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

The overall economic activities in the Southern region in June 2019 decelerated from the previous month. The agricultural production increased at a slower pace from the slowdown in Vannamei shrimp output. However, the accelerating rubber price contributed to higher farm income, which supported trade sector to remain positive. Nevertheless, the number of foreign tourist arrivals and exports value continued to drop due mainly to a decline in foreign demand, consistent with contracted manufacturing production. For domestic demand, private consumption decelerated from the preceding month as the spending on automotive and consumer goods decreased. Meanwhile, public spending, both current and capital expenditures, continued to decline. Nevertheless, private investment improved due mainly to an investment in the construction sector. **On the stability front**, the inflation rate dropped continually due to the falling domestic retail petroleum price. The seasonally-adjusted unemployment rate unchanged from last month.

Details of the economic conditions are as follows;

Agricultural production increased by 12.4 from the same period last year but slowed down from previous month due to the decline in Vannamei shrimp output after the farmers reduced their production in last April caused by very hot weather. However, oil palm and rubber output increased from crop areas expansion. Agricultural prices registered a growth of 7.1 percent from the same period last year, rebounded after 24-month of contraction. The rebound was attributable to a rise in rubber price because the rubber disease outbreak in Indonesia lowered global production. Nonetheless, oil palm price remained in contraction caused by a surge in the output and high stock level of crude palm oil in Thailand and Malaysia. The price of Vannamei shrimp also dropped following the lower global price and foreign demand. Consequently, the overall farm income grew by 20.5 percent from the same period last year.

The number of foreign tourist arrivals continued to contract by 14.1 percent from the same period last year. The decline was observed in several major tourists, especially Chinese and Malaysian, as a result of an economic slowdown. However, Indian tourists continued to grow.

The value of **merchandise exports** fell by 22.6 percent from the same period last year, while **manufacturing production** decreased by 7.6 percent. The production of processed rubber went down due to a drop in demand from China following Chinese economic slowdown and the impact of trade war. The production of canned seafood also decreased, resulting from a shrink in exports to Africa, the Middle East, and Australia. Meanwhile, the raw material shortage remained the major problem in processed and frozen seafood production. Processed rubberwood producing and exporting to China and Malaysia decreased. However, the production of crude palm oil expanded in line with

palm oil output growth. Moreover, the rubber glove production grew following the continued demand from China and the US.

Private consumption indicators stayed unchanged from the same period last year, which slowed down from the preceding month since the spending on motorcycles, passenger cars, and consumer goods declined. However, spending on domestic tourism and semi-durable goods registered growth. The overall household purchasing power was mainly supported by the government welfare card measure and improvement in farm income.

Private investment indicators expanded by 2.4 percent from the same period last year, resulting from increased investment in the construction sector reflected by the expansion in permitted construction areas and cement sales. In addition, the value of domestic machinery and equipment sales also increased, whereas the imports value of capital goods slightly dropped.

Public spending contracted by 13.8 percent from the same period last year, continued to decline from last month. The current spending decreased by 10.9 percent mainly from the decreased disbursement on other expenses by Southern Border Provinces Administrative Centre, Department of Provincial Administration, and Internal Security Operations Command. Moreover, the disbursement on general subsidy by Office of the Basic Education Commission and on operational expenses by Department of Agricultural Extension declined. Meanwhile, capital spending also contracted by 16.5 percent. The decline was observed in central budget on land and constructions, Southern provincial clusters' budget, and durable goods expenditures by Department of Medical Services and Royal Irrigation Department.

On the stability front, **headline inflation** was at 0.32 percent, fell from the preceding month, following the continual decline in domestic retail petroleum price. The seasonally-adjusted **unemployment rate** was at 1.3 percent, stayed unchanged from the previous month.

At the end of May 2019, total **deposits** expanded by 3.5 percent from the same period last year, which decelerated compared to the preceding month. The expansion was from both Specialized Financial Institutions (SFIs) and commercial banks. Regarding the overall **loan**, it expanded by 5.1 percent, slightly slowed down from the previous month. The loan provided by SFIs expanded, even though at the slow pace of growth. Meanwhile, the commercial banks' loan slightly increased (excluding transferring portfolio transaction among affiliates of some financial institutions).

