

No. 23/2016Press Release on Southern Region's Economic Conditions in November 2016

The overall economic activities of the Southern region in November 2016 slightly expanded from the previous month. Farm income significantly rose mainly from agricultural prices, whereas agricultural outputs improved from the previous month. Private consumption also benefited from an increase in farm income. Public spending – both current and capital expenditures – accelerated this month, whereas private investment showed a recovery sign. However, number of Malaysian and Chinese tourists continued to decline which was due to Malaysian ringgit depreciation and the measures to curb illegitimate tour operators, respectively. Manufacturing production also decreased mainly from canned seafood production. **On the stability front**, headline inflation minimally rose from the previous month due to higher prices of fresh food and energy which continually increased.

Details of the economic conditions are as follows;

Farm income accelerated both from the previous month and from the same period last year, supported by continued agricultural prices growth. Increased rubber and Vannamei shrimp prices were due to higher demand from trading partners, while increased oil palm price was due to output contraction from the lagged impact of the drought, together with higher demand on biodiesel usage as biodiesel blend has changed from B3 to B5 since November 25th, 2016. However, rubber and Vannamei shrimp outputs levelled from the same period last year.

Public spending both current and capital expenditures, expanded from the same period last year, after a contraction in the previous month. Current expenditure grew, driven largely by general subsidies in Songkhla province, whereas capital expenditure accelerated, underpinned primarily by the disbursement of general subsidies, land and construction, and durable goods.

Private consumption registered a growth both from the previous month and from the same period last year, following the expedited farm income which improved households' purchasing power. This expansion can be observed in increased consumer goods sales in both discount and other stores. Moreover, the number of car and motorcycle registration also rose.

The value of exports grew from the same period last year due mainly to higher price of rubber products as the rubber price surged, including concentrated latex, block rubber, and rubber sheets. In addition, the export value of processed rubber wood, fibre board, particle board, rubber glove, and frozen and processed seafood also increased, consistent with the higher production in these industries. On the other hand, **the value of imports** expanded from the same period last year in various categories: aircraft, petroleum platform, rail, cable-laying vessel, and fishery.

Private investment remained in contraction due to sluggish investment in real estate sector, particularly residences for middle- to low-income households. However, in comparison to the previous month, private investment showed an improvement sign which was reflected by increased permitted construction areas for trade and services, in line with increased bulk cement sales and pickup truck registration as domestic trade and tourism in Andaman coast remained expanded.

The number of **tourists** declined both from the previous month and from the same period last year, following a drop in Malaysian and Chinese tourists. Malaysian ringgit depreciation lowered the number of Malaysian tourists, whereas the measures to curb illegitimate tour operators impacted the number of Chinese tourists to reduce. However, the number of tourists from Russia, Singapore, and Europe grew in Phuket. This was partly due to the launching of new airline route, Frankfurt-Phuket.

Manufacturing production declined both from the previous month and from the same period last year. Canned seafood production reduced as demand remained subdued due partly to high price of tuna, resulting in higher price of canned seafood products. Meanwhile, the producers also slowed down the export to Middle East as the turmoil in this region may affect payment. Moreover, rubber product production slightly decreased as rubber output fell, attributable to lower export to China despite high demand. The production of crude palm oil continued to fall owing to low oil palm output. However, rubber glove, and wood and products production remained in expansion, resulting from continued demand from the United States and China.

On the stability front, **headline inflation** stood at 0.78 percent, increased from the previous month. Prices of fresh food, especially vegetables and fruits, increased due to low outputs from unfavorable weather. Moreover, crude oil price continually went up. **Unemployment rate** was at 1.83 percent, levelled from the previous month. This was driven by a drop in agricultural and services sector employment, whereas employment in trading, construction and manufacturing sectors grew.

At the end of October 2016, **deposits** of commercial banks and specialized financial institutions (SFIs) expanded from the same period last year, partly due to government budget deposit, together with deposit from the savings bonds issued by SFIs. Commercial banks **loans** slightly rose following increased lending to quality customers. Meanwhile, SFIs loans continued to expand, particularly agricultural and housing loans.

