

**No. 10/2018****Press Release on Southern Region's Economic Conditions in May 2018**

The overall economic activities in the Southern region in May 2018 decelerated from the previous month following the slowdown of tourism and exports value¹. Such slowdown reflected the weaker foreign demand and was a factor leading manufacturing production to contract besides a decrease in the raw material. Regarding domestic demand, public spending and private investment grew slowly. Meanwhile, private consumption still moderately improved, partially supported by improved farm income. **On the stability front**, inflation rose from the earlier month. Meanwhile, the unemployment rate remained stable compared to the previous month.

Details of the economic conditions are as follows;

Agricultural production grew by 11.3 percent from the same period last year from rubber output due to an increase in new tapping area together with the favourable weather condition. Meanwhile, oil palm output reduced from temporary change in season. Vannamei shrimp output dropped as shrimp farmers decreased the number of baby shrimps during March 2018 since the price tended to decline. Regarding agricultural price, it declined by 21.3 percent following a decrease in all major agricultural prices. Rubber price reduced following the higher output and the high level of rubber stock at Shanghai Futures Exchange. Vannamei shrimp price declined due to an increase in global supply. Meanwhile, oil palm price dropped, which was in line with the direction of Crude Palm Oil (CPO) price in the global market, coupled with the high level of Thailand's CPO stock. Thus, farm income contracted by 12.4 percent in this month, improving from the previous month where farm income contracted by 21.5 percent.

The number of foreign tourists increased by 8.4 percent compared to the same period last year, decelerated from the preceding month as entering the off-season period. The major tourists those from China and Malaysia expanded with lower growth. Meanwhile, the number of Russian tourists decreased due to the postponement of travel ahead of the 2018 FIFA World Cup. However, the number of European tourists accelerated from the preceding month. Considering by area, tourism in the Andaman coast decelerated. Meanwhile, tourism in the Gulf of Thailand and southern border contracted.

Exports value declined by 8.3 percent from the same period last year, owing chiefly to the export of aircraft, petroleum platform, ship, and rail. By excluding these merchandises, the value of exports increased by 1.5 percent, slowed down from the previous month which was in line with the contraction of manufacturing production by 1.6 percent in this month after the expansion of 14.4 percent last month. The production of frozen and processed seafood and CPO dropped due to the decline in raw material. Meanwhile, the production of processed rubberwood and products

¹ Excluding aircraft, petroleum platform, ship, and rail.

contracted following the delay of purchase order which was still affected by the environmental restriction by Chinese government. Nevertheless, the production of canned seafood continued to expand, supported by the lower tuna price. Meanwhile, the production of processed rubber and rubber glove decelerated.

Private consumption indicators rose by 1.5 percent compared to the same period last year, stayed flat from the previous month. The spending on tourism continued to expand. Meanwhile, spending on non-durable goods accelerated and was supported by improved farm income. However, spending on the high-value goods, both automotive and semi-durable categories, declined from last month reflecting the slowly recovered purchasing power.

Private investment indicators expanded by 1.5 percent compared to the same period last year, slightly slowed down from the preceding month. The value of domestic machinery sales and cement sales were still the essential drivers. Meanwhile, permitted construction areas in and out of the municipal zone improved. Nevertheless, personal truck registration decelerated, while the import of capital goods dropped, particularly in the processed rubber and CPO industries.

Public spending increased by 25.3 percent compared to the same period last year. Current spending rose by 38.2 percent following the disbursement of general purpose subsidy by Office of the Basic Education Commission and an autonomous university. Meanwhile, capital spending grew by 11.5 percent following the higher disbursement of durable goods category by Office of the Permanent Secretary, Ministry of Public Health and Royal Thai Police, including the higher disbursement of land and construction category by Royal Irrigation Department.

On the stability front, **headline inflation** was at 1.27 percent, edged up from the previous month which was at 0.75 percent, owing to an increase in retail petroleum and Liquefied Petroleum Gas (LPG) prices, coupled with the higher fresh food prices following the rebounding growth of meat, poultry and aquatic animals' prices. Regarding the **unemployment rate**, it was at 1.5 percent, remained stable compared to the preceding month.

At the end of April 2018, overall **deposits** expanded by 4.0 percent from to the same period last year, slightly decelerated from the preceding month. The deposits decelerated both from commercial banks and Specialised Financial Institutions (SFIs). Regarding overall **loan**, it increased by 2.1 percent from the same period last year, stayed flat from the previous month. The commercial banks' loan slightly contracted as a partial result of the adjustment of credit policy for savings and credit cooperatives. Meanwhile, the SFIs loan slightly slowed down whereby the long-term credit to farmers were expanding well.

