



BANK OF THAILAND

BOT Press Release

Southern Region Office
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Press Release on Southern Region's Economic Conditions for the First Quarter of 2013

The overall economy of the Southern region for the first quarter of 2013 expanded at decreasing rate following decreased major agricultural production, particularly rubber and vannamei shrimp. According to the high level of domestic and oversea agricultural stocks, major agricultural prices continued to contract, particularly rubber and oil palm prices, which led the decrease of farm income and export value. Conversely, manufacturing production, tourism sector, private consumption and investment remained to expand robustly.

Details of the economic conditions are as follows:

Agricultural production decreased by 1.1 percent year-on-year (YoY) from the decreased production of rubber and shrimp due to unfavorable weather and shrimp disease. Meanwhile, **agricultural prices** contracted by 18.8 percent (YoY) following rubber and oil palm prices. This was due to the high level of stocks and decreased world agricultural prices in futures market. Accordingly farm income reduced by 19.7 percent (YoY), even though the shrimp price increased by 19.6 percent (YoY),

Manufacturing production continually grew. Manufacturing Production Index (MPI) increased by 9.5 percent (YoY). The canned seafood industry expanded by 26.2 percent (YoY) which accelerated from 14.5 percent (YoY) increase in previous quarter. This was due to fulfill demand in Middle East market and increased purchasing order from Europe and United states, as well as the rising of crude palm oil production, resulting from the increase of raw materials, provided to palm oil mills. Concurrently, the production of rubber and gloves industries improved from previous year. Nevertheless, the production of fresh and frozen seafood industry declined because of the supply shortage from shrimp disease.

Tourism strongly expanded by 16.7 percent (YoY). This was partly due to tourism promotion, increased flights and new direct flights to major Southern attractive places. The occupancy rate was at 71.2 percent which was mainly driven by increasing Chinese, Russian and Malaysian tourists.

Private consumption and **investment** expanded well following an increased income in tourism and manufacturing sectors, together with an increased economic confidence. Private Consumption Index (PCI) increased by 5.3 percent (YoY) following the expansion of most components. The valued-added taxes raised by 11.6 percent (YoY) which was accelerated by comparing 3.3 percent (YoY) of preceding quarter. Conversely, the sales of motorcycle decreased following a contracted farm income. Meanwhile, private investment continually expanded by 15.0 percent (YoY), particularly increased cement sales following an expansion of construction sector.

The **export value** reduced by 3.6 percent (YoY) which improved from previous quarter that decreased by 12.7 percent (YoY). This was supported by increasing the exports of canned seafood products and rubber woods. However, the exports of rubbers products, seafood products and rubber gloves remained to decrease. Meanwhile, **import value** increased by 20.5 percent (YoY) as a slowdown in machinery imports after a period of acceleration in previous quarter. In addition, the imports of seafood products picked up at faster rate.

Commercial bank credits grew by 25.0 percent (YoY). This was due to low interest rate and the government stimulus, such as first car tax rebate program and tax deduction for first-time home buyers which were expired in the end of 2012. Concurrently, **commercial bank deposits** rose by 7.1 percent (YoY) which dropped from the previous quarter's growth of 13.1 percent (YoY). This was mainly due to investors' tendency to invest in capital market and other assets which gain higher returns.

The **revenue collection** grew by 7.4 percent (YoY) following the increased collection of the revenue department, particularly value-added taxes and corporate income taxes. **Government disbursements** declined by 6.1 percent (YoY) due to the decrease of government subsidy to local administration.

Inflation was at 3.05 percent (YoY) which increased at decreasing rate by comparing to previous quarter of 3.49 percent (YoY). This was thanks to tempering prices of non-food sectors, particularly automobile, transportation and communication sectors which mainly caused by moderating fuel prices. The fuel prices slightly increased by 4.12 percent (YoY) which was slower pace by comparing to 14.79 percent(YoY) increase in previous quarter.

Bank of Thailand, Southern Region Office

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Table Attached to Press Release on Southern Region's Economic Conditions for the First Quarter of 2013

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	2012					2013
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year	Quarter 1
The Real Sector (Δ% Year-on-Year)						
Farm Income Index	-24.3	-29.2	-26.8	-9.6	-23.1	-19.7
Agricultural Production Index	10.1	-2.5	4.7	6.2	4.9	-1.1
Agricultural Price Index	-30.2	-27.3	-29.9	-14.4	-26.3	-18.8
- Rubber (RSS3)	-32.4	-30.8	-33.9	-15.2	-29.1	-21.7
- Oil palm (FFB)	-24.5	0.0	0.6	-19.3	-11.8	-31.5
- Shrimp (70 pc/kg)	-2.5	-18.7	2.0	2.4	-4.5	19.6
Fishery Production						
- Fishery production loaded at ports	23.2	12.3	6.9	14.7	13.7	-3.7
- Shrimp production	21.0	36.4	-12.2	14.2	12.4	-25.3
Number of Foreign Tourists	4.8	5.3	7.1	19.3	9.2	16.7
Manufacturing Production Index (MPI) r	1.6	0.5	3.0	4.9	2.5	9.5
Private Consumption Expenditures						
- Private Consumption Index	2.8	2.5	2.5	1.2	2.4	3.8
- Passenger car sales	-0.2	44.4	86.9	213.8	72.4	75.1
- Commercial car sales	-28.7	10.4	6.9	66.7	6.9	13.7
- Motorcycle sales	-15.3	-3.4	-17.2	-2.7	-10.3	-4.9
- Real VAT1/ at 2000 prices	4.5	4.3	4.9	-3.3	2.5	11.6
Private Investment						
- Private Investment Index	1.6	2.1	3.7	1.2	2.1	5.3
- Promotional privileges from Board of Investment (Δ% of total investment)	-12.2	23.1	285.7	-19.2	27.2	64.7
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	4.0	4.5	5.6	5.9	5.0	6.6
- Construction area permitted in municipal zone (12-month moving average)	17.1	21.7	19.5	27.3	21.5	15.2
Fiscal Sector						
- Tax revenue	1.3	17.1	-0.02	4.1	5.8	7.4
- Total disbursement	-10.9	7.4	9.3	20.4	5.8	-6.1
Consumer Price Index	4.13	3.37	3.39	3.50	3.60	3.05
- Food and beverages	8.11	6.29	5.38	3.56	5.79	3.73
- Non food and beverages	1.36	1.30	1.95	3.47	2.02	2.55
Core Consumer Price Index (excluding raw food and energy)	2.86	2.49	1.77	1.73	2.21	1.39
International Trade(million USD)						
- Exports	4,242.5	4,627.6	4,164.5	4,190.8	17,225.5	4,091.1
Δ% year-on-year	-14.4	-8.3	-29.0	-12.7	-16.6	-3.6
- Imports	2,369.4	2,970.9	3,103.6	2,865.8	11,309.8	2,854.4
Δ% year-on-year	-33.7	1.3	-11.4	44.6	-5.7	20.5
Financial Sector (at the end of period) (Billions baht)						
- Deposits	564.1	571.4	590.7	599.2	599.2	604.0 ^E
Δ% year-on-year	9.0	11.6	13.2	13.1	13.1	7.1 ^E
- Loans	517.2	544.5	569.2	602.2	602.2	645.1
Δ% year-on-year	14.8	17.7	16.4	20.4	20.4	25.0
Remark : 1/ excluding VAT from customs duty. E = estimated r = revised						
Source : Bank of Thailand, Southern Region Office						