

**No. 7/2018****Press Release on Southern Region's Economic Conditions in March 2018**

The overall economic activities in the Southern region in March 2018 expanded both from the same period last year and from the previous month. Tourism's expansion was still the essential driver, coupled with continued solid foreign demand as reflected by an increase in exports volume of significant products. However, dry rubber products, i.e. Technically Specified Rubber (TSR) and Rubber Smoked Sheets (RSS), were affected by the temporary factor from the fifth Agreed Export Tonnage Scheme (AETS) which was the key factor leading the manufacturing production to contract. Regarding domestic demand, private consumption improved as a partial result of the improvement of tourism income and farm income. Meanwhile, private investment expanded moderately. Nevertheless, public spending decreased. **On the stability front**, inflation rose from the earlier month. Meanwhile, the unemployment rate remained stable.

Details of the economic conditions are as follows;

Agricultural production grew by 30.0 percent from the same period last year from rubber output due to the favourable weather condition and an increase in tapping activity which was supported by higher latex price. Meanwhile, oil palm output rose from an increase of tapping area, and Vannamei shrimp output grew as a major result of the low base effect from the flood at the beginning of 2017. Regarding agricultural price, it declined by 30.0 percent following a decrease in all major agricultural prices, i.e. rubber, oil palm, and Vannamei shrimp, owing 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 9.0 percent in this month, improved from the previous month where farm income contracted by 27.2 percent.

The number of foreign tourists increased by 22.2 percent compared to the same period last year, decelerated from the preceding month which contained Chinese New Year Festival. However, the number of tourists expanded for every major nationality, especially Chinese and Russian. Meanwhile, the number of European tourists solidly expanded which was attributable to the travel before Easter Festival, including the number of Malaysian tourists, who were the main tourists in the southern border area, rose. Considering by area, tourism expanded in every area: the Andaman coast, the Gulf of Thailand, and southern border area.

Exports value grew by 7.4 percent from the same period last year, owing chiefly to the export of aircraft, petroleum platform, ship, and rail. By excluding those merchandises, the value of exports contracted and was consistent with the manufacturing production which contracted by 2.9 percent following a high contraction of rubber production for exports, as March 2018 was the last month under the fifth Agreed Export Tonnage Scheme (AETS). Nevertheless, the production of concentrated latex and other processed rubbers, which were exempted, continued to expand. Regarding processed rubberwood and products, the production decreased where Chinese customers delayed purchasing order after the price was higher; however, fiberboard production increased.

Also, the production of processed and frozen seafood declined, in particular, from squid products. Nevertheless, Crude Palm Oil (CPO) production continued to expand following raw material. The rubber glove production expanded in most of the major export destinations. Meanwhile, the production of canned seafood expanded, especially in Middle East market.

Private consumption indicators rose by 0.9 percent compared to the same period last year, improved from the previous month which the indicators increased by 0.6 percent, following an acceleration of spending on services. Moreover, spending on non-durable goods slightly expanded and was the first expansion in four months. Such expansion was supported partially by the improvement of tourism income and farm income. However, spending on durable goods in automotive category decelerated.

Private investment indicators expanded by 2.6 percent compared to the same period last year but unchanged from the preceding month. The cement sales and domestic machinery sales grew by similar rates as the previous month. Meanwhile, permitted construction areas in and out of the municipal zone improved. However, personal truck registration decelerated while the import of capital goods dropped, particularly in the processed rubber industry.

Public spending increased by 10.7 percent compared to the same period last year. Current spending rose by 23.0 percent following the disbursement of general purpose subsidy by autonomous universities. Nevertheless, capital spending decreased by 3.5 percent following less disbursement of land and construction budget by Departments of Highways and Department of Rural Roads including less disbursement of specific purpose subsidy by Department of Local Administration and Southern Border Provinces Administration Centre.

On the stability front, **headline inflation** was at 0.55 percent, edged up from the previous month which was at 0.08 percent, owing to an increase in energy price, together with the less contraction of fresh food prices as rice and milk price slightly rose. The **unemployment rate** was at 1.8 percent, stayed flat compared to the previous month.

At the end of February 2018, overall **deposits** grew by 4.2 percent from the same period last year. The deposits decelerated both those of commercial banks and Specialised Financial Institutions (SFIs). Overall **loans** expanded by 2.4 percent from the same period last year and also decelerated where commercial banks' loans contracted slightly compared to the same period last year due to a reason of loan policy adjustment for Savings and Credit Cooperatives. Meanwhile, loans of SFIs continued to expand.

