

**No. 15/2016****Press Release on Southern Region's Economic Conditions in July 2016**

The overall economic activities of the southern region in July 2016 expanded on account of tourism after the end of Ramadan and partly resulted from an increase of flight route between Surat Thani and China. The capital expenditure disbursement continued to expand well. Moreover, agricultural sector turned to post positive both in terms of output and price. However, manufacturing production and private investment remained in low level. Private consumption was stable. On the stability front, unemployment rate declined and the headline inflation softened on account of fresh food prices.

Details of the economic conditions are as follows;

**Tourism sector** expanded substantially, namely in Andaman, Thai Gulf, and lower part. The number of tourists from Malaysia and the Middle East grew after Ramadan had ended. Meanwhile, the number of tourists from China expanded as many airlines opened more flight route between Surat Thani and China. Moreover, there are more charter flight from Vietnam to Phuket. The robust growth in tourism helped support growth in occupancy rate and number of international flights.

**Public spending**, capital expenditure continued to expand well compared to last year although receiving lower budget compared to the previous month due to well progressive in many projects. For this month, most projects are disbursed for constructed and repaired of roads in every provinces by the Department of Highways and the Department of Rural Road. In addition, Royal Irrigation Department also disbursed for constructed and repaired of water resource. As a result, disbursement in land and construction rose in line with expenditure by the Southern Border Provinces Administration Centre which also increased. In contrast, current expenditures subdued especially in salary of forces, namely army, navy, and air force which changed their salary payment system to direct payment.

**Farm income** displayed a high growth, thanks to increased agricultural products price. Rubber price increased due to tight supply although more output produced. But entrepreneurs still have demand in raw material to produce and delivered following to their orders in hand. Meanwhile, palm oil price rose due to severe competitive searched for raw material as output declined from drought condition. Shrimp price rose from positive factors as suppliers in other countries suffered from raw materials shortage resulted by drought condition, shrimp diseases, and chemical problems. As a resulted, more orders in shrimp from Thailand supplier.

**Private consumption** moderated although vehicles sales volume dropped but compensated by consumption goods which improved from the previous month. In the meantime,

persistently low level of oil price supported more spending on fuel and electricity. Nevertheless, private consumption softened compared to last year owing to lower vehicle sales volume. Vehicle sales volume accelerated in earlier period as a consequence of promotional offers and the launched of new car models.

**Export and import value** accelerated as temporary factors from more export and import in aircraft, vessel, platform, and train. Main export products value such as product from rubber which rose due to higher export to major trading partners liked China and Malaysia. Simultaneously, export of wood and product from wood grew from high demand of rubber wood from China and more orders from the Middle East. Conform to **manufacturing production** which rose both in standard technical rubber and rubber wood. Frozen and processed seafood expanded following to higher shrimp production. However, manufacturing production declined continually when compared to previous month from problem of shortage in raw material liked fish and cuttlefish. While some buyer delayed their orders due to negative factor as higher price of canned seafood and rubber wood.

**Private investment** main indicators persisted contracting especially construction allowed in municipal area and cement sales volume in accordance to sluggish real estate sector. Imported of capital goods and commercial vehicles registration shrank following to vaguely recovered in production sector.

On the stability front, **headline inflation** was at 0.22 percent (Year-on-Year), decelerated from the previous month on account of fresh food prices such as meat, poultry, water animals, vegetables and fruits due to alleviate of drought condition. **Unemployment rate** was at 1.18 percent which improved slightly from the previous month due to higher employment in construction, trade, and service sector.

At the end of June 2016, **deposits** of commercial banks and specialized financial institutions (SFIs) expanded, partly from redemption of Thai Khem Khang bond published in 2010 and more deposits from the public sector transferred to SFIs for village capability enhancement project. Overall **loans** slowed down due to more caution of commercial banks in business and consumption loans.

