



BANK OF THAILAND

**BOT Press Release**

Southern Region Office  
Tel. 0-7427-2000 Fax. 0-7423-6205 www.bot.or.th

No. 3/2015

Press Release on Southern Region's Economic Conditions for the Fourth Quarter 2014

The overall economy of the Southern region in the fourth quarter 2014 improved from the prior quarter. The key driver of growth was the tourism sector which picked up strongly, as well as fiscal stimulus, particularly an increase in capital expenditure. Meanwhile, the agricultural production improved following the increased shrimp outputs which were gradually recovered from the shrimp disease previous year. However, the decreasing agricultural price caused the contraction of farm income. In addition, the decline in manufacturing production and export value led to the easing private consumption and reducing private investment which were reflected by the continually moderated commercial bank loans. In term of economic stability, inflation eased as the falling prices of raw food and fuel, while unemployment rate was low.

Details of the economic conditions are as follows:

**Tourism** sector accelerated from preceding quarter. Tourism picked up by 13.8 percent (year-on-year) particularly following an increased number of tourists from Malaysia and China. This was supported by the Vegetarian festivals, which held twice this year, together with the visa fee waiver scheme for Chinese tourists. Furthermore, a lower number of tourists in the same quarter a year earlier were caused by unrest situation in Sadao district, Songkhla province, together with the enactment of Chinas' new tourism law which has prohibited zero-dollar tours.

**Agricultural production index** dropped by 11.5 percent (yoy) which improved from the 14.5 percent (yoy) decrease in earlier quarter. This was following the gradually recovered shrimp outputs, while rubber output declined because of heavy rains in some areas. The outputs of oil palm dropped seasonally. **Agricultural price index** reduced by 27.6 percent (yoy) following the decrease in rubber and shrimp prices. The lower shrimp price was pressured by the higher domestic and competitors' outputs. Shrimp importers tended to order from competitors because of their lower price. As a result, **farm income** fell by 36.0 percent (yoy).

**Manufacturing production index** contracted by 1.0 percent (yoy). This was following the decreased production of rubber product owing to decreased purchasing orders from major exporting market - China and Malaysia. In addition, rubber exports were high in the same quarter a year earlier because of the expedited purchases during an exemption of the CESS in the last quarter of earlier year. The production of palm oil fell as the declining raw materials - fresh fruit bunches. However, the outputs of rubber woods and gloves strongly expanded. The production of fresh and frozen seafood products also picked up following increased raw material - Vannamei shrimp. The canned seafood production rose as the lower price of raw materials – tuna – which boosted purchasing order from trading partners because of the expected higher price of tunas in the next period before the end of fishing seasons in December.

**Export value** in this quarter stood at 3,834.0 million U.S. dollars which fell by 9.3 percent (yoy). This was mainly due to the decrease in rubber export both in term of value and volume. Concurrently, **import** dropped by 5.2 percent (yoy) following the decreased imports of machinery and fuel.

Private spending continued to contract regarding a decrease in farm income, production and exports. **Private consumption** picked up only 0.1 percent (yoy). Apparently, the collection of value-added tax moderated to a 3.2 percent (yoy) increase which was a 9.2 percent (yoy) increase in earlier quarter. **Private investment** remained to decline by 11.2 percent (yoy), particularly the decreased requests of construction permits as the deferred launching of new real estate projects. This was in line with the falling cement sales. Imports of capital goods and commercial vehicle registrations also contracted.

In government sector, **Revenue disbursement** reduced by 5.7 percent (yoy). This was due to the Department of Local Administration has transferred the grant to each local administration directly. Besides, the Ministry of Public Health has implemented the new salary payment system which directly transfers salary to officers. As a result, the disbursement data was not recorded on disbursement system in Southern region. In this quarter, the disbursement of current expenditure fell by 16.9 percent (yoy), while capital expenditures grew by 63.4 percent (yoy) as an increase in fiscal stimulus. **Revenue collection** rose by 8.4 percent (yoy) following the increased collections of the income tax, excise tax and custom.

**Commercial bank credit** slightly increased by 1.0 percent (yoy). The bank loans continued to soften in both corporate loans and consumer loans. This was also due to the declined lending to Small and Medium Enterprises (SMEs), as well as auto leasing.

