

**No. 17/2017****Press Release on Southern Region's Economic Conditions for September 2017**

The overall economic activities in the Southern region in September 2017 expanded. The agricultural outputs increased. Meanwhile, exports continued to grow and were consistent with the expansion of manufacturing production. However, number of foreign tourists contracted from Malaysian tourists due to the high base effect in the previous year from Hari Raya Haji holiday. Private consumption posted a slightly positive growth, mainly from the spending on services sector and non-durable goods, following the improved farm income. While private investment remained stable, public spending nevertheless declined both current and capital expenditures. **On the stability front**, headline inflation slightly went up from the previous month due primarily to higher energy prices. Unemployment rate slightly went down from the last month.

Details of the economic conditions are as follows;

**Agricultural production** increased by 2.1 percent compared to the same period last year from rubber, oil palm and Vannamei shrimp. The rubber output rose due to tapping area expansion. While the oil palm output increased due to the favourable weather and planting area expansion, Vannamei shrimp output also increased after shrimp farming had been delayed in the past few months. In addition, some shrimp farmers had early harvested as they concerned about the Infectious Myonecrosis (IMN) disease. Agricultural prices showed a small increase as a result of higher rubber price. The **farm income** then expanded by 3.0 percent.

**Exports value** expanded with a growth of 1.4 percent from the same period last year. The growth significantly decelerated compared to the previous month caused by the decrease in the exports of aircraft, petroleum platform, ship, and rail. By excluding those merchandises, the value of exports continued to grow following the continued foreign demand which was in line with a growth of 10.3 percent in **manufacturing production**. Demand for processed rubber and rubber wood from China continually expanded as the market remained strong. Moreover, the lower rubber stocks in Qingdao, the higher imports from China. The production of rubber glove continuously rose following the demand from EU. Meanwhile, the production of frozen and processed seafood remained unchanged. Although fish exports to Japan and EU increased, shrimp and cuttlefish exports decreased. In addition, the contraction of canned seafood production was attributable to the lower demand from Egypt owing to US dollar settlement control policy. For crude palm oil, the production continually increased as a result of significantly increased oil palm supply.

The number of foreign **tourists** registered a negative growth of 8.2 percent from the same period last year as the Malaysian tourists in Southern-border provinces declined due mainly to the high base effect of the previous year from Hari Raya Haji holiday. However, the tourists in the Andaman coast and

the Gulf of Thailand kept expanding, and were consistent with the increased number of international flights.

**Private consumption indicators** showed an uptick with a growth of 1.7 percent from the same period last year due mainly to an increase in services expenses. Moreover, spending on non-durable goods picked up, supported by higher farm income which increased in both production and price. Meanwhile, spending on durable goods continued to grow.

**Public spending** contracted by 27.8 percent compared to the same period last year, but it declined by only 9.4 percent in both current and capital spending when excluded the salary payment. The current spending mainly declined from lower on both operational budget for educational institutions and the disbursement of Southern Border Provinces Administration Centre. Meanwhile, the reduction of capital spending was a result of the lower disbursement by the Department of Local Administration and construction budgets of Department of Rural Roads, Royal Irrigation Department, and Departments of Highways. However, the disbursement under the provincial cluster projects continued to increase.

**Private investment indicators** stayed flat from the same period last year as reflected by increased pickup truck sales and cement sales. Nevertheless, permitted construction areas for housing decreased which was consistent with the low level of investment in real estate sector. Meanwhile, imports value of machinery and equipment used in processed rubber and palm oil industries declined as the imports had already occurred in the earlier period.

On the stability front, **headline inflation** increased to 0.87 percent from 0.41 percent in the preceding month, driven by an increase in energy price both LPG and petroleum. Meanwhile, vegetables and fruits prices rose due to lower supply as there were rainfall and flooding in the planting areas. The **unemployment rate** was at 1.33 percent, declining from 1.68 percent in the previous month as the employment in non-agricultural sector dropped, whereas the employment in agricultural sector rose.

At the end of August 2017, overall **deposits** expanded by 5.4 percent from the same period last year, continually broadened from the preceding month. The deposits of commercial banks rose by 3.1 percent, whereas the deposits of Specialised Financial Institutions (SFIs) rose by 9.5 percent. Meanwhile, overall **loan** grew by 4.5 percent which was consistent with the deposits expansion. For commercial banks, loan increased by 3.8 percent due primarily to manufacturing and commercial loans, whereas SFIs' loan rose by 6.0 percent from housing loan and agricultural loan.

