

No. 10/2017Press Release on Southern Region's Economic Conditions in April 2017

The overall economic activities in Southern region in April 2017 expanded following increased agricultural production and prices. Meanwhile, tourism sector continued to grow. The expansion supported private consumption, particularly for spending on durable goods, as households' income increased. Exports also showed a robust growth mainly from price surge. Private investment slightly improved from the previous month. However, manufacturing production and public spending contracted from the same period last year. **On the stability front**, headline inflation decelerated from the previous month due mainly to lower prices of petroleum and fresh food. Meanwhile, unemployment rate was higher than the previous month from decrease in non-farm employment.

Details of the economic conditions are as follows;

Agricultural production registered a growth of 12.4 percent from the same period last year. Rubber output increased due to low production last year, whereas oil palm output continually recovered from the negative impact of severe drought last year. However, Vannamei shrimp output remained negative impacted by white spot disease from high rainfall. Agricultural prices rose at 16.4 percent from the same period last year mainly from rubber and Vannamei shrimp prices, but oil palm price decreased following excess supply. Consequently, **farm income** increased at 30.8 percent.

Number of foreign **tourists** rose by 7.5 percent from the same period last year owing to those from Russia, China, and Europe, consistent with the number of both domestic and international flights that increased at Andaman coast and the Gulf of Thailand. Moreover, arrival of international cruise ships at Phuket was beneficial for overall tourism sector. However, Malaysian tourists continued to fall at a slower pace, as Malaysian Ringgit depreciated.

Private consumption grew by 2.5 percent from the same period last year due to robustly increased spending on durable goods, supported by higher farm income than the previous year. In addition, spending on semi-durable goods for replacement after the flood also increased, partly reflected by higher consumer goods and services.

Merchandise exports continually grew in particular the export of processed rubber as the price significantly rose. Meanwhile, **manufacturing production** dropped by 0.9 percent from the same period last year. This was attributable to lower production of rubber processing products as demand from China slowed down after accelerated orders in earlier this year. Production of canned seafood remained contracted largely from the payment problem in Middle East. However, production of frozen and processed seafood products increased mainly from those made by

Vannamei shrimp. Although the supply declined, some producers had kept raw material for production. Rubber wood processing production increased owing to higher demand from trading partners, whereas crude palm oil production rose consistent with oil palm supply.

Public spending (excluding salary payment) declined by 22.2 percent from the same period last year in both current and capital expenditures. Current expenditure (excluding salary payment) went down by 19.1 percent primarily from the disbursement reduction by the Internal Security Operations Command after having disbursed last month. Meanwhile, capital expenditure fell by 27.1 percent due to decline in investment projects by the Department of Highways, the Department of Rural Roads, and the Department of Local Administration.

Private investment remained contracted by 0.6 percent from the same period last year due mainly to subdued construction and real estate as reflected by reduced permitted construction areas and cement sales. However, private investment index slightly picked up from the previous month, following higher imports of machinery and investment on commercial cars.

On the stability front, **headline inflation** was lower at 1.13 percent from 1.47 percent last month, attributable to decreased domestic petroleum and fresh food prices, especially vegetables and fruits, but poultry's price went up. **Unemployment rate** increased to 1.98 percent from 1.11 percent in the previous month, resulting from lower employment in non-farm sector, but employment in hotel and trade sectors increased.

At the end of March 2017, commercial banks and Specialised Financial Institutions (SFIs) **deposits** rose by 5.1 percent from the same period last year due to higher loan demand expectation, together with government budget awaiting for disbursement. Commercial banks and SFIs **loans** also increased by 3.5 percent from rubber and palm oil businesses. Meanwhile, consumer loan remained contracted, particularly housing loan and auto leasing.

