

**No. 16/2017****Press Release on Southern Region's Economic Conditions in August 2017**

The overall economic activities in Southern region in August 2017 continually grew. Exports recorded a positive growth in major products in consistent with manufacturing production. In addition, tourism expanded due mainly to increased Malaysian and Chinese tourists. Domestic demand showed an improvement sign as reflected by higher growth in private consumption particularly from the spending on services sector. Moreover, public consumption increased whereas private investment slightly grew. **On the stability front**, headline inflation slightly went up from the previous month due mainly to higher price of petroleum. Unemployment rate stayed flat from the previous month.

Details of the economic conditions are as follows;

Agricultural production increased by 8.2 percent from the same period last year as rubber and oil palm production rose due to rubber tapping area and oil palm planted area expansion. However, Vannamei shrimp output declined regarding the deceleration of shrimp farming due to heavy rain. Agricultural prices dropped mainly from oil palm price as a result of increased supply, whereas the prices of rubber and shrimp also declined at a slower pace than the previous month. The decline in the prices lowered farm income by 1.7 percent.

Exports value remained expanded with a growth of 29.6 percent from the same period last year following higher foreign demand which was in line with a growth of 16.3 percent in **manufacturing production**. Demand for processed rubber and rubber wood from China continually grew. Higher exports of rubber glove was supported by growing demand from EU and Japan. Meanwhile, frozen and processed seafood exports increased, especially in Japanese market, in all products including shrimp, fish, and cuttlefish. Canned seafood production increased for the first time in 15 months as the increase in purchasing order of Sardine and Mackerel from South Africa. Moreover, crude palm oil production also increased as a result of higher raw material.

Number of foreign tourists registered a growth of 9.0 percent from the same period last year due mainly to growth in Malaysian and Chinese tourists in Andaman coast, the Gulf of Thailand, and southern-border areas, thanks to the Malaysian National Day and the Hari Raya Haji holiday.

Private consumption indicators saw an uptick with a growth of 1.0 percent from the same period last year due mainly to an increase in services expenses. Spending on non-durable goods picked up from the preceding month, in line with higher non-farm income. Moreover,

spending on durable goods rose as reflected by a growth in passenger car sales registration. However, motorcycle sales registration declined, resulting from lower farm income.

Public spending declined by 13.1 percent from the same period last year, but it conversely rose by 13.1 percent when salary payment was excluded. This was due to higher public consumption on personnel budget and operational budget for educational institutions. However, public investment expenditure remained unchanged from the same period last year since the disbursement under the provincial cluster projects increased, whereas the budget on construction, by Ministry of Public Health and Department of Highways, declined.

Private investment indicators slightly grew by 1.1 percent from the same period last year as a result of increased permitted construction areas for commercial and services, together with an improvement in cement sales. Meanwhile, imports value of machinery and equipment used in palm oil and processed rubber and products increased. Investment in real estate sector, however, remained contracted due largely to low demand and low new housing projects.

On the stability front, **headline inflation** increased to 0.41 percent from 0.28 percent in the preceding month, driven by an increase in petroleum price. However, fresh food price especially vegetables and fruits, declined as higher supply. Meanwhile, **unemployment rate** was at 1.68 percent which stayed unchanged from the previous month as a result of labour movement from agricultural to non-agricultural sectors due to low farm income.

At the end of July 2017, overall **deposits** expanded by 5.0 percent from the same period last year, continually expanded from the preceding month. The deposits of commercial banks rose by 2.4 percent, whereas the deposits of Specialised Financial Institutions (SFIs) rose by 9.6 percent. Meanwhile, overall **loan** grew by 4.5 percent. Commercial banks' loan increased by 3.5 percent due primarily to manufacturing and commercial loans, whereas SFIs' loan rose by 5.8 percent from housing loan, packing credits and SMEs loan.