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BANK OF THAILAND

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

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| | 2016 | | | | | |
|--|---------|---------|---------|---------|-------------------|------------------|
| | Jun | Jul | Aug | Sep | Oct | Nov |
| The Real Sector ($\Delta\%$ year-on-year, unless otherwise stated) | | | | | | |
| Farm Income Index | -7.7 | 20.1 | 24.3 | 21.8 | 25.9 | 43.6 |
| Agricultural Production Index | -7.9 | -0.5 | 3.0 | -2.1 | -4.1 | -1.2 |
| Agricultural Price Index | 0.3 | 20.6 | 20.7 | 24.3 | 31.3 | 45.3 |
| - Rubber (US\$3) | -5.1 | 10.9 | 15.4 | 17.9 | 29.9 | 56.4 |
| - Oil palm (FFB) | 15.9 | 61.5 | 46.1 | 55.3 | 46.3 | 32.7 |
| - Shrimp (70 pc/kg) | 10.4 | 13.6 | 9.4 | 13.1 | 13.2 | 11.7 |
| Fishery Production | | | | | | |
| - Fishery production loaded at ports | -20.8 | 38.3 | -18.4 | -16.9 | -30.6 | n.a. |
| - Shrimp production | 37.0 | 41.2 | 55.1 | 9.5 | -2.0 | 0.1 |
| Number of Foreign Tourists | -0.3 | 14.5 | 9.0 | 15.5 | 4.8 | -2.2 |
| Manufacturing Production Index (MPI) | -1.3 | 3.0 | -0.1 | 2.4 | -2.1 | -2.6 |
| Private Consumption Index (PCI) | 5.5 | 3.8 | 6.1 | 7.4 | 4.1 ^r | 5.3 |
| - Car Index | 7.7 | -9.1 | 16.4 | 8.7 | 3.0 | 11.0 |
| - Fuel Index | 3.0 | 0.7 | 7.9 | 7.9 | -1.0 ^r | 4.9 ^e |
| - Household Electricity | 2.0 | 3.5 | 6.2 | 4.7 | 2.8 ^r | 4.6 ^e |
| - Sales of consumer goods and services ^{1/} | 12.7 | 9.1 | 14.0 | 17.2 | 9.8 | 11.9 |
| Private Investment | | | | | | |
| - Private Investment Index (PII) | -2.3 | -3.1 | -2.3 | -2.0 | -1.2 | -1.0 |
| - Promotional privileges from Board of Investment ($\Delta\%$ of total investment) | 1,189.4 | -18.0 | 136.8 | -93.5 | 125.6 | -70.1 |
| - Registration of Business Entity ($\Delta\%$ of total registration) | 38.3 | 30.7 | 102.0 | -8.3 | 12.3 | 86.7 |
| - Construction area permitted in municipal zone (12-month moving average) | -16.9 | -20.6 | -16.7 | -11.7 | -4.1 | -1.7 |
| Fiscal Sector | | | | | | |
| - Tax revenue | 3.8 | -4.8 | 2.7 | 3.1 | -1.5 | -0.3 |
| - Total disbursement | 14.2 | -8.7 | 5.3 | 5.3 | -15.7 | 15.8 |
| Consumer Price Index | 0.43 | 0.22 | 0.42 | 0.55 | 0.39 | 0.78 |
| - Food and beverages | 2.82 | 2.04 | 2.07 | 1.61 | 0.80 | 1.56 |
| - Non food and beverages | -1.10 | -0.94 | -0.64 | -0.14 | 0.13 | 0.28 |
| Core Consumer Price Index (excluding raw food and energy) | 0.55 | 0.70 | 0.70 | 0.73 | 0.71 | 0.72 |
| Unemployment Rate | 1.47 | 1.18 | 1.27 | 0.98 | 1.84 | 1.83 |
| International Trade(million USD) | | | | | | |
| - Exports | 972.0 | 1,047.6 | 1,052.9 | 1,229.2 | 1,019.3 | 1,010.1 |
| $\Delta\%$ year-on-year | -25.0 | 10.6 | 14.7 | 11.4 | -9.9 | 8.3 |
| - Imports | 700.5 | 907.2 | 752.3 | 792.9 | 983.1 | 781.2 |
| $\Delta\%$ year-on-year | -21.8 | 30.6 | -7.5 | 4.1 | 23.1 | 2.2 |
| Financial Sector (at the end of period) (Billions baht) | | | | | | |
| - Deposits | 642.7 | 637.4 | 634.1 | 635.4 | 643.6 | n.a. |
| $\Delta\%$ year-on-year | 2.8 | 2.6 | 2.3 | 2.9 | 3.1 | n.a. |
| - Loans ^{2/} | 670.8 | 667.7 | 669.4 | 670.3 | 673.2 | n.a. |
| $\Delta\%$ year-on-year | 0.9 | 0.2 | 0.3 | -0.1 | 0.4 | 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