

**No. 15/2018****Press Release on Southern Region's Economic Conditions in August 2018**

The overall economic activities in the Southern region in August 2018 expanded from the same period last year mainly from the agricultural production, namely rubber and Vannamei shrimp. The number of foreign tourists also grew particularly Malaysian, while Chinese and Russian tourists declined. The manufacturing production marginally dropped following the lower production in processed rubber, frozen and processed seafood, processed rubberwood and products, and crude palm oil (CPO). Private consumption expanded as the spending on services continued to increase. Nevertheless, the spending on non-durable goods decelerated due partly to farm income contraction. Private and public investment increased. **On the stability front**, inflation increased from the previous month due to increasing energy price. The seasonally-adjusted unemployment rate was lower than last month.

Details of the economic conditions are as follows;

Agricultural production increased 13.1 percent from the same period last year from rubber and Vannamei shrimp production. The rubber production increased due to new tapping areas and favourable weather. Vannamei shrimp production rose due to low base effect from a lot of rain last year. On the other hand, oil palm production declined from the adverse weather conditions. Agricultural prices remained contracted by 16.4 percent. The rubber price dropped as a result of higher supply, higher Shanghai stock level, and lower sentiment of the investors due to trade war between the US and China. Moreover, the price of oil palm fell following the global price. Vannamei shrimp price fell, due to oversupply from India. Consequently, **farm income** contracted by 5.4 percent.

The number of foreign tourists expanded 8.2 percent from the same period last year, decelerating from the previous month as Chinese tourists dropped after Phuket tour boat incident on 5th of July. In addition, the number of Russian tourists also declined due partly to the Russian ruble depreciation impacted by the US sanction. However, Malaysian tourists continued to grow and the tourists from Europe minimally increased. When considering the tourism by area, the number of Chinese and Russian tourists declined in Andaman coast. The number of Chinese and Malaysian also dropped in the Gulf of Thailand. However, the growth of Malaysian tourists in southern border remained.

Private consumption indicators expanded 0.6 percent from the same period last year, decelerating from the preceding month due mainly to the slowdown in non-durable goods spending, especially on food and personal care products. Moreover, the spending on durable goods also declined. However, the spending on services relating to tourism and semi-durable goods; home electric appliances and clothes, remained the supportive factors for private consumption.

Private investment indicators expanded 1.3 percent from the same period last year. Investment in machinery and equipment grew from domestic machinery sales, including construction materials, electrical motors and generators. Meanwhile, permitted construction areas for residential and commercial

purposes expanded. The imports of capital goods in rubber glove and particle board industries registered expansions.

Public spending rose 5.6 percent from the same period last year due mainly to the increase in capital spending by 18.6 percent as the disbursement for land and construction, the specific purpose subsidy by Department of Local Administration, and the disbursement for durable goods increased. Nevertheless, current spending declined 1.8 percent due to lower disbursement for compensation and operating budget by Provincial Cluster.

The value of **merchandise exports** expanded 26.1 percent from the same period last year . By excluding the aircraft, petroleum platform, ship and rail, the slight growth was at 0.1 percent from the increase in electronic, machinery and equipment, and electrical appliances categories. However, the value of major export products remained contracted partly due to the decline in export volume. As a result, **manufacturing production** declined 0.9 percent. The production of processed rubber declined as the major trading partners lowered their demand due partly to the worrying on trade war between the US and China, whereas the demand on concentrated latex from Malaysia remained growing. The production of rubber glove increased, following the higher demand from the US. The production of frozen and processed seafood declined in all products including Vannamei shrimp, fish and cuttlefish. On the contrary, the production of canned seafood increased, resulting mainly from the lower price of tuna.. The production of processed rubberwood and products decreased mainly from processed rubberwood. Conversely, the production of fibre board and particle board expanded. Moreover, the production of crude palm oil (CPO) continued to decline following lower oil palm supply.

On the stability front, **headline inflation** increased to 1.60 percent from 1.55 percent in the previous month after the energy prices continued to rise, including petroleum and Liquefied Petroleum Gas (LGP). In addition, the price of fresh food also increased from rice, flour and flour products, and egg and dairy products. The prices of meat, fruits and vegetables also increased as a result of lower supply. The seasonally-adjusted **unemployment rate** was at 1.1 percent, declined from the previous month as the employment in non-agricultural sector went up particularly in trade and services sectors, whereas the employment in agricultural sector dropped.

At the end of July 2018, overall **deposit** expanded by 4.7 percent from the same period last year. The deposit of Specialised Financial Institutions (SFIs) grew from fixed deposit account as well as the deposit of commercial banks growing from savings account. However, the overall deposit slightly decelerated from the preceding month. The overall **loan** increased 2.1 percent from the same period last year mainly from SFIs' loan, in particular long-term credit to farmers and mortgage loan. Conversely, the commercial banks' loan contracted mainly from the promissory note. Nevertheless, the recovery sign can be seen in some provinces.

