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Press Release on Northern Region's Economic Conditions in March and Q1 2013

In March 2013, the overall economy in the Northern region moderated from the previous month, particularly in private consumption and investment. Meanwhile, production in manufacturing and agricultural sectors together with government disbursement contracted. Nevertheless, growth in the tourism sector remained favorably and exports expanded slightly. Concurrently, economic stability remained buoyant, with easing inflation and low unemployment. For banking sector, commercial bank deposits and credits supportively growth.

Details of the economic conditions are as follows:

Demand side grew at moderate pace. **Private consumption index** increased by 5.4 percent year-on-year (yoy), moderating from 8.8 percent (yoy) in the previous month following decelerated number of cars registered and sales of consumer goods in department stores. At the same time, the number of motorcycle registered and sales of electronic appliances also contracted, partly due to consumer caution their spending owing to the high cost of expenses. **Private investment index** rose by 6.2 percent (yoy), down slightly from a 6.9 percent growth of the previous month, which stemmed from a slowdown in sales of construction materials, in line with a continued decline in import value of machinery and equipment. Nevertheless, a sign of prospective investment in the Northern region was continuing observed as evidenced by an approval of investment promotion totaled 2,118.2 million baht, mostly for electronic products and electric appliances, solar farm and jewelry industries. In the meantime, **government disbursement** through provincial treasury offices in the Northern region, amounting to 15,013.0 million baht, continued contracting by 21.1 percent (yoy) comparing to the previous month as a result of disbursement acceleration in the previous year, which stemmed from the late enactment for fiscal year 2012.

Export value was recorded at 405.8 million USD, improved mildly by 1.4 percent (yoy) from cross-border exports of consumer goods and petroleum products, particularly to Myanmar while, exports to other countries and through the Northern Custom House declined. Concurrently, **import value**, amounting to 133.6 million USD, dropped slightly from decreased imports of raw materials and intermediate goods, namely glass lenses, rough diamond and electronic components.

Supply side contracted. **Farm income** dropped by 3.5 percent (yoy), owing to deteriorating **major crop production** which declined by 6.9 percent (yoy) following lesser output of second crop rice as a result of less water and hot weather. Going forward, output of garlic and shallot dropped in response to conversion of a high price crop plantation. **Crop price**, however, improved from high prices of paddy and cassava due to government's pledging schemes while price of livestock products continued to pick up in response to decreased output. **Manufacturing production index** shrank by 3.1 percent (yoy) due to high competition of agricultural and garment industries in tandem with a low popularity for digital compact camera. Nonetheless, an increase demand market led to higher production in beverages and electronic components in smart phone. **Tourism** was well maintained as a beneficiary of ongoing activities and seminars as well as a continual trendy travel theme to the North of Thailand causing a buoyant numbers of Chinese tourists.

With regard to **internal stability, inflation** slowed down to 2.28 percent (yoy) following decreased prices of fuel, as well as starch and starch products. In the meantime, **unemployment rate** in February 2013 remained modest at 0.2 percent (yoy) owing to growth of agricultural employment in harvest season. Correspondingly, numbers of registered person under social security system in March 2013 continued growth.

Commercial bank credits as of February 2013 amounting to 486,479 million baht, rising by 19.1 percent (yoy) following a demand for consumer loan, particularly hire purchase, as well as wholesale and retail trade, construction contract and farm trade. **Deposits**, amounting to 545,788 million baht, grew by 19.4 percent (yoy), decreased from a 22.0 percent growth in the previous month following withdrawal of public entities to state-initiated projects.

Overall Northern economy in the first quarter of 2013 expanded well, albeit moderately. Private consumption and investment declined in response to the expiration of government measures in the previous quarter. Concurrently, government expenditures decelerated as a result of disbursement acceleration in