

**No. 6/2018****Press Release on Southern Region's Economic Conditions in February 2018**

The overall economic activities in the Southern region in February 2018 expanded from the same period last year but decelerated from the previous month. The Chinese New Year Festival was the supportive factor enabling tourism to expand favourably and leading private consumption to improve, even though purchasing power of some consumers was not yet robust as farm income contracted following the decrease in agricultural prices. Regarding public spending, although it slowed down, it was still an economic driver. The manufacturing production decelerated by cause of raw material and temporary factor in the processed rubber industry. Meanwhile, exports value contracted due mainly to price factor. However, private investment remained stable. **On the stability front**, inflation slowed further on account of fresh food prices' reduction. Meanwhile, the unemployment rate increased.

Details of the economic conditions are as follows;

The number of foreign tourists increased by 29.8 percent compared to the same period last year and accelerated from the previous month as a result of Chinese New Year Festival. Tourists from China and Malaysia rose substantially, coupled with European and Russian tourists continued to grow. Considering by area, tourism expanded in every area: the Andaman coast, the Gulf of Thailand, and southern border area. The expansion of Chinese tourists was in accordance with an increase in the number of international flights including charter flights, e.g. charter flight route Chong Qing - Hat Yai.

Agricultural production grew by 18.7 percent from the same period last year. The production of rubber, oil palm, and shrimp rose as a major result of the low base effect from the flood at the beginning of 2017. Also, the oil palm output got the additional positive factor from the favourable weather condition and an increase of tapping area. Meanwhile, the shrimp output got the additional positive factor from more efficient aquaculture. Regarding agricultural price, it declined by 38.4 percent. The price dropped in every major agricultural product, especially rubber and oil palm, due to an increase in output including the result of the high base effect from the flood at the beginning of 2017. Thus, farm income contracted by 26.8 percent in this month.

Exports value contracted by 4.4 percent compared to the same period last year, owing chiefly to price factor while exports quantity slowed down. The slowdown was consistent with the manufacturing production which expanded by 5.0 percent, decelerated from the preceding month which the manufacturing production increased by 25.8 percent. The Crude Palm Oil (CPO) production continued to expand following raw material but slowed down from the previous month. Meanwhile, the production and exports of processed rubber stayed flat. The production and exports of dry rubber, i.e. Technically Specified Rubber (TSR) and Ribbed Smoked Sheet (RSS), decreased as a result of the fifth Agreed Export Tonnage Scheme (AETS) during the first quarter of 2018. Nevertheless, the production and exports of concentrated rubber latex rose especially the product exported to China. Regarding processed rubberwood and products, the production and exports decelerated particularly

processed rubberwood. Meanwhile, the production and exports of rubber glove slightly grew. For processed and frozen seafood, the production and exports increased, mainly from fish and squid while the production and exports of canned seafood declined especially the product exported to the Middle East, owing to USD payment problem.

Private consumption indicators rose by 0.8 percent compared to the same period last year, improved from the previous month which the indicators increased by 0.5 percent. The spending on semi-durable and non-durable goods improved, owing to the spending during Chinese New Year particularly the consumption of food, clothes, and home furnishings. Also, the spending on durable goods in automotive category continued to increase. Nevertheless, agricultural prices which were at low level caused the overall purchasing power to remain weak, partially reflected by the continued contraction of the number of registered motorcycles.

Private investment indicators contracted by 1.1 percent compared to the same period last year but unchanged from the preceding month. The cement sales accelerated from the previous month while personal truck registration continued to increase. However, permitted residential and hotel construction areas in the municipal zone declined. Also, the import of capital goods dropped, particularly in the processed rubber industry.

Public spending increased by 10.8 percent compared to the same period last year but decelerated from the preceding month which the indicators expanded by 16.9 percent. Capital spending rose by 18.2 percent, by cause of the following items: the disbursement of durable goods by southern Gulf of Thailand provincial cluster, southern Andaman provincial cluster, and Office of Permanent Secretary. Meanwhile, current spending rose by 4.0 percent, attributed to the disbursement of the general grant in aid and operational expenses by Office of the Basic Education Commission.

On the stability front, **headline inflation** was at 0.08 percent, declined from the previous month which was at 0.65 percent, owing to the further contraction of fresh food prices; especially vegetables, fruits, meats, and aquatic animals; where there was oversupply. In addition, domestic retail petroleum prices and Liquid Petroleum Gas (LPG) price slowed down. The **unemployment rate** was at 1.8 percent following a decrease in the agricultural sector' employment.