Bank of Thailand, Southern Region Office

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Contact: Regional Economy Division Tel: +66 (0) 7427 2000 ext. 4731

e-mail: [RegionalEconSouth1@bot.or.th](mailto:RegionalEconSouth1@bot.or.th)



BANK OF THAILAND

Table Attached to Press Release on Southern Region's Economic Conditions in July 2016

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

	2016					
	Feb	Mar	Apr	May	Jun	Jul
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
Farm Income Index	-23.4	-5.7	0.9	-8.0	-7.7	20.1
Agricultural Production Index	5.7	2.8	-10.6 <sup>r</sup>	-14.4	-7.9	-0.5
Agricultural Price Index	-27.5	-8.3	12.8	7.5	0.3	20.6
- Rubber (US\$3)	-34.4	-10.4	11.8	3.5	-5.1	10.9
- Oil palm (FFB)	-17.9	-6.2	20.7	27.8	15.9	61.5
- Shrimp (70 pc/kg)	-5.2	0.6	5.7	1.1	10.4	13.6
<b>Fishery Production</b>						
- Fishery production loaded at ports	-9.5	-24.6	-16.6	-8.7	6.0	n.a.
- Shrimp production	38.3	22.2	10.1	17.4	37.0	41.2
<b>Number of Foreign Tourists</b>	17.7	15.8	15.0	5.3	-0.3	14.5
<b>Manufacturing Production Index (MPI)</b>	5.6	6.4	1.7	1.7	-0.6	3.7
<b>Private Consumption Index (PCI)</b>	4.7	5.9	5.0	6.4	5.5 <sup>r</sup>	4.1
- Car Index	6.5	2.4	9.5	1.7	7.7	-9.1
- Fuel Index	9.1 <sup>r</sup>	10.0 <sup>r</sup>	6.7	7.2	3.0 <sup>r</sup>	5.7 <sup>e</sup>
- Household Electricity	14.4 <sup>r</sup>	6.0 <sup>r</sup>	9.2	14.9	2.0 <sup>r</sup>	8.7 <sup>e</sup>
- Sales of consumer goods and services <sup>1/</sup>	9.9	13.3	11.0	14.3	12.7	9.1
<b>Private Investment</b>						
- Private Investment Index (PII)	-1.6	-2.6	-3.0	-3.3	-2.3	-3.1
- Promotional privileges from Board of Investment ( $\Delta\%$ of total investment)	-62.3	-62.2	-21.1	-100.0	1,189.4	-18.0
- Registration of Business Entity ( $\Delta\%$ of total registration)	-22.8	38.3	-25.2	-59.8	38.3	30.7
- Construction area permitted in municipal zone (12-month moving average)	-27.9	-24.8	-27.1	-23.5	-16.9	-20.6
<b>Fiscal Sector</b>						
- Tax revenue	4.1	3.1	14.1	13.4	3.8	-4.8
- Total disbursement	11.7	5.8	-3.9	19.5	14.2	-8.7
<b>Consumer Price Index</b>	-0.90	-0.74	-0.19	0.28	0.43	0.22
- Food and beverages	0.66	0.56	1.06	2.44	2.82	2.04
- Non food and beverages	-1.91	-1.57	-0.98	-1.11	-1.10	-0.94
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.42	0.60	0.55	0.54	0.55	0.70
<b>Unemployment Rate</b>	1.33	0.90	1.68	1.55	1.47	1.18
<b>International Trade(million USD)</b>						
- Exports	888.1	1,321.0	971.8	949.9	972.0	1,047.6
$\Delta\%$ year-on-year	-7.4	17.2	1.0	-12.8	-25.0	10.6
- Imports	813.1	658.5	752.3	778.6	700.5	907.2
$\Delta\%$ year-on-year	-19.8	-14.0	-22.5	-13.3	-21.8	30.6
<b>Financial Sector (at the end of period) (Billions baht)</b>						
- Deposits	638.7	640.5	644.8	640.9	642.7	n.a.
$\Delta\%$ year-on-year	1.3	1.0	1.5	1.4	2.8	n.a.
- Loans <sup>2/</sup>	677.9	676.2	673.3	669.6	670.8	n.a.
$\Delta\%$ year-on-year	3.2	3.3	2.9	2.2	0.9	n.a.

Remark : e = estimated r = revised n.a. = not available

1/ The indicator has been changed from VAT(real term) to Sales of consumer goods and services.

2/ Bookkeeping system of certain banks has been changed to head office instead of Southern branches since January 2015.

Source : Bank of Thailand, Southern Region Office