

**No. 5/2018****Press Release on Southern Region's Economic Conditions in January 2018**

The overall economic activities in the Southern region in January 2018 expanded both from the same period last year and from the previous month. The manufacturing production and exports expanded at an accelerated rate where the production of each significant product accelerated. Meanwhile, government capital spending increased, and private investment improved from the preceding month. However, tourism expansion was decelerated, mainly from the high base effect from Chinese New Year in the same period last year. Regarding agricultural sector, farm income continued to contract by cause of price factor. The contraction affected the purchasing power of some consumers and was one of the factor leading private consumption to be stable in this month, even the spending on tourism increased robustly. **On the stability front**, inflation decelerated from the preceding month on account of fresh food prices' reduction. Meanwhile, the unemployment rate declined from the previous month.

Details of the economic conditions are as follows;

Exports value accelerated from last month, with a growth of 26.8 percent compared to the same period last year, in accordance with the manufacturing production which expanded by 25.8 percent and expanded in every significant product. The production and exports of processed rubber grew well in Malaysia, South Korea, and EU markets, where there was the demand surge preventing raw material shortage that might happen from the fifth Agreed Export Tonnage Scheme (AETS) during the first quarter of 2018. Meanwhile, the production and exports of rubber glove continued to increase. Regarding processed rubberwood and products, the production and exports rose including processed rubberwood, particle board, and fiberboard. The production and exports of canned seafood grew especially in South Africa market following the better domestic economic condition. Also, the production and exports of processed and frozen seafood expanded for the first time in five months. For Crude Palm Oil (CPO), the production continued to increase strongly following quantity of raw material.

The number of foreign tourists registered a 6.2 percent annual growth and slowed down from the previous month as a result of the high base effect from Chinese New Year in January 2017. Nevertheless, the number of Russian and European tourists continued to expand. The number of Chinese tourists rose from the same period last year where it increased in the Andaman coast but decreased in the Gulf of Thailand. Meanwhile, tourism in southern border area contracted, owing primarily to the deduction of Malaysian tourists.

Agricultural production grew by 26.4 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. Regarding agricultural price, it declined by 38.1 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 21.7 percent in this month.

Private consumption indicators remained stable compared to the same period last year. The spending on semi-durable and non-durable goods continued to contract in this month, owing partially to the high base effect from spending during Chinese New Year in 2017 together with weak purchasing power. Also, the spending on durable goods slowed down, reflected by passenger car and motorcycle registration. Nevertheless, the spending on services involving tourism expanded.

Private investment indicators contracted by 1.1 percent compared to the same period last year but improved from the preceding month which the indicators contracted by 2.0 percent, following an improvement of permitted residential and commercial construction areas in the municipal zone, coupled with the expansion of cement sales. In addition, personal truck registration continued to increase. The import of capital goods dropped, particularly in palm oil and rubber glove industries. However, an investment in processed rubber and rubberwood and products, which was reflected by the import of capital goods in machinery and equipment category, improved.

Public spending increased by 16.9 percent compared to the same period last year. Capital spending rose by 48.0 percent, by cause of the following items: the disbursement on land and construction budget by Departments of Highways and Royal Irrigation Department, the disbursement on durable goods by Office of Permanent Secretary, and the disbursement on the provincial cluster budget. However, current spending declined by 2.3 percent.

On the stability front, **headline inflation** was at 0.65 percent, declined from the previous month which was at 1.02 percent, owing to the contraction of fresh food prices especially vegetable and fruit prices, including meat prices where there was oversupply. In addition, retail petroleum price slowed down as a result of the high base effect from high global crude oil price in the earlier period of 2017. The **unemployment rate** was at 1.5 percent which declined from the previous month which was in line with an increase in the employment in the agricultural sector.