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BANK OF THAILAND

Table Attached to Press Release on Southern Region's Economic Conditions in April 2017

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	2016		2017			
	Nov	Dec	Jan	Feb	Mar	Apr
The Real Sector (Δ% year-on-year, unless otherwise stated)						
Farm Income Index	26.0	46.0	48.4	67.3	34.2	30.8
Agricultural Production Index	-11.9	-8.2	-14.7	-6.8	-6.3	12.4
Agricultural Price Index	43.0	59.1	74.0	79.5	43.3	16.4
- Rubber (RSS3)	56.4	85.9	122.2	124.4	58.1	26.8
- Oil palm (FFB)	24.2	17.4	1.2	12.0	10.9	-12.7
- Shrimp (70 pc/kg)	11.7	12.1	15.6	13.4	18.5	6.6
Fishery Production						
- Fishery production loaded at ports	-21.1	-22.7	-95.0	-14.1	-5.7	-5.5
- Shrimp production	0.1	15.4	-9.1	-30.5	-45.7	-10.2
Number of Foreign Tourists	-2.2	0.3	5.9	-12.8	4.6	7.5
Manufacturing Production Index (MPI)	-2.6	5.2	-1.4	2.3	-0.8	-0.9
Private Consumption Index (PCI)	5.3	3.5	2.9	3.7	2.0	2.5
- Car Index	12.7	-7.3	-11.7	4.9	19.2	20.6
- Fuel Index	9.1	-0.9	-3.8	-0.4	2.0	-0.7 ^a
- Household Electricity	0.6	1.3	-3.1	-5.7	0.9	-2.6 ^a
- Sales of consumer goods and services	12.0	8.9	8.0	9.5	4.2	5.9
Private Investment						
- Private Investment Index (PII)	-1.1	-1.5	-1.4	2.3	-2.2	-0.6
- Promotional privileges from Board of Investment (Δ% of total investment)	-70.1	61.9	209.3	12.1	-19.7	-45.9
- Registration of Business Entity (Δ% of total registration)	86.7	54.1	-7.7	64.2	33.2	61.8
- Construction area permitted in municipal zone (12-month moving average)	-1.7	6.9	4.1	-2.3	-7.2	-2.0
Fiscal Sector						
- Tax revenue	-0.2	-4.2	-0.6	-1.5	-2.2	27.9
- Total disbursement ¹⁾	15.8	16.0	-30.4	-33.2	-12.5	-38.2
Consumer Price Index ²⁾	0.78	1.55	2.20	2.30	1.47	1.13
- Food and beverages	1.57	1.85	2.42	2.35	1.91	1.25
- Non food and beverages	0.27	1.37	2.06	2.30	1.20	1.08
Core Consumer Price Index (excluding raw food and energy)	0.72	0.78	0.76	0.77	0.82	0.75
Unemployment Rate	1.83	0.91	1.70	1.34	1.11	1.98
International Trade(million USD)						
- Exports	1,010.1	1,045.8	957.5	1,152.7	1,408.1	1,445.7
Δ% year-on-year	8.3	16.2	10.3	29.8	6.6	48.8
- Imports	781.2	710.8	608.5	773.2	1,049.5	1,246.6
Δ% year-on-year	2.2	6.2	-23.7	-4.9	59.4	65.7
Financial Sector (at the end of period) (Billions baht)						
- Deposits of commercial banks	642.0	646.2	654.8	658.3	660.8	n.a.
Δ% year-on-year	2.2	3.0	2.6	3.1	3.2	n.a.
- Loans of commercial banks	681.0	688.7	690.0	696.1	693.5	n.a.
Δ% year-on-year	1.4	2.2	2.1	2.7	2.6	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	375.7	380.2	383.4	388.6	394.5	n.a.
Δ% year-on-year	7.8	7.7	7.7	8.6	8.4	n.a.
- Loans of Specialised Financial Institutions (SFIs)	489.3	493.2	494.1	496.0	502.7	n.a.
Δ% year-on-year	5.1	5.0	4.3	4.2	4.9	n.a.
Remark : e = estimated r = revised n.a. = not available						
¹⁾ Changing in payment system of the Office of the Basic Education Commission to directly transfer to the officers without passing through Southern Comptroller						
²⁾ Changing base year from 2011 to 2015						
Source : Bank of Thailand, Southern Region Office						