



BANK OF THAILAND

**BOT Press Release**

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[Press Release on Northern Region's Economic Conditions in February 2013](#)

The overall economy in February 2013 expanded moderately almost across the board following a deceleration in consumption and investment of private sector and production in manufacturing and agricultural sectors. Meanwhile, government disbursement and exports contracted. Nevertheless, tourism remained well in expansion. With regard to economic stability, inflation decreased, coupled with low unemployment rate. For banking sector, commercial bank deposits and credits continued growth.

Details of the economic conditions are as follows:

**Demand side** was considered favorable albeit subdued. **Private consumption index** increased by 10.9 percent year-on-year (yoy), moderating from a 14-percent growth of the previous month owing to declined sales of automobiles, electrical appliances and consumer goods in both department stores and supermarkets. **Private investment index** grew at a slower pace by 7.1 percent (yoy), comparing to 16.5 percent (yoy) in the previous month, on the back of major indicators, particularly the permitted construction area, sales of construction materials, the number of commercial cars registered and import value of machinery and equipment. Nonetheless, a sign of prospective investment in the Northern region was continuing observed as evidenced by an approval of investment promotion totaled 1,296.1 million baht, mostly for electronic and rubber products manufacturing. In the meantime, **government disbursements** through provincial treasury offices in the Northern region, amounting to 13,417.1 million baht, contracted by 31.4 percent (yoy) as a result of disbursement acceleration in the previous year during the early period of fiscal year 2012 enactment.

**Export Value**, amounting to 330.5 million USD, shrank by 8.3 percent (yoy) in response to an adverse impact of long holidays during Chinese New Year festival on a drop in exports to China market, both cross-border and through the Northern Customs House. Concurrently, **import value**, amounting to 110.7 million USD, declined by 14.2 percent (yoy) as imports of raw materials and intermediate goods, particularly rough diamond, glass lenses, integrated circuits and circuit boards, decreased.

**Supply side** exhibited abated sign. **Manufacturing Production Index** grew slightly by 1.3 percent (yoy) following the electronic component production to fulfill demand from telecommunication devices and automobiles manufacturing. However, production of sugar and rice increased on the back of rising supplies in line with production of construction materials in accordance with robust activities of real estate sector. Production of beverages, however, declined as a result of high based effect from production acceleration to substitute a capacity of sites in the Central region. Meanwhile, **major crop production** expanded by 1.8 percent (yoy), although decreased from a 4.9 percent growth in the previous month owing to lesser output of second crop rice due mainly to less water and hot weather. Nonetheless, output of sugarcane, cassava and livestock grew following production expansion. In the meantime, **crop price** improved mildly as prices of paddy and cassava rose in response to government's supporting measures; in tandem with higher prices of maize and livestock products. Consequently, **farm income** increased by 2.3 percent (yoy). **Tourism sector** remained sound with the benefits of ongoing activities, particularly Flower Festival, and a trendy travel theme to the North of Thailand, enhancing by the Chinese movie named Lost in Thailand and causing a surge in numbers of Chinese tourists especially during the Chinese New Year.

Regarding **internal stability, inflation** slowed continuously to 2.7 percent (yoy) on the back of decreased prices of vegetables and fruit as well as declined fuel prices comparing to high level of the previous year as a result of oil fund tax collection. Meanwhile, **unemployment rate** in January 2013 remained at a low level of 0.6 percent (yoy) and numbers of registered person under social security system in February 2013 continued to grow reflecting increased demand for labor.

Banking sector expanded well. **Commercial bank credits** as of January 2013, amounting to 480,036 million baht, rose by 18.6 percent (yoy) mainly to hire purchase as well as wholesale and retail trades. **Deposits**, amounting to 548,319 million baht, grew by 22.0 percent (yoy) following deposits of public entities and deposits mobilization to support branch expansion. Loan-to-deposit ratio therefore remained in the same level of the previous month at 87.5 percent.

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