



No. 2/2013

Press Release on Northern Region's Economic Conditions in January 2013

The overall economy in January 2013 expanded at a slower pace following moderated private consumption and investment. Meanwhile, government disbursement, exports, manufacturing and agricultural production continued to increase. With regard to economic stability, inflation decelerated while unemployment rate was at lowest level ever. For banking sector, commercial bank deposits and credits supportively rose.

Details of the economic conditions are as follows:

Demand side increased at a decreasing rate after accelerating in the previous month, stemming from both **private consumption** and **private investment index**. This was attributable to lower spending and investment in automobiles sector as a consequence of recently expired tax-rebate program for the first-car. Nevertheless, buoyant demand during the holiday season led to greater sales growth of department stores as well as electrical appliances. In addition, sales of construction materials increased following active construction activities. This was in line with a persistent sign of prospective investment in the Northern region as evidenced by an approval of investment promotion totaled 924.9 million baht, mostly for biomass electricity generation. Likewise, **government disbursements** through provincial treasury offices in the Northern region, amounting to 14,537.7 million baht, grew by 20.6 percent year-on-year (yoy) owing to the salary raise for government officials and withdrawals of public construction projects.

Export Value, amounting to 348.1 million USD, rose by 12.0 percent (yoy) mostly from cross-border exports of petroleum products and consumer goods, in tandem with increased exports of electronic components for telecommunication devices through the Northern Customs House. Concurrently, **import value**, amounting to 134.6 million USD, grew by 1.8 percent (yoy) which stemmed from imports of agricultural products, namely peanut and dried chili, as benefited from the ASEAN Free Trade Area (AFTA).

Supply side exhibited a continual expansion. **Manufacturing Production Index** grew by 10.8 percent (yoy) on the back of increased food production in response to rising supplies, specifically rice and sugar. In addition, electronic components production rose following high demand from automobile and telecommunication devices; along with an acceleration of construction materials production as a result of increased construction activities. In addition,

major crop production continued to expand, owing to increased production of sugarcane, major crop rice and cassava which resulted from not only a plantation expansion but also an increased yield upon more attention. Meanwhile, **crop price** improved from the previous month as prices of sugarcane and livestock rose in response to market demand. Consequently, **farm income** increased by 5.5 percent (yoy). **Tourism sector**, although declined, remained sound with the benefits of high season, favorable cold weather and a trendy travel theme to the North of Thailand, especially among Chinese tourists.

Regarding **internal stability**, **inflation** moderated to 3.0 percent (yoy) on the back of decreased prices of vegetables, fruit and fuel. Meanwhile, **unemployment rate** in December 2012 recorded the lowest of 0.2 percent (yoy) and numbers of registered person under social security system in January 2013 reported upwards reflecting a persistent demand for labor.

Commercial bank deposits and credits as of December 2012, remained growth. **Deposits**, amounting to 543,015 million baht, rose by 23.5 percent (yoy) following deposits mobilization to facilitate projected credit expansion. Concurrently, **credits**, amounting to 477,093 million baht, grew by 18.3 percent (yoy) mainly to hire purchase, wholesale and retail trades, construction business and cooperatives. Loan-to-deposit ratio therefore edged up to 87.9 percent, comparing to the previous month as a result of higher acceleration in credits than deposits.

Bank of Thailand, Northern Region Office

March 4, 2013

Contact person: Buchita Lertpoonvilaikul

Tel: +66 (0) 5393-1156

E-mail: Buchitap@bot.or.th