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

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	2017					
	Apr	May	June	July	Aug	Sep
<b>The Real Sector (<math>\Delta\%</math> year-on-year, unless otherwise stated)</b>						
Farm Income Index <sup>r</sup>	19.1	7.8	-2.7	-15.9	-7.8	3.0
Agricultural Production Index	3.1	0.5	3.5	1.3	1.5	2.1
Agricultural Price Index	15.6	7.2	-6.0	-17.0	-9.1	0.9
- Rubber (RSS3)	26.8	20.5	2.4	-8.7	-1.6	4.6
- Oil palm (FFB)	-12.7	-17.7	-26.9	-39.6	-33.1	-27.8
- Shrimp (70 pc/kg)	6.6	5.5	-3.4	-4.6	-1.2	-2.7
<b>Fishery Production</b>						
- Fishery production loaded at ports	-5.5	-6.3	10.3	-10.5	-5.1	n.a.
- Shrimp production	-10.2	12.8	10.0	-10.1	-8.1	6.9
<b>Number of Foreign Tourists</b>	7.5	-1.3	15.3	-5.7	9.0	-8.2
<b>Manufacturing Production Index (MPI)</b>	-0.9	3.0	0.5	9.8	16.2	10.3
<b>Private Consumption Index (PCI) <sup>r</sup></b>	-0.5	-0.8	0.2	0.5	1.2	1.7 <sup>e</sup>
- Car Index	23.3	48.9	17.5	27.0	5.9	7.1 <sup>e</sup>
- Fuel Index	-5.8	5.1	6.9	6.7	0.6	4.8
- Household Electricity Index	-7.3	-8.2	6.5	2.8	5.2	4.9 <sup>e</sup>
- Non-durable goods Index	-3.5	-7.8	-3.5	-3.6	-1.3	1.3
- Semi-durable goods Index	-4.1	-2.8	-2.3	1.0	10.3	2.4
- Services Index	12.0	12.9	11.8	17.9	26.4 <sup>r</sup>	25.5 <sup>e</sup>
<b>Private Investment</b>						
- Private Investment Index (PII)	-0.6	0.1	0.1	1.4	1.2	-0.5 <sup>e</sup>
- Promotional privileges from Board of Investment (total investment)	-45.9	-	-58.0	108.5	186.6	326.7
- Registration of Business Entity (total registration)	61.8	125.8	-2.5	83.8	19.5	82.2
- Construction area permitted in municipal zone (12-month moving average)	-0.2	-0.9	-1.7	2.3	2.7	-8.4
<b>Fiscal Sector</b>						
- Tax revenue	27.9	5.0	1.2	9.1	7.9	-0.7
- Total disbursement <sup>1/</sup>	-38.2	-37.3	-24.3	6.8	-13.1	-27.8
<b>Consumer Price Index <sup>2/</sup></b>	1.13	0.46	0.13	0.28	0.41	0.87
- Food and beverages	1.25	-0.11	-0.13	-0.28	-0.83	0.03
- Non food and beverages	1.08	0.87	0.34	0.67	1.22	1.41
<b>Core Consumer Price Index (excluding raw food and energy)</b>	0.75	0.74	0.77	0.63	0.58	0.60
<b>Unemployment Rate</b>	1.98	1.56	1.24	1.67	1.68	1.33
<b>International Trade(million USD)</b>						
- Exports	1,445.7	1,312.7	1,471.4	1,378.7	1,343.5	1,245.7
$\Delta\%$ year-on-year	49.3	38.6	54.2	31.7	29.6	1.4
- Imports	1,246.6	835.8	770.7	853.7	809.9	775.5
$\Delta\%$ year-on-year	65.7	6.8	9.7	-6.5	7.7	-2.1
<b>Financial Sector (at the end of period) (Billions baht)</b>						
<b>Overall deposits</b>	1,054.3	1,048.9	1,047.2	1,047.5	1,049.2	n.a.
$\Delta\%$ year-on-year	4.8	5.0	4.3	5.0	5.4	n.a.
- Deposits of commercial banks	662.0	658.6	654.8	652.6	653.4	n.a.
$\Delta\%$ year-on-year	2.7	2.8	1.9	2.4	3.1	n.a.
- Deposits of Specialised Financial Institutions (SFIs)	392.3	390.2	392.4	394.9	395.8	n.a.
$\Delta\%$ year-on-year	8.6	9.0	8.6	9.6	9.5	n.a.
<b>Overall loans</b>	1,192.5	1,195.6	1,198.3	1,202.5	1,207.9	n.a.
$\Delta\%$ year-on-year	3.3	4.0	3.9	4.5	4.7	n.a.
- Loans of commercial banks	687.3	688.0	689.5	691.4	695.1	n.a.
$\Delta\%$ year-on-year	2.1	2.7	2.8	3.5	3.8	n.a.
- Loans of Specialised Financial Institutions (SFIs)	505.2	507.7	508.8	511.1	512.8	n.a.
$\Delta\%$ year-on-year	5.1	5.6	5.5	5.8	6.0	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