At the end of December 2017, overall **deposits**, both commercial banks and Specialised Financial Institutions (SFIs), grew by 5.1 percent from last year mainly from savings and fixed-deposit accounts. The overall **loans** expanded by 3.0 percent from last year, due to the increase in commercial bank loans especially consumer loans. 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 January 2018



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	2017					2018
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-8.5	-0.8	-5.7	-15.6	-29.0	-21.7
Agricultural Production Index	0.3	-1.4	3.9	5.4	3.5	26.4
Agricultural Price Index	-8.8	0.6	-9.2	-19.9	-31.5	-38.1
- Rubber (RSS3)	-1.6	4.6	-10.9	-26.9	-38.9	-45.5
- Oil palm (FFB)	-33.1	-27.8	-30.8	-32.0	-42.6	-40.4
- Shrimp (70 pc/kg)	-1.2	-2.7	5.5	2.1	-8.1	-13.5
Fishery Production						
- Fishery production loaded at ports	-5.1	-16.6	-11.7	-20.6	-3.3	n.a.
- Shrimp production	-8.1	6.9	3.8	18.1	9.5	8.0
Number of Foreign Tourists	9.0	-8.2	10.1	11.9	13.7	6.2
Manufacturing Production Index (MPI)	16.2	10.3	9.8	20.7	9.8	25.8
Private Consumption Index (PCI) ^r	1.7	1.7	1.7	0.8	-0.5	-0.3
- Car Index	17.7	19.9	45.2	49.7	26.5	12.6
- Fuel Index	0.8	0.7	0.7	-2.2	0.1	1.1 ^e
- Household Electricity Index	5.2	5.9	4.2	9.1	1.8	4.9 ^e
- Non-durable goods Index	-0.5	1.1	-0.1	2.0	-3.4	-4.2
- Semi-durable goods Index	10.8	2.4	4.2	-11.8	-15.4	-4.3 ^e
- Services Index	26.4	25.0	21.7	10.8	16.5	13.4 ^e
Private Investment						
- Private Investment Index (PII)	1.3	0.0	-1.0	-1.6	-2.0	-1.1
- Promotional privileges from Board of Investment (total investment)	186.6	326.7	-85.3	170.9	-98.0	n.a.
- Registration of Business Entity (total registration)	19.5	82.2	10.8	77.1	505.9	-41.4
- Construction area permitted in municipal zone (12-month moving average)	2.7	-8.4	-16.8	-17.0	-23.1	-18.8
Fiscal Sector						
- Tax revenue	7.9	-0.7	3.2	1.2	3.8	11.5
- Total disbursement ^{1/}	-13.1	-27.8	29.8	-24.0	-40.9	16.9
Consumer Price Index ^{2/}	0.41	0.87	0.94	1.16	1.02	0.65
- Food and beverages	-0.83	0.03	0.52	0.26	0.70	-0.08
- Non food and beverages	1.22	1.41	1.20	1.74	1.21	1.09
Core Consumer Price Index (excluding raw food and energy)	0.58	0.60	0.68	0.74	0.76	0.70
Unemployment Rate	1.7	1.3	2.2	1.4	2.1	1.5
International Trade(million USD)						
- Exports	1,343.5	1,245.7	1,256.1	1,525.2	1,229.5	1,214.4
$\Delta\%$ year-on-year	29.6	1.4	23.3	51.0	16.3	26.8
- Imports	809.9	775.5	1,307.8	832.2	724.6	896.0
$\Delta\%$ year-on-year	7.7	-2.1	33.0	6.5	1.9	47.3
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,049.2	1,049.1	1,051.1	1,068.1	1,079.0	n.a.
$\Delta\%$ year-on-year	5.4	4.9	3.4	4.9	5.1	n.a.
- Deposits of commercial banks	653.4	652.1	652.5	664.4	674.1	n.a.
$\Delta\%$ year-on-year	3.1	2.6	1.4	3.5	4.3	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	395.8	397.0	398.6	403.7	404.9	n.a.
$\Delta\%$ year-on-year	9.5	8.7	6.9	7.4	6.5	n.a.
Overall loans	1,207.9	1,210.7	1,208.4	1,210.7	1,217.3	n.a.
$\Delta\%$ year-on-year	4.7	4.8	4.2	3.5	3.0	n.a.
- Loans of commercial banks	695.1	695.1	691.9	691.4	692.9	n.a.
$\Delta\%$ year-on-year	3.8	3.7	2.8	1.5	0.6	n.a.
- Loans of Specialised Financial Institutions (SFIs)	512.8	515.5	516.5	519.3	524.4	n.a.
$\Delta\%$ year-on-year	6.0	6.2	6.1	6.1	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