



BANK OF THAILAND

BOT Press Release

Southern Region Office
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Press Release on Southern Region's Economic Conditions in January 2015

The overall economy of the Southern region in January 2015 improved from previous month. This was following increases in manufacturing production and government spending, particularly on infrastructure investment project. Tourism sector picked up robustly. Farm income also improved owing to government's rubber purchase plan. Consequently, private consumption continued to increase from previous month. In term of economic stability, inflation declined following decreases in fuel and raw food prices. Unemployment rate increased, while commercial bank deposit and credit moderated.

Details of the economic conditions are as follows;

Overall economic activities improved from preceding month. **Manufacturing production** grew from previous month following increased production of canned seafood and fresh-and-frozen seafood industries. This was shored up by the higher demand of key exporting markets, together with the lower raw material price in canned seafood industry - tuna- which has boosted purchasing orders from trade partners. On a year-on-year basis, **manufacturing production index** fell by 1.7 percent (year-on-year) following decreased rubber production for exporting to China. This was due to the China's economic slowdown reflecting by the 24-year lowest GDP growth. The output of rubber gloves also dropped as decreased purchasing orders from the United States, the European Union and Japan. The output of palm oil declined as the raw material constraint because of drought in the middle of previous year, the government imported 50,000 tons of crude palm oil accordingly.

Tourism sector picked up from prior month and the same period of previous year. The number of foreign tourists was totaled 743,045 persons which rose by 30.7 percent (yoy). The low number of tourists in the same quarter last year was caused by domestic political protest and unrest situation in border areas, Songkhla province. Most of the increased tourists were from Asia, particularly China and Malaysia.

Private consumption has improved for 2 consecutive months. **Private consumption index** rose by 2.8 percent (yoy) following the expedited collection of value-added tax, particularly from retail-wholesale business. Apparently, spending on durable and semi-durable goods improved, such as automobile purchase. Meanwhile, private investment index declined by 11.3 percent (yoy) which in line with prior month. Entrepreneurs remained to wait for clarity on domestic and global economic recovery. On the other hand, cement sales accelerated in consequence of government infrastructure projects.

The production of major agricultural products – rubber and oil palm - remained to decline, while shrimp output was likely to increase. As a result, **agricultural production index** improved from 14.3 percent (yoy) decrease in prior month to 9.4 percent (yoy) decrease in this month. Concurrently, **agricultural price index** fell by 11.9 percent (yoy) as decreased prices of rubber and shrimp. Shrimp price was pressured by increased competitors' output, and subdued importing demand from the United States and Japan. Importers remained to hold high stockpile, particularly Japan, because of accelerated purchases before Japanese yen depreciation. The low rubber price was caused by weakening global demand and declining crude oil price. However, rubber price picked up by comparing to prior month as a result of Government's rubber purchase plan. Accordingly, **farm income** improved from 37.1 percent (yoy) decrease of previous month to 20.1 percent (yoy) decrease in this month.

Export valued dropped by 26.6 percent (yoy) owing to lower exporting prices and softened trade partners' demand of rubber, shrimp and rubber gloves. Value of **imports** fell by 9.0 percent (yoy) as the decreased imports of machineries, fuel, construction equipments and others.

In government sector, **revenue collection** expanded by 10.2 percent (yoy) following the increased collection of specific tax, personal income tax, corporate income tax, liquor tax and fuel tax. **Revenue disbursement** reduced by 8.8 percent (yoy) following the decreased disbursement of payrolls and subsidies. However, the capital expenditures, particularly in land and construction, grew as government stimulus mainly through infrastructure investment project, for example the increased spending of Royal Irrigation Department, Department of Highways and Department of Rural Roads.

In term of economic stability, **inflation** wound down by 0.53 percent (yoy) which was the 5-year lowest level. This was due to falling fuel prices because of a decline in global oil price, together with the softened price of raw food. However, the LPG price restructuring in earlier month led to an increase in prepared food price. **Unemployment rate** was 1.10 percent. Most unemployed persons were in agricultural, service, trade and construction sectors.

