

**No. 14/2018****Press Release on Southern Region's Economic Conditions in July 2018**

The overall economic activities in the Southern region in July 2018 decelerated from the preceding month as Chinese tourists slowed down significantly affected by Phuket tour boat incident. The value of merchandise export decreased due to the drop of export prices and export volume of some major merchandise which contributed to lower manufacturing production. The domestic demand also decelerated following the slowdown in private consumption in particular the spending on non-durable goods, partly because farm income remained low. Public spending declined due to the high base effect of accelerated disbursement last year. However, private investment remained growth. **On the stability front**, inflation increased from the previous month, whereas the seasonally-adjusted unemployment rate was lower than last month.

Details of the economic conditions are as follows;

**The number of foreign tourists** continued to increase at 10.4 percent from the same period last year. However, the number slowed down from the preceding month as Chinese tourists dropped after Phuket tour boat incident on 5<sup>th</sup> of July. Moreover, the tourists from Russia remained negative as a result of postponement of travel during the 2018 FIFA World Cup period. However, the tourists from Malaysia and Europe showed positive growth. When considering the tourism by area, the number of Chinese and Russia tourists declined in Andaman coast, whereas the number of Chinese and Malaysian in the Gulf of Thailand dropped. The number of Malaysian tourists in southern border remained growth.

**Agricultural production** increased by 5.6 percent from the same period last year from rubber production as new tapping areas increased, together with the favourable weather. However, oil palm and Vannamei shrimp production continued to decline. The agricultural prices remained dropped. Rubber price decreased due to higher supply and stock level at Shanghai Futures Exchange. Moreover, the rubber price also tumbled as the investor sentiments was shaken by trade war between the US and China. Oil palm price remained negative following the global price, coupled with high stock of crude palm oil (CPO) in Thailand. Moreover, Vannamei shrimp price continued to decline due to supply glut from India. As a result, **farm income** dropped by 5.8 percent from the same period last year.

The value of **merchandise exports** went down by 8.0 percent from the same period last year mainly from a drop of export price. Additionally, export volume of some major products also declined, partially caused a drop in **manufacturing production** by 1.7 percent. The decline of both Vannamei shrimp and oil palm reduced the production of frozen and processed seafood and CPO. Meanwhile, the reduction of processed rubberwood and products remained affected by the

strictness of environmental restrictions by Chinese government. The production of processed rubber was due to decelerated demand from China, whereas the production of rubber glove slowed down as the demand from the US and Japan declined.

**Private consumption indicators** expanded by 1.1 percent from the same period last year which as decelerated from the preceding month due mainly to the slowdown in non-durable goods spending, especially on food and personal care products. Nonetheless, the spending on services relating to tourism, semi-durable goods; home electric appliances and clothes, and passenger cars increased.

**Private investment indicators** expanded by 1.8 percent from the same period last year. Investment in machinery and equipment grew from domestic machinery sales for construction and agriculture. The imports of capital goods in rubber glove production also registered a growth. Meanwhile, permitted construction areas for residential and hotel purposes increased.

**Public spending** dropped by 23.3 percent from the same period last year, mainly from the current spending which declined by 36.9 percent in particular the disbursement of general purpose subsidy due to the high base affect of accelerated disbursement for sustainable agricultural development projects. However, capital spending expanded by 10.4 percent from the disbursement for construction and specific purpose subsidy.

On the stability front, **headline inflation** increased to 1.55 percent from 1.37 percent in the previous month following the higher energy price, including petroleum and Liquefied Petroleum Gas (LGP). However, the price of fresh food increased from flour and flour products. The seasonally-adjusted **unemployment rate** was at 1.4 percent, declined from the previous month as the employment in manufacturing, trade and services sectors increased, while the agricultural employment went down.

At the end of June 2018, overall **deposits** expanded by 4.9 percent from the same period last year for both commercial banks and Specialised Financial Institutions (SFIs). The overall **loan** also increased by 2.4 percent from the same period last year mainly from SFIs' loan, in particular long-term credit to farmers and mortgage loan. Conversely, the commercial banks' loan remained contracted marginally mainly from the credit to Cooperatives. Nevertheless, the recovery sign can be seen in some provinces.

