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Press Release on Northern Region Economic Conditions in April 2010

The Northern Region economic conditions in April 2010 continued to improve at a moderate rate from the previous month, both on the demand and production side. Export value of high-tech and agricultural products decelerated in major markets, led to a slower pace of production in electronics and agro-industry. Private consumption and investment continued to expand steadily. Government spending declined due to delay in budget disbursement caused by domestic political unrest. Farm income expanded resulting from the increase in output caused by extension in planting areas. Tourist sector decelerated from the beginning of this year due to the political unrest, but was still better than the year before. Meanwhile, trade index grew all across the board.

Headline inflation rate expanded following food and energy prices. Labor supply was still tight and demand for production sectors increased. Commercial bank deposit and credit expanded at favorable rate.

Details of the economic conditions are as follows:

External demand, exports expanded but at a slower pace from the previous month. **Export value** through custom houses in the Northern Region grew by 62.5 percent year-on-year, amounting to 254.9 million US dollars, with growth decelerating in major markets such as Asian, Europe and China, and declining in the categories of export goods as electronic components, motorcycle spare parts and rice. Meanwhile, export to bordered countries increased by 48.2 percent year-on-year to 16.7 million US dollars, mainly to Myanmar and Lao. **Import value** recorded through custom houses in the Northern Region grew 50.3 percent year-on-year, amounting to 110.2 million US dollars, as the import of raw materials and intermediate goods improved. The import from bordered countries expanded by 5.5 percent year-on-year, to 7.9 million US dollars, especially from Lao PDR.

Domestic demands kept up the growth momentum. **Private Consumption Index (PCI)** slowed down slightly to 1.7 percent year-on-year, indicated by the number of registered cars and motorcycles expansion and the surge in spending of durable goods, especially air-conditioners. **Private Investment Index (PII)** grew by 5.4 percent year-on-year following the high volume of construction materials sale and the number of registered truck and pickup. Meanwhile, government spending declined due to delay in budget disbursement caused by domestic political unrest.

Production side decelerated. **Manufacturing Production Index (MPI)** rose by 32.6 percent year-on-year, grew at a slower pace from the previous month due to a decelerating of electronic

components and food industry production. **Farm income** in Northern Region grew by 3.2 percent year-on-year resulting from increasing in major crops production by 3.5 percent year-on-year, notably in second- crop rice and sugarcane in accordance with the expansion of planting areas. The major crops price index was slightly down by 0.3 percent as prices of second-crop rice paddy fell. **Tourist sector** decelerated from the beginning of this year, due to the political unrest, but was still an improvement over the previous year. This was partly a result from the sale promotion of hotel business, especially in Chiangmai, that stimulated Thais travelers interest to visit Songkran Festival in the Northern provinces. The number of air passengers was rose in almost all airports, whereas, the Value Added Tax (VAT) collected from hotels and restaurants also rose. **Trade index** in the Northern Region grew by 21.9 percent year-on-year all across the board, in line with the economic recovery but at a slower pace in some categories from the previous month. Motor vehicles trade expanded from the sale of fuel, motor and motorcycle. Wholesale trade item improved in the sales of intermediate goods such as construction materials and also non-durable goods such as agricultural raw materials, book and educational materials. Meanwhile, retail trade expanded satisfactory but at a decelerating rate from previous month.

The Headline Consumer Price Index in the Northern Region increased by 3.5 percent year-on-year as a result of acceleration in food prices such as rice, flour and meat, including a rising of fuel prices. **The Core Consumer Price Index** slightly increased by 0.1 percent year-on-year.

Labor supply in the Northern Region at end-March 2010 was tight due to high labor demand in production sectors. Whereas, **the unemployment rate** decreased by 0.7 percent, year-on-year. **The number of insured person** at end-April 2010 increased by 6.6 percent year-on-year to 715,580 persons.

At end-March 2010, the commercial bank **deposit outstanding** in the Northern Region increased by 4.5 percent to 398,859 million Baht. This was largely due to an increase in saving deposit of public authorities and local government authorities. The commercial bank **credit outstanding** was 316,663 million Baht, increasing by 5.1 percent due to acceleration in personal loans, which expanded markedly in loans for (hire) purchase of automobiles/motorcycles, housing and other personal consumption.

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