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Press Release on Southern Region's Economic Conditions in April 2016

The overall economic activities of the southern region in April 2016 stabilized from the previous month. Tourism sector expanded robustly as an increase in foreign tourists. Meanwhile, households' purchasing power was buoyed by an increase in non-farm employment and an improvement in farm income on the back of recovered agricultural prices, private consumption, therefore, expanded accordingly. Public spending continued to increase, but at a slower pace after expedited disbursement earlier. Manufacturing production softened following the production in certain industries which confronted the raw material constraint and the decelerated purchasing orders because of waiting for the clearer direction of raw material price. Private investment remained low. In term of economic stability, headline inflation became less negative as the high-base effect of oil prices gradually lessened, together with the acceleration of food price during the drought.

Details of the economic conditions are as follows;

Tourism sector continued to expand robustly. This was due to the increase in all major groups of foreign tourists, namely from China, Scandinavia, Europe and Russia. The increase in hotel occupancy rate and the number of flight also additionally benefited from the tax incentive program on Songkran festival which encouraged domestic travel, together with the other tourism promotional activities.

Private consumption was able to expand. The purchasing power of some households was buoyed by an increase in non-farm employment and an improvement in farm income after a recovery of agricultural price. The unusually warm weather was another factors which affected to consumption as well. Consequently, the spending on non-durable goods picked up including consumer goods, residential electricity and fuel. Meanwhile, the spending on durable goods improved, but only in certain provinces which partly benefited from strong growth of tourism sector. **Private Investment** stabilized in low level which was reflected by the contract in all components of indicator.

Farm income had a positive sign considerably. On a year-on-year (YoY) basis, **agricultural prices** turned positive after prolonged contraction, particularly improved rubber price. The rubber price picked up on the back of supportive factors, including competitive buying among traders during the drought, the purchase of Rubber Authority of Thailand for selling to China under the rubber purchasing agreement, the improved global commodity prices, and the positive sentiment from the agreement of the International Tripartite Rubber Council (ITRC) which have agreed to reduce rubber exports. Meanwhile, the price of oil palm rose following lower outputs because of

the drought. The shrimp price increased partly because the competitors' production was affected by shrimp disease. The **agricultural products** dropped due mainly to the lower production of oil palm, while the outputs of rubber and shrimp expanded.

Public spending continued to expand, but at a slower pace after expedited disbursement earlier. The major expenditures were the spending on land and construction which was disbursed by Department of Highways, Department of Rural Roads, Royal Irrigation Department and Office of The Basic Education Commission. Meanwhile, the current expenditure declined owing to the revision of salary payment in which Ministry of Defence has centralized the salary payment instead of disbursement through local government. Meanwhile, **government revenue** increased following the increased collection of the Revenue Department, the Excise Department and Thai Customs.

Manufacturing production softened. The output of palm oil fell as the decrease in raw materials and oil extraction rate. The production of canned seafood reduced partly because buyers decelerated their purchases because of waiting for the clearer direction of tuna price - a raw material. The outputs of frozen seafood moderated as a decrease in raw materials- fish and cuttlefish- because of the enforcement on human trafficking and illegal, unreported and unregulated fishing (IUU fishing). Nevertheless, the production of rubber products picked up as an increase in purchasing orders from China, partly under the rubber purchasing agreement of Rubber Authority of Thailand. The production of rubber gloves rose as rising trading partners' demand. **Export value** increased from the same month last year following the increased exports under other categories, including aircraft, computer equipment, electric appliance and crude oil. Meanwhile, exports of major products became less contraction owing to the improved agricultural price.

In term of economic stability, headline inflation became less negative at -0.19 percent (YoY) as the high-base effect of oil prices gradually lessened, together with the acceleration of food price during drought. **Unemployment rate** was at 1.68 percent. The employment in agricultural sector declined, while non-farm employment picked up.

