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[Press Release on Northern Region's Economic Conditions for July 2011](#)

In July 2011, the overall economy moderated. Private consumption and investment decreased while farm income dropped following a reduction in major crop prices. Nevertheless, manufacturing production, exports, tourism and government expenditure still supported the economy. With regard to economic stability, price pressure persisted. Unemployment rate remained low. For banking sector, deposits and credits continued to increase.

Details of the economic conditions are as follows:

Domestic demand decreased from private expenditure. **Private Consumption Index** (PCI) shrank by 2.3 percent year-on-year (yoy). As a result of flooding, consumers postponed their spending, reflected by a reduction in VAT. In addition, automobile indicator continued to contract due to supply disruption. However, sales of necessity goods remained increase. **Private Investment Index** (PII) dropped by 3.3 percent (yoy) owing to hold-up construction resulted from persisting heavy rain. Nevertheless, the construction area permitted in municipal areas of major provinces continued to increase. Meanwhile, **government disbursement** grew by 23.7 percent (yoy), accelerating in both current and capital expenditure during the approaching end of fiscal year 2011.

Export value through the Northern Customs House amounted to 297.6 million USD, growing by 19.7 percent (yoy), mainly from exports of manufacturing and agricultural products. Concurrently, **import value** amounted to 130 million USD or grew by 2.7 percent (yoy), decelerating from last month. This was mainly due to a decrease in imports of raw materials and intermediate goods. With regard to **cross-border trade**, exports grew by 45.4 percent (yoy) from exports to Myanmar and Lao PDR while imports continued to decrease by 8.4 percent (yoy) following a decrease in imports from Myanmar.

Regarding the supply side, both manufacturing and agricultural production improved. **Manufacturing Production Index** (MPI) increased by 5.0 percent (yoy), owing to the acceleration of production in processed food, particularly frozen vegetable, preserved food and dried longan. Likewise, ceramic tableware production as well as electronic production, especially hard disk drive, capacitor and diode resumed growth. Nevertheless, beverage production continued to decline following high build-up stocks and intense competition. **Major crops production** rose by 15.5 percent (yoy) mainly from longan, a seasonal

production this month, which was supported by more favorable weather compared with last year. Furthermore, the second crop rice production increased from rising plantation area and yield per rai. However, **agricultural price** fell by 26.7 percent (yoy) in line with lower price of longan due to higher supplies as well as lower quality compared to last year. In addition, the second crop paddy price slightly declined from the same period last year. As a result, **farm Income** dropped by 15.3 percent (yoy). **Tourism improved** mainly from the rising number of foreign tourists, ongoing promotion and marketing activities of private sector as well as the low base effect. Meanwhile, **trade Index** grew by a 2.4 percent (yoy), attributing to an increase in wholesale trade (except construction materials) while retail and automobile trades contracted slightly.

With regard to **internal stability**, prices continued to increase. **Headline inflation** stood at 5.37 percent (yoy), mainly from increasing energy prices in both fuel and electricity charge (FT) as well as food prices, notably meat. Concurrently, **core inflation** rose by 3.54 percent (yoy) following the pass-through of increasing production costs to other goods.

Unemployment rate in June 2011 remained low at 0.6 percent while registered persons under social security system as of July 2011 increased by 4.4 percent (yoy), in which under Section 33 (compulsory) and under Section 39 (voluntary) increased by 3.0 percent and 12.8 percent (yoy), respectively.

Commercial bank deposits as of June 2011 stood at 435,085 million baht, increasing by 8.7 percent (yoy), from both saving and time deposits. In addition, **credits** amounted to 370,852 million baht, growing by 14.1 percent (yoy) in line with increasing demand from both consumer and corporate sectors, particularly the financial intermediaries, trading, real estate, constructions and agriculture. Correspondingly, loan-to-deposit ratio edged up to 85.2 percent.

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