Bank of Thailand, Southern Region Office
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Contact: Regional Economy Division Tel: +66 (0) 7427 2000 ext. 4713
e-mail: RegionalEconSouth1@bot.or.th

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



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Tel. 0-7427-2000 ext. 4713 Fax 0-7423-8765 http://www.bot.or.th

	2017			2018		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-6.0	-15.5	-29.1	-24.6	-27.2	-9.0
Agricultural Production Index	3.5	5.5	3.5	21.7	18.1	30.0
Agricultural Price Index	-9.2	-19.9	-31.5	-38.1	-38.4	-30.0
- Rubber (RSS3)	-10.9	-26.9	-38.9	-45.5	-47.8	-36.7
- Oil palm (FFB)	-30.8	-32.0	-42.6	-40.4	-33.9	-32.8
- Shrimp (70 pc/kg)	5.5	2.1	-8.1	-13.5	-14.3	-15.6
Fishery Production						
- Fishery production loaded at ports	-11.7	-20.6	-3.3	43.6	10.2	n.a.
- Shrimp production	3.8	18.1	9.5	8.0	23.5	79.6
Number of Foreign Tourists	10.1	11.9	13.7	6.2	29.8	22.2
Manufacturing Production Index (MPI)	9.8	20.7	9.8	25.8	5.0	-2.9
Private Consumption Index (PCI) ^r	1.8	0.9	-0.3	0.6	0.6	0.9
- Car Index	45.2	49.7	26.5	12.6	11.1	6.0
- Fuel Index	0.7	-2.2	0.1	8.8	2.7	4.0 ^e
- Household Electricity Index	4.2	9.1	1.8	1.8	14.1	5.9 ^e
- Non-durable goods Index	-0.1	2.0	-3.4	-4.2	-1.4	0.2
- Semi-durable goods Index	5.3	-11.5	-12.4	10.7	3.9	-0.7 ^e
- Services Index	22.4	11.5	18.7	14.5	7.9	14.8
Private Investment						
- Private Investment Index (PII) ^{1/}	0.2	-0.3	0.1	1.8	2.6	2.6
- Promotional privileges from Board of Investment (total investment)	-85.3	170.9	-97.4	-90.0	180.8	305.8
- Registration of Business Entity (total registration)	10.8	77.1	505.9	-41.4	-36.6	-11.2
- Construction area permitted in municipal zone (12-month moving average)	-30.2	-26.6	-25.4	-23.1	-15.9	-10.2
Fiscal Sector						
- Tax revenue	3.2	1.2	3.8	11.5	7.2	2.3
- Total disbursement ^{2/}	29.8	-24.0	-40.9	16.9	10.8	10.7
Consumer Price Index (Base Year = 2015)	0.94	1.16	1.02	0.65	0.08	0.55
- Food and beverages	0.52	0.26	0.70	-0.08	-0.98	-0.59
- Non food and beverages	1.20	1.74	1.21	1.09	0.69	1.20
Core Consumer Price Index (excluding raw food and energy)	0.68	0.74	0.76	0.70	0.51	0.45
Unemployment Rate	2.2	1.4	2.1	1.5	1.8	1.8
International Trade(million USD)						
- Exports	1,256.1	1,525.2	1,229.5	1,214.4	1,102.3	1,512.9
$\Delta\%$ year-on-year	23.3	51.0	16.3	26.8	-4.4	7.4
- Imports	1,307.8	832.2	724.6	896.0	743.9	1,081.1
$\Delta\%$ year-on-year	33.0	6.5	1.9	47.3	-3.8	3.0
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,051.1	1,068.1	1,079.0	1,087.4	1,090.7	n.a.
$\Delta\%$ year-on-year	3.4	4.9	5.1	4.7	4.2	n.a.
- Deposits of commercial banks	652.5	664.4	674.1	677.0	678.2	n.a.
$\Delta\%$ year-on-year	1.4	3.5	4.3	3.4	3.0	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	398.6	403.7	404.9	410.4	412.5	n.a.
$\Delta\%$ year-on-year	6.9	7.4	6.5	7.0	6.2	n.a.
Overall loans	1,208.4	1,210.7	1,217.3	1,215.7	1,220.8	n.a.
$\Delta\%$ year-on-year	4.2	3.5	3.0	2.7	2.4	n.a.
- Loans of commercial banks	691.9	691.4	692.9	690.4	692.0	n.a.
$\Delta\%$ year-on-year	2.8	1.5	0.6	0.0	-0.6	n.a.
- Loans of Specialised Financial Institutions (SFIs)	516.5	519.3	524.4	525.3	528.9	n.a.
$\Delta\%$ year-on-year	6.1	6.1	6.3	6.3	6.6	n.a.

Remark : e = estimated r = revised n.a. = not available

^{1/} The index has been revised since March 2018.^{2/} Changing in payment system of the Office of the Basic Education Commission to directly transfer to the officers without passing through Southern Comptroller.

Source : Bank of Thailand, Southern Region Office