Bank of Thailand

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	2018	2019				
	Dec.	Jan.	Feb.	Mar.	Apr.	May.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-8.2	-8.9	-0.6	18.4	7.7	20.5
Agricultural Production Index	-1.0	1.7	6.7	20.0	17.9	12.4
Agricultural Price Index	-7.2	-10.4	-6.8	-1.4	-8.6	7.1
- Rubber (RSS3)	-3.6	-2.6	6.0	7.9	6.1	22.2
- Oil palm (FFB)	-18.9	-29.8	-36.0	-30.4	-33.9	-24.0
- Shrimp (70 pc/kg)	-6.0	-13.3	-19.5	-0.9	12.4	-1.0
Tourism						
- Number of foreign tourists	4.4	0.5	-7.2	-5.0	-5.7	-14.1
- Occupancy rate (%)	79.6	82.3	81.0	82.6	69.8	0.0
Manufacturing Production Index (MPI)						
- Level	153.7	152.2	165.4	153.5	160.5	138.8
- $\Delta\%$ year-on-year	-5.8	-1.1	2.0	-6.7	2.5	-7.6
Private Consumption Index (PCI)	1.6	-2.0	-1.3	2.5	2.3	0.0
- Car Index	2.9	-2.9	-1.7	6.4	0.6	-14.4
- Fuel Index	-3.9	-7.4	-6.9	-5.8	-9.3	-4.1
- Household Electricity Index	7.3	-0.7	4.3	7.9	8.8	9.1
- Non-durable goods Index	4.1	1.2	1.8	-0.4	1.2	-1.8
- Semi-durable goods Index	-7.2	-8.4	-9.2	2.2	-3.4	1.4
- Services Index	5.7	4.6	4.0	7.7	9.5	8.3
Private Investment						
- Private Investment Index (PII) 1/	2.3	1.7	1.4	1.9	1.7	2.4
- Registration of Business Entity (total registration)	61.7	24.1	-28.9	-15.8	-3.6	-28.3
- Construction area permitted in municipal zone (12-month moving average)	11.4	10.2	10.2	7.6	6.4	5.2
Fiscal Sector						
- Total disbursement	9.2	-2.0	-13.6	16.6	-21.3	-13.8
- Current expenditure	22.8	9.6	-15.6	34.9	-34.2	-10.9
- Capital expenditure	-5.4	-13.0	-10.6	-1.0	-4.0	-16.5
Consumer Price Index (Base Year = 2015)	-0.14	0.44	0.90	0.92	0.62	0.32
- Food and beverages	0.49	1.05	1.22	1.20	1.52	2.00
- Non food and beverages	-0.50	0.09	0.72	0.75	0.11	-0.64
Seasonally-adjusted Unemployment Rate *	1.4	1.4	1.6	1.1	1.3	1.3
International Trade(million USD)						
- Exports	1,061.5	1,172.7	1,226.3	1,146.5	1,197.0	975.5
$\Delta\%$ year-on-year	-12.6	6.3	-18.9	-9.2	-0.6	-22.6
- Imports	975.2	752.3	1,092.4	991.8	953.9	751.8
$\Delta\%$ year-on-year	8.8	1.1	1.0	-2.7	8.6	-1.9
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,128.2	1,139.3	1,149.5	1,145.2	1,131.7	0.0
$\Delta\%$ year-on-year	3.7	4.5	4.6	4.4	3.5	-100.0
- Deposits of commercial banks	693.4	698.8	702.5	702.0	689.5	0.0
$\Delta\%$ year-on-year	2.4	3.0	3.0	2.8	1.3	-100.0
- Deposits of Specialised Financial Institutions (SFIs)	434.7	440.4	447.0	443.1	442.2	0.0
$\Delta\%$ year-on-year	5.9	6.8	7.2	7.0	7.1	-100.0
Overall loans	1,283.2	1,282.3	1,283.3	1,281.3	1,283.1	0.0
$\Delta\%$ year-on-year	5.6	5.0	5.0	5.3	5.1	-100.0
- Loans of commercial banks	730.9	728.0	726.0	723.9	725.4	0.0
$\Delta\%$ year-on-year	5.9	5.2	5.5	6.1	6.1	-100.0
- Loans of Specialised Financial Institutions (SFIs)	552.2	554.4	557.3	557.4	557.7	0.0
$\Delta\%$ year-on-year	5.1	4.8	4.5	4.2	3.8	-100.0

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