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

In January 2012, the overall economy in the Northern region expanded well on the back of tourism, manufacturing production and international trade. Nevertheless, private consumption was not evenly improved, particularly the automobile category. Farm income increased while private investment continued to contract. Regarding economic stability, inflation steadily declined, in accordance with a decreasing price of raw food, in tandem with a low unemployment rate. For the banking sector, deposits and credits expanded well.

Details of the economic conditions are as follows:

Service sector improved. **Tourism** continued to expand in response to the ongoing activities including the Royal Flora Ratchaphruek Fair 2011, the university graduation ceremony and Chinese New Year festival as well as the favorably cool weather.

Manufacturing Production Index (MPI), preliminary estimation, grew satisfactorily, as a result of an increase in a processed agriculture production, particularly fruit, frozen vegetables and sugar. Meanwhile, beverage production, especially an alcoholic drink, continued to increase to fulfill exports. Likewise, electronic industry improved steadily following the production of electronic components for automobiles and smart phones. **Farm Income** improved as contracted lesser by 5.0 percent year-on-year (yoy), compared to a contraction of 17.4 percent (yoy) in the previous month. This was due to an increase in **major crop production**, resumed growth by 0.6 percent (yoy) after a contraction caused by the floods since September 2011. Notably, output of sugar cane and cassava significantly grew inducing by last year's attractive high prices. Output of major crop rice and maize, however, seasonally dropped during the end of their harvesting season. **Major crop price** continued contracting by 5.6 percent (yoy) due mainly to a declining price of sugar cane comparing to the previous year's, which had been subsidized by the government, although considered high, based on primary sugar cane price. In addition, the price of cassava declined following the exports. The government, therefore, has implemented market intervention projects benefiting to farmers. Fortunately, the price of major crop paddy and maize was still favorable. **Trade Index**, preliminary estimation, increased attributing to both wholesale and retail trades while automobile trade remained diminishing.

Domestic demand moderated, resulting from a shortage of durable goods, particularly automobiles caused by inadequate production, despite pent-up demand.

Private Consumption Index (PCI), preliminary estimation, grew at a slower pace. However, consumer confidence improved in response to the government measures on flood disaster mitigation and rehabilitation as well as salary increase for government employees. **Private Investment Index** (PII) continued to contract by 3.1 percent (yoy) due mainly to the hold-up construction and the decreased registration of commercial cars as a result of supply disruption. Meanwhile, sales of construction materials still grew in response to a marked demand induced by flood damage recovery. Furthermore, **government disbursements**, through provincial offices of the Comptroller General in the Northern region, have contracted since November 2011 due to a non-promulgated Budget Act Fiscal Year 2012.

Export value through the Northern Customs House amounted to 310.9 million USD, growing by 22.9 percent (yoy), and accelerated from last month following the cross border exports of petroleum products, alcoholic drinks, consumer goods and construction materials albeit exports of high technology products, particularly optical lens and electronic components, decelerated. Concurrently, **import value** amounted to 132.2 million USD, growing by 15.9 percent (yoy), and moderated mainly from imports of raw materials and capital goods. In the meantime, the cross-border imports shrank following imports from Lao PDR and the Southern region of China.

With regard to **internal stability**, **headline inflation** remained high at 4.33 percent (yoy), although declined from the previous month, owing to decreasing price of raw food caused by build-up supply, despite a rising price of energy. Meanwhile, **core inflation** was stable at 3.68 percent (yoy). **Unemployment rate** in December 2011 remained low at 0.4 percent in line with the registered persons under social security system which continued increasing. 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 credits as of December 2011 amounting to 403,408 million baht, continued to grow by 15.5 percent (yoy), contributing by a demand from cooperatives, wholesale and retail trades, contractors, rice mills and crop trading businesses as well as consumer loan mainly of Nakhonsawan, Chiang Mai and Kampheng Phet provinces respectively. In the meantime, **deposits**, amounting to 439,802 million baht, increased by 8.0 percent (yoy) in response to the attractive deposits campaigns, particularly in Chiang Mai and Nakhonsawan provinces. Correspondingly, loan-to-deposit ratio accelerated to 91.7 percent, increasing from 90.8 percent in the previous month.

Bank of Thailand, Northern Region Office
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Contact person: Jarnya Tananuchittikul
Tel: +66 (0) 5393-1167
E-mail: Jarnyat@bot.or.th