Commercial bank credits as of December 2015 picked up slightly by 1.0 percent (yoy). This was following softened corporate loans and consumer loans, together with contraction in SMEs loans and auto leasing. Meanwhile, **commercial bank deposits** rose by 0.8 percent (yoy) which decelerated from previous month. This was following the softened deposits of time deposit account and current account.

Bank of Thailand, Southern Region Office
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Table Attached to Press Release on Southern Region's Economic Conditions in January 2015

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	2014					2015
	Aug	Sep	Oct	Nov	Dec	Jan
The Real Sector (Δ% year-on-year)						
Farm Income Index	-29.2	-41.4	-38.9	-31.6	-37.1	-20.5
Agricultural Production Index	-14.7	-16.6	-13.4	-6.4	-14.3	-9.4
Agricultural Price Index	-17.1	-29.7	-29.4	-26.9	-26.6	-11.9
- Rubber (US\$3)	-25.8	-37.7	-34.9	-32.7	-31.7	-14.8
- Oil palm (FFB)	19.8	2.7	11.4	9.1	6.1	7.9
- Shrimp (70 pc/kg)	-1.6	-15.2	-30.7	-28.8	-35.2	-30.4
Fishery Production						
- Fishery production loaded at ports	-9.4	-11.0	5.3	-12.4	-8.3	2.1
- Shrimp production	-40.3	-36.0	-2.0	19.6	34.4	3.6
Number of Foreign Tourists	-17.1	5.5	15.4	5.3	20.0	30.7
Manufacturing Production Index (MPI)	9.4	1.0	0.3	0.8	-3.9	-1.7
Private Consumption Index (PCI)	1.5	-0.5	-0.3	-1.0 ^r	2.2	2.8
- Car Index	-31.2	-37.1	-39.0	-45.7	-34.3	-18.3
- Fuel Index	-0.4	5.6	-3.3	-6.5	4.3	1.4
- Household Electricity	6.3	-0.3	1.2	0.6	4.2	5.4
- VAT (real terms) 1/	5.1	-0.9	1.9	1.3	6.5	7.7
Private Investment						
- Private Investment Index (PII)	-4.2	-5.8	-10.3	-11.2	-12.2	-11.3
- Promotional privileges from Board of Investment (Δ% of total investment)	-73.6	-56.2	-71.1	437.2	-62.9	190.5
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	-29.9	8.1	17.7	11.5	21.7	n.a.
- Construction area permitted in municipal zone (12-month moving average)	-7.4	-5.1	-16.3	-17.1	-15.5	-18.1
Fiscal Sector						
- Tax revenue	-6.1	1.4	4.7	14.4	6.1	10.2
- Total disbursement	0.0	-13.1	38.6	-31.6	6.6	-8.8
Consumer Price Index	2.33	1.96	1.77	1.79	0.71	-0.53
- Food and beverages	4.44	4.30	3.94	4.83	4.08	3.13
- Non food and beverages	1.06	0.56	0.46	-0.04	-1.33	-2.74
Core Consumer Price Index (excluding raw food and energy)	2.40	2.22	2.24	2.57	2.51	2.44
International Trade(million USD)						
- Exports	1,332.0	1,332.6	1,343.3	1,419.5	1,071.2	921.6
Δ% year-on-year	-8.5	-0.9	-15.6	11.2	-21.1	-26.6
- Imports	823.0	973.6	930.7	791.7	758.0	757.0
Δ% year-on-year	-29.8	6.3	-13.1	-0.8	1.4	-9.0
Financial Sector (at the end of period) (Billions baht)						
- Deposits	621.6	621.5	616.2	624.5	628.4	n.a.
Δ% year-on-year	2.8	2.2	1.4	1.6	0.8	n.a.
- Loans	697.9	702.3	702.0	705.5	709.4	n.a.
Δ% year-on-year	3.6	2.8	2.0	1.8	1.0	n.a.
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						