

**No. 11/2012****[Press Release on Northern Region's Economic Conditions for September and the Third Quarter of 2012](#)**

**The Northern region economy in September 2012 continued to expand**, driven by private consumption, private investment, government expenditure and exports, particularly border trade. However, export-oriented production in particular industries declined as a result of the European sovereign debt crisis. With regard to price stability, inflation increased along with prices of energy. Concurrently, employment continued to expand. For banking sector, commercial bank deposits and credits grew satisfactorily.

Details of the economic conditions are as follows:

**Private consumption** expanded well, supportive by interest rate and accommodative credit supply condition in tandem with favorable farm income and tourism activities. However, after accelerating in the previous month, mild moderation of growth was observed in line with a sign of consumers' caution on spending with a concern about deteriorating world economy. **Private Investment Index (PII)** rose by 12.5 percent year-on-year (yoy) following the expansion in real estate sector, sales of commercial cars and imports of machinery and equipment. Nevertheless, there is further investment as evident by approval of investment promotion, amounting to 541.6 million baht in this month, mainly for electronics. **Government disbursements** through provincial treasury offices in the Northern region, amounting to 20,818.2 million baht, grew by 15.6 percent (yoy) due to the acceleration of disbursement and the considerable progress of contracted construction projects.

**Export value** amounted to 374.8 million USD with a growth of 21.7 percent (yoy), mostly from cross-border exports of consumer products and fuel supplies. Meanwhile, exports to European market shrank, mainly from declined jewelry and ceramics exports. Concurrently, **import value**, amounting to 146.0 million USD, contracted by 3.0 percent (yoy) owing to decreased imports of raw materials, intermediate and capital goods, notably hard disk drive components, rough diamond, metal and metal products. In the meantime, the cross-border imports also contracted due mainly to imports of vegetables and fruit.

**Supply side** expanded. **Major crop production** grew by 3.1 percent (yoy) due mainly to an increase in production of major rice as cultivation area had remained unaffected by flood. Meanwhile, production of maize declined, partly caused by producing of other alternative crops like sugar cane. Nevertheless, increased supply of swine, broiler and egg were observed in the market. **Major crop prices** rose by 3.8 percent (yoy), contributed by increasing price of maize as a result of output reduction in the previous year. Moreover, the agricultural price-pledging scheme

resulted in favorable price of second crop paddy and improved pineapple price. . This induced **Farm Income** to grow by 7.1 percent (yoy)

**Tourism**, continually expanded, following not only an acceleration of seminars arranged by public sector, but also increased flights. Going forward, reservation rate tended to increase from Chiang Mai national athletic competition in the end of the year. **Manufacturing Production Index (MPI)** mildly decreased by 0.5 percent (yoy), negatively impacted from the European debt crisis resulted in declined export-oriented manufacturing production namely, hard disk drive, optical lens, jewelry and furniture as well as ceramics. On the contrary, certain industries continued to expand, namely electronic components with benefit from transferred production line from abroad and agricultural products and beverages.

With regard to **internal stability, headline inflation** came in at 2.45 percent (yoy) increase, following accelerating energy prices and cigarettes and alcoholic beverages as a result of higher excise taxes. **Employment** in August 2012 grew favorably from demand for labor in agricultural sector. Continued rising numbers of registered persons under social security system in September 2012 reflected the ongoing demand for labor.

**Commercial bank credits** as of September 2012, amounting to 454,195 million baht, grew by 17.8 percent (yoy) following corporate demand from wholesale and retail trades, cooperatives, real estates, construction, transportation services, hotels and hire purchasing. **Deposits**, amounting to 529,648.0 million baht, rose by 22.4 percent (yoy), attributed to attractive campaigns of deposits mobilization in accordance with expansion of private credit growth. Loan-to-deposit ratio thus was at 85.8 percent, declining from the previous month.

**In the third quarter of 2012, overall economy continued to expand well.** Private consumption rose from government's stimulus measures in line with accommodative credit supply condition, as reflected by increased sales in retail and wholesale trades, particularly in automobiles. Private investment accelerated following an expansion in real estate sector and will remain going forward. Government disbursements through provincial treasury remained robust, following by the acceleration of disbursement. Export grew well from cross-border exports while impact of European debt crisis on exports was apparent. Manufacturing and agricultural production expanded. Meanwhile, tourism was sound which stemmed from seminars and additional flights. Regarding economic stability, inflation moderated following decreased price of raw food. Unemployment rate remained low. As for banking sector, credit and deposit of commercial banks continued to grow satisfactorily.

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