

No. 1/2018Press Release on Southern Region's Economic Conditions in December 2017

The overall economic activities in the Southern region in December 2017, the momentum of the economy has weakened from the previous month but expanded from the same period last year. Tourism further expanded as the number of Chinese and Malaysian tourists increased. Meanwhile, manufacturing production and exports expanded with slower growth compared to last month. The production and exports of processed rubberwood and seafood industries contracted. In addition, the contraction of farm income affected the purchasing power of some consumers which led private consumption to remain unchanged. Regarding private investment and government spending, both shrank. **On the stability front**, inflation decelerated from the preceding month on account of retail petroleum price. Meanwhile, the unemployment rate rose from the previous month.

Details of the economic conditions are as follows;

The number of foreign tourists improved by increasing from the same period last year with a growth of 13.7 percent following the significant increase in the number of Chinese and Malaysian tourists, as a partial result of low base effect from the government's regulation on illegal tour operators, coupled with refraining from entertainment activities. Regarding the number of Malaysian tourists, the additional supportive factor was semester break's period in Malaysia.

Exports value slowed down from last month, with a growth of 16.3 percent compared to the same period last year, in accordance with the manufacturing production which expanded by 9.8 percent. The production and exports of processed rubber performed well, following higher demand from China and Malaysia. Meanwhile, the production and exports of rubber glove continued to increase from a continually greater demand. The production of Crude Palm Oil (CPO) kept increasing, owing to raw material whereby the lower CPO price than Malaysia's market price together with export push policy, the export quantity was close to 100,000 tons. However, the production and exports of processed rubberwood declined from the slowed down demand from China. The production and exports of canned seafood reduced, attributed to the shortage of Sardine and the depreciation of Australian dollar which had a negative effect on purchasing power. Also, the production and exports of processed and frozen seafood dropped as fish and squid exports decreased.

Agricultural production expanded by 3.5 percent from the same period last year. Oil palm output increased from the favourable weather condition, coupled with the low base effect of drought in 2016 which had a further impact on the output in 2017. Meanwhile, the Vannamei shrimp output rose as shrimp farming was more efficient than last year. Nevertheless, rubber output decreased as the number of tapping days decreased due to rain scattering through the month.

Regarding the agricultural price, it contracted by 31.1 percent as each agricultural price fell and caused farm income to contract by 28.7 percent.

Private consumption indicators remained stable. The spending on semi-durable and non-durable goods contracted in this month, owing to high base effect from shopping tax reduction measure which occurred during the second half of December 2016 together with weak purchasing power. Also, motorcycle registration slowed down. Nevertheless, the spending on durable goods which was reflected by car registration continued to increase, partially supported by demand for new models launched in the earlier periods, coupled with an increase of, spending on services involving tourism and transportation.

Private investment indicators contracted by 2.1 percent compared to the same period last year following the decrease of investment in the construction sector, reflected by the decreasing permitted residential construction areas in municipal zone. In addition, import of capital goods dropped, particularly in the processed seafood and palm oil industries. However, investment in the real estate sector had a better trend, reflected by an improvement of the number of applications for land development license and condominium registration.

Public spending contracted by 40.9 percent compared to the same period last year. However, it exhibited a negative annual growth of 32.1 percent when excluding salary payment. Both current and capital spending reduced, following the reduction of the central budget which was a result of high base effect in the last year. The high base effect was from the higher disbursement of the following projects: Project to enhance villages' potential and strengthen grass-root economy under People's State approach, Project for improvement of living standards in the southern border area, including the small-scale investment stimulus measure.

On the stability front, **headline inflation** was at 1.02 percent, declined from the previous month which was at 1.16 percent owing to retail petroleum price which slowed down following global crude oil price. However, Fresh vegetable and fruit prices increased as some outputs were affected by the flood. The **unemployment rate** was at 2.1 percent which rose from the preceding month which was in line with a decrease in the employment both in the agricultural and non-agricultural sector.

At the end of November 2017, overall **deposits** expanded by 4.9 percent compared to the same period last year whereby the deposits of commercial banks increased mainly from the expansion of savings accounts. Regarding overall **loan**, it increased by 3.5 percent whereby the increase of commercial banks' loan was mainly attributed to long-term loan for business expansion. Meanwhile, loan of Specialised Financial Institutions (SFIs) continued to expand from the agricultural loan.

