8 percent from the same period last year. The significant growth was from Malaysian tourists as the economic confidence improved after the Malaysian 2018 general election. Additionally, the Asian (excluding Chinese) and European tourists also grew. However, the number of Chinese tourists continued to fall after Phuket tour boat incident on 5th of July. The number of Russian tourists also declined due to the Russian ruble depreciation impacted by the US sanction. 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.

Private investment indicators expanded at 2.1 percent from the same period last year. Investment in machinery and equipment grew from domestic machinery sales, including construction materials and the machinery in food and beverage industry. Meanwhile, the investment in construction rose from permitted construction areas for housing and hotel. However, the imports of capital goods in processed rubber and processed rubberwood and products dropped.

Public spending expanded at 26.0 percent from the same period last year. The current spending increased at 25.3 percent due to the disbursement on general purpose subsidy and expenditures on goods and services. The capital spending also increased at 26.9 percent from higher disbursement on land and construction, durable goods, and specific purpose subsidy.

On the stability front, **headline inflation** decreased to 1.37 percent from 1.60 percent in the previous month as the fresh food prices decreased resulting from higher supply of vegetables and fruits, whereas the energy prices slowed down. The seasonally-adjusted **unemployment rate** was at 1.3 percent, increasing from the previous month due to a fall in non-agricultural employment. Meanwhile, the employment in agricultural sector rose.

At the end of August 2018, overall **deposit** expanded at 5.3 percent from the same period last year. The deposit of Specialised Financial Institutions (SFIs) increased in savings account, fixed account, and also savings bonds. The deposit of the commercial banks also increased, particularly in savings account. The overall **loan** increased at 1.7 percent from the same period last year, although at a slower pace from the previous month. The slowdown was from the reduction in commercial banks' loan, namely promissory note. In contrast, SFIs' loan continued to grow from long-term credit to farmers and mortgage loan.

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

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	2018					
	Apr.	May	Jun.	Jul.	Aug.	Sep.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-17.9	-7.1	-10.6	-5.8	-11.3	-20.0
Agricultural Production Index	9.3	11.3	-1.2	5.6	6.1	2.7
Agricultural Price Index	-28.1	-21.3	-11.1	-10.9	-16.4	-22.1
- Rubber (RSS3)	-32.1	-30.1	-17.4	-15.4	-19.3	-22.9
- Oil palm (FFB)	-35.4	-27.8	-0.7	-8.3	-16.3	-21.9
- Shrimp (70 pc/kg)	-19.5	-25.5	-16.8	-7.6	-10.5	-18.2
Fishery Production						
- Fishery production loaded at ports	-7.7	41.5	14.1	15.1	26.4	36.2
- Shrimp production	10.6	-4.8	-25.3	-20.8	5.4	9.2
Number of Foreign Tourists	16.0	8.4	20.3	10.4	8.2	16.8
Manufacturing Production Index (MPI)	14.4	-1.6	2.1	-1.7	-0.9	-6.3
Private Consumption Index (PCI) ^r	1.5	1.5	1.9	1.0	0.7 ^r	0.2 ^e
- Car Index	5.4	-3.5	-4.4	2.1	-2.0	-1.7
- Fuel Index	6.1	-5.4	-3.2	-3.9	-0.3 ^r	-0.5 ^e
- Household Electricity Index	9.3	2.8	1.9	2.6	2.9 ^r	2.5
- Non-durable goods Index	1.9	3.3	5.7	1.6	0.4	-2.2
- Semi-durable goods Index	6.2	8.6	7.0	5.5	4.0	12.3
- Services Index	11.5	11.1	9.1	9.6	9.9	8.9
Private Investment						
- Private Investment Index (PII) ^{1/}	1.7	1.5	1.8	1.9	1.8	2.1
- Registration of Business Entity (total registration)	123.9	-11.9	-22.5	1.4	-43.4	-6.8
- Construction area permitted in municipal zone (12-month moving average)	-6.4	-2.5	1.3	13.6 ^r	11.2	14.3
Fiscal Sector						
- Tax revenue	-20.7	1.0	5.1	11.3	-0.8	13.9
- Total disbursement	-5.1	25.3	-5.3	-23.3	5.6	26.0
Consumer Price Index (Base Year = 2015)	0.75	1.27	1.37	1.55	1.60	1.37
- Food and beverages	-0.35	-0.17	-0.48	-0.27	0.22	-0.16
- Non food and beverages	1.41	2.09	2.45	2.60	2.40	2.26
Core Consumer Price Index (excluding raw food and energy)	0.43	0.46	0.44	0.48	0.50	0.47
Seasonally-adjusted Unemployment Rate *	1.5	1.5	1.7	1.4	1.1	1.3
International Trade(million USD)						
- Exports	1,264.4	1,203.5	1,261.2	1,268.4	1,692.4	1,104.6
$\Delta\%$ year-on-year	-12.7	-8.3	-14.2	-8.0	26.1	-11.3
- Imports	1,019.7	877.3	765.7	938.4	862.5	911.7
$\Delta\%$ year-on-year	-18.2	5.0	-0.5	10.0	6.5	17.6
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,096.7	1,093.7	1,098.3	1,096.4	1,096.1	1,094.5
$\Delta\%$ year-on-year	4.0	4.3	4.9	4.7	5.3	4.3
- Deposits of commercial banks	682.6	680.9	679.0	667.4	676.2	673.4
$\Delta\%$ year-on-year	3.1	3.4	3.7	3.8	3.5	3.3
- Deposits of Specialised Financial Institutions (SFIs)	414.0	412.9	419.3	419.0	419.9	421.0
$\Delta\%$ year-on-year	5.5	5.8	6.9	6.1	6.1	6.1
Overall loans	1,217.2	1,220.7	1,226.8	1,227.8	1,228.7	1,235.9
$\Delta\%$ year-on-year	2.1	2.1	2.4	2.1	1.7	2.1
- Loans of commercial banks	682.4	683.5	685.4	685.5	684.6	689.5
$\Delta\%$ year-on-year	-0.7	-0.7	-0.6	-0.9	-1.5	-0.8
- Loans of Specialised Financial Institutions (SFIs)	534.8	537.2	541.4	542.4	544.1	546.5
$\Delta\%$ year-on-year	5.9	5.8	6.4	6.1	6.1	6.0

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