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29 September 2017

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BANK OF THAILAND

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

Released by Bank of Thailand, Southern Region Office

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	2017					
	Mar	Apr	May	June	July	Aug
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	31.0	27.3	19.4	6.3	-9.9	-1.7
Agricultural Production Index	-6.7	10.1	11.4	13.1	8.5	8.2
Agricultural Price Index	40.5	15.6	7.2	-6.0	-17.0	-9.1
- Rubber (RSS3)	58.1	26.8	20.5	2.4	-8.7	-1.6
- Oil palm (FFB)	10.9	-12.7	-17.7	-26.9	-39.6	-33.1
- Shrimp (70 pc/kg)	18.5	6.6	5.5	-3.4	-4.6	-1.2
Fishery Production						
- Fishery production loaded at ports	-5.7	-5.5	-6.3	10.3	-10.5	n.a.
- Shrimp production	-45.7	-10.2	12.8	10.0	-10.1	-8.1
Number of Foreign Tourists	4.6	7.5	-1.3	15.3	-5.7	9.0
Manufacturing Production Index (MPI)	-0.8	-0.9	2.7	12.2	9.8	16.3
Private Consumption Index (PCI) ^r	0.3	-0.5	-0.8	0.2	0.5	1.2
- Car Index	21.6	23.3	48.9	17.5	27.0	5.9
- Fuel Index	2.0	-5.8	5.1	6.9	6.7	0.6
- Household Electricity Index	0.9	-7.3	-8.2	6.5	2.8	5.2
- Non-durable goods Index	-2.6	-3.5	-7.8	-3.5	-3.6	-1.3
- Semi-durable goods Index	7.6	-4.1	-2.8	-2.3	1.0	-0.3
- Services Index	8.4	12.0	12.9	11.8	17.8	26.7 ^e
Private Investment						
- Private Investment Index (PII)	-2.2	-0.6	0.1	0.1	1.3	1.1 ^e
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	-19.7	-45.9	-	-58.0	108.5	186.6
- Registration of Business Entity ($\Delta\%$ of total registration)	33.2	61.8	125.8	-2.5	83.8	19.5
- Construction area permitted in municipal zone (12-month moving average)	-4.7	-0.2	-0.9	-1.7	2.3	2.7
Fiscal Sector						
- Tax revenue	-2.2	27.9	5.0	1.2	9.1	7.9
- Total disbursement ^{1/}	-12.5	-38.2	-37.3	-24.3	6.8	-13.1
Consumer Price Index ^{2/}	1.47	1.13	0.46	0.13	0.28	0.41
- Food and beverages	1.91	1.25	-0.11	-0.13	-0.28	-0.83
- Non food and beverages	1.20	1.08	0.87	0.34	0.67	1.22
Core Consumer Price Index (excluding raw food and energy)	0.82	0.75	0.74	0.77	0.63	0.58
Unemployment Rate	1.11	1.98	1.56	1.24	1.67	1.68
International Trade(million USD)						
- Exports	1,408.1	1,445.7	1,312.7	1,471.4	1,378.7	1,343.5
<i>$\Delta\%$ year-on-year</i>	6.8	49.3	38.6	54.2	31.7	29.6
- Imports	1,049.5	1,246.6	835.8	770.7	853.7	809.9
<i>$\Delta\%$ year-on-year</i>	59.4	65.7	6.8	9.7	-6.5	7.7
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,055.3	1,054.3	1,048.9	1,047.3	1,047.5	n.a.
<i>$\Delta\%$ year-on-year</i>	5.1	4.8	5.0	4.3	5.0	n.a.
- Deposits of commercial banks	660.8	662.0	658.6	654.8	652.6	n.a.
<i>$\Delta\%$ year-on-year</i>	3.2	2.7	2.8	1.9	2.4	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	394.5	392.3	390.2	392.4	394.9	n.a.
<i>$\Delta\%$ year-on-year</i>	8.4	8.6	9.0	8.6	9.6	n.a.
Overall loans	1,196.2	1,192.5	1,195.6	1,198.3	1,202.5	n.a.
<i>$\Delta\%$ year-on-year</i>	3.5	3.3	4.0	3.9	4.5	n.a.
- Loans of commercial banks	693.5	687.3	688.0	689.5	691.4	n.a.
<i>$\Delta\%$ year-on-year</i>	2.6	2.1	2.7	2.8	3.5	n.a.
- Loans of Specialised Financial Institutions (SFIs)	502.7	505.2	507.7	508.8	511.1	n.a.
<i>$\Delta\%$ year-on-year</i>	4.9	5.1	5.6	5.5	5.8	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