



BANK OF THAILAND

BOT Press Release

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

The overall economy of the Southern region in October 2014 improved from prior month following the expansion of manufacturing production and tourism sector. The expedited disbursement in government sector was also a driver of economic growth. Consequently, private consumption, which had decreased in previous month, began to increase. However, private investment remained to subdue. Commercial bank deposit and credit continued to increase at a slow pace. In term of economic stability, inflation softened mainly following decrease in fresh food and energy prices.

Details of the economic conditions are as follows;

Overall economic activities improved from preceding month. **Manufacturing production index** grew from previous month. On a year-on-year basis, the production grew by 0.3 percent (yoy) following the increased outputs of canned seafood as well as fresh and frozen seafood. This was attributable to increased raw materials including tunas and Vannamei shrimps. The lower prices of products regarding decreased prices of raw materials encouraged higher purchasing order from trade partners. The outputs of all rubber products dropped. This was particularly following the softened purchasing order from China because of high base effect which expedited purchases during an exemption of the CESS in the last quarter of earlier year. Nevertheless, the demand of rubber woods continued to pick up in China, but declined in the Middle East and Indonesia. As a result, the production of rubber wood grew slightly. The production of rubber gloves fell following the increased export to the United States, Japan and the Middle East. The output of palm oil declined as the decreased raw materials.

Tourism sector picked up on both month-on-month and year-on-year basis. A number of tourists were totaled 604,410 persons which increased by 15.4 percent (yoy), particularly from Malaysia and China. This was supported by the Vegetarian festivals, which held twice this year, together with Hari Raya Eid-al-Adha and visa fee waiver scheme for Chinese tourists. This was also attributable to the low base effect owing to the implementation of Chinas' new tourism law in the same period of earlier year which resulted in the slower pace of tourism growth in Andaman and Southern border areas.

Private consumption index recovered after softening in previous month. Private consumption rose by 0.3 percent (yoy) following the increased collection of value-added tax.

However, households were cautious on spending because of the low farm income, the spending on vehicles continued to contract accordingly. Meanwhile, **private investment index** declined by 10.3 percent (yoy) which in line with the softened corporate loans. However, investments in property remained to expand in tourism areas.

On seasonally adjusted data, **agricultural production index** picked up from preceding month, particularly shrimp outputs which were likely to increase. However, agricultural production index reduced by 13.4 percent (yoy) following the decreased outputs of rubber, oil palm and shrimp. **Agricultural price index** fell by 29.4 percent (yoy) following the falling rubber price. This was due to the softened global rubber demand and the pressure of decreased crude oil price. Concurrently, shrimp price declined because of the high base effect and increased outputs of other shrimp-exporting countries. Consequently, **farm income** dropped by 38.9 percent (yoy)

Exports and **imports** decreased from prior month and the same period of previous year. Export value dropped by 15.6 percent (yoy) following the declining export value of rubber products and rubber woods. Meanwhile, the exports of canned seafood and fisheries picked up. Imports dropped by 13.1 percent (yoy) as the decreased imports of machineries, construction equipments and fuel.

In government sector, **revenue disbursement** grew by 38.6 percent (yoy) following increase of current and capital expenditures. This was due to the expedited disbursement of government agencies for economic stimulus. **Revenue collection** also expanded by 4.7 percent (yoy) following the increased collection of all types of taxes, particularly value-added tax.

In term of economic stability, **unemployment rate** was 1.03 percent which improved from 1.32 percent (yoy) in prior month and was in line with an increased employment. Meanwhile, **inflation** was 1.77 percent (yoy) following the softened prices of raw food and energy. The retail price of domestic energy softened as a decline in global oil prices.

Commercial bank deposit and **credit** as of September 2014 rose by 2.2 and 2.8 percent (yoy) respectively which decelerated continually. Moreover, savers also reallocate their saving to invest in higher-return assets as deposit rate were unattractively low. Meanwhile, the bank credits moderated in both corporate loans and consumer loans.

