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[Press Release on Northern Region's Economic Conditions for June 2011  
and the Second Quarter of 2011](#)

In June 2011, the overall economy in the northern region continued to expand from the same period last year on the back of farm income, tourism sector, exports and government expenditure. Nevertheless, manufacturing production decelerated significantly while private consumption slightly contracted. With regard to internal stability, price pressure remained. For banking sector, deposits and credits continued to increase.

Details of the economic conditions are as follows:

**Domestic demand** moderated. **Private Investment Index** (PII) increased by 1.6 percent year-on-year (yoy), moderating from last month of 4.7 percent (yoy) mainly due to hold-up construction resulted from persisting heavy rain. Nevertheless, the permitted construction in municipal area of major provinces continued to increase. Meanwhile, fiscal sector remained supportive reflected by **government disbursements'** growth of 5.9 percent (yoy), mainly from the capital expenditure, particularly in land and building category. **Private Consumption Index** (PCI) declined slightly by 0.8 percent (yoy) owing to a fall in registered passenger cars caused by supply disruption in automobile industry. In addition, durable goods consumption moderated while necessities remained increase.

**Export value** through the Northern Customs House amounted to 315.6 million USD, growing by 8.4 percent (yoy) due to exports of manufacturing production to China. Concurrently, **import value** amounted to 139.1 million USD, growing by 21.0 percent (yoy) mainly from imports of raw materials, intermediate goods and capital goods. For the **cross-border trade**, exports grew by 4.7 percent (yoy) while imports continued to decrease by 3.0 percent (yoy) due to a drop in imports from Myanmar.

On **production sector**, **Manufacturing Production Index** (MPI) declined by 17.6 percent (yoy) following a contraction in electronic production, particularly hard disk drive and integrated circuit production. In addition, beverage production fell owing to high build-up stocks while processed food production also declined. **Farm Income** rose by 14.5 percent (yoy) mainly due to an increase in output. This was due to the second crop rice production on the back of rising plantation area and yield per rai. Besides, **agricultural price** increased by 3.8 percent (yoy) following favorable prices of second crop paddy and lychee. **Tourism** improved from last month as a result of ongoing promotion and marketing

activities of both private and government sectors. Meanwhile, **trade Index** slightly contracted by 0.5 percent (yoy) attributing to a decline in both wholesale and retail trades, while automobile trade expanded moderately.

With regard to **internal stability**, price pressure continued to build up. **Headline inflation** accelerated by 4.93 percent (yoy), mainly from an increase in energy prices as well as food prices, notably meat. However, vegetables and fruits prices declined. Concurrently, **core inflation** rose by 3.48 percent (yoy) following the pass-through of increasing production costs on to other goods, particularly processed food prices. Meanwhile, tight labor force has endured reflected by very low **unemployment rate** at 0.3 percent in May.

**Commercial bank deposits** in May increased by 7.9 percent (yoy), moderating from last month owing to the withdrawals of time deposits to reinvest into other debt instruments. Saving deposits outstanding continued to increase. In addition, **credits** continued to grow by 13.8 percent (yoy) in line with increasing demand from businesses. Correspondingly, loan-to-deposit ratio edged up to 83.7 percent.

In the second quarter of 2011, **the economic conditions of the Northern Region moderated** following a deceleration of private investment, cautiousness on spending of consumers due to higher prices and moderate farm income. On production side, manufacturing production contracted following electronics production. Nevertheless, the economy was supported by government stimulus, tourism, exports and financial sector. With regard to internal stability, price pressure continued to build up while labor market remained tight.

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