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Press Release on Northern Region's Economic Conditions in November 2012

In November 2012, the overall economy in the Northern region expanded well across the board. This was partly due to last year's low base effect. In the meantime, buoyant demand which was driven by government's stimulus measures led to a double-digit growth in both private consumption as well as private and public investment. Tourism activities grew very well in line with an expansion in manufacturing and agricultural production. With regard to economic stability, inflation rate decelerated and unemployment rate remained at a low level. For banking sector, commercial bank deposits and credits increased favorably.

Details of the economic conditions are as follows:

Private consumption strongly expanded following increased sales of automobiles and construction-related goods. This was results of government stimulus measures, in tandem with accommodative financial conditions, which helped boost consumer's confidence. **Private Investment Index (PII)** grew robustly by 19.1 percent year-on-year (yoy) as reflected by an increase in all economic indicators, namely permitted construction area, imports of machinery and equipment, number of commercial vehicle registration and land-registration fee. In addition, a sign of prospective investment in the Northern region was continuously observed as evidenced by an approval of investment promotion totaled 902.9 million baht, mostly for agricultural production. **Government disbursement** through provincial treasury offices in the Northern region rose by 29.0 percent (yoy) to 18,171.4 million baht, in accordance with an earlier enactment of fiscal year 2013 budget.

Export value, amounting to 397.1 million USD, grew by 34.9 percent (yoy) following a rise in both cross-border, particularly consumer products, and exports through the Northern Customs House, notably electronic components, rubber and tapioca starch. Concurrently, **import value**, amounting to 139.3 million USD, contracted by 2.8 percent (yoy) owing to declined imports of raw materials, intermediate goods and capital goods such as electronic components and rough diamond.

Supply side expanded favorably. **Farm Income** rose by 12.1 percent (yoy), resulting from an increase of **major crop production** by 15.6 percent (yoy). This was attributable to an expansion in major crop rice production, sugar cane and cassava, which stemmed from favorable weather and attractive price, as well as an expansion in livestock output. On the contrary, **major crop**

price shrank by 3.0 percent (yoy) as price of major rice paddy weighed down by weak export demand while price of sugar cane dropped following declined preliminary price adjustment. Furthermore, price of cassava also decreased as result of last year's high base effect. **Manufacturing production index** grew by 6.9 percent (yoy), mainly due to accelerated production in milled rice, strong demand for electronic components, notably telecommunication equipment and an increased construction-related goods along with real estate conditions. Nevertheless, the Euro crisis dampened export-oriented manufacturing of various products, including ceramics, furniture and wooden products. In the meantime, **tourism** expanded robustly, supporting by various promotional activities during Loykrathong festival and additional flights.

With regard to internal stability, headline inflation moderated to 2.43 percent (yoy) owing to decreasing price of raw food, notably vegetable and fruit as demand declined after Vegetarian festival in line with higher output. Unemployment rate in October 2012 stood at a low level of 0.7 percent (yoy) equal to the previous month and the same period last year. Meanwhile, **in November 2012 the numbers of registered persons** under social security system kept rising from the ongoing demand for labor in the private sector.

Commercial bank deposits as of October 2012, amounting to 531,731 million baht, grew by 22.2 percent (yoy), mainly from deposits of academic institutions. **Commercial bank credits**, amounting to 462,134 million baht, rose by 18.5 percent (yoy) following both consumer demand, for hire purchasing in particular and corporate demand mainly small and medium enterprises, for wholesale and retail trades, food processing and service apartment. Loan-to-deposit ratio, hence, was 86.9 percent, increasing from 85.8 percent in the previous month as a result of higher acceleration in credits than deposits.

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