



BANK OF THAILAND

BOT Press Release

Southern Region Office
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Press Release on Southern Region's Economic Conditions in September 2014

The overall economy of the Southern region in September 2014 moderated. This was pressured by the decreased farm income as a result of the declined agricultural price. Manufacturing production fell as the softened demand of trade partners. This was led to the contraction of private consumption and investment. However, tourism sector expanded strongly which was supported by Vegetarian Festival. Meanwhile, commercial bank credit and deposit softened. In term of internal stability, inflation eased as the decreased fuel price.

Details of the economic conditions are as follows;

Overall economic activities were continually pressured by the declining agricultural price. **Agricultural price index** remained to drop by 29.7 percent on year-on-year (yoy) basis. This was subdued by the falling rubber price to the 5-year lowest level which was caused by excess rubber supply and the concern of subdued global economy. Noticeably, China which was the key trade partner had sluggish economic data. Concurrently, **agricultural production index** reduced by 9.6 percent (yoy) following the low shrimp outputs. This was also subdued by falling rubber production because of heavy rain and lower rubber tapping during low rubber price. The Production of oil palm decreased after having fruitful outputs in the first half of this year. Consequently, **farm income** remained low and fell by 36.4 percent (yoy).

Manufacturing production index fell from earlier month. On a year-on-year basis, the production grew only by 1.0 percent (yoy). This was following the softened purchasing order from key trade partners, both the United States and Japan. Chinese demand also moderated which reflected by the 19-month lowest expansion of automobile production and the slowdown in property sector. The export-oriented production of rubber products and woods dropped accordingly. The outputs of fresh and frozen seafood products remained to confront the shortage of raw materials, Vannamei shrimp. The output of palm oil fell as the decreased raw materials, fresh fruit bunches. Meanwhile, the exported-oriented production of canned seafood expanded continually. This was partly due to the low base effect which there was unrest situation in the Middle East region previous year. The output of rubber gloves rose from the expansion of new exporting markets.

Export value picked up from prior month. On a year-on-year basis, export however declined slightly by 0.9 percent (yoy) particularly following the continually falling prices of

rubber products, rubber woods and canned seafood products. Conversely, the export value of rubber gloves and fisheries expanded. Meanwhile, value of **imports** picked up by 6.3 percent (yoy) as increased imports of fisheries and aluminum products.

Private spending reduced from preceding month and the same period of previous year. Households were cautious on spending because of the falling farm income. **Private consumption** reduced from previous month and dropped by 0.7 percent (yoy). This was reflected by the moderated collection of value-added tax in wholesale-retail businesses considerably. Concurrently, **private investment** fell by 5.8 percent (yoy) following contraction of all major indices, including construction sector, cement sales, registrations of commercial cars and imports of capital goods.

Tourism sector picked up by 5.5 percent (yoy). On seasonally adjusted data, a number of tourists expanded by 26.2 percent from prior month. This was shored up by the government public relation about political situation which aimed to build up tourists' confidence, together with visa fee waiver scheme for Chinese tourists and Vegetarian Festival, a number of tourists from Asia picked up accordingly. Apparently, a number of tourists in boarder areas grew by 11.7 percent (yoy), particularly from Malaysia and Singapore which improved from the high contraction of previous months.

In government sector, **revenue disbursement** reduced by 13.1 percent (yoy) following the decrease of capital and current expenditures. Meanwhile, **revenue collection** picked up by 1.4 percent (yoy). This was due to the increased collection of liquor excise tax which was caused by accelerated production before the maintenance shutdown of liquor production line in October. The collection of fuel excise tax rose because of increased imports of fuel oil in Krabi province.

Commercial bank credit and **deposit** as of September 2014 continued to soften from preceding month. The bank credits eased owing to the moderated corporate and consumer loans.

In term of internal stability, **unemployment rate** was 1.3 percent which increased from 0.8 percent (yoy) of earlier month. This was in line with the decreased employment. Meanwhile, inflation was 1.96 percent (yoy) which continued to decelerate mainly following softened fuel price.

