



BANK OF THAILAND

BOT Press Release

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

In October 2011, the overall economy in the northern region continued to slow down as a result of region-wide flooding, causing a slump in agricultural and manufacturing production as well as private consumption and investment. Nevertheless, tourism sector has partly benefited from flooding evacuees in line with an expansion in trading, imports, exports and government expenditure. With regard to economic stability, inflation slightly declined by the government's measure to reduce oil price 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 following an inundation in many provinces. **Private Consumption Index** (PCI) slightly contracted at 1.1 percent year-on-year (yoy), due partly to supply disruption in various consumer goods causing by halted production in tandem with transportation difficulty. **Private Investment Index** (PII) shrank by 14.3 percent (yoy) resulted from hold-up construction in flooding area despite increasing post-flood rehabilitation. Nonetheless, **government disbursement** grew in a slower pace by 6.0 percent (yoy), partly in response to postponed consideration and promulgation of fiscal year 2012 Budgetary Act.

Export value through the Northern Customs House amounted to 309.3 million USD, increasing by 25.6 percent (yoy) on the back of cross-border exports to Myanmar and Lao PDR. Concurrently, **imports** amounted to 124.2 million USD, expanded by 9.3 percent (yoy) from imports of capital goods, raw materials and intermediate goods in spite of a drop in cross-border imports from Myanmar and China.

Regarding supply side, Manufacturing Production Index (MPI) declined continually by 5.1 percent (yoy), attributed to a contraction in several industries. Notably, electronic components production, particularly diode, integrated circuit and electric motor, decreased as a result of a slowdown in global economy, affecting a drop in purchasing orders, as well as shortages of some raw materials manufactured by inundated factories in central region. Processed food production, in addition, began to subside following a soften demand from

Japanese market while construction material production accelerated, from both post-flood rehabilitation of residential area and exports. Likewise, beverage production significantly increased owing to transferring production from inundated factories in the central region. Preliminary estimation of **farm income** showed a continuous contraction of 9.4 percent (yoy), mainly from output affected by flooding. **Major crop production** dropped by 8.0 percent (yoy) as a result of ever-worsen floods impacted major plantation areas in the lower northern region. This caused severe damages and lower yields per rai in major crops including major crop rice, maize and cassava. Meanwhile, **agricultural price** remained acceptable albeit slightly decreased by 1.5 percent (yoy) following the deteriorated quality with unfavorably high moistures from rain, particularly maize, cassava and soy bean. Nonetheless, price of major crop rice surged and was still on an upward trend on the back of ever-high pledging price. **Tourism** improved on a beneficiary of temporary flooding evacuation although having comparatively low in spending to normal tourists.

Regarding the internal stability, **headline inflation** decelerated from 5.21 percent (yoy) in the previous month to 5.10 percent (yoy), albeit remained high, owing to the government measures to reduce oil prices. Notably, food and beverage prices specifically rice, raw food, meat and fresh vegetable surged as a result of supply shortage and higher transportation cost caused by flooding. Concurrently, **core inflation** moderated by 3.75 percent (yoy).

Unemployment rate in September remained low at 0.7 percent in line with an increase in registered persons under social security system as of October rose by 4.7 percent (yoy), in which under Section 33 (compulsory), totally 646,807 persons, grew by 3.1 percent (yoy) and under Section 39 (voluntary), totally 120,872 persons, increased by 14.3 percent (yoy).

Commercial bank deposits as of September amounted to 432,788 million baht, increased by 9.1 percent (yoy) mostly from government deposits. As for lending, **credits**, amounting to 385,566 million baht, continued to grow by 14.9 percent (yoy) from both corporate and consumer demands including wholesale and retail trading, manufacturing, real estate and construction related as well as Co-op. Correspondingly, loan-to-deposit ratio edged up to 89.1 percent.

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