



BANK OF THAILAND NEWS

Northern Region Office

Tel. 0-5393-1216 Fax. 0-5322-4171 www.bot.or.th

No. 4/2011

[Northern Region Economic Conditions in February 2011](#)

In February 2011, the overall economy of the Northern region expanded except government expenditure which contracted due to the earlier disbursement in the previous month. Farm income continued to increase while manufacturing production resumed positive growth. Private consumption increased in line with an expansion in tourism, trade activities and private investment. In addition, foreign trade increased. Regarding overall stability, inflation moderated while employment condition improved. As for the banking sector, deposits and credits grew favorably.

Details of the economic conditions are as follows:

Domestic demand expanded, supported by favorable farm income. **Private Investment Index** (PII) continued to expand by 9.6 percent year-on-year (yoy) following construction in residential and commercial buildings, particularly hypermarket. **Private Consumption Index** (PCI) grew slightly by 1.2 percent (yoy) driven by an increase in both farm and non-farm income. This was in line with an improvement in consumers' confidence. Nonetheless, **government expenditure** as disbursed from the fiscal budget 2011 notably contracted by 40.1 percent (yoy). This was mainly due to the earlier disbursement of subsidies in capital expenditure given to local authorities in the previous month.

With respect to **external demand**, **exports** through Custom Houses in the Northern region totaled 250.1 million US dollars, or increased by 0.3 percent (yoy), mainly from manufactured products. Meanwhile, **imports** grew well by 5.7 percent (yoy) to 108.8 million US dollars, though moderated from the previous month owing to a decline in imports of raw materials and intermediate goods. As for border trade, exports recorded a small decline while imports continued to expand.

On the **supply side**, **major crop production** turned to positive growth by 1.2 percent (yoy), particularly from sugar cane and second crop rice, after facing natural disasters in the previous year. On the contrary, cassava production declined as farmers switched to other crops to avoid a severe outbreak of mealy bugs. **Major crop price** continued to rise following growing external demand. Meanwhile, **tourism activities** improved continuously, benefiting from cool weather and promotional activities such as Chiang Mai Flower Festival. In

addition, the absence of negative effect from smog helped support the activities. **Trade index** increased by 5.4 percent (yoy), notably from sales of vehicles and retail sales, while wholesale trade slowed down. Meanwhile, **Manufacturing Production Index** (MPI) resumed positive growth of 2.2 percent (yoy), after a decline in the previous month. The increase was owing to the food industry, especially frozen fruits and sugar. Construction-related materials as well as ceramic production such as tableware also increased.

Headline inflation stood at 3.0 percent (yoy), moderating from the previous month due to the slowdown in food and beverage prices, particularly rice and vegetables. However, processed food prices accelerated due to a surge in production cost. The prices of non-food also rose in tandem with the domestic retail oil prices. Core inflation increased by 1.9 percent.

Employment in January 2011 continued to expand, following the employment in agricultural sector due to the harvest season. Meanwhile, the employment in non-agricultural sector contracted in manufacturing, construction and hotel/ restaurant sectors. Unemployment rate stood at 1.0 percent. The registered persons under social security system as of February 2011 was 741,047, increasing by 4.1 percent (yoy).

Commercial bank deposit outstanding increased by 7.3 percent (yoy). **Credit outstanding** grew by 13.3 percent (yoy) due to rising demand in corporate and consumer loans.

Bank of Thailand, Northern Region Office

April 4, 2011

Contact person: Varintorn Chaivivat

Tel: +66 (0) 5393-1145

E-mail: Varintot@bot.or.th