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28 September 2018

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BANK OF THAILAND

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

Released by Bank of Thailand, Southern Region Office

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	2018					
	Mar.	Apr.	May	Jun.	Jul.	Aug.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-8.4	-17.9	-7.1	-10.6	-5.8	-5.4
Agricultural Production Index	29.9	9.3	11.3	-1.2	5.6	13.1
Agricultural Price Index	-30.0	-28.1	-21.3	-11.1	-10.9	-16.4
- Rubber (RSS3)	-36.7	-32.1	-30.1	-17.4	-15.4	-19.3
- Oil palm (FFB)	-32.8	-35.4	-27.8	-0.7	-8.3	-16.3
- Shrimp (70 pc/kg)	-15.6	-19.5	-25.5	-16.8	-7.6	-10.5
Fishery Production						
- Fishery production loaded at ports	19.7	-7.7	41.5	14.1	15.1	n.a.
- Shrimp production	79.6	10.6	-4.8	-25.3	-20.8	10.2
Number of Foreign Tourists	22.2	16.0	8.4	20.3	10.4	8.2
Manufacturing Production Index (MPI)	-2.9	14.4	-1.6	2.1	-1.7	-0.9
Private Consumption Index (PCI) ^r	0.9	1.5	1.5	1.9	1.0	0.6
- Car Index	6.0	5.4	-3.5	-4.4	2.1	-2.0
- Fuel Index	0.3	6.1	-5.4	-3.2	-3.9 ^r	-4.2 ^e
- Household Electricity Index	7.2	9.3	2.8	1.9	2.6 ^r	2.4 ^e
- Non-durable goods Index	0.2	1.9	3.3	5.7	1.6	0.4
- Semi-durable goods Index	1.7	6.2	8.6	7.0	5.5 ^r	3.4 ^e
- Services Index	14.9	11.5	11.1	9.1	9.6 ^r	10.5
Private Investment						
- Private Investment Index (PII) ^{1/}	2.7	1.7	1.5	1.8	1.9	1.3
- Promotional privileges from Board of Investment (total investment)	305.8	n.a.	n.a.	n.a.	n.a.	n.a.
- Registration of Business Entity (total registration)	-11.2	123.9	-11.9	-22.5	1.4	-43.4
- Construction area permitted in municipal zone (12-month moving average)	-9.8	-6.4	-2.5	1.3	13.6 ^r	9.4
Fiscal Sector						
- Tax revenue	2.3	-20.7	1.0	5.1	11.3	-0.8
- Total disbursement	10.7	-5.1	25.3	-5.3	-23.3	5.6
Consumer Price Index (Base Year = 2015)	0.55	0.75	1.27	1.37	1.55	1.60
- Food and beverages	-0.59	-0.35	-0.17	-0.48	-0.27	0.22
- Non food and beverages	1.20	1.41	2.09	2.45	2.60	2.40
Core Consumer Price Index (excluding raw food and energy)	0.45	0.43	0.46	0.44	0.48	0.50
Seasonally-adjusted Unemployment Rate *	1.8	1.5	1.5	1.7	1.4	1.1
International Trade(million USD)						
- Exports	1,512.9	1,264.4	1,203.5	1,261.2	1,268.4	1,692.4
$\Delta\%$ year-on-year	7.4	-12.7	-8.3	-14.2	-8.0	26.1
- Imports	1,081.1	1,019.7	877.3	765.7	938.4	862.5
$\Delta\%$ year-on-year	3.0	-18.2	5.0	-0.5	10.0	6.5
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,099.2	1,096.7	1,093.7	1,098.3	1,096.4	n.a.
$\Delta\%$ year-on-year	4.2	4.0	4.3	4.9	4.7	n.a.
- Deposits of commercial banks	682.1	682.6	680.9	679.0	667.4	n.a.
$\Delta\%$ year-on-year	3.2	3.1	3.4	3.7	3.8	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	417.0	414.0	412.9	419.3	419.0	n.a.
$\Delta\%$ year-on-year	5.7	5.5	5.8	6.9	6.1	n.a.
Overall loans	1,221.7	1,217.2	1,220.7	1,226.8	1,227.8	n.a.
$\Delta\%$ year-on-year	2.1	2.1	2.1	2.4	2.1	n.a.
- Loans of commercial banks	688.4	682.4	683.5	685.4	685.5	n.a.
$\Delta\%$ year-on-year	-0.7	-0.7	-0.7	-0.6	-0.9	n.a.
- Loans of Specialised Financial Institutions (SFIs)	533.2	534.8	537.2	541.4	542.4	n.a.
$\Delta\%$ year-on-year	6.1	5.9	5.8	6.4	6.1	n.a.

Remark : e = estimated r = revised n.a. = not available * Seasonally-adjusted by BOT

^{1/} The index has been revised since March 2018.

Source : Bank of Thailand, Southern Region Office