



BANK OF THAILAND

BOT Press Release

Southern Region Office
Tel. 0-7427-2000 Fax. 0-7423-6205 www.bot.or.th

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Press Release on Southern Region's Economic Conditions in February 2015

The overall economy of the Southern region in February 2015 improved continually from previous month. This was supported by the increased agricultural production, particularly oil palm, together with the expanded tourism sector, particularly increased number of tourists from Malaysia and China. In addition, government spending expedited on investment projects. Despite the improved production and exports of a rubber industry, manufacturing dropped following decreases in raw materials and trade partners' demand. This was caused the declined total export value. Meanwhile, private consumption fell because households remained cautious on spending. In term of economic stability, inflation declined following decreases in fuel and raw food prices, while unemployment rate picked up.

Details of the economic conditions are as follows;

Overall economic activities improved from preceding month as the increased agricultural production. This was due to the increased output of oil palm. Concurrently, rubber price gradually increased which was shored up by rubber purchase plan of the Rubber Estate Organization. Oil palm price also remained high and reached the 4-year highest level because of inadequate supply comparing to demand. The delaying new shrimp crops during unfavorable weather led to an increase in shrimp price. Consequently, **farm income** improved. Nonetheless, rubber price was pressure by softened China's economy and low global crude oil price continually.

Tourism sector continued to grow robustly as the increased number of Asian tourists, particularly from China and Malaysia. Apparently, Thailand's attractions have gained popularity and political confidences among these tourists. The increased number of Chinese and Malaysian tourists helped to offset the decreased Russian tourists because of weakening Russian economy. As a result, hotel occupancy rate picked up in all areas, including Andaman coast, the Gulf of Thailand and Southern border.

Government stimulus expanded in this month. This was shored up by the expedited **government disbursement** of capital expenditure, particularly for land and constructions, as well as purchases of goods. This was following the increased disbursement of many government agencies, including Department of Rural Roads, Department of Highways, Royal

Irrigation Department, and Department of Public Works and Town & Country Planning. However, current expenditure decline because of changing disbursement system in certain government agencies. **Revenue collection** moderated considerably, particularly collection of the revenue department. This was following the softened collections of personal income tax and specific tax, whereas the collection of corporate income tax picked up as the increased filing of accrued taxes.

Manufacturing production in export- oriented industries declined following the decreased imports of raw materials, particularly in seafood industry, because of closing Indonesia's territorial sea until April 2015. The decreased production was also affected Japanese yen's depreciation, as well as the expiration of Thailand's benefit from the Generalized Scheme of Preferences (GSP) of all goods exported to the European Union. In addition, the falling crude oil price has deteriorated purchasing power of oil exporting countries in the Middle East. Consequently, the production in export-oriented industries dropped, including canned seafood, fresh-and-frozen seafood and rubber gloves. Nevertheless, the production of rubber product and rubber wood improved from prior month. The production of rubber wood accelerated as the low price of rubber wood logs after increasing cutting rubber trees.

Export value dropped mainly following the decreased exports of canned seafood product, fisheries and rubber gloves. Meanwhile, **value of imports** rose as the increased imports of construction equipments and the ship relating petroleum business through Songkhla customs house.

Private consumption softened owing to concerning on high level of household debt, together with low farm income and tightening credit standards of commercial banks. This was led to the contracted spending on durable goods, particularly automobile, which was in line with the slightly decline in consumers' confidence in this month.

Even financial conditions were likely to support investment, **private investment** remained to flatten. This was due to businesses waiting for clarity on economic recovery. The investment in infrastructure projects was in beginning stage. Investment indices - including permitted construction areas and registered commercial vehicles - remained to drop. However, imports of machineries increased, particularly the imports of ship for petroleum business.

In term of economic stability, **inflation** dropped by 0.45 percent (yoy) following the decrease in continually falling energy price because of low global oil price, together with decreased price of raw food. **Unemployment rate** was 1.20 percent which picked up from 1.10 percent in prior month. Most unemployed persons were in service, trade, agricultural and manufacturing sectors.

