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

[The Northern region economy continued to expand well across the board in May 2012.](#) Demand side highly expanded following an increase in exports, private consumption, private investment and government expenditure. Likewise, supply side grew favorably, notably agricultural and manufacturing production as well as tourism. With regard to economic stability, inflation decelerated following decline of energy prices. Meanwhile, employment kept rising. On the banking sector, commercial bank deposits and credits increased satisfactorily.

Details of the economic conditions are as follows:

[Supply side](#) continued to increase. [Farm Income](#) grew by 8.4 percent year-on-year (yoy). This was owing to an increase of 4.4 percent (yoy) in [major crop price](#) due mainly to the government measures and a seasonal decrease in output, resulting in higher prices of second crop paddy, sugar cane and cassava. [Major crop production](#) improved by 3.8 percent (yoy) on the back of higher output of second crop rice, cassava, pineapple and lychee as a result of favorable weather condition. In addition, livestock production continued to grow in response to an increase of animal husbandries and less animal epidemics. [Manufacturing Production Index](#) (MPI) rose by 6.4 percent (yoy) due mainly to accelerated production of alcoholic beverages, causing by ongoing demand from both domestic, during the UEFA European Football Championship season, and external, from neighboring countries. Meanwhile, soft drink production also went up to compensate for rehabilitating plants in the Central region. Besides, production of processed agricultural products and wooden furniture grew well in response to external demand. Likewise, production of electronic components increased for inventory build-up. However, construction materials and ceramics production shrank. [Tourism](#), even though moderated seasonally, remained satisfactory owing to ongoing seminars as well as long holidays that benefited an inbound travelling to the Northern region.

[Private consumption](#) grew well in both durable and non-durable goods. Automobile sales surged in accordance with the attractive government measure of tax refund as well as accelerated production by manufacturers to accommodate large pent-up demand. As a result, the number of registered passenger cars recorded a new high. Moreover, sales of motorcycles, construction materials and electronic appliances increased in response to robust demand. [Private Investment Index](#) (PII) grew by 7.3 percent (yoy) following increased sales of passenger cars due to a recovery of automobile sector and favorable conditions of construction sector; in tandem with increased imports of machinery and equipments for either replacement or 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 15,530.7 million baht, particularly for renewable energy business. [Government disbursements](#) through provincial

treasury offices in the Northern region grew by 29.1 percent (yoy), amounting to 16,008.0 million baht. Of this, current expenditure increased in personnel category and subsidies for the Local Administrative Organization while investment expenditure continued to expand following ongoing construction projects.

**Export value** through the Northern Customs House resumed a notable expansion of 33.5 percent (yoy), amounting to 388.5 million USD. This was contributable to an increase in exports to all markets, particularly Myanmar, and exports through Customs House in Lamphun province, particularly electronic components, integrated circuits and optical lens. Concurrently, **import value** rose slightly by 1.0 percent (yoy), amounting to 126.6 million USD, from imports of raw materials and intermediate goods such as optical glass sheets, integrated circuit parts and rough diamond. Meanwhile, the cross-border imports expanded well following imports from Myanmar and Laos while imports from Southern China continued to contract.

Regarding **economic stability, inflation** moderated at 2.49 percent (yoy) following energy prices. **Employment** in April 2012 continued to increase favorably from demand for labor in agricultural, manufacturing and construction sector, in line with increased numbers of registered person under social security system.

**Commercial bank credits** as of April 2012 rose by 17.9 percent (yoy), amounting to 419,146 million baht, from consumer loans including hire purchases and others, as well as corporate loans including wholesale and retail trade, Co-operatives, real estate, construction and construction materials trade, hotel, and automobile dealer businesses. **Deposits** increased by 12.9 percent (yoy), amounting to 489,222 million baht, from deposits of academic, public and private sectors, in accordance with ongoing deposits campaigns. Loan-to-deposit ratio thus decreased from 86.7 percent in the previous month to 85.7 percent as a result of higher acceleration in deposits than credits.

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