

No. 12/2017Press Release on Southern Region's Economic Conditions in June 2017

The overall economic activities in Southern region in June 2017 continued to grow from the same period last year and previous month as major economic sectors remained expanded. Agricultural output grew, whereas exports in major products continually rose, consistent with manufacturing production that slightly increased. Meanwhile, the number of Chinese and Malaysian tourists also rose. However, an increase in Malaysian tourists due mainly to low-base effect from Ramadan in June last year. Domestic demand recorded growth as private consumption in durable and non-durable goods increased. Nevertheless, public spending contracted and private investment remained low. **On the stability front**, headline inflation decelerated due mainly to lower prices of petroleum and fresh food. Unemployment rate also declined from an increase in farm employment.

Details of the economic conditions are as follows;

**Agricultural production** grew by 9.5 percent from the same period last year, contributed by higher oil palm output as the favourable weather. Moreover, Vannamei shrimp output also rose due to new farming system, whereas rubber output increased from a growth in tapping areas and the favourable weather. The increase in oil palm and Vannamei shrimp outputs lowered their prices. However, rubber price increased at the slower pace that resulted in 4.6 percent growth in farm income, slower from the previous month.

**Exports value** rose by 51.4 percent from the same period last year, following growth in agricultural product exports. This was in line with increased manufacturing production due to higher agricultural output and demand from major trading partners. The increase in production was observed in frozen and processed seafood, rubber glove, processed rubber wood, and crude palm oil. However, the increasing of rubber inventory in China decelerated its demand. The production of canned seafood remained contracted, led to slightly expansion in **manufacturing production**.

**Number of foreign tourists** registered a growth of 15.3 percent from the same period last year, mainly from China and Malaysia. Chinese tourists increased both in Andaman coast and the Gulf of Thailand, consistent with the increased number of international flights. Moreover, Malaysian tourists also grew this month due to low-base effect from Ramadan in June last year.

**Private consumption indicators** showed a positive growth of 1.5 percent from the same period last year. Household spending on durable goods remained expanded due to higher farm income compared to the last year. However, the growth was at a slower pace. The spending on consumer goods and services also rose, reflected by higher discount store sales. Moreover, sales

on souvenir, handcrafts, and sport equipment expanded, due partly to Thailand National Games where was held in Songkhla.

**Public spending** declined by 24.3 percent from the same period last year both in current and capital expenditure. However, it declined only 4.9 percent when salary payment was excluded. The current expenditure reduced due to high-base effect from the living standard improvement projects in previous year. Meanwhile, capital expenditure also declined mainly from the disbursement on land and construction by the Department of Highways and Department of Public Works and Town & Country Planning.

**Private investment indicators** stayed flat from the same period last year. Investment on construction and real estates remained subdued, reflected by reduced permitted construction residential areas and cement sales. This was due to high housing backlog, whereas low absorption rate. Moreover, the import of machinery and equipment improved in rubber wood processing industry.

On the stability front, **headline inflation** was at 0.13 percent, decelerated from the previous month due to reduced prices of fresh food, vegetables, fruits, and meat, as a result of food supply shortage last year from the drought. Moreover, domestic petroleum price continually slowed down. Meanwhile, **unemployment rate** decreased to 1.24 percent from 1.56 percent in the previous month, following higher demand for labour in agricultural sector particularly in rubber plantation. However, employment in non-agricultural sector declined.

At the end of May 2017, overall **deposits** expanded by 5.0 percent from the same period last year. The deposits of commercial banks rose by 2.8 percent, whereas the deposits of Specialised Financial Institutions (SFIs) rose by 9.0 percent. Meanwhile, a growth in overall **loan** was at 4.0 percent. For commercial banks, loan rose by 2.7 percent due primarily to manufacturing and commercial loans, after the loan rate for small and medium businesses was reduced. Meanwhile, SFIs' loan rose by 5.6 percent from flood recovery and housing loans.