In term of economic stability, **unemployment rate** was low at 1.0 percent which decreased from 1.3 percent in previous quarter. **Inflation** increased by 1.42 percent (yoy) which moderated from earlier quarter mainly following the softened prices of raw food and fuel.

Bank of Thailand, Southern Region Office  
3 February 2015

Contact: Regional Economy Division Tel: +66 (0) 7427 2000 ext. 4717  
e-mail: [Jularatk@bot.or.th](mailto:Jularatk@bot.or.th)



**BANK OF THAILAND**

Table Attached to Press Release on Southern Region's Economic Conditions for The Fourth Quarter of 2014

Released by Bank of Thailand, Southern Region Office

Tel. 0-7427-2000 ext. 4710,4717 Fax 0-7423-8765 <http://www.bot.or.th>

	2013	2014				
	Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year
<b>The Real Sector (Δ% year-on-year)</b>						
<b>Farm Income Index</b>	-9.6	-1.0	-9.6	-31.0	-36.0	-20.1
<b>Agricultural Production Index</b>	-0.9	3.2	3.7	-14.5	-11.5	-5.3
<b>Agricultural Price Index</b>	-8.8	-4.1	-12.8	-19.2	-27.6	-16.0
- Rubber (US\$3)	-17.4	-21.1	-20.4	-27.6	-33.1	-25.3
- Oil palm (FFB)	-21.7	40.0	15.0	18.9	8.6	20.2
- Shrimp (70 pc/kg)	61.9	60.4	4.6	-7.3	-31.6	1.0
<b>Fishery Production</b>						
- Fishery production loaded at ports	-5.4	-1.6	-5.0	-13.9 <sup>f</sup>	-4.6	-6.5
- Shrimp production	-47.1	-63.3	-48.4	-38.0	15.0	-39.2
<b>Number of Foreign Tourists</b>	18.9	-1.6	-5.3	-5.9	13.8	0.7
<b>Manufacturing Production Index (MPI)</b>	2.4	-0.3	5.3	4.4	-1.0	2.0
<b>Private Consumption Index (PCI)</b>	3.5	1.5	1.9	2.9	0.1	1.6
- Car Index	-17.9	-38.8	-35.3	-34.2	-39.9	-37.0
- Fuel Index	1.9	-0.3	1.1	1.8	-3.8	-0.3
- Household Electricity	4.6	-0.3	5.2	4.5	0.8	0.8
- VAT (real terms) 1/	9.2	6.3	6.0	9.2	3.2	6.3
<b>Private Investment</b>						
- Private Investment Index (PII)	-0.2	-8.1	-5.3	-4.6	-11.2	-7.3
- Promotional privileges from Board of Investment (Δ% of total investment)	133.9	-75.8	-95.0	20.2	-28.7	-64.2
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	19.7	-19.4	-47.5	-4.8	16.7	-17.0
- Construction area permitted in municipal zone (12-month moving average)	-1.5	-11.2	-4.0	-5.4	-16.3	-9.3
<b>Fiscal Sector</b>						
- Tax revenue	4.0	-2.1	0.4	1.8	8.4	1.9
- Total disbursement	-4.0	12.4	-7.6	-4.1	-5.7	-1.7
<b>Consumer Price Index</b>	2.22	2.07	3.08	2.26	1.42	2.21
- Food and beverages	3.27	3.97	5.61	4.51	4.28	4.59
- Non food and beverages	1.56	0.96	1.56	0.91	-0.30	0.78
<b>Core Consumer Price Index (excluding raw food and energy)</b>	1.08	1.05	2.27	2.34	2.44	2.03
<b>International Trade(million USD)</b>						
- Exports	16,535.5	3,655.2	3,651.9	3,770.9	3,834.0	14,912.0
Δ% year-on-year	-4.0	-10.7	-12.1	-7.3	-9.3	-9.8
- Imports	11,631.7	2,616.0	2,968.4	3,037.3	2,480.4	11,102.1
Δ% year-on-year	2.8	-8.3	-3.2	-1.8	-5.2	-4.6
<b>Financial Sector (at the end of period) (Billions baht)</b>						
- Deposits	623.5	643.2	623.8	621.5	628.4	628.4
Δ% year-on-year	4.1	5.5	2.7	2.2	0.8	0.8
- Loans	702.2	700.8	701.3	702.3	709.4	709.4
Δ% year-on-year	16.6	8.6	6.0	2.8	1.0	1.0
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						