Bank of Thailand, Southern Region Office

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Table Attached to Press Release on Southern Region's Economic Conditions in September 2014

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	2014					
	Apr	May	Jun	Jul	Aug	Sep
The Real Sector (Δ% year-on-year)						
Farm Income Index	9.7 ^r	-14.1 ^f	-16.2 ^f	-15.7 ^f	-25.2 ^f	-36.4 ^e
Agricultural Production Index	17.4 ^r	3.5 ^r	-2.0 ^r	-6.5 ^f	-9.8 ^r	-9.6 ^e
Agricultural Price Index	-6.5	-17.0	-14.4	-9.9	-17.1	-29.7
- Rubber (US\$3)	-13.7	-26.0	-20.8	-18.4	-25.8	-37.7
- Oil palm (FFB)	14.3	21.0	10.3	37.6	19.8	2.7
- Shrimp (70 pc/kg)	19.5	1.1	-6.2	-3.8	-1.6	-15.2
Fishery Production						
- Fishery production loaded at ports	-1.7	-11.6	0.1	-21.7	-9.4	-8.7
- Shrimp production	-57.0 ^r	-42.6 ^r	-45.2 ^r	-37.6 ^f	-40.3 ^r	-32.0 ^e
Number of Foreign Tourists	4.7	0.4	-20.6	-3.2	-17.1	5.5
Manufacturing Production Index (MPI)	-0.9	9.8	7.1	3.3 ^r	9.4	1.0
Private Consumption Index (PCI)	0.5	1.1	4.0	7.9	1.5 ^r	-0.7 ^e
- Car Index	-39.8	-37.8	-25.6	-34.2	-31.2	-37.1
- Fuel Index	2.2	0.1	1.0	0.2	-0.4 ^r	0.3 ^e
- Household Electricity	2.0	7.1	6.6	7.5 ^r	6.3 ^r	6.8 ^e
- VAT (real terms) 1/	2.7	4.2	11.8	24.6	5.1	-0.9
Private Investment						
- Private Investment Index (PII)	-4.8	-6.8	-4.4	-3.7	-4.2 ^r	-5.8
- Promotional privileges from Board of Investment (Δ% of total investment)	-69.7	-98.4	-93.6	1,421.3	-73.6	-56.2
- Capital investment of business registered at Ministry of Commerce (Δ% capital)	-52.1	-9.7	-61.1	23.7	-29.9	8.1
- Construction area permitted in municipal zone (12-month moving average)	-6.0	-3.7	-2.1	-3.6 ^r	-7.4 ^r	-5.1
Fiscal Sector						
- Tax revenue	-4.8	-2.6	8.3	12.2	-6.1	1.4
- Total disbursement	-18.6	4.0	-3.4	4.8	0.0	-13.1
Consumer Price Index	3.05	3.31	2.88	2.49	2.33	1.96
- Food and beverages	5.76	5.84	5.22	4.79	4.44	4.30
- Non food and beverages	1.42	1.77	1.48	1.12	1.06	0.56
Core Consumer Price Index (excluding raw food and energy)	2.09	2.38	2.34	2.39	2.40	2.22
International Trade(million USD)						
- Exports	1,120.3	1,213.4	1,318.2	1,106.3	1,332.0	1,332.6
Δ% year-on-year	-14.5	-17.7	-3.6	-12.5	-8.5	-0.9
- Imports	841.3	1,015.4	1,111.7	1,240.7	823.0	973.6
Δ% year-on-year	-29.3	-5.0	37.6	23.4	-29.8	6.3
Financial Sector (at the end of period) (Billions baht)						
- Deposits	641.5	631.3	623.8	623.9	621.6	621.5
Δ% year-on-year	5.7	4.2	2.7	3.7	2.8	2.2
- Loans	696.6	695.9	701.3	698.8	697.9	702.3
Δ% year-on-year	7.8	6.4	6.0	4.7	3.6	2.8
Remark : 1/ excluding VAT from customs duty. e = estimated r = revised n.a. = not available						
Source : Bank of Thailand, Southern Region Office						