Bank of Thailand, Southern Region Office
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Table Attached to Press Release on Southern Region's Economic Conditions in May 2018

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

	2017	2018				
	Dec.	Jan.	Feb.	Mar.	Apr.	May
The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated)						
Farm Income Index ^r	-29.1	-24.6	-27.2	-9.1	-21.5	-12.4
Agricultural Production Index	3.5	21.7	18.1	29.9	9.3	11.3
Agricultural Price Index	-31.5	-38.1	-38.4	-30.0	-28.1	-21.3
- Rubber (RSS3)	-38.9	-45.5	-47.8	-36.7	-32.1	-30.1
- Oil palm (FFB)	-42.6	-40.4	-33.9	-32.8	-35.4	-27.8
- Shrimp (70 pc/kg)	-8.1	-13.5	-14.3	-15.6	-19.5	-25.5
Fishery Production						
- Fishery production loaded at ports	-3.3	43.6	10.2	19.7	-7.7	n.a.
- Shrimp production	9.5	8.0	23.5	79.6	10.6	-4.8
Number of Foreign Tourists	13.7	6.2	29.8	22.2	16.0	8.4
Manufacturing Production Index (MPI)	9.8	25.8	5.0	-2.9	14.4	-1.6
Private Consumption Index (PCI) ^r	-0.3	0.6	0.6	0.9	1.5	1.5
- Car Index	26.5	12.6	11.1	6.0	5.4	-3.5
- Fuel Index	0.1	8.8	2.7	0.3	6.1	3.1
- Household Electricity Index	1.8	1.8	14.1	7.2	9.3	10.2 ^e
- Non-durable goods Index	-3.4	-4.2	-1.4	0.2	1.9	3.3
- Semi-durable goods Index	-12.4	11.3	4.6	1.1	5.1	1.8 ^e
- Services Index	18.7	14.5	8.2	14.9	11.4	11.0
Private Investment						
- Private Investment Index (PII) ^{1/}	0.1	1.7	2.6	2.7	1.7	1.5
- Promotional privileges from Board of Investment (total investment)	-97.4	-90.0	180.8	305.8	n.a.	n.a.
- Registration of Business Entity (total registration)	505.9	-41.4	-36.6	-11.2	123.9	-11.9
- Construction area permitted in municipal zone (12-month moving average)	-25.4	-23.1	-15.9	-9.8	-6.4	-2.5
Fiscal Sector						
- Tax revenue	3.8	11.5	7.2	2.3	-20.7	1.0
- Total disbursement ^{2/}	-40.9	16.9	10.8	10.7	-5.1	25.3
Consumer Price Index (Base Year = 2015)	1.02	0.65	0.08	0.55	0.75	1.27
- Food and beverages	0.70	-0.08	-0.98	-0.59	-0.35	-0.17
- Non food and beverages	1.21	1.09	0.69	1.20	1.41	2.09
Core Consumer Price Index (excluding raw food and energy)	0.76	0.70	0.51	0.45	0.43	0.46
Unemployment Rate	2.1	1.5	1.8	1.8	1.5	1.5
International Trade(million USD)						
- Exports	1,229.5	1,214.4	1,102.3	1,512.9	1,264.4	1,203.5
$\Delta\%$ year-on-year	16.3	26.8	-4.4	7.4	-12.7	-8.3
- Imports	724.6	896.0	743.9	1,081.1	1,019.7	877.3
$\Delta\%$ year-on-year	1.9	47.3	-3.8	3.0	-18.2	5.0
Financial Sector (at the end of period) (Billions baht)						
Overall deposits	1,079.0	1,087.4	1,090.7	1,099.2	1,096.7	n.a.
$\Delta\%$ year-on-year	5.1	4.7	4.2	4.2	4.0	n.a.
- Deposits of commercial banks	674.1	677.0	678.2	682.1	682.6	n.a.
$\Delta\%$ year-on-year	4.3	3.4	3.0	3.2	3.1	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	404.9	410.4	412.5	417.0	414.0	n.a.
$\Delta\%$ year-on-year	6.5	7.0	6.2	5.7	5.5	n.a.
Overall loans	1,217.3	1,215.7	1,220.8	1,221.7	1,217.2	n.a.
$\Delta\%$ year-on-year	3.0	2.7	2.4	2.1	2.1	n.a.
- Loans of commercial banks	692.9	690.4	692.0	688.4	682.4	n.a.
$\Delta\%$ year-on-year	0.6	0.0	-0.6	-0.7	-0.7	n.a.
- Loans of Specialised Financial Institutions (SFIs)	524.4	525.3	528.9	533.2	534.8	n.a.
$\Delta\%$ year-on-year	6.3	6.3	6.6	6.1	5.9	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
