

**No. 9/2018****Press Release on Southern Region's Economic Conditions in April 2018**

The overall economic activities in the Southern region in April 2018 expanded from the same period last year but decelerated from the previous month. Exports value expanded<sup>1</sup> following the expansion of foreign demand together with the supportive factor as the fifth Agreed Export Tonnage Scheme (AETS) of rubber had ended. The expansion was in accordance with the rebounding growth of manufacturing production. Meanwhile, tourism continued to grow with decelerated growth. Regarding domestic demand, public spending accelerated in capital spending. Private consumption moderately improved as a partial result of the improvement of tourism income but the contraction of farm income was still the essential detained factor. Private investment slowed down. **On the stability front**, inflation rose from the earlier month. Meanwhile, the unemployment rate declined from the past month.

Details of the economic conditions are as follows;

**Agricultural production** grew by 9.3 percent from the same period last year from rubber output due to the favourable weather condition. Meanwhile, Vannamei shrimp output grew as a major result of the low base effect from the flood at the beginning of 2017. However, oil palm output decreased. Regarding agricultural price, it declined by 28.1 percent following a decrease in all major agricultural prices, i.e. rubber, oil palm, and Vannamei shrimp, owing to an increase in global supply including the partial result of the high base effect from the flood at the beginning of 2017. Thus, farm income contracted by 21.5 percent in this month, worsened from the previous month where farm income contracted by 9.1 percent.

**The number of foreign tourists** increased by 16.0 percent compared to the same period last year, decelerated from the preceding month. Nevertheless, the number of tourists increased in most major nationalities especially Chinese tourists. The number of European tourists slowed down which was attributable to the overlap of Easter Festival period taking place at the end of March this year. Meanwhile, the number of Malaysian tourists also decelerated. Considering by area, tourism in the Andaman coast continued to expand. Tourism in southern border area slowed down whereas tourism in the Gulf of Thailand slightly contracted.

**Exports value** declined by 12.7 percent from the same period last year, owing chiefly to the export of aircraft, petroleum platform, ship, and rail. By excluding these merchandises, the value of exports increased and was consistent with the manufacturing production which rose by 14.4 percent following the production and exports of processed rubber, by cause of the end of the fifth AETS. The Crude Palm Oil (CPO) production grew with lower growth. The production and exports of rubber glove expanded in all major export destinations. Meanwhile, the production and exports of canned

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<sup>1</sup> Excluding aircraft, petroleum platform, ship, and rail.

seafood rose, especially in Middle East market. However, regarding processed rubberwood and products, the production and exports contracted following the delay of processed rubberwood purchase order from China after the Chinese government more stricted regarding the environmental issue. Also, the production and exports of processed seafood contracted, in particular, from shrimp products.

**Private consumption indicators** rose by 1.5 percent compared to the same period last year, improved from the previous month which the indicators increased by 0.9 percent, following the spending on services sector in tourism. Moreover, spending on non-durable goods accelerated and was supported by the spending on the automotive category which continued to expand. Nevertheless, the continued decrease in motorcycle sales led the spending on the automotive category to be slow down, owing to the agricultural price.

**Private investment indicators** expanded by 2.2 percent compared to the same period last year, continued from the preceding month following an increase in cement sales and domestic machinery sales. Meanwhile, permitted construction areas in and out of the municipal zone improved. Nevertheless, personal truck registration decelerated while the import of capital goods dropped, particularly in the processed rubber industry and the processed rubberwood and products industry.

**Public spending** declined by 5.1 percent compared to the same period last year. Current spending decreased by 27.2 percent following the disbursement of general purpose subsidy by autonomous universities. However, capital spending increased by 34.1 percent following the higher disbursement of land and construction budget by southern Gulf of Thailand provincial cluster and southern Andaman provincial cluster, including the higher disbursement of durable goods category by Office of the Permanent Secretary, Ministry of Public Health.

On the stability front, **headline inflation** was at 0.75 percent, edged up from the previous month which was at 0.55 percent, owing to an increase in energy price, coupled with the less contraction of fresh food prices. Regarding the **unemployment rate**, it was at 1.5 percent and lower than the previous month's rate which was at 1.8 percent.

At the end of March 2018, overall **deposits** expanded by 4.2 percent from to the same period last year but remained stable compared to the preceding month. The deposits expanded both from commercial banks and Specialised Financial Institutions (SFIs). Regarding overall **loan**, it increased by 2.1 percent from to the same period last year but slowed down from the previous month. The commercial banks' loan slightly contracted as a partial result of the adjustment of credit policy for savings and credit cooperatives. Meanwhile, the SFIs loan continued to expand.

