



BANK OF THAILAND

BOT Press Release

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

The overall economy of the Southern region in November 2014 was roughly unchanged from prior month. The export-oriented manufacturing production expanded. Agricultural production also improved. Nevertheless, tourism sector moderated following a decreased number of Russian tourists. Private investment continued to subdue, which led to the moderated private consumption and commercial bank loans. In term of economic stability, inflation slightly picked up following increase in food price. Meanwhile, unemployment rate was in line with preceding month.

Details of the economic conditions are as follows;

Overall economic activities were roughly unchanged from preceding month.

Manufacturing production index grew from previous month slightly. On a year-on-year basis, the production rose by 0.8 percent (yoy) following the increased outputs of rubber gloves as well as fresh and frozen seafood. The accelerated productions were boosted by the higher demand from the European Union ahead of Thailand's Generalized System of Preferences (GSP) privilege expiration in 2015. Meanwhile, the productions of canned seafood picked up following the rising demand from trade partners before the expected higher price of raw materials – tuna – in the next period because of the end of fishing seasons in December. The output of rubber woods increased to support higher purchasing orders from key exporting markets: China and Malaysia. This was also attributable to the lower price of raw material - rubber woods – following an increase in cutting down rubber trees. However, the production of rubber products declined as the softened purchasing order from key exporting markets: China and Malaysia. This was also due to the high base effect which had expedited purchases during an exemption of the CESS in the last quarter of earlier year. The output of palm oil declined as the decreased raw materials.

On seasonally adjusted data, **agricultural production index** rose from previous month. On a year-on-year basis, the index dropped by 8.9 percent (yoy) which improved from 13.4 percent (yoy) decrease of prior month. This was following the lessening contraction of rubber outputs. Concurrently, **agricultural price index** fell by 26.9 percent (yoy) as the low rubber price which was owing to the subdued global demand and pressure of the 5-year lowest crude oil price. The price of Vannamei shrimp also decreased as a result of the increased

competitors' outputs and the lower competitors' price. Consequently, **farm income** fell by 33.4 percent (yoy)

Tourism sector contracted from preceding month. On a year-on-year basis, tourism sector increased by 5.3 percent (yoy) which decelerated from 15.4 percent (yoy) increase in previous month. This was mainly following a decreased number of Russian tourists. However, a number of tourists from Malaysia and China remained to increase. A number of Chinese tourists highly increased by 43.8 percent (yoy) in Andaman and the Gulf of Thailand attractions. This was also supported by the launching of new airline route between Guangzhou – Krabi province.

By lacking supportive factors, **private consumption index** slightly expanded from previous month. However, the index decreased by 0.2 percent (yoy). Apparently, the retail-wholesales sector decreased for the first month, while the spending on vehicles continued to contract considerably. The unrecovered low farm income caused the decrease of household spending, as well as consumer confidence. Meanwhile, **private investment index** reduced by 11.2 percent (yoy) following the contraction of construction sector, cement sales, imports of capital goods and commercial vehicle registrations.

Export value rose from prior month and the same period of previous year. Export value stood at 1,419.5 million U.S. dollars which picked up by 11.2 percent (yoy). This was attributable to the strongly increased exports of rubber gloves and fisheries. Meanwhile, export value of canned seafood products dropped owing to the lower price. Concurrently, **imports** improved from preceding month. However, import dropped by 0.8 percent (yoy) following the decreased imports of frozen seafood and synthetic rubber.

In government sector, **revenue collection** grew by 14.4 percent (yoy) mainly following the increased disbursement of personal income tax and corporate income tax. Meanwhile, **revenue disbursement** decreased by 31.6 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. Consequently, the disbursement of specific subsidies, subsidies and personnel expenses was decreased.

In term of economic stability, **unemployment rate** was 1.07 percent which was in line with 1.03 percent of prior month. This was also following the decreased employment in agricultural sector. Even the fuel price dropped sharply as a decrease in global oil price, **inflation** picked up slightly which was at 1.79 percent (yoy). This was due to the higher prices of vegetable and fruits which were delivered from producers in Central of Thailand. Accordingly, the price of prepared food was increased.

