

No. 15/2017Press Release on Southern Region's Economic Conditions in July 2017

The overall economic activities in Southern region in July 2017 grew at the slower pace than the previous month. Export of major products remained expanded, consistent with increased manufacturing production. Moreover, domestic demand gained momentum as private consumption rose mainly from spending on the tourism sector, together with growth in public spending both current and capital expenditures which benefitted private investment. However, agricultural production decelerated from the previous month, whereas prices continually decreased. Meanwhile, tourism sector contracted as the number of Malaysian tourists declined due to high-base effect last year. **On the stability front**, headline inflation slightly rose from the previous month due mainly to higher prices of petroleum and fresh food. Unemployment rate also increased as employment in both agricultural and non-agricultural sectors declined.

Details of the economic conditions are as follows;

Agricultural production rose by 8.5 percent from the same period last year mainly from rubber and oil palm outputs, resulting from favourable weather and increased tapping areas. In contrast, Vannamei shrimp supply decreased as the cultivation had been slowed down after heavy rain in the previous month. Farm income decreased by 9.2 percent as a result of agricultural prices plunged in all products including rubber, oil palm and Vannamei shrimp.

Exports value expanded by 31.7 percent from the same period last year as frozen and processed seafood export increased. Meanwhile, canned seafood export remained in contraction but at a slower pace due to a recovery sign in the USA market. In addition, the export of rubber glove and processed rubber wood expanded, resulting from continued external demand. An increase in export drove **manufacturing production** to grow by 4.7 percent from the same period last year. However, the export of processed rubber to Malaysia, EU, and others, declined, while demand from China remained growth due to low rubber price.

Number of foreign tourists decreased by 5.7 percent from the same period last year, largely from a decline in Malaysian tourists. This was due to high-base effect from Hari Raya in July last year. However, the tourists in both Andaman coast and the Gulf of Thailand grew, partly due to the launch of new flight routes from Kunming and Istanbul to Phuket.

Private consumption indicators recorded a growth of 2.3 percent from the same period last year, supported by higher spending on tourism sector particularly during the public holidays (Asarnha Bucha Day and Buddhist Lent Day), together with Samila Sports Games. Moreover, spending on consumer goods in department stores and supermarkets also expanded. However,

spending on durable goods decelerated from the previous month due mainly to decrease in farm income.

Public spending registered 6.8 percent growth from the same period last year and it increased by 47.1 percent when salary payment was excluded. Public consumption improved, attributable to sustainable agricultural project. Public investment also increased from construction projects by Royal Irrigation Department and the disbursement under the provincial cluster projects.

Private investment indicators increased by 1.3 percent from the same period last year as reflected by increase in permitted construction areas for commercial and services, consistent with the increase in cement sales. In addition, the imports of machinery and equipment rose particularly in processed rubber, processed rubber wood and palm oil industries.

On the stability front, **headline inflation** was at 0.28 percent, increased from the previous month, due to higher fresh food and petroleum prices. Meanwhile, **unemployment rate** rose to 1.67 percent from 1.24 percent in the previous month as employment in both agricultural and non-agricultural sectors declined.

At the end of June 2017, overall **deposits** expanded by 4.3 percent from the same period last year. The deposits of commercial banks rose by 1.9 percent, whereas the deposits of Specialised Financial Institutions (SFIs) rose by 8.6 percent. Meanwhile, overall **loan** grew 3.9 percent. For commercial banks, loan increased by 2.8 percent due primarily to wholesale and retail trade, whereas SFIs' loan rose by 5.5 percent.

