

**No. 6/2012****Press Release on Northern Region's Economic Conditions for April 2012**

The Northern region economy continued to expand in April 2012, driven by agricultural and manufacturing production in line with an expansion in tourism and private consumption. Meanwhile, exports moderated after the two-consecutive-months acceleration. Concurrently, government disbursement and private investment contracted. With regard to economic stability, inflation decelerated while unemployment rate remained low. Credits and deposits of commercial banks continued to grow well.

Details of the economic conditions are as follows:

Supply side expanded well. **Farm Income** accelerated by 19.8 percent year-on-year (yoy), following a rise of 13.9 percent (yoy) in production with a marked increase in output of second crop rice, sugar cane, garlic, cassava and lychee because of favorable weather condition. Meanwhile, crop price rose by 5.1 percent (yoy) due mainly to higher prices of second crop paddy and sugar cane in accordance with government subsidy measures. However, prices of garlic, cassava and lychee declined, partly affected by increased output. **Manufacturing Production Index** (MPI) grew by 5.1 percent (yoy) owing to accelerated production of alcoholic beverage, mainly for exports to neighboring countries as well as compensated production of beverage for flood-affected sites in the Central region. In the meantime, construction materials production increased following a favorable condition in construction sector. Likewise, wooden furniture grew well in response to demand from the US market. The production of frozen vegetables, sugar and electronic components shrank, even though hard disk drive components production resumed a positive growth for the first month since October 2010. Nonetheless, **tourism** still expanded during Songkran Festival in many provinces as well as the graduation ceremony of Northern Rajabhat Universities which was held in Chiang Mai.

Private Consumption expanded, supported by an increase of income in both agriculture and non-agriculture sectors, and improved consumer confidence. Sales of electronic appliances, furniture and household utensils also increased. Automobile sales (particularly passenger cars and motorcycles) improved after supply chain disruption has been resolved. However, supply of commercial cars remained inadequate. **Private Investment Index** (PII), however, continued to contract, resulting from a high-base effect in the previous year and fewer transactions incurred by longer holidays than the previous

year. Nevertheless, there is a sign of prospective investment in area of agriculture or agricultural products.

Government disbursements through provincial treasury offices in the Northern region contracted by 3.1 percent (yoy), amounting to 13,651.3 million baht, due mainly to a high-base effect of Local Administrative Organization disbursement in the previous year, particularly in subsidies category, as well as an accelerated disbursement in the previous month. However, the disbursement of investment expenditure rose by 11.0 percent (yoy), primarily in land and construction categories.

Export value through the Northern Customs House amounted to 295.9 million USD, growing slightly by 1.9 percent (yoy) following the moderated increase in cross-border trade. This was attributable to Myanmar's accelerated imports before Songkran holidays. Concurrently, **import value** amounted to 128.9 million USD, expanding by 9.0 percent (yoy), mainly from imports of raw materials and intermediate goods, particularly electronic components.

Regarding **economic stability**, **headline inflation** continued to slow down at 2.89 percent (yoy) owing to decreasing prices of food and beverages and a high-base effect. However, energy price kept rising due to the Oil Fund taxes measure. Meanwhile, **core inflation** mildly decreased by 3.15 percent (yoy). **Unemployment** rate in March 2012 remained low at 0.7 percent.

Commercial bank deposits as of March 2012 amounted to 479,147 million baht, rising by 11 percent (yoy), particularly from education and corporate sectors as well as mobilized deposits by commercial banks. In the meantime, **credits** amounted to 415,588 million baht or 17.2 percent (yoy) increase, following an expansion of both consumer and corporate credits. Hence, **loan-to-deposit ratio** decreased from 89.3 percent in the previous month to 86.7 percent.

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