Commercial bank deposit and **credit** as of October 2014 grew by 1.4 and 2.0 percent (yoy) respectively. Apparently, the growth of deposit and credit remained to moderate following the softened economy which caused an increase in the households' caution on spending and increased borrowing. Commercial banks also remained to tighten credit standard.

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

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	2014					
	Jun	Jul	Aug	Sep	Oct	Nov
The Real Sector (Δ% year-on-year)						
Farm Income Index	-25.1	-21.0	-29.2	-41.4	-38.9	-33.4
Agricultural Production Index	-12.5	-12.3	-14.7	-16.6	-13.4	-8.9
Agricultural Price Index	-14.4	-9.9	-17.1	-29.7	-29.4	-26.9
- Rubber (US\$3)	-20.8	-18.4	-25.8	-37.7	-34.9	-32.7
- Oil palm (FFB)	10.3	37.6	19.8	2.7	11.4	9.1
- Shrimp (70 pc/kg)	-6.2	-3.8	-1.6	-15.2	-30.7	-28.8
Fishery Production						
- Fishery production loaded at ports	0.1	-21.7	-9.4	-11.0 ^r	5.3	-12.4
- Shrimp production	-45.2	-37.6	-40.3	-36.0	-2.0	-7.3
Number of Foreign Tourists	-20.6	-3.2	-17.1	5.5	15.4	5.3
Manufacturing Production Index (MPI)	7.1	3.3	9.4	1.0	0.3	0.8
Private Consumption Index (PCI)	4.0	7.9	1.5	-0.5	-0.3 ^r	-0.2 ^e
- Car Index	-25.6	-34.2	-31.2	-37.1	-39.0	-45.7
- Fuel Index	1.0	0.2	-0.4	5.6	-3.3 ^r	0.7 ^e
- Household Electricity	6.6	7.5	6.3	-0.3	1.2 ^r	2.4 ^e
- VAT (real terms) 1/	11.8	24.6	5.1	-0.9	1.9	1.3
Private Investment						
- Private Investment Index (PII)	-4.4	-3.7	-4.2	-5.8	-10.3	-11.2
- Promotional privileges from Board of Investment (Δ% of total investment)	-93.6	1,421.3	-73.6	-56.2	-71.1	437.2
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	-61.1	23.7	-29.9	8.1	17.7	11.5
- Construction area permitted in municipal zone (12-month moving average)	-2.1	-3.6	-7.4	-5.1	-16.3	-17.1
Fiscal Sector						
- Tax revenue	8.3	12.2	-6.1	1.4	4.7	14.4
- Total disbursement	-3.4	4.8	0.0	-13.1	38.6	-31.6
Consumer Price Index	2.88	2.49	2.33	1.96	1.77	1.79
- Food and beverages	5.22	4.79	4.44	4.30	3.94	4.83
- Non food and beverages	1.48	1.12	1.06	0.56	0.46	-0.04
Core Consumer Price Index (excluding raw food and energy)	2.34	2.39	2.40	2.22	2.24	2.57
International Trade(million USD)						
- Exports	1,318.2	1,106.3	1,332.0	1,332.6	1,343.3	1,419.5
Δ% year-on-year	-3.6	-12.5	-8.5	-0.9	-15.6	11.2
- Imports	1,111.7	1,240.7	823.0	973.6	930.7	791.7
Δ% year-on-year	37.6	23.4	-29.8	6.3	-13.1	-0.8
Financial Sector (at the end of period) (Billions baht)						
- Deposits	623.8	623.9	621.6	621.5	616.2	n.a.
Δ% year-on-year	2.7	3.7	2.8	2.2	1.4	n.a.
- Loans	701.3	698.8	697.9	702.3	702.0	n.a.
Δ% year-on-year	6.0	4.7	3.6	2.8	2.0	n.a.
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						