

No. 7/2016Press Release on Southern Region's Economic Conditions in March 2016

The overall economic activities of the Southern region in March 2016 stabilized from the previous month. The main growth drivers from tourism sector and public spending slowed down slightly. Farm income remained low, but there was a signal of improvement from prior month, both in outputs and prices. Private consumption increased, particularly in necessary goods. Meanwhile, manufacturing production was stable and private investment continually contracted. Exports improved following a temporary factor, which there was the export of petroleum machinery. Nevertheless, the export of major products of the Southern region contracted continually following the continued slowdown in trading partners' economies. In terms of economic stability, headline inflation remained negative owing to the decline in energy price. The unemployment rate remained at low level.

Details of the economic conditions are as follows;

Tourism sector expanded from the same period of last year, following the increased number of Asian tourists, particularly Chinese and Malaysian. The number of Russian tourists has rebounded significantly, resulting in the increase in the occupancy rate and international flights in southern airports. However, tourism sector declined slightly from previous month due to the decrease in number of tourists from Andaman coast and border areas.

Public spending grew from the same month of the previous year in both current and capital expenditures. However, the disbursement increased at slower pace, partially because of the expedited disbursement of land and construction. Moreover, in the same month of the previous year, high disbursement was conducted in order to reach the government's target. As for the measure to enhance living standards at sub-district level (5 million baht per sub-district), the deadline has been extended to the end of June. Meanwhile, **government revenue** increased in reciprocal to the increased collection of personal income tax and value-added tax.

Although, the weak **farm income** withheld the economy of the Southern region, there was a positive sign from the increased agricultural outputs and prices. **Agricultural outputs** increased owing to the increased amounts of rubber and shrimp, while the outputs of oil palm decreased partly because of the drought. Meanwhile, **agricultural prices** improved, following the lower contraction of shrimp price as the decreased output in other regions of Thailand, which was adversely affected by the drought. Moreover, rubber price decreased less due to the rise of

world's commodity prices and the positive sentiment from the agreement of the International Tripartite Rubber Council (ITRC) to reduce rubber exports. The price of oil palm improved as the refining plants competed to buy raw material.

Private consumption could expand, particularly among the necessary goods. This was partly supported by the growth of tourism and the construction projects which accelerated the demand for workforce and the employment hiring in non-farm sector, while the **private investment** indicators contracted in almost all items.

Manufacturing production was stable. There was an increased production from seafood industry following the accelerated purchase orders from trading partners, who were concerned with the rising cost of prime raw material, tuna. Moreover, there was an increase in outputs of shrimp and cuttlefish. However, the economic slowdown of trading partners led to the declined outputs of rubber products, rubber gloves, and rubber woods. Besides, the prices of major products were declining. Consequently, **export values** of major products dropped continuously. This was different from the total export value which improved due to the export of petroleum platform and drilling boats.

In terms of economic stability, **headline inflation** remained negative at -0.74 percent (YoY), relating to low oil price. Meanwhile, unemployment rate was at 0.9 percent which reached 15-month lowest level. This was mainly due to the increased employment in construction, services, and trading sectors.

At the end of February 2016, **the deposits of commercial banks and Specialized Financial Institutions (SFIs)** expanded. Meanwhile, the total **loans** rose partly due to the increased approval of lending of commercial banks and SFIs under the government measures which supported loans to SMEs and low-income earners.

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BANK OF THAILAND

Table Attached to Press Release on Southern Region's Economic Conditions in March 2016

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	2015			2016		
	Oct	Nov	Dec	Jan	Feb	Mar
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index	-15.3	-22.9	-26.4	-23.5	-21.2	-5.2
Agricultural Production Index	0.3	-3.2	-7.4	5.6	8.7	3.3
Agricultural Price Index	-15.6	-20.3	-20.6	-27.6	-27.5	-8.3
- Rubber (US\$3)	-14.9	-21.7	-23.7	-36.2	-34.4	-10.4
- Oil palm (FFB)	-14.0	-17.9	-19.9	-12.6	-17.9	-6.2
- Shrimp (70 pc/kg)	-25.3	-18.3	-2.4	-3.1	-5.2	0.6
Fishery Production						
- Fishery production loaded at ports	-7.4	-4.4	0.2	5.4	-9.5 ^r	n.a.
- Shrimp production	26.3	-6.5	-7.5	5.3	38.3	n.a.
Number of Foreign Tourists	6.4	8.0	10.0	17.5	17.7	15.8
Manufacturing Production Index (MPI)	2.1 ^r	-0.7 ^r	-1.1 ^r	-5.0 ^r	5.6 ^r	0.5
Private Consumption Index (PCI)	3.8	2.3	3.6	2.5	4.7 ^r	5.9 ^e
- Car Index	-14.0	3.3	41.8	17.5	6.5	2.4
- Fuel Index	12.6	9.6	10.1	1.4	7.2	7.0 ^e
- Household Electricity	5.3	4.3	4.5	11.7	6.7 ^r	10.2 ^e
- Sales of consumer goods and services ^{1/}	8.2	4.4	6.8	5.0	9.9	13.3
Private Investment						
- Private Investment Index (PII)	-3.4	-3.0	-2.4	-1.9	-2.2	-3.2
- Promotional privileges from Board of Investment ($\Delta\%$ of total investment)	89.8	162.9	43.8	-2.3	-62.3	-62.2
- Registration of Business Entity ($\Delta\%$ of total registration)	-34.9	-33.2	-13.8	140.6	-22.8	38.3
- Construction area permitted in municipal zone (12-month moving average)	-25.7	-25.3	-30.3	-28.4	-27.9	-24.8
Fiscal Sector						
- Tax revenue	2.0	-9.3	7.0	3.0	4.1	3.1
- Total disbursement	-1.0	12.6	15.5	4.6	11.7	5.8
Consumer Price Index	-1.16	-1.65	-1.36	-0.79	-0.90	-0.74
- Food and beverages	1.75	0.20	0.23	0.49	0.66	0.56
- Non food and beverages	-2.98	-2.82	-2.38	-1.61	-1.91	-1.57
Core Consumer Price Index (excluding raw food and energy)	0.73	0.31	0.24	0.28	0.42	0.60
Unemployment Rate	1.08	1.02	1.22	1.28	1.33	0.90
International Trade(million USD)						
- Exports	1,093.7	870.1	879.9	824.3	851.7	1,288.5
$\Delta\%$ year-on-year	-18.6	-38.7	-17.9	-10.6	-5.8	18.1
- Imports	752.6	744.5	649.1	735.4	789.4	625.3
$\Delta\%$ year-on-year	-19.1	-6.0	-14.4	-2.9	-20.3	-17.0
Financial Sector (at the end of period) (Billions baht)						
- Deposits	624.0	628.1	627.4	638.3	638.7	n.a.
$\Delta\%$ year-on-year	1.3	0.6	-0.2	1.1	1.3	n.a.
- Loans ^{2/}	670.8	671.5	674.0	675.8	677.9	n.a.
$\Delta\%$ year-on-year	-4.5	-4.8	-5.0	4.1	3.2	n.a.

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

1/ The indicator has been changed from VAT(real term) to Sales of consumer goods and services.

2/ Bookkeeping system of certain banks has been changed to head office instead of Southern branches since January 2015.

Source : Bank of Thailand, Southern Region Office