

**No. 21/2017****Press Release on Southern Region's Economic Conditions in October 2017**

The overall economic activities in the Southern region in October 2017 expanded. Exports continued to expand in accordance with foreign demand and were consistent with an increase in manufacturing production. However, the production in seafood processing industry contracted. The number of foreign tourists in particular those from China increased. Public spending accelerated as a result of expedited disbursement. Private consumption slightly rose by an increase in the expenditure regarding tourism and logistics while the spending on non-durable goods gradually improved. **On the stability front**, headline inflation slightly picked up from the previous month on account of vegetable, fruit, and petroleum prices. The unemployment rate went up due to increased unemployed new entrants.

Details of the economic conditions are as follows;

**Agricultural production** exhibited 7.4 percent annual growth from the same period last year, owing to rubber and oil palm outputs following an increase in tapping area together with the favourable weather condition. Meanwhile, Vannamei shrimp output rose as shrimp farmers continued to early harvest to avoid the risk from the Infectious Myonecrosis (IMN) disease. Agricultural prices contracted as a result of the lower rubber and oil palm prices, led to lower farm income which decreased by 2.0 percent.

**Exports value** gained traction with a growth of 23.3 percent, supported by stronger demand from major trading partners. This was in line with manufacturing production which expanded by 9.8 percent. The production and exports of processed rubber, rubber glove, and processed rubber wood improved as the demand remained robust. Nevertheless, the production and exports of canned and frozen and processed seafood decreased due mainly to the higher raw material prices. However, fish production and exports to Japan increased. In addition, crude palm oil production surged following a large amount of output as a result of price decline and increased export to India.

**The number of foreign tourists** registered a positive growth of 10.1 percent from the increase in the number of tourists in the Andaman coast and the Gulf of Thailand due to the China's National Day holiday, coupled with the low base effect of the government's regulation on illegal tour operators in the same period last year. Such expansion was consistent with the increased number of international flights. Nevertheless, tourists in Southern-border provinces continued to decline.

**Private consumption indicators** slightly grew at 1.4 percent from the same period last year from the expenditure on tourism and logistics. Moreover, the spending on durable and semi-

durable goods also went up. Meanwhile, spending on non-durable goods gradually improved but low farm income remained the negative factor for consumption.

**Public spending** expanded by 29.8 percent compared to the same period last year, and it registered a high growth of 87.6 percent when salary payment was excluded. The expansion occurred in both current and capital expenditures as there were expedited disbursement in the first month of the fiscal year 2018. While the current expenditure mainly increased from the disbursement of the operational budget by educational institutions and Southern Border Provinces Administration Centre, the expansion of capital expenditure was a result of land and construction budget by Royal Irrigation Department, Department of Rural Roads, and Departments of Highways, together with the disbursement by educational institutions.

**Private investment indicators** contracted by 1.8 percent from the same period last year following the decrease of investment in construction and real estate sectors, reflected by decreased cement sales and permitted construction areas for housing as new investment had been delayed. Moreover, import of capital goods also declined, particularly in the processed seafood industry.

On the stability front, **headline inflation** was at 0.94 percent, slightly edged up from the previous month which was at 0.87 percent, driven by increased vegetable and fruit prices after crops had been damaged by rainfall together with higher demand during Vegetarian Festival. In addition, petroleum price also rose. The **unemployment rate** was at 2.2 percent, increasing from 1.3 percent in the preceding month, owing to the rise of the number of labours who had never worked. However, non-agricultural employment rose which was in line with the expansion of manufacturing production and tourism sector.

At the end of September 2017, overall **deposits** expanded by 4.9 percent from the same period last year, attributed to the deposits expansion of Specialised Financial Institutions (SFIs). Meanwhile, the deposits of commercial banks mostly rose from savings account. Regarding overall **loan**, it grew by 4.8 percent. While commercial banks' loan increased primarily from manufacturing loan especially in rubber business, SFIs' loan expanded from farmer loans.

