



BANK OF THAILAND

BOT Press Release

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

**The Northern region economy expanded in July 2012**, driven by consumption, private investment, government expenditure and exports, particularly border trade. Nevertheless, exports to European market recorded negative growth for the first month of this year. Tourism improved from the same period last year. Meanwhile, agricultural production declined seasonally along with the contraction in some export-oriented manufacturing production. With regard to economic stability, inflation continued to decelerate and employment still expanded. In the banking sector, deposits and credits grew satisfactorily.

Details of the economic conditions are as follows:

**Private consumption** continued to expand favorably due to government's stimulus package, sale promotion and new product launching, reflected by a new high record of automobile sales and increased sales of consumer goods, namely food, beverages, and garment. Concurrently, the **Private Investment Index (PII)** rose by 14.7 percent (yoy), due to an expansion in real estate projects, particularly in Chiang Mai and Chiang Rai, together with investment in flood prevention projects and imports of machinery and equipments for new production lines. In addition, a sign of prospective investment in the Northern region was continuously observed as evidenced by a significant approval of investment promotion within the Northern region totaled 4,760.2 million baht, for metallic components production in Lamphun industrial estate. **Government disbursement** through provincial treasury offices in the Northern region grew by 18.2 percent (yoy), amounting to 16,815.1 million baht. The investment expenditure increased mainly from building projects of academic institutions and social welfare organizations. Meanwhile, the current expenditure expanded particularly in personnel, as well as subsidies categories for local administrative organizations and academic institutions.

**Export** through the Northern Customs House, grew by 16.4 percent (yoy), amounting to 346.5 million USD, following the increase in cross-border exports, mainly the exports of fuel and consumer goods. However, exports through Customs in Lamphun and Chiang Mai provinces contracted both in agricultural and industrial products partly due to the European debt crisis. Nonetheless, **import value** expanded by 6.1 percent (yoy), amounting to 138.0 million USD, following the rising demand for raw materials and intermediate goods such as transformer and

printer components and unfinished lens. Likewise, the cross-border imports expanded well following imports from Myanmar and Lao PDR.

**Supply side** grew at a slower pace. This was attributable to a slight increase by 2.6 percent (yoy) in major crop production, moderated from 14.3 percent increase in the previous month due to a seasonally decreased output such as second crop rice and cassava. However, longan output rose due to an increase in yield and favorable weather. Livestock production expanded as a result of an expansion in animal husbandries in the previous period. **Major crop price** grew by 6.3 percent (yoy) owing to an increase in the price of second crop paddy as a result of the rice pledging policy. Also, the price of maize and longan slightly increased in response to ongoing demand. **Farm income**, therefore, expanded by 9.0 percent (yoy). **Tourism**, improved slightly from the same period last year as a result of seminars, as well as marketing activities and additional flights. In the meantime, **Manufacturing Production Index (MPI)** rose slightly by 1.6 percent (yoy) due mainly to an increase in production of electronic components such as printed circuit board assembly in telecommunication equipments and automobile printed circuit, as well as food and beverage. However, the European debt crisis began to weigh on manufacturing production, particularly in jewelry, ceramic tableware and wooden furniture products.

Regarding **economic stability, inflation** moderated to 1.84 percent (yoy) increase following decelerating raw food and energy prices. **Employment** in June 2012 increased by 1.6 percent (yoy) in line with increased numbers of registered persons under social security system in July because of the ongoing demand for labor in the private sector.

**Commercial bank credits** for consumer loans, corporate loans including wholesale and retail trade, as well as cooperatives, leasing, and real estate as of June, 2012 rose by 15.8 percent (yoy), amounting to 429,586.0 million baht. **Deposits** increased by 17.2 percent (yoy), amounting to 510,059.0 million baht in accordance with fund transfer from matured certificate of deposits as well as deposits campaigns. Loan-to-deposit ratio thus decreased from 85.0 percent in the previous month to 84.2 percent as a result of higher acceleration in deposits than credits.

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