



BANK OF THAILAND

BOT Press Release

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[Press Release on Northern Region's Economic Conditions for February 2012](#)

In February 2012, the overall economy in the Northern region continued to expand across most sectors. Tourism energetically expanded. Additionally, production in both manufacturing and agriculture grew very well, speeding up exports to break a record. Nevertheless, private consumption was not fully improved, particularly in the automobile category as a result of persistent supply disruption, while private investment continued to contract. Regarding economic stability, inflation moderated on the back of decreasing price of raw food despite hiking prices of energy; in tandem with a low unemployment rate. For the banking sector, deposits and credits grew satisfactorily.

Details of the economic conditions are as follows:

**Supply side** expanded well. **Manufacturing Production Index** (MPI), rose by 8.7 percent year-on-year (yoy) owing to an increase in the production of food, sugar, beverage and ceramic tableware industries. Likewise, an electronic industry, although contracted comparing to the previous month, reported a 3-consecutive-months yoy growth in response to market demand as well as a substitution for halted production of affiliated factories. **Tourism** continued to expand following the ongoing activities, including the Chiang Mai Flower Festival 2012 and the Royal Flora Ratchaphruek Fair 2011, as well as the favorably cool weather. However, the smoke haze, occurred in late February, tended to have after effects. **Farm Income** grew by 9.3 percent (yoy). This was attributable to an increase of 8.9 percent (yoy) in **major crop production** due mainly to higher harvest of sugar cane, second crop rice, cassava, shallot and garlic, caused by increased plantation areas, inducing by last year's attractive high prices, as well as the proper weather and water favoring in higher yields per rai. In the meantime, **major crop price** recovered slightly by 0.4 percent (yoy) following a rising price of sugar cane, supported by a primary sugar cane price and the government subsidizes to sugar cane growers. In addition, the price of second crop paddy continued rising on the back of rice pledging policy while prices of cassava, shallot and garlic declined.

**Domestic demand** improved from the previous month, despite a persistent shortage of automobiles. **Private Consumption Index** (PCI) and **Trade Index**, preliminary estimation, continued to increase, particularly in consumer goods following a rising consumer confidence in accordance with government subsidization policy for flood relief.

However, supply disruption of automobiles continued. Regarding **government disbursements** through provincial offices of the Comptroller General in the Northern region, the disbursement resumed normal after the Budget Act Fiscal Year 2012 has recently been promulgated. The amount of 19,565.6 million baht was reported with the growth of 70.8 percent (yoy), mainly from the current category while the disbursement in investment category shrank as a few projects had as yet in the stage of drawdown. In the meantime, **Private Investment Index** (PII) continued to contract, due partly to last year's high-base effect as well as the supply disruption of commercial cars, despite a sign of improvement as evidenced by increasing applications for construction permit and rising land- registration fee.

**Export value** through the Northern Customs House, amounting to 360.6 million USD, grew by 44.2 percent (yoy) and accelerated from last month following the cross border exports to Myanmar, Lao PDR and the Southern region of China, particularly optical lens and electronic components. Concurrently, **import value**, amounting to 129.7 million USD, grew by 19.2 percent (yoy) and also accelerated mainly from imports of raw materials, intermediate goods and capital goods. Therefore, an increase in production and exports is expected afterward.

With regard to **internal stability, headline inflation** moderated at 3.94 percent (yoy) owing to decreased price of raw food, despite a rising price of energy. Meanwhile, **core inflation** decelerated from the previous month to 3.31 percent (yoy). **Unemployment rate** in January 2012 slightly dropped to 0.6 percent (yoy) and considered low, in line with the numbers of registered person under social security system which continued rising. However, the registered persons claiming unemployment benefits have still increased. This has as yet expected to be temporary as a certain demand on labor force remained.

**Commercial bank deposits** as of January 2012 amounting to 449,626 million baht, grew by 6.6 percent (yoy) in accordance with ongoing deposits campaigns and an increase in deposits of both private and academic sectors. In the meantime, commercial bank **credits**, amounting to 404,768 million baht, increased by 15.8 percent (yoy) as well, following a borrowing demand from consumer as well as corporation including wholesale and retail trades, contractors and cooperatives. Hence, loan-to-deposit ratio was 90.0 percent, decreasing from 91.7percent in the previous month.

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