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

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	2017					
	Jan	Feb	Mar	Apr	May	June
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
<b>Farm Income Index</b>	48.4	67.3	34.2	30.8	23.5	4.6
<b>Agricultural Production Index</b>	-14.7	-6.8	-6.3	12.5	11.5	9.5
<b>Agricultural Price Index</b>	74.0	79.5	43.3	16.3	10.7	-4.5
- Rubber (RSS3)	122.2	124.4	58.1	26.8	20.5	2.4
- Oil palm (FFB)	1.2	12.0	10.9	-12.7	-17.7	-26.9
- Shrimp (70 pc/kg)	15.6	13.4	18.5	6.6	5.5	-3.4
<b>Fishery Production</b>						
- Fishery production loaded at ports	-95.0	-14.1	-5.7	-5.5	-6.3	n.a.
- Shrimp production	-9.1	-30.5	-45.7	-10.2	12.8	10.0
<b>Number of Foreign Tourists</b>	5.9	-12.8	4.6	7.5	-1.3	15.3
<b>Manufacturing Production Index (MPI)</b>	-1.4	2.3	-0.8	-1.0	2.7	0.6
<b>Private Consumption Index (PCI)</b>	2.9	3.7	2.0	2.2	1.3	1.5 <sup>e</sup>
- Car Index	-11.7	4.9	19.2	20.6	49.7	19.7
- Fuel Index	-3.8	-0.4	2.0	-5.7	5.1 <sup>r</sup>	0.5 <sup>e</sup>
- Household Electricity	-3.1	-5.7	0.9	-7.3	-8.2 <sup>r</sup>	-4.9 <sup>e</sup>
- Sales of consumer goods and services	8.0	9.5	4.2	5.9	2.0	3.4
<b>Private Investment</b>						
- Private Investment Index (PII)	-1.4	2.3	-2.2	-0.6	0.0	0.0
- Promotional privileges from Board of Investment ( $\Delta\%$ of total investment)	209.3	12.1	-19.7	-45.9	-	-58.0
- Registration of Business Entity ( $\Delta\%$ of total registration)	-7.7	64.2	33.2	61.8	125.8	-2.5
- Construction area permitted in municipal zone (12-month moving average)	4.1	-2.3	-7.2	-2.0	-2.3	-3.1
<b>Fiscal Sector</b>						
- Tax revenue	-0.6	-1.5	-2.2	27.9	5.0	1.2
- Total disbursement <sup>1)</sup>	-30.4	-33.2	-12.5	-38.2	-37.3	-24.3
<b>Consumer Price Index <sup>2)</sup></b>	2.20	2.30	1.47	1.13	0.46	0.13
- Food and beverages	2.42	2.35	1.91	1.25	-0.11	-0.13
- Non food and beverages	2.06	2.30	1.20	1.08	0.87	0.34
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.76	0.77	0.82	0.75	0.74	0.77
<b>Unemployment Rate</b>	1.70	1.34	1.11	1.98	1.56	1.24
<b>International Trade(million USD)</b>						
- Exports	957.5	1,152.7	1,408.1	1,445.7	1,312.7	1,471.4
<i><math>\Delta\%</math> year-on-year</i>	10.3	29.8	6.6	49.3	38.6	54.2
- Imports	608.5	773.2	1,049.5	1,246.6	835.8	770.7
<i><math>\Delta\%</math> year-on-year</i>	-23.7	-4.9	59.4	65.7	6.8	9.7
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	1,038.2	1,046.9	1,055.3	1,054.3	1,048.9	n.a.
<i><math>\Delta\%</math> year-on-year</i>	4.4	5.0	5.1	4.8	5.0	n.a.
- Deposits of commercial banks	654.8	658.3	660.8	662.0	658.6	n.a.
<i><math>\Delta\%</math> year-on-year</i>	2.6	3.1	3.2	2.7	2.8	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	383.4	388.6	394.5	392.3	390.2	n.a.
<i><math>\Delta\%</math> year-on-year</i>	7.7	8.6	8.4	8.6	9.0	n.a.
<b>Overall loans</b>	1,184.2	1,192.0	1,196.2	1,192.5	1,195.6	n.a.
<i><math>\Delta\%</math> year-on-year</i>	3.0	3.3	3.5	3.3	4.0	n.a.
- Loans of commercial banks	690.0	696.1	693.5	687.3	688.0	n.a.
<i><math>\Delta\%</math> year-on-year</i>	2.1	2.7	2.6	2.1	2.7	n.a.
- Loans of Specialised Financial Institutions (SFIs)	494.1	496.0	502.7	505.2	507.7	n.a.
<i><math>\Delta\%</math> year-on-year</i>	4.3	4.2	4.9	5.1	5.6	n.a.
Remark : e = estimated r = revised n.a. = not available						
<sup>1)</sup> Changing in payment system of the Office of the Basic Education Commission to directly transfer to the officers without passing through Southern Comptroller						
<sup>2)</sup> changing base year from 2011 to 2015						
Source : Bank of Thailand, Southern Region Office						