



BANK OF THAILAND

BOT Press Release

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

The overall economy of the Southern region in August 2014 softened from previous month. This was due to the decline of agricultural and manufacturing productions. Concurrently, the economy was pressured by the declining rubber price continually. Tourism sector declined after passing the Hari Raya Aidilfitri. Additionally, tourism sector was affected by the announcement of Songkhla province which the foreign registered buses have been allowed only travelling in Songkhla area. Accordingly, private consumption moderated. In term of internal stability, inflation eased following the declined prices of raw food and fuel.

Details of the economic conditions are as follows;

Overall economic activities softened from preceding month. This was pressured by the declining agricultural price. **Agricultural price index** decreased by 16.0 percent on a year-on-year (yoy) basis. This was due to the decreasing in the rubber price which was caused by the unfavorable Chinese economic data reflecting sluggish economy, together with the eased crude oil price. Furthermore, market players have waited for clearer management of Thai government rubber stockpile. Concurrently, **agricultural production index** dropped by 6.2 percent (yoy) following the decreased shrimp outputs because of unrecovered shrimp disease, as well as the declined oil palm outputs. Consequently, **farm income index** fell by 21.2 percent (yoy).

Manufacturing production index contracted slightly from earlier month. However, manufacturing production grew by 9.4 percent (yoy) which accelerated from previous month. This was supported by the increased production of canned seafood industry after rising demand from the Middle East market, the United States and Australia. Also, this was partly due to the low base effect which there was unrest situation in the Middle East region previous year. Concurrently, the outputs of fresh and frozen seafood products increased owing to the increased productions of fish and cuttlefish products, as well as the increased demand from the European Union. The outputs of rubber gloves expanded following increased exports to the European Union. Besides, the rubber wood productions picked up which mainly due to the increased demand from Malaysia, while the demand from China was subdued by the softened Chinese real estate sector.

Tourism sector decreased from previous month. A number of foreign tourists totaled 500,685 persons which dropped by 17.1 percent (yoy). This was following the decreased number of tourists in Southern border provinces partly because of the high base effect which the Hari Raya Aidilfitri was in the same month of previous year. Tourism sector was also affected by the announcement of Songkhla province which foreign registered busses have been allowed only travelling in Songkhla province. In case of travelling beyond Songkhla province, the foreign registered buses have had to submit a request to the Department of Land Transport. Additionally, the presence of martial law remained to affect the confidence of Asian tourists. However, a number of tourists grew in Andaman coastal and gulf of Thailand areas, particularly the increased tourists from China which was supported by the exemption of visa fee.

Private consumption reduced from preceding month. On a year-on-year basis, the consumption only increased by 1.6 percent (yoy) which decelerated from 7.9 percent (yoy) increase of previous month. This was subdued by the weakened consumer confidence because of the unimproved farm income, the decreased production and eased tourism sector. Meanwhile, **private investment** fell by 3.9 percent (yoy) partly because businesses remained to wait a better economic outlook. The major indices continued to drop including the permitted construction areas in municipal zone, cement sales, imports of capital goods and the registration of commercial cars.

Export value picked up from prior month. On a year-on-year basis, export however declined by 8.5 percent (yoy) particularly following the continually falling rubber price, together with the decreased prices of rubber gloves and canned seafood products. Meanwhile, value of **imports** dropped by 29.8 percent (yoy) as the decreased imports of machineries, construction equipment and fuel.

In government sector, **revenue disbursement** was flat from the same period of preceding year. The capital expenditures declined, while current expenditures increased from the payment of salaries payable in some provinces. Concurrently, **revenue collection** reduced by 6.1 percent (yoy) following the declined tax collections of the Revenue Department and the Excise Department.

In term of internal stability, **unemployment rate** was 1.09 percent which improved from 1.14 percent of previous year. Meanwhile, **inflation** was 2.33 percent (yoy) which decelerated continually and reached the 5-month lowest level. This was following the decreased prices of raw food and fuel.