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



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	2560					
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-12.4	-9.0	-1.1	-5.3	-15.2	-28.7
Agricultural Production Index	5.6	0.1	-1.9	3.8	5.4	3.5
Agricultural Price Index	-17.0	-9.1	0.9	-8.7	-19.5	-31.1
- Rubber (RSS3)	-8.7	-1.6	4.6	-10.9	-26.9	-38.9
- Oil palm (FFB)	-39.6	-33.1	-27.8	-30.8	-32.0	-42.6
- Shrimp (70 pc/kg)	-4.6	-1.2	-2.7	5.5	2.1	-8.1
Fishery Production						
- Fishery production loaded at ports	-10.5	-5.1	-16.6	-11.7	-20.6	n.a.
- Shrimp production	-10.1	-8.1	6.9	3.8	18.1	9.5
Number of Foreign Tourists	-5.7	9.0	-8.2	10.1	11.9	13.7
Manufacturing Production Index (MPI)	9.8	16.2	10.3	9.8	20.7	9.8
Private Consumption Index (PCI) ^r	0.6	1.6	1.6	1.6	0.8 ^r	-0.2 ^e
- Car Index	27.0	18.2	19.7	42.8	49.4	27.6
- Fuel Index	6.7	0.6	0.8	-0.2	-2.4 ^r	1.3 ^e
- Household Electricity Index	2.8	5.2	5.9	4.2	8.7 ^r	6.3 ^e
- Non-durable goods Index	-2.9	-0.5	1.1	-0.1	2.0 ^r	-3.4
- Semi-durable goods Index	0.6	10.4	2.2	3.2	-11.8 ^r	-14.6 ^e
- Services Index	18.0	26.4	25.0	21.7	10.7 ^r	16.9 ^e
Private Investment						
- Private Investment Index (PII)	1.4	1.3	0.0	-1.1	-1.7	-2.1
- Promotional privileges from Board of Investment (total investment)	108.5	186.6	326.7	-85.3	170.9	-98.0
- Registration of Business Entity (total registration)	83.8	19.5	82.2	10.8	77.1	505.9
- Construction area permitted in municipal zone (12-month moving average)	2.3	2.7	-8.4	-16.8	-17.0	-23.1
Fiscal Sector						
- Tax revenue	9.1	7.9	-0.7	3.2	1.2	3.8
- Total disbursement ^{1/}	6.8	-13.1	-27.8	29.8	-24.0	-40.9
Consumer Price Index ^{2/}	0.28	0.41	0.87	0.94	1.16	1.02
- Food and beverages	-0.28	-0.83	0.03	0.52	0.26	0.70
- Non food and beverages	0.67	1.22	1.41	1.20	1.74	1.21
Core Consumer Price Index (excluding raw food and energy)	0.63	0.58	0.60	0.68	0.74	0.76
Unemployment Rate	1.7	1.7	1.3	2.2	1.4	2.1
International Trade(million USD)						
- Exports	1,378.7	1,343.5	1,245.7	1,256.1	1,525.2	1,229.5
$\Delta\%$ year-on-year	31.7	29.6	1.4	23.3	51.0	16.3
- Imports	853.7	809.9	775.5	1,307.8	832.2	724.6
$\Delta\%$ year-on-year	-6.5	7.7	-2.1	33.0	6.5	1.9
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,047.5	1,049.2	1,049.1	1,051.1	1,068.1	n.a.
$\Delta\%$ year-on-year	5.0	5.4	4.9	3.4	4.9	n.a.
- Deposits of commercial banks	652.6	653.4	652.1	652.5	664.4	n.a.
$\Delta\%$ year-on-year	2.4	3.1	2.6	1.4	3.5	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	394.9	395.8	397.0	398.6	403.7	n.a.
$\Delta\%$ year-on-year	9.6	9.5	8.7	6.9	7.4	n.a.
Overall loans	1,202.5	1,207.9	1,210.7	1,208.4	1,210.7	n.a.
$\Delta\%$ year-on-year	4.5	4.7	4.8	4.2	3.5	n.a.
- Loans of commercial banks	691.4	695.1	695.1	691.9	691.4	n.a.
$\Delta\%$ year-on-year	3.5	3.8	3.7	2.8	1.5	n.a.
- Loans of Specialised Financial Institutions (SFIs)	511.1	512.8	515.5	516.5	519.3	n.a.
$\Delta\%$ year-on-year	5.8	6.0	6.2	6.1	6.1	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