Bank of Thailand, Southern Region Office
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Table Attached to Press Release on Southern Region's Economic Conditions in October 2014

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	2014					
	May	Jun	Jul	Aug	Sep	Oct
The Real Sector (Δ% year-on-year)						
Farm Income Index	-12.2 ^r	-25.1 ^r	-21.0 ^r	-29.2 ^r	-41.4 ^r	-38.9 ^e
Agricultural Production Index	5.8 ^r	-12.5 ^r	-12.3 ^r	-14.7 ^r	-16.6 ^r	-13.4 ^e
Agricultural Price Index						
- Rubber (US\$3)	-17.0	-14.4	-9.9	-17.1	-29.7	-29.4
- Oil palm (FFB)	-26.0	-20.8	-18.4	-25.8	-37.7	-34.9
- Shrimp (70 pc/kg)	21.0	10.3	37.6	19.8	2.7	11.4
- Shrimp (70 pc/kg)	1.1	-6.2	-3.8	-1.6	-15.2	-30.7
Fishery Production						
- Fishery production loaded at ports	-11.6	0.1	-21.7	-9.4	-11.0 ^r	5.3
- Shrimp production	-42.6	-45.2	-37.6	-40.3	-36.0 ^r	-2.0
Number of Foreign Tourists	0.4	-20.6	-3.2	-17.1	5.5	15.4
Manufacturing Production Index (MPI)	9.8	7.1	3.3	9.4	1.0	0.3
Private Consumption Index (PCI)						
- Car Index	1.1	4.0	7.9	1.5	-0.5 ^r	0.3 ^e
- Fuel Index	-37.8	-25.6	-34.2	-31.2	-37.1	-39.0
- Household Electricity	0.1	1.0	0.2	-0.4	5.6 ^r	1.8 ^e
- VAT (real terms) 1/	7.1	6.6	7.5	6.3	-0.3 ^r	4.5 ^e
- VAT (real terms) 1/	4.2	11.8	24.6	5.1	-0.9	1.9
Private Investment						
- Private Investment Index (PII)	-6.8	-4.4	-3.7	-4.2	-5.8	-10.3
- Promotional privileges from Board of Investment (Δ% of total investment)	-98.4	-93.6	1,421.3	-73.6	-56.2	-71.1
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	-9.7	-61.1	23.7	-29.9	8.1	17.7
- Construction area permitted in municipal zone (12-month moving average)	-3.7	-2.1	-3.6	-7.4	-5.1	-16.3
Fiscal Sector						
- Tax revenue	-2.6	8.3	12.2	-6.1	1.4	4.7
- Total disbursement	4.0	-3.4	4.8	0.0	-13.1	38.6
Consumer Price Index						
- Food and beverages	3.31	2.88	2.49	2.33	1.96	1.77
- Non food and beverages	5.84	5.22	4.79	4.44	4.30	3.94
- Non food and beverages	1.77	1.48	1.12	1.06	0.56	0.46
Core Consumer Price Index (excluding raw food and energy)	2.38	2.34	2.39	2.40	2.22	2.24
International Trade(million USD)						
- Exports	1,213.4	1,318.2	1,106.3	1,332.0	1,332.6	1,343.3
Δ% year-on-year	-17.7	-3.6	-12.5	-8.5	-0.9	-15.6
- Imports	1,015.4	1,111.7	1,240.7	823.0	973.6	930.7
Δ% year-on-year	-5.0	37.6	23.4	-29.8	6.3	-13.1
Financial Sector (at the end of period) (Billions baht)						
- Deposits	631.3	623.8	623.9	621.6	621.5	n.a.
Δ% year-on-year	4.2	2.7	3.7	2.8	2.2	n.a.
- Loans	695.9	701.3	698.8	697.9	702.3	n.a.
Δ% year-on-year	6.4	6.0	4.7	3.6	2.8	n.a.
Remark : 1/ excluding VAT from customs duty.						
e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						