

No. 7/2017Press Release on Southern Region's Economic Conditions in March 2017

The overall economic activities in Southern region in March 2017 picked up from the previous month mainly from oil palm output and high agricultural prices, together with growth in the number of Chinese and Russian tourists despite a reduction in Malaysian tourists. Moreover, export value significantly rose. Manufacturing production stayed flat. However, private consumption slowed down arising from lower farm income and non-farm employment. Private investment remained contracted as a result of sluggish investment in real estate sector. **On the stability front**, headline inflation decelerated due to lower prices of petroleum and fresh food. Unemployment rate also declined from the previous month.

Details of the economic conditions are as follows;

Agricultural production increased from the previous month, supported by an increase in oil palm output after the drought gradually waned. Meanwhile, rubber output was affected by heavy rain. Moreover, the impact of the flood on the Vannamei shrimp farms continued to affect the output. Agricultural prices rose at a slower pace than the previous month particularly rubber price due to rise in rubber inventory in China, coupled with downward pressure on rubber and oil palm prices from state stockpiles auction and higher oil palm supply. The decelerated agricultural prices slowed down farm income but remained high.

Number of foreign **tourists** rebounded mainly from Russia and China in particular at Andaman coast. In addition, the visit of cruise ship at Phuket also improved tourism. Meanwhile, number of Chinese at the Gulf of Thailand expanded consistent with increasing in both domestic and international flights. However, Malaysian tourists at southern border provinces continually fell, but at a slower pace, due to Ringgit depreciation.

Public spending, excluding salary payment of the Office of the Basic Education Commission, expanded from the same period last year mainly due to current expenditure disbursed by the Internal Security Operations Command and Southern Border Provinces Administrative Centre. However, capital expenditure contracted owing to decrease in investment projects by local administrations and disbursement on land and construction by Royal Irrigation Department and Department of Public Works and Town & Country Planning. **Revenue collection** continued to decline from excise tax.

Private consumption grew at a slower pace from the previous month because of decreasing in both farm income and non-farm employment. Moreover, households' income was partly saved in order to repair the damaged houses or farms after flood. However, spending on

durable goods, especially pickup trucks and motorbikes, increased due to higher farm income than the previous year.

Manufacturing production stayed flat. The rubber-related industries, including processed rubber and rubber glove, steadily grew, attributable to continuous demand from trading partners. In addition, rubber supply from the state stockpiles auction eased the supply disruption after heavy rain. This was consistent with an expansion in agricultural and rubber products export. Frozen and processed cuttlefish and crude palm oil production expanded. However, production of canned seafood remained in contraction as order accelerated after a surge in tuna price at the same period last year. Rubber wood production went down, reflected by reduction in export to Middle East.

Private investment contracted from the same period last year from subdued investment in real estate sector as housing backlog remained high. However, private investment slightly picked up from the previous month particularly in trade and tourism sectors, reflected by increased permitted construction areas for commercial, services and transport in municipal zone, together with higher pickup truck sales.

On the stability front, **headline inflation** decelerated to 1.47 percent from 2.30 percent in the previous month due to declined domestic petroleum and fresh food prices. Moreover, tobacco products' prices decelerated due to high base last year after tax raised. **Unemployment rate** was at 1.11 percent, went down from 1.34 percent in the previous month owing to farm employment rose.

At the end of February 2017, commercial banks and Specialised Financial Institutions (SFIs) **deposits** grew from the same period last year, as supported by higher deposit rates and government budget awaiting for disbursement. Commercial banks and SFIs **loans** increased partly due to the emergency loan to flood-affected households and business recovery loan.

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BANK OF THAILAND

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

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	2016			2017		
	Oct	Nov	Dec	Jan	Feb	Mar
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	22.7	26.0	46.0	48.4	67.3	34.2
Agricultural Production Index	-5.0	-11.9	-8.2	-14.7	-6.8	-6.3
Agricultural Price Index	29.3	43.0	59.1	74.0	79.5	43.3
- Rubber (RSS3)	29.9	56.4	85.9	122.2	124.4	58.1
- Oil palm (FFB)	36.2	24.2	17.4	1.2	12.0	10.9
- Shrimp (70 pc/kg)	13.2	11.7	12.1	15.6	13.4	18.5
Fishery Production						
- Fishery production loaded at ports	-30.6	-21.1	-22.7	-95.0	-14.1	n.a.
- Shrimp production	-2.0	0.1	15.4	-9.1	-30.5	-45.7
Number of Foreign Tourists	4.8	-2.2	0.3	5.9	-12.8	4.6
Manufacturing Production Index (MPI)	-2.1	-2.6	5.2	-1.4	2.3	-1.0
Private Consumption Index (PCI)	4.1	5.3	3.5	2.9	3.7	1.8
- Car Index	3.3	12.7	-7.3	-11.7	4.9	19.2
- Fuel Index	-0.6	9.1	-0.9	-3.8	-0.4	-1.6 ^e
- Household Electricity	2.8	0.6	1.3	-3.1	-5.7	-2.5 ^e
- Sales of consumer goods and services	10.1	12.0	8.9	8.0	9.5	4.2
Private Investment						
- Private Investment Index (PII)	-1.2	-1.1	-1.5	-1.4	2.3	-2.2
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	125.6	-70.1	61.9	209.3	12.1	-19.7
- Registration of Business Entity ($\Delta\%$ of total registration)	12.3	86.7	54.1	-7.7	64.2	33.2
- Construction area permitted in municipal zone (12-month moving average)	-4.0	-1.7	6.9	4.1	-2.3	-7.2
Fiscal Sector						
- Tax revenue	-0.1	-0.2	-4.2	-0.6	-1.5	-2.2
- Total disbursement ¹⁾	-15.7	15.8	16.0	-30.4	-33.2	-12.5
Consumer Price Index ²⁾	0.39	0.78	1.55	2.20	2.30	1.47
- Food and beverages	0.79	1.57	1.85	2.42	2.35	1.91
- Non food and beverages	0.12	0.27	1.37	2.06	2.30	1.20
Core Consumer Price Index (excluding raw food and energy)	0.72	0.72	0.78	0.76	0.77	0.82
Unemployment Rate	1.84	1.83	0.91	1.70	1.34	1.11
International Trade (million USD)						
- Exports	1,019.3	1,010.1	1,045.8	957.5	1,152.7	1,408.1
$\Delta\%$ year-on-year	-9.9	8.3	16.2	10.3	29.8	6.6
- Imports	983.1	781.2	710.8	608.5	773.2	1,049.5
$\Delta\%$ year-on-year	23.1	2.2	6.2	-23.7	-4.9	59.4
Financial Sector (at the end of period) (Billions baht)						
- Deposits	643.7	642.0	646.2	654.8	658.3	660.8
$\Delta\%$ year-on-year	3.1	2.2	3.0	2.6	3.1	3.2
- Loans	673.2	681.0	688.7	690.0	696.1	693.5
$\Delta\%$ year-on-year	0.4	1.4	2.2	2.1	2.7	2.6

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 General

²⁾ Changing base year from 2011 to 2015

Source : Bank of Thailand, Southern Region Office