



No. 8 /2011

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

In May 2011, the overall economy in the northern region expanded at a slower pace following concerns on economic conditions and inflation. Private consumption, manufacturing production and exports decreased whereas private investment and agricultural sector decelerated. Nevertheless, government expenditure accelerated while tourism sector improved from the same period last year. With regard to internal stability, price pressure continued to build up while unemployment rate remained low. For banking sector, deposits and credits continued to increase.

Details of the economic conditions are as follows:

Domestic demand moderated. **Private Consumption Index** (PCI) dropped slightly by 0.2 percent year-on-year (yoy) since consumers were cautious on spending. Nevertheless, automobile indicator continued to increase favorably. **Private Investment Index** (PII) decelerated by 4.7 percent (yoy), largely from slowdown in construction activities and registered commercial cars following supply disruption in automobile sector. However, the permitted construction in municipal area of major provinces continued to rise. **Government disbursements** increased by 20.0 percent (yoy). This was mainly from local administrative organizations in both current and capital expenditure, particularly in land and building category.

Export value through the Northern Customs House amounted to 291.0 million USD, similar to the previous month, but contracted by 5.7 percent (yoy). This was mainly due to the contraction in cross-border exports to Myanmar due to last year's high base effect. Meanwhile, **import value** accelerated from imports of raw materials and capital goods.

On **production sector**, **Manufacturing Production Index** (MPI) declined by 5.3 percent (yoy). This was mainly due to a contraction in electronic production, particularly hard disk drive production which had been falling for 8 consecutive months. In addition, production of beverages and construction materials also decreased. However, processed food production increased favorably. **Farm Income** rose by 4.8 percent (yoy), decelerating from the previous month. This was due to the fall in some major crops production particularly lychee affected by unfavorable weather, and cassava from switching plantation to other crops. Nonetheless, second crop rice production continued to increase. Meanwhile, agricultural price rose by 3.6 percent (yoy). **Tourism activities** improved from

the same period last year at the time of political unrest. However, they were moderate from the previous month. **Trade index** decelerated by 4.1 percent (yoy) as a result of a slowdown in automobile and wholesale trades and slight drop in retail trade.

For internal stability, **headline inflation** accelerated by 4.9 percent (yoy), mainly from an increase in food prices, e.g. meat, vegetables and fruits. Energy prices remained at a high level. Concurrently, **core inflation** increased by 3.1 percent (yoy) following the pass-through of production costs on to other goods, particularly processed food.

Unemployment rate remained low at 0.7 percent in April while registered persons under social security system as of May increased by 3.5 percent (yoy), in which under Section 33 (compulsory) increased by 2.4 percent and under Section 39 (voluntary) increased by 10.0 percent (yoy).

Commercial bank **deposits** in April amounted to 433,464 million baht, increasing by 8.8 percent (yoy), particularly in saving deposits of both government organizations and private sector. Meanwhile, the **credits** amounted to 355,645 million baht, growing by 12.5 percent (yoy), following the expansion of consumer credits, particularly hire-purchase and residential purposes. Correspondingly, loan-to-deposit ratio stood at 82.0 percent.

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July 5, 2011

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