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BANK OF THAILAND

## Table Attached to Press Release on Southern Region's Economic Conditions in April 2018

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	2017		2018			
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
<b>Farm Income Index</b> <sup>r</sup>	-15.5	-29.1	-24.6	-27.2	-9.1	-21.5
<b>Agricultural Production Index</b>	5.5	3.5	21.7	18.1	29.9	9.3
<b>Agricultural Price Index</b>	-19.9	-31.5	-38.1	-38.4	-30.0	-28.1
- Rubber (RSS3)	-26.9	-38.9	-45.5	-47.8	-36.7	-32.1
- Oil palm (FFB)	-32.0	-42.6	-40.4	-33.9	-32.8	-35.4
- Shrimp (70 pc/kg)	2.1	-8.1	-13.5	-14.3	-15.6	-19.5
<b>Fishery Production</b>						
- Fishery production loaded at ports	-20.6	-3.3	43.6	10.2	19.7	n.a.
- Shrimp production	18.1	9.5	8.0	23.5	79.6	10.6
<b>Number of Foreign Tourists</b>	11.9	13.7	6.2	29.8	22.2	16.0
<b>Manufacturing Production Index (MPI)</b>	20.7	9.8	25.8	5.0	-2.9	14.4
<b>Private Consumption Index (PCI)</b> <sup>r</sup>	0.9	-0.3	0.6	0.6	0.9	1.5
- Car Index	49.7	26.5	12.6	11.1	6.0	5.4
- Fuel Index	-2.2	0.1	8.8	2.7	0.3	4.1
- Household Electricity Index	9.1	1.8	1.8	14.1	7.2	7.7 <sup>e</sup>
- Non-durable goods Index	2.0	-3.4	-4.2	-1.4	0.2	1.9
- Semi-durable goods Index	-11.5	-12.4	11.3	4.3	0.6	6.8 <sup>e</sup>
- Services Index	11.5	18.7	14.5	8.0	14.7	12.3
<b>Private Investment</b>						
- Private Investment Index (PII) <sup>1/</sup>	-0.3	0.1	1.8	2.6	2.8	2.2
- Promotional privileges from Board of Investment (total investment)	170.9	-97.4	-90.0	180.8	305.8	n.a.
- Registration of Business Entity (total registration)	77.1	505.9	-41.4	-36.6	-11.2	123.9
- Construction area permitted in municipal zone (12-month moving average)	-26.6	-25.4	-23.1	-15.9	-9.8	-5.3
<b>Fiscal Sector</b>						
- Tax revenue	1.2	3.8	11.5	7.2	2.3	-20.7
- Total disbursement <sup>2/</sup>	-24.0	-40.9	16.9	10.8	10.7	-5.1
<b>Consumer Price Index (Base Year = 2015)</b>	1.16	1.02	0.65	0.08	0.55	0.75
- Food and beverages	0.26	0.70	-0.08	-0.98	-0.59	-0.35
- Non food and beverages	1.74	1.21	1.09	0.69	1.20	1.41
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.74	0.76	0.70	0.51	0.45	0.43
<b>Unemployment Rate</b>	1.4	2.1	1.5	1.8	1.8	1.5
<b>International Trade(million USD)</b>						
- Exports	1,525.2	1,229.5	1,214.4	1,102.3	1,512.9	1,264.4
$\Delta\%$ year-on-year	51.0	16.3	26.8	-4.4	7.4	-12.7
- Imports	832.2	724.6	896.0	743.9	1,081.1	1,019.7
$\Delta\%$ year-on-year	6.5	1.9	47.3	-3.8	3.0	-18.2
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	1,068.1	1,079.0	1,087.4	1,090.7	1,099.2	n.a.
$\Delta\%$ year-on-year	4.9	5.1	4.7	4.2	4.2	n.a.
- Deposits of commercial banks	664.4	674.1	677.0	678.2	682.1	n.a.
$\Delta\%$ year-on-year	3.5	4.3	3.4	3.0	3.2	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	403.7	404.9	410.4	412.5	417.0	n.a.
$\Delta\%$ year-on-year	7.4	6.5	7.0	6.2	5.7	n.a.
<b>Overall loans</b>	1,210.7	1,217.3	1,215.7	1,220.8	1,221.7	n.a.
$\Delta\%$ year-on-year	3.5	3.0	2.7	2.4	2.1	n.a.
- Loans of commercial banks	691.4	692.9	690.4	692.0	688.4	n.a.
$\Delta\%$ year-on-year	1.5	0.6	0.0	-0.6	-0.7	n.a.
- Loans of Specialised Financial Institutions (SFIs)	519.3	524.4	525.3	528.9	533.2	n.a.
$\Delta\%$ year-on-year	6.1	6.3	6.3	6.6	6.1	n.a.

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

<sup>1/</sup> The index has been revised since March 2018.<sup>2/</sup> Changing in payment system of the Office of the Basic Education Commission to directly transfer to the officers without passing through Southern Comptroller.

Source : Bank of Thailand, Southern Region Office