

No. 12/2012[Press Release on Northern Region's Economic Conditions in October 2012](#)

In October 2012, the overall economy in the Northern region expanded well, driven mainly by private consumption and investment as well as government disbursements and exports, in line with favorable farm income and tourism. Accommodative credit condition also underpinned economic growth and momentum. In addition, manufacturing production grew slightly owing to the resumption of beverage production in the Central region sites after temporary relocation to the Northern region sites during the historic flood. With regard to economic stability, inflation increased as a result of rising energy prices. However, unemployment rate remained low. For banking sector, commercial bank deposits and credits supportively rose.

Details of the economic conditions are as follows:

Private Consumption expanded continuously following consumers' higher income and confidence, government's stimulus measures and accommodative credit conditions as interest rate decreased; in tandem with the ongoing marketing activities which helped stimulate sales of consumer goods, particularly automobiles. **Private Investment Index** (PII) grew by 15.8 percent year-on-year (yoy), due mainly to sales growth of construction materials, an increase in permitted construction area, higher imports of machineries and robust sales of commercial cars. Likewise, a continuous investment promotion approval in the Northern region in this month amounted to 749.3 million baht, particularly for investment in biomass electricity generation. After the delay in previous year, **government disbursements** through provincial treasury offices in the Northern region rose significantly by 63.8 percent (yoy) to 22,823.2 million baht, in accordance with an earlier enactment of fiscal year 2012 budget.

Export value amounted to 387.4 million USD with a growth of 25.2 percent (yoy), mostly from cross-border exports of consumer products and fuel supplies. Meanwhile, exports through the Northern Customs House continued to increase following both exports of agriculture and manufacturing products. Exports to the Euro Zone improved, due to increased exports of jewelry to Belgium, as a benefit of production relocation from abroad, as well as exports of electronic components to Germany. Concurrently, **import value**, amounted to 137.6 million USD with a growth of 10.8 percent (yoy) owing to imports of intermediate goods, particularly of unassembled lenses, rough diamond, hard disk drive components and consumer goods, specifically of vegetables and animal products.

Supply side expanded satisfactorily. **Farm Income** grew by 12.3 percent (yoy), resulting from an increase of **major crop production** by 8.5 percent (yoy). This was mainly because of an increase in rice production, inducing by a government's price pledging scheme and less flood damage. However, excess livestock supply was observed. Meanwhile, **major crop price** rose by 3.5 percent (yoy), contributed mainly by favorable prices of paddy and maize. In the meantime, **tourism** improved, owing to both domestic and foreign tourists which resulted in higher occupancy rate and increasing air passengers via the Northern region airports.

Manufacturing production index mildly grew by 0.3 percent (yoy), as a result of increased export-oriented production, notably of processed agricultural products in response to an Asian market demand. In addition, electronic component production rose, due to manufacturing relocation from abroad, mainly from China and Japan, in line with an increase in garment production for export to Japan. Nevertheless, the Euro crisis dampened export-oriented manufacturing of various products, including optical lenses, ceramics, jewelry and furniture. However, domestic-oriented production declined as beverage production lines, which had been temporarily relocated to the Northern region sites during the historic flood in the previous year, had been gradually relocated to the Central region sites.

With regard to **internal stability, headline inflation** continued rising by 2.54 percent (yoy) owing to a comparatively increase in energy prices resulting from government's suspension of oil fund contributions in the previous year. In addition, Ft charge on electricity expenditure was raised. Higher prices of vegetables and fruit during the Vegetarian festival also contributed to higher inflation. Nonetheless, **unemployment rate** in September 2012 remained low in tandem with the rising numbers of registered person under social security system in October 2012.

Commercial bank credits as of September 2012, amounting to 454,195.0 million baht, grew by 17.8 percent (yoy) following demand for corporate working capital as well as demand for personal consumption. Concurrently, **deposits**, amounting to 529,648.0 million baht, rose by 22.4 percent (yoy) in accordance with attractive campaigns of deposits mobilization, mainly to accommodate credit expansion, and also partly switching from recently mature bill of exchange (B/E). Loan-to-deposit ratio, hence, was 85.8 percent, declining from 86.8 percent in the previous month as a result of higher acceleration in deposits than credits.

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