Commercial bank credits as of January 2015 dropped by 7.4 percent (yoy). This was due to change in bookkeeping system of certain banks by recording credits in head office instead of branches. **Commercial bank deposits** declined by 0.2 percent (yoy) as the contracted deposits of current and time deposit accounts.

Bank of Thailand, Southern Region Office
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Contact: Regional Economy Division Tel: +66 (0) 7427 2000 ext. 4717
e-mail: Jularatk@bot.or.th



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Table Attached to Press Release on Southern Region's Economic Conditions in February 2015

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Tel. 0-7427-2000 ext. 4710,4717 Fax 0-7423-8765 <http://www.bot.or.th>

	2014				2015	
	Sep	Oct	Nov	Dec	Jan	Feb
The Real Sector (Δ% year-on-year)						
Farm Income Index	-41.4	-38.9	-31.6	-37.1	-20.1	-12.5
Agricultural Production Index	-16.6	-13.4	-6.4	-14.3	-9.4	-6.3
Agricultural Price Index	-29.7	-29.4	-26.9	-26.6	-11.9	-6.7
- Rubber (US\$3)	-37.7	-34.9	-32.7	-31.7	-14.8	-6.6
- Oil palm (FFB)	2.7	11.4	9.1	6.1	7.9	3.6
- Shrimp (70 pc/kg)	-15.2	-30.7	-28.8	-35.2	-30.4	-25.5
Fishery Production						
- Fishery production loaded at ports	-11.0	5.3	-12.4	-8.3	2.1	-18.8
- Shrimp production	-36.0	-2.0	19.6	34.4	3.6	-2.5
Number of Foreign Tourists	5.5	15.4	5.3	20.0	30.7	28.6
Manufacturing Production Index (MPI)	1.0	0.3	0.8	-3.9	-1.7	-6.5
Private Consumption Index (PCI)	-0.5	-0.3	-1.0	2.3	3.0	1.9
- Car Index	-37.1	-39.0	-45.7	-34.3	-18.3	-33.1
- Fuel Index	5.6	-3.3	-6.5	4.3	6.3	6.1
- Household Electricity	-0.1	1.4	0.8	4.1	1.2	5.1
- VAT (real terms) 1/	-1.2	1.9	1.3	6.6	7.7	4.9
Private Investment						
- Private Investment Index (PII)	-5.8	-10.3	-11.2	-12.2	-11.2	-9.8
- Promotional privileges from Board of Investment (Δ% of total investment)	-56.2	-71.1	437.2	-62.9	190.5	1,151.0
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	8.1	17.7	11.5	21.7	n.a.	n.a.
- Construction area permitted in municipal zone (12-month moving average)	-5.1	-16.3	-17.1	-15.5	-18.1	-17.5
Fiscal Sector						
- Tax revenue	1.4	4.7	14.4	6.1	10.2	2.5
- Total disbursement	-13.1	38.6	-31.6	6.6	-8.8	-24.0
Consumer Price Index	1.96	1.77	1.79	0.71	-0.53	-0.45
- Food and beverages	4.30	3.94	4.83	4.08	3.13	3.04
- Non food and beverages	0.56	0.46	-0.04	-1.33	-2.74	-2.56
Core Consumer Price Index (excluding raw food and energy)	2.22	2.24	2.57	2.51	2.44	2.32
International Trade(million USD)						
- Exports	1,332.6	1,343.3	1,419.5	1,071.2	921.6	903.1
Δ% year-on-year	-0.9	-15.6	11.2	-21.1	-26.6	-25.1
- Imports	973.6	930.7	791.7	758.0	757.0	990.2
Δ% year-on-year	6.3	-13.1	-0.8	1.4	-9.0	6.6
Financial Sector (at the end of period) (Billions baht)						
- Deposits	621.5	616.2	624.5	628.4	631.2	n.a.
Δ% year-on-year	2.2	1.4	1.6	0.8	-0.2	n.a.
- Loans	702.3	702.0	705.5	709.4	649.4	n.a.
Δ% year-on-year	2.8	2.0	1.8	1.0	-7.4	n.a.
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						