At the end of March 2016, **deposits** of commercial banks and specialized financial institutions (SFIs) increased from the same month last year. This was due to the increase in deposits on government agents' accounts. The deposit of saving accounts rose partly following the depositors, who withdrawn investments from mutual funds, was likely to maintain liquidity and to wait for clearer sign of economy. The **loans** of commercial banks and SFIs expanded due to increased lending under the government measure for supporting SMEs, which led to an increase in corporate loans. Additionally, the lending was supported by the soft loans for farmers and the measure to boost the real estate sector by SFIs,

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BANK OF THAILAND

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

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	2015		2016			
	Nov	Dec	Jan	Feb	Mar	Apr
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-22.9	-26.4	-23.5	-21.2	-4.1 ^r	2.8
Agricultural Production Index	-3.2	-7.4	5.6	8.7	4.6 ^r	-8.9
Agricultural Price Index	-20.3	-20.6	-27.6	-27.5	-8.3	12.8
- Rubber (US\$3)	-21.7	-23.7	-36.2	-34.4	-10.4	11.8
- Oil palm (FFB)	-17.9	-19.9	-12.6	-17.9	-6.2	20.7
- Shrimp (70 pc/kg)	-18.3	-2.4	-3.1	-5.2	0.6	5.7
Fishery Production						
- Fishery production loaded at ports	-4.4	0.2	5.4	-9.5	-24.6	n.a.
- Shrimp production	-6.5	-7.5	5.3	38.3	22.2	n.a.
Number of Foreign Tourists	8.0	10.0	17.5	17.7	15.8	15.0
Manufacturing Production Index (MPI)	-0.7	-1.1	-5.0	5.6	6.4 ^r	1.7
Private Consumption Index (PCI)	2.3	3.6	2.5	4.7	5.9	5.1 ^e
- Car Index	3.3	41.8	17.5	6.5	2.4	9.5
- Fuel Index	9.6	10.1	1.4	7.2	9.9 ^r	6.8
- Household Electricity	4.3	4.5	11.7	6.7	6.1 ^r	10.7 ^e
- Sales of consumer goods and services ^{1/}	4.4	6.8	5.0	9.9	13.3	11.0
Private Investment						
- Private Investment Index (PII)	-3.0	-2.4	-1.9	-2.2	-3.2	-3.9
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	162.9	43.8	-2.3	-62.3	-62.2	-21.1
- Registration of Business Entity ($\Delta\%$ of total registration)	-33.2	-13.8	140.6	-22.8	38.3	-25.2
- Construction area permitted in municipal zone (12-month moving average)	-25.3	-30.3	-28.4	-27.9	-24.8	-27.1
Fiscal Sector						
- Tax revenue	-9.3	7.0	3.0	4.1	3.1	14.1
- Total disbursement	12.6	15.5	4.6	11.7	5.8	-3.9
Consumer Price Index	-1.65	-1.36	-0.79	-0.90	-0.74	-0.19
- Food and beverages	0.20	0.23	0.49	0.66	0.56	1.06
- Non food and beverages	-2.82	-2.38	-1.61	-1.91	-1.57	-0.98
Core Consumer Price Index (excluding raw food and energy)	0.31	0.24	0.28	0.42	0.60	0.55
Unemployment Rate	1.02	1.22	1.28	1.33	0.90	1.68
International Trade(million USD)						
- Exports	870.1	879.9	824.3	851.7	1,288.5	929.4
<i>$\Delta\%$ year-on-year</i>	-38.7	-17.9	-10.6	-5.8	18.1	1.4
- Imports	744.5	649.1	735.4	789.4	625.3	708.8
<i>$\Delta\%$ year-on-year</i>	-6.0	-14.4	-2.9	-20.3	-17.0	-9.1
Financial Sector (at the end of period) (Billions baht)						
- Deposits	628.1	627.4	638.3	638.7	640.5	n.a.
<i>$\Delta\%$ year-on-year</i>	0.6	-0.2	1.1	1.3	1.0	n.a.
- Loans ^{2/}	671.5	674.0	675.8	677.9	676.2	n.a.
<i>$\Delta\%$ year-on-year</i>	-4.8	-5.0	4.1	3.2	3.3	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