

**No. 1/2017****Press Release on Southern Region's Economic Conditions in December 2016**

The overall economic activities in Southern region in December 2016 continued to expand from previous month by significantly increasing of farm income as higher rubber price. Notwithstanding increasing farm income, the flood affected private consumption. However, public expenditure stayed expanding as well as manufacturing production. Rubber production was a major growing in manufacturing production while canned seafood products was dwindled. Grown tourism sector of this month mainly came from an increase in Chinese tourists due to temporary measures on concession and exemption of visa fee, whereas Russian and European tourists also rose. Expanded economy supported private investment. **On the stability front**, headline inflation increased from previous month as continually higher crude oil price. Unemployment rate decreased from previous month.

Details of the economic conditions are as follows;

Farm Income accelerated from the same period last year largely from agriculture prices, especially the rubber price that was upturning from China's demand. Vannamei shrimp output picked up due to low output in the same period last year. The shrimp price also increased from higher domestic and foreign demand. Oil palm both output and price also increased from intense demand of oil palm crushing mills.

Public spending of both current and capital expenditures expanded from the same period last year. Growth in current expenditure was primarily due to the projects for improvement of living standards in southern border area. Comparing to the same period last year, capital expenditure slightly increased from land and construction, durable goods, and subsidies. Meanwhile, **tax revenue collection** remained in contraction due mainly to income tax, specific business tax, excise tax, and import duty.

Private consumption expanded from the same period last year but decelerated from the previous month, resulted by a fall in the number of light vehicle registration as a high base level in December last year which factored by high consumption before increased vehicle excise tax in January 2016. Moreover, sales in discount stores decelerated according to the flood in the early of the month.

Manufacturing production expanded both from the same period last year and the previous month due to greater export of rubber production to China as Chinese importers built up inventory after continually rising rubber price. Rubber gloves and rubber wood production were well-increased due to continued demand. Moreover, crude palm oil production picked up after impact of the drought has been eased. However, canned seafood production remained subdued

as tuna price was high and consumer's preference tended to lower the consumption of tuna in brine and in oil. In addition, frozen and processed seafood production declined, attributable to shortage fish and limited Vannamei shrimp to export.

Value of exports grew both from the same period last year and the previous month in line with expanded manufacturing production. The export growth was observed in various products, including concentrated latex, rubber smoked sheet, block rubber, rubber gloves, and rubber wood. Meanwhile, import values rose from the same period last year, following import of aircraft, petroleum platform, ship, rail, together with import of fishery; fish, Vannamei shrimp, and cuttlefish.

Number of **tourists** registered growth as Chinese tourists rebounded resulting from temporary measures on concession and exemption of visa fee. Moreover, Russian and European tourists had grown continually. However, fallen Malaysian tourists in Southern border area were affected by ringgit depreciation and cancellation of New Year celebration.

Private investment remained contracted from the same period last year, following low level of investment in trade and real estate sectors. This was supported by decreased cement sales and pickup truck registration. Moreover, reduced import of capital goods reflected low level of private investment. Nevertheless, permitted construction areas in municipal zone in Phuket went up significantly, particularly for services and transportation. This was in line with the highest investment promotion approval on accommodation projects.

On the stability front, **headline inflation** stood at 1.55 percent which continued to rise from higher petroleum and fresh food prices; vegetables, fruits, fish and aquatic animals as the flood in early December lowered outputs, driven the cost of instant food. **Unemployment rate** was at 0.91 percent which improved from the previous month, driven mainly by agricultural employment during the high agriculture prices. Meanwhile, employment in trade sector reduced.

At the end of November 2016, **deposits** of commercial banks and specialised financial institutions (SFIs) enlarged from the same period last year, but decelerated from the previous month as a consequence of deposit withdrawals from the search for yield behaviour, coupled with deposit withdrawals of local government spending in various projects. Commercial banks **loans** increased in parts of small and medium enterprises (SMEs), as well as large enterprises. Risen loans of SFIs occurred continually, in particular agricultural and housing loans.

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BANK OF THAILAND

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

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	2016					
	Jul	Aug	Sep	Oct	Nov	Dec
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	20.1	24.3	21.8	25.9	43.6	61.6
Agricultural Production Index	-0.5	3.0	-2.1	-4.1	-1.2	1.7
Agricultural Price Index	20.6	20.7	24.3	31.3	45.3	58.9
- Rubber (US\$3)	10.9	15.4	17.9	29.9	56.4	85.9
- Oil palm (FFB)	61.5	46.1	55.3	46.3	32.7	24.9
- Shrimp (70 pc/kg)	13.6	9.4	13.1	13.2	11.7	12.1
Fishery Production						
- Fishery production loaded at ports	38.3	-18.4	-16.9	-30.6	-21.1	n.a.
- Shrimp production	41.2	55.1	9.5	-2.0	0.1	15.4
Number of Foreign Tourists	14.5	9.0	15.5	4.8	-2.2	0.3
Manufacturing Production Index (MPI)	3.0	-0.1	2.4	-2.1	-2.6	5.3
Private Consumption Index (PCI)	3.8	6.1	7.4	4.1	5.3	3.8
- Car Index	-9.1	16.4	8.7	3.0	11.0	-7.3
- Fuel Index	0.7	7.9	7.9	-1.0	4.9	5.1 ^e
- Household Electricity	3.5	6.2	4.7	2.8	4.6	2.5 ^e
- Sales of consumer goods and services ^{1/}	9.1	14.0	17.2	9.8	11.9	8.8
Private Investment						
- Private Investment Index (PII)	-3.1	-2.3	-2.0	-1.2	-1.0	-1.0
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	-18.0	136.8	-93.5	125.6	-70.1	61.9
- Registration of Business Entity ($\Delta\%$ of total registration)	30.7	102.0	-8.3	12.3	86.7	54.1
- Construction area permitted in municipal zone (12-month moving average)	-20.6	-16.7	-11.7	-4.1	-1.7	6.9
Fiscal Sector						
- Tax revenue	-4.8	2.7	3.1	-1.5	-0.3	-4.2
- Total disbursement	-8.7	5.3	5.3	-15.7	15.8	16.0
Consumer Price Index	0.22	0.42	0.55	0.39	0.78	1.55
- Food and beverages	2.04	2.07	1.61	0.80	1.56	1.85
- Non food and beverages	-0.94	-0.64	-0.14	0.13	0.28	1.37
Core Consumer Price Index (excluding raw food and energy)	0.70	0.70	0.73	0.71	0.72	0.78
Unemployment Rate	1.18	1.27	0.98	1.84	1.83	0.91
International Trade(million USD)						
- Exports	1,047.6	1,052.9	1,229.2	1,019.3	1,010.1	1,045.8
$\Delta\%$ year-on-year	10.6	14.7	11.4	-9.9	8.3	16.2
- Imports	907.2	752.3	792.9	983.1	781.2	710.8
$\Delta\%$ year-on-year	30.6	-7.5	4.1	23.1	2.2	6.2
Financial Sector (at the end of period) (Billions baht)						
- Deposits	637.4	634.1	635.4	643.6	642.0	n.a.
$\Delta\%$ year-on-year	2.6	2.3	2.9	3.1	2.2	n.a.
- Loans ^{2/}	667.7	669.4	670.3	673.2	681.0	n.a.
$\Delta\%$ year-on-year	0.2	0.3	-0.1	0.4	1.4	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