



BANK OF THAILAND

**BOT Press Release**

Southern Region Office  
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Press Release on Southern Region's Economic Conditions in December 2014

The overall economy of the Southern region in December 2014 contracted from the previous month. This was following the contraction of the key agricultural products especially rubber and oil palm, together with the decline in manufacturing production and export revenue. However, tourism sector improved following an increased number of tourists particularly from Asia. This was led to the improvement in private consumption. In term of economic stability, inflation eased as the decreased prices of fresh food and fuel. The increase in employment was in line with a decrease in unemployment rate. Commercial bank deposit and credit continued to soften.

Details of the economic conditions are as follows;

Overall economic activities contracted from earlier month. Apparently, rubber production was affected by floods in several Southern areas, which led to the lower rubber tapping. Concurrently, the production of oil palm also declined considerably. On a year-on-year basis, **agricultural production index** declined by 14.1 percent (yoy) and **agricultural price index** also decreased by 26.6 percent (yoy) following the low rubber price. Furthermore, the price of Vannamei shrimp decreased as a result of the softened purchasing orders from the major exporting markets - Japan, the United States and the European Union. The contraction of exports also resulted from the expiration of Thailand's Generalized System of Preferences (GSP). Consequently, **farm income** dropped by 37.0 percent (yoy).

**Manufacturing production index** decreased from preceding month. On year-on-year basis, the production dropped by 3.9 percent (yoy). This was following the decreased production of rubber products and palm oil as declining raw materials. As a result, **export value** stood at 1,071.2 million U.S. dollars which declined by 21.1 percent (yoy). The export of rubber product to China, which is the key market, remained to reduce because of China's economic slowdown. Concurrently, the rubber export to Malaysia, Japan and the European Union decreased as well.

**Tourism** sector improved from preceding month. A number of tourists were totaled 865,509 persons which increased by 20.0 percent (yoy). This was supported by an increased number of Asian tourists, particularly from Malaysia and China, and the increased number of both domestic and international flights. Moreover, this was due to the low base effect owing to

the unrest situation in Sadao district, Songkhla province on December last year. However, a number of Russian tourists decreased owing to the Russia's economic slowdown and currency devaluation.

Private consumption improved from the prior month. On a year-on-year basis, **private consumption index** rose by 1.6 percent (yoy). Apparently, the value-added tax in retail and wholesale sector increased by 6.0 percent (yoy) which improved from 2.0 percent (yoy) decrease of previous month. Nevertheless, the spending on vehicles remained to contract. Households were cautious in spending owing to the rising household debt and the softened confidence. Meanwhile, **private investment index** reduced by 12.2 percent (yoy), following the declined investment in construction. This was due to a slowdown of real estate sector. The cement sales and imports of capital goods dropped as well.

In government sector, **revenue disbursement** rose by 6.6 percent (yoy) following the accelerated capital expenditures, particularly in land and construction. This corresponded with the government stimulus through many investment projects. Meanwhile, **revenue collection** grew by 6.1 percent (yoy) following the increase in liquor tax, oil tax and non-alcoholic beverages tax.

In term of economic stability, **inflation** was 0.71 percent (yoy) which was at the lowest level since September 2009. This was resulted from the moderated fresh food and energy prices. Concurrently, employment increased which was reflected by the low unemployment rate, at 0.84 percent. A number of employees who registered for being insured person increased by 2.9 percent (yoy).

Financial sector moderated as the economic slowdown. **Commercial bank credit** expanded slightly by 1.0 percent (yoy) as the softened corporate and consumer loans. This was also following the contracted lending to SME and auto leasing respectively.

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Table Attached to Press Release on Southern Region's Economic Conditions in December 2014

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	2014					
	Jul	Aug	Sep	Oct	Nov	Dec
<b>The Real Sector (Δ% year-on-year )</b>						
<b>Farm Income Index</b>	-21.0	-29.2	-41.4	-38.9	-31.5	-37.0
<b>Agricultural Production Index</b>	-12.3	-14.7	-16.6	-13.4	-6.4	-14.1
<b>Agricultural Price Index</b>	-9.9	-17.1	-29.7	-29.4	-26.9	-26.6
- Rubber (US\$3)	-18.4	-25.8	-37.7	-34.9	-32.7	-31.7
- Oil palm (FFB)	37.6	19.8	2.7	11.4	9.1	6.1
- Shrimp (70 pc/kg)	-3.8	-1.6	-15.2	-30.7	-28.8	-35.2
<b>Fishery Production</b>						
- Fishery production loaded at ports	-21.7	-9.4	-11.0	5.3	-12.4	-8.3
- Shrimp production	-37.6	-40.3	-36.0	-2.0	19.6	34.4
<b>Number of Foreign Tourists</b>	-3.2	-17.1	5.5	15.4	5.3	20.0
<b>Manufacturing Production Index (MPI)</b>	3.3	9.4	1.0	0.3	0.8	-3.9
<b>Private Consumption Index (PCI)</b>	7.9	1.5	-0.5	-0.3	-1.0 <sup>r</sup>	1.6
- Car Index	-34.2	-31.2	-37.1	-39.0	-45.7	-34.3
- Fuel Index	0.2	-0.4	5.6	-3.3	-6.5 <sup>r</sup>	-1.5 <sup>e</sup>
- Household Electricity	7.5	6.3	-0.3	1.2	0.6 <sup>r</sup>	0.5 <sup>r</sup>
- VAT (real terms) 1/	24.6	5.1	-0.9	1.9	1.3	6.5
<b>Private Investment</b>						
- Private Investment Index (PII)	-3.7	-4.2	-5.8	-10.3	-11.2	-12.2
- Promotional privileges from Board of Investment (Δ% of total investment)	1,421.3	-73.6	-56.2	-71.1	437.2	-62.9
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	23.7	-29.9	8.1	17.7	11.5	21.7
- Construction area permitted in municipal zone (12-month moving average)	-3.6	-7.4	-5.1	-16.3	-17.1	-15.5
<b>Fiscal Sector</b>						
- Tax revenue	12.2	-6.1	1.4	4.7	14.4	6.1
- Total disbursement	4.8	0.0	-13.1	38.6	-31.6	6.6
<b>Consumer Price Index</b>	2.49	2.33	1.96	1.77	1.79	0.71
- Food and beverages	4.79	4.44	4.30	3.94	4.83	4.08
- Non food and beverages	1.12	1.06	0.56	0.46	-0.04	-1.33
<b>Core Consumer Price Index (excluding raw food and energy)</b>	2.39	2.40	2.22	2.24	2.57	2.51
<b>International Trade(million USD)</b>						
- Exports	1,106.3	1,332.0	1,332.6	1,343.3	1,419.5	1,071.2
Δ% year-on-year	-12.5	-8.5	-0.9	-15.6	11.2	-21.1
- Imports	1,240.7	823.0	973.6	930.7	791.7	758.0
Δ% year-on-year	23.4	-29.8	6.3	-13.1	-0.8	1.4
<b>Financial Sector (at the end of period) (Billions baht)</b>						
- Deposits	623.9	621.6	621.5	616.2	624.5	628.4
Δ% year-on-year	3.7	2.8	2.2	1.4	1.6	0.8
- Loans	698.8	697.9	702.3	702.0	705.5	709.4
Δ% year-on-year	4.7	3.6	2.8	2.0	1.8	1.0
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						