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

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	2017					
	May	June	July	Aug	Sep	Oct
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
Farm Income Index <sup>f</sup>	9.7	-1.9	-15.7	-7.3	3.4	-2.0
Agricultural Production Index	2.4	4.4	1.6	2.0	2.5	7.4
Agricultural Price Index	7.2	-6.0	-17.0	-9.1	0.9	-8.7
- Rubber (RSS3)	20.5	2.4	-8.7	-1.6	4.6	-10.9
- Oil palm (FFB)	-17.7	-26.9	-39.6	-33.1	-27.8	-30.8
- Shrimp (70 pc/kg)	5.5	-3.4	-4.6	-1.2	-2.7	5.5
<b>Fishery Production</b>						
- Fishery production loaded at ports	-6.3	10.3	-10.5	-5.1	-16.6	n.a.
- Shrimp production	12.8	10.0	-10.1	-8.1	6.9	0.0
<b>Number of Foreign Tourists</b>	-1.3	15.3	-5.7	9.0	-8.2	10.1
<b>Manufacturing Production Index (MPI)</b>	3.0	0.5	9.8	16.2	10.3	9.8
<b>Private Consumption Index (PCI) <sup>f</sup></b>	-0.8	0.2	0.5	1.4 <sup>f</sup>	1.5 <sup>f</sup>	1.6 <sup>e</sup>
- Car Index	48.9	17.5	27.0	18.2 <sup>r</sup>	19.7 <sup>r</sup>	42.8
- Fuel Index	5.1	6.9	6.7	0.6	0.8 <sup>f</sup>	-2.7 <sup>e</sup>
- Household Electricity Index	-8.2	6.5	2.8	5.2	5.9 <sup>f</sup>	4.7 <sup>e</sup>
- Non-durable goods Index	-7.8	-3.5	-3.6	-1.3	1.3	0.3
- Semi-durable goods Index	-2.8	-2.3	1.0	10.3	-1.0 <sup>r</sup>	4.4
- Services Index	12.9	11.8	17.9	26.5	24.8 <sup>f</sup>	22.0 <sup>e</sup>
<b>Private Investment</b>						
- Private Investment Index (PII)	0.1	0.1	1.4	1.3 <sup>f</sup>	0.0 <sup>f</sup>	-1.1 <sup>f</sup>
- Promotional privileges from Board of Investment (total investment)	-	-58.0	108.5	186.6	326.7	-85.3
- Registration of Business Entity (total registration)	125.8	-2.5	83.8	19.5	82.2	10.8
- Construction area permitted in municipal zone (12-month moving average)	-0.9	-1.7	2.3	2.7	-8.4	-16.8
<b>Fiscal Sector</b>						
- Tax revenue	5.0	1.2	9.1	7.9	-0.7	0.0
- Total disbursement <sup>1/</sup>	-37.3	-24.3	6.8	-13.1	-27.8	29.8
<b>Consumer Price Index <sup>2/</sup></b>	0.46	0.13	0.28	0.41	0.87	0.94
- Food and beverages	-0.11	-0.13	-0.28	-0.83	0.03	0.52
- Non food and beverages	0.87	0.34	0.67	1.22	1.41	1.20
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.74	0.77	0.63	0.58	0.60	0.68
<b>Unemployment Rate</b>	1.60	1.20	1.70	1.70	1.30	2.20
<b>International Trade(million USD)</b>						
- Exports	1,312.7	1,471.4	1,378.7	1,343.5	1,245.7	1,256.1
<i><math>\Delta\%</math> year-on-year</i>	38.6	54.2	31.7	29.6	1.4	23.3
- Imports	835.8	770.7	853.7	809.9	775.5	1,307.8
<i><math>\Delta\%</math> year-on-year</i>	6.8	9.7	-6.5	7.7	-2.1	33.0
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	1,048.9	1,047.2	1,047.5	1,049.2	1,049.1	n.a.
<i><math>\Delta\%</math> year-on-year</i>	5.0	4.3	5.0	5.4	4.9	n.a.
- Deposits of commercial banks	658.6	654.8	652.6	653.4	652.1	n.a.
<i><math>\Delta\%</math> year-on-year</i>	2.8	1.9	2.4	3.1	2.6	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	390.2	392.4	394.9	395.8	397.0	n.a.
<i><math>\Delta\%</math> year-on-year</i>	9.0	8.6	9.6	9.5	8.7	n.a.
<b>Overall loans</b>	1,195.6	1,198.3	1,202.5	1,207.9	1,210.7	n.a.
<i><math>\Delta\%</math> year-on-year</i>	4.0	3.9	4.5	4.7	4.8	n.a.
- Loans of commercial banks	688.0	689.5	691.4	695.1	695.1	n.a.
<i><math>\Delta\%</math> year-on-year</i>	2.7	2.8	3.5	3.8	3.7	n.a.
- Loans of Specialised Financial Institutions (SFIs)	507.7	508.8	511.1	512.8	515.5	n.a.
<i><math>\Delta\%</math> year-on-year</i>	5.6	5.5	5.8	6.0	6.2	n.a.

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

<sup>1/</sup> Changing in payment system of the Office of the Basic Education Commission to directly transfer to the officers without passing through Southern Comptroller

<sup>2/</sup> changing base year from 2011 to 2015

Source : Bank of Thailand, Southern Region Office