



No. 7 /2011

Northern Region Economic Conditions in April 2011

In April 2011, the overall economy in the Northern region continued to expand on the back of private investment, government expenditure, farm income and tourism activities. Private consumption increased slightly. In addition, manufacturing production turned to be positive this month. With regard to internal stability, price pressure persisted from rising inflation. Unemployment rate remained low. In the banking sector, deposits and credits continued to increase.

Details of the economic conditions are as follows:

Domestic demand expanded at the decelerated rate. **Private Investment Index** (PII) grew by 8.6 percent year-on-year (yoy), slightly down from 9.2 percent (yoy) in the previous month due to lower sales of commercial car and construction materials. However, the permitted construction in municipal area was accelerated, especially for commercial purposes following the business expansion from central to regional areas. Government disbursements increased by 26.4 percent (yoy) mainly to local administrative organizations in both current and capital expenditure, particularly land and building category. **Private Consumption Index** (PCI) grew marginally at 0.5 percent (yoy) partly due to consumer concerns about spending following higher prices. However, automobile indicators rose favorably.

Export value through the Northern Customs Houses amounted 290.2 million USD, growing by 13.9 percent (yoy). The major export items included camera lens, electronic components and processed food. Meanwhile, **import value** totaled 118.2 million USD, increased by 7.3 percent (yoy) from imports of raw materials for export-oriented production. As for border trade, exports grew by 6.6 percent (yoy) while imports increased by 25.3 percent (yoy). Both border activities expanded in Loai PDR and the southern China.

Production sector continued to expand in both agricultural and industrial sector. Major crops production increased by 4.9 percent (yoy). In this regard, the increase in second crop rice production was supported by sufficient water supply while sugar cane and garlic productions were from the expansion in harvesting area. At the same time, major crops prices surged by 1.6 percent (yoy). Consequently, **farm income** edged up by 6.6 percent (yoy). **Manufacturing Production Index (MPI)** turned to be positive this month with the growth of 12.0 percent (yoy) as a result of productions in foods for exports and electronic

components, particularly mobile phone parts. Nevertheless, hard disk drive production continued to shrink. **Tourism activities** improved from the same period last year, which had suffered from the political unrests, and picked up from last month partly benefited from Songkran festival as well as meetings and seminars activities from both Thai and foreign organizers. **Trade index** increased by 7.0 percent (yoy) with broad-based expansion, especially automobile and wholesale trade.

For **internal stability**, price pressure persisted. **Headline inflation** increased by 4.4 percent (yoy), accelerated from 3.7 percent (yoy) in the previous month. This was due to the surge of 9.5 percent (yoy) in raw food and beverage prices e.g. meat, vegetables and fruits. Higher energy prices also passed on other consumer goods. Meanwhile, **core inflation** increased by 2.5 percent (yoy).

Unemployment rate remained low. As of March 2011, unemployment rate stood at 0.7 percent, reflecting tightened labor market. Meanwhile, the employment in the Northern region increased by 1.3 percent (yoy), on account of the 7.6 percent rising in non-agricultural employment, particularly wholesale and retail sector, construction sector, hotel and restaurant. Moreover as of April 2011, numbers of insured persons under social security system increased by 4.2 percent (yoy).

In the **banking sector**, the commercial bank deposits as of March 2011 totaled 431,807 million baht, increasing by 8.3 percent (yoy) owing to time deposit mobilization by commercial banks. Meanwhile, the **credits** amounted 354,503 million baht, growing by 11.9 percent (yoy), from a credit expansion in housing and hire-purchase sectors. Correspondingly, **loan-to-deposit ratio** stood at 82.1 percent.

Bank of Thailand, Northern Region Office
June 2, 2011

Contact person: Jarnya Tananuchittikul
Tel: +66 (0) 5393-1167
E-mail: Jarnyat@bot.or.th