Commercial bank credit as of July 2014 grew by 4.7 percent (yoy) which continued to decelerate. Concurrently, **commercial bank deposit** rose by 3.7 percent (yoy) regarding the money transferred to government agencies as the accelerated disbursement for government investments and expenditures.

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

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	2014					
	Mar	Apr	May	Jun	Jul	Aug
The Real Sector (Δ% year-on-year)						
Farm Income Index	-1.5 ^r	-7.5 ^r	-14.9 ^r	-14.4 ^r	-11.3 ^r	-21.2 ^e
Agricultural Production Index	-0.9 ^r	-1.8 ^r	1.3 ^r	-0.8 ^r	-2.7 ^r	-6.2 ^e
Agricultural Price Index	-0.6 ^r	-5.7 ^r	-16.0 ^r	-13.7 ^r	-8.8 ^r	-16.0 ^r
- Rubber (US\$3)	-15.0	-13.7	-26.0	-20.8	-18.4	-25.8
- Oil palm (FFB)	28.9	14.3	21.0	10.3	37.6	19.8
- Shrimp (70 pc/kg)	45.0	19.5	1.1	-6.2	-3.8	-1.6
Fishery Production						
- Fishery production loaded at ports	6.7	-1.7	-11.6	0.1	-21.7	-9.4
- Shrimp production	-61.0 ^r	-57.0 ^r	-42.6 ^r	-45.2 ^r	-37.6 ^r	-36.9 ^e
Number of Foreign Tourists	3.1	4.7	0.4	-20.6	-3.2	-17.1
Manufacturing Production Index (MPI)	6.1	-0.9	9.8	7.1	3.3 ^r	9.4
Private Consumption Index (PCI)	2.2	0.5	1.1	4.0	7.9 ^r	1.6 ^e
- Car Index	-41.5	-39.8	-37.8	-25.6	-34.2	-31.2
- Fuel Index	0.2	2.2	0.1	1.0	0.2 ^r	0.4 ^e
- Household Electricity	1.7	2.0	7.1	6.6	7.5 ^r	7.1 ^e
- VAT (real terms) 1/	8.3	2.7	4.2	11.8	24.6	5.1
Private Investment						
- Private Investment Index (PII)	-4.7	-4.8	-6.8	-4.4	-3.7 ^r	-3.9
- Promotional privileges from Board of Investment (Δ% of total investment)	-81.6	-69.7	-98.4	-93.6	1,421.3	-73.6
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	-28.9	-52.1	-9.7	-61.1	23.7	-29.9
- Construction area permitted in municipal zone (12-month moving average)	-9.9	-6.0	-3.7	-2.1	-3.6 ^r	-5.8
Fiscal Sector						
- Tax revenue	-2.4	-4.8	-2.6	8.3	12.2	-6.1
- Total disbursement	11.3	-18.6	4.0	-3.4	4.8	0.0
Consumer Price Index	2.17	3.05	3.31	2.88	2.49	2.33
- Food and beverages	4.28	5.76	5.84	5.22	4.79	4.44
- Non food and beverages	0.93	1.42	1.77	1.48	1.12	1.06
Core Consumer Price Index (excluding raw food and energy)	1.22	2.09	2.38	2.34	2.39	2.40
International Trade(million USD)						
- Exports	1,194.3	1,120.3	1,213.4	1,318.2	1,106.3	1,332.0
Δ% year-on-year	-22.7	-14.5	-17.7	-3.6	-12.5	-8.5
- Imports	854.6	841.3	1,015.4	1,111.7	1,240.7	823.0
Δ% year-on-year	-33.3	-29.3	-5.0	37.6	23.4	-29.8
Financial Sector (at the end of period) (Billions baht)						
- Deposits	643.2	641.5	631.3	623.8	623.9	n.a.
Δ% year-on-year	5.5	5.7	4.2	2.7	3.7	n.a.
- Loans	700.8	696.6	695.9	701.3	698.8	n.a.
Δ% year-on-year	8.6	7.8	6.4	6.0	4.7	n.a.
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						