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BANK OF THAILAND

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

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	2018					
	Feb.	Mar.	Apr.	May	Jun.	Jul.
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
<b>Farm Income Index<sup>r</sup></b>	-27.9	-8.4	-17.9	-7.1	-10.6	-5.8
<b>Agricultural Production Index</b>	18.1	29.9	9.3	11.3	-1.2	5.6
<b>Agricultural Price Index</b>	-38.4	-30.0	-28.1	-21.3	-11.1	-10.9
- Rubber (RSS3)	-47.8	-36.7	-32.1	-30.1	-17.4	-15.4
- Oil palm (FFB)	-33.9	-32.8	-35.4	-27.8	-0.7	-8.3
- Shrimp (70 pc/kg)	-14.3	-15.6	-19.5	-25.5	-16.8	-7.6
<b>Fishery Production</b>						
- Fishery production loaded at ports	10.2	19.7	-7.7	41.5	14.1	n.a.
- Shrimp production	23.5	79.6	10.6	-4.8	-25.3	-25.3
<b>Number of Foreign Tourists</b>	29.8	22.2	16.0	8.4	20.3	10.4
<b>Manufacturing Production Index (MPI)</b>	5.0	-2.9	14.4	-1.6	2.1	-1.7
<b>Private Consumption Index (PCI)<sup>r</sup></b>	0.6	0.9	1.5	1.5	1.9	1.1
- Car Index	11.1	6.0	5.4	-3.5	-4.4	2.1
- Fuel Index	2.7	0.3	6.1	-5.4	-3.2	-3.3 <sup>e</sup>
- Household Electricity Index	14.1	7.2	9.3	2.8	1.9	3.0 <sup>e</sup>
- Non-durable goods Index	-1.4	0.2	1.9	3.3	5.7	1.6
- Semi-durable goods Index	4.6	1.7	6.2	8.6	7.0	7.3 <sup>e</sup>
- Services Index	8.2	14.9	11.5	11.1	9.1	9.3
<b>Private Investment</b>						
- Private Investment Index (PII) <sup>1/</sup>	2.6	2.7	1.7	1.5	1.8	1.8
- Promotional privileges from Board of Investment (total investment)	180.8	305.8	n.a.	n.a.	n.a.	n.a.
- Registration of Business Entity (total registration)	-36.6	-11.2	123.9	-11.9	-22.5	1.4
- Construction area permitted in municipal zone (12-month moving average)	-15.9	-9.8	-6.4	-2.5	1.3	11.4
<b>Fiscal Sector</b>						
- Tax revenue	7.2	2.3	-20.7	1.0	5.1	11.3
- Total disbursement	10.8	10.7	-5.1	25.3	-5.3	-23.3
<b>Consumer Price Index (Base Year = 2015)</b>	0.08	0.55	0.75	1.27	1.37	1.55
- Food and beverages	-0.98	-0.59	-0.35	-0.17	-0.48	-0.27
- Non food and beverages	0.69	1.20	1.41	2.09	2.45	2.60
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.51	0.45	0.43	0.46	0.44	0.48
<b>Seasonally-adjusted Unemployment Rate *</b>	1.8	1.8	1.5	1.5	1.7	1.4
<b>International Trade(million USD)</b>						
- Exports	1,102.3	1,512.9	1,264.4	1,203.5	1,261.2	1,268.4
$\Delta\%$ year-on-year	-4.4	7.4	-12.7	-8.3	-14.2	-8.0
- Imports	743.9	1,081.1	1,019.7	877.3	765.7	938.4
$\Delta\%$ year-on-year	-3.8	3.0	-18.2	5.0	-0.5	10.0
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	1,090.7	1,099.2	1,096.7	1,093.7	1,098.3	n.a.
$\Delta\%$ year-on-year	4.2	4.2	4.0	4.3	4.9	n.a.
- Deposits of commercial banks	678.2	682.1	682.6	680.9	679.0	n.a.
$\Delta\%$ year-on-year	3.0	3.2	3.1	3.4	3.7	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	412.5	417.0	414.0	412.9	419.3	n.a.
$\Delta\%$ year-on-year	6.2	5.7	5.5	5.8	6.9	n.a.
<b>Overall loans</b>	1,220.8	1,221.7	1,217.2	1,220.7	1,226.8	n.a.
$\Delta\%$ year-on-year	2.4	2.1	2.1	2.1	2.4	n.a.
- Loans of commercial banks	692.0	688.4	682.4	683.5	685.4	n.a.
$\Delta\%$ year-on-year	-0.6	-0.7	-0.7	-0.7	-0.6	n.a.
- Loans of Specialised Financial Institutions (SFIs)	528.9	533.2	534.8	537.2	541.4	n.a.
$\Delta\%$ year-on-year	6.6	6.1	5.9	5.8	6.4	n.a.

Remark : e = estimated r = revised n.a. = not available \* Seasonally-adjusted by BOT

<sup>1/</sup> The index has been revised since March 2018.

Source : Bank of Thailand, Southern Region Office