At the end of January 2018, overall **deposits**, both commercial banks and Specialised Financial Institutions (SFIs), grew by 4.7 percent from the same period last year, decelerated from the preceding month following the slowdown of commercial banks' deposits. Overall **loans** expanded by 2.7 percent from the same period last year where commercial banks' loans stayed flat compared to the same period last year. Meanwhile, loans of SFIs increased from the agricultural loans.

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



BANK OF THAILAND

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	2017				2018	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-2.0	-6.1	-15.5	-29.1	-21.7	-26.8
Agricultural Production Index	-2.6	3.4	5.4	3.5	26.4	18.7
Agricultural Price Index	0.6	-9.2	-19.9	-31.5	-38.1	-38.4
- Rubber (RSS3)	4.6	-10.9	-26.9	-38.9	-45.5	-47.8
- Oil palm (FFB)	-27.8	-30.8	-32.0	-42.6	-40.4	-33.9
- Shrimp (70 pc/kg)	-2.7	5.5	2.1	-8.1	-13.5	-14.3
Fishery Production						
- Fishery production loaded at ports	-16.6	-11.7	-20.6	-3.3	43.6	n.a.
- Shrimp production	6.9	3.8	18.1	9.5	8.0	23.5
Number of Foreign Tourists	-8.2	10.1	11.9	13.7	6.2	29.8
Manufacturing Production Index (MPI)	10.3	9.8	20.7	9.8	25.8	5.0
Private Consumption Index (PCI) ^r	1.7	1.8	0.9	-0.3	0.5	0.8
- Car Index	19.9	45.2	49.7	26.5	12.6	11.1
- Fuel Index	0.7	5.6	-2.2	0.1	8.8	2.2 ^e
- Household Electricity Index	5.9	4.2	9.1	1.8	1.8	4.1 ^e
- Non-durable goods Index	1.1	-0.1	2.0	-3.4	-4.2	-1.4
- Semi-durable goods Index	2.5	5.3	-11.5	-12.8	9.7	9.9 ^e
- Services Index	26.0	22.4	11.5	18.7	14.4	9.0 ^e
Private Investment						
- Private Investment Index (PII)	0.0	-1.0	-1.6	-2.0	-1.1	-1.1
- Promotional privileges from Board of Investment (total investment)	326.7	-85.3	170.9	-97.4	-90.0	180.8
- Registration of Business Entity (total registration)	82.2	10.8	77.1	505.9	-41.4	-36.6
- Construction area permitted in municipal zone (12-month moving average)	-8.4	-16.8	-17.0	-23.1	-18.8	-16.8
Fiscal Sector						
- Tax revenue	-0.7	3.2	1.2	3.8	11.5	7.2
- Total disbursement ^{1/}	-27.8	29.8	-24.0	-40.9	16.9	10.8
Consumer Price Index ^{2/}	0.87	0.94	1.16	1.02	0.65	0.08
- Food and beverages	0.03	0.52	0.26	0.70	-0.08	-0.98
- Non food and beverages	1.41	1.20	1.74	1.21	1.09	0.69
Core Consumer Price Index (excluding raw food and energy)	0.60	0.68	0.74	0.76	0.70	0.51
Unemployment Rate	1.3	2.2	1.4	2.1	1.5	1.8
International Trade(million USD)						
- Exports	1,245.7	1,256.1	1,525.2	1,229.5	1,214.4	1,102.3
$\Delta\%$ year-on-year	1.4	23.3	51.0	16.3	26.8	-4.4
- Imports	775.5	1,307.8	832.2	724.6	896.0	743.9
$\Delta\%$ year-on-year	-2.1	33.0	6.5	1.9	47.3	-3.8
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,049.1	1,051.1	1,068.1	1,079.0	1,087.4	n.a.
$\Delta\%$ year-on-year	4.9	3.4	4.9	5.1	4.7	n.a.
- Deposits of commercial banks	652.1	652.5	664.4	674.1	677.0	n.a.
$\Delta\%$ year-on-year	2.6	1.4	3.5	4.3	3.4	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	397.0	398.6	403.7	404.9	410.4	n.a.
$\Delta\%$ year-on-year	8.7	6.9	7.4	6.5	7.0	n.a.
Overall loans	1,210.7	1,208.4	1,210.7	1,217.3	1,215.7	n.a.
$\Delta\%$ year-on-year	4.8	4.2	3.5	3.0	2.7	n.a.
- Loans of commercial banks	695.1	691.9	691.4	692.9	690.4	n.a.
$\Delta\%$ year-on-year	3.7	2.8	1.5	0.6	0.0	n.a.
- Loans of Specialised Financial Institutions (SFIs)	515.5	516.5	519.3	524.4	525.3	n.a.
$\Delta\%$ year-on-year	6.2	6.1	6.1	6.3	6.3	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