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BANK OF THAILAND

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

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	2017					
	Feb	Mar	Apr	May	June	July
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	66.9	37.0	30.7	21.5	8.1	-9.2
Agricultural Production Index	-4.7	-6.7	10.1	11.4	13.1	8.5
Agricultural Price Index	75.2	46.9	18.7	9.0	-4.4	-16.4
- Rubber (RSS3)	124.4	58.1	26.8	20.5	2.4	-8.7
- Oil palm (FFB)	12.0	10.9	-12.7	-17.7	-26.9	-39.6
- Shrimp (70 pc/kg)	13.4	18.5	6.6	5.5	-3.4	-4.6
Fishery Production						
- Fishery production loaded at ports	-14.1	-5.7	-5.5	-6.3	10.3	n.a.
- Shrimp production	-30.5	-45.7	-10.2	12.8	10.0	-10.1
Number of Foreign Tourists	-12.8	4.6	7.5	-1.3	15.3	-5.7
Manufacturing Production Index (MPI)	2.3	-0.9	-0.9	2.7	0.6	4.7
Private Consumption Index (PCI)	3.7	2.0	2.2	1.3	2.0	2.3 ^e
- Car Index	4.9	19.2	20.6	49.7	19.7	12.0 ^e
- Fuel Index	-0.4	2.0	-5.7	5.1	6.8	2.1 ^e
- Household Electricity	-5.7	0.9	-7.3	-8.2	6.5 ^r	-3.0 ^e
- Sales of consumer goods and services	9.5	4.2	5.9	2.0	3.4	5.2
Private Investment						
- Private Investment Index (PII)	-3.1	-2.2	-0.6	0.1	0.2 ^r	1.3
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	12.1	-19.7	-45.9	-	-58.0	108.5
- Registration of Business Entity ($\Delta\%$ of total registration)	64.2	33.2	61.8	125.8	-2.5	83.8
- Construction area permitted in municipal zone (12-month moving average)	-0.3	-4.7	-0.2	-0.9	-1.7 ^r	2.3
Fiscal Sector						
- Tax revenue	-1.5	-2.2	27.9	5.0	1.2	4.8
- Total disbursement ¹⁾	-33.2	-12.5	-38.2	-37.3	-24.3	6.8
Consumer Price Index ²⁾	2.30	1.47	1.13	0.46	0.13	0.28
- Food and beverages	2.35	1.91	1.25	-0.11	-0.13	-0.28
- Non food and beverages	2.30	1.20	1.08	0.87	0.34	0.67
Core Consumer Price Index (excluding raw food and energy)	0.77	0.82	0.75	0.74	0.77	0.63
Unemployment Rate	1.34	1.11	1.98	1.56	1.24	1.67
International Trade(million USD)						
- Exports	1,152.7	1,408.1	1,445.7	1,312.7	1,471.4	1,378.7
<i>$\Delta\%$ year-on-year</i>	29.8	6.8	49.3	38.6	54.2	31.7
- Imports	773.2	1,049.5	1,246.6	835.8	770.7	853.7
<i>$\Delta\%$ year-on-year</i>	-4.9	59.4	65.7	6.8	9.7	-6.5
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,046.9	1,055.3	1,054.3	1,048.9	1,047.3	n.a.
<i>$\Delta\%$ year-on-year</i>	5.0	5.1	4.8	5.0	4.3	n.a.
- Deposits of commercial banks	658.3	660.8	662.0	658.6	654.8	n.a.
<i>$\Delta\%$ year-on-year</i>	3.1	3.2	2.7	2.8	1.9	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	388.6	394.5	392.3	390.2	392.4	n.a.
<i>$\Delta\%$ year-on-year</i>	8.6	8.4	8.6	9.0	8.6	n.a.
Overall loans	1,192.0	1,196.2	1,192.5	1,195.6	1,198.3	n.a.
<i>$\Delta\%$ year-on-year</i>	3.3	3.5	3.3	4.0	3.9	n.a.
- Loans of commercial banks	696.1	693.5	687.3	688.0	689.5	n.a.
<i>$\Delta\%$ year-on-year</i>	2.7	2.6	2.1	2.7	2.8	n.a.
- Loans of Specialised Financial Institutions (SFIs)	496.0	502.7	505.2	507.7	508.8	n.a.
<i>$\Delta\%$ year-on-year</i>	4.2	4.9	5.1	5.6	5.5	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 Comptroller²⁾ changing base year from 2011 to 2015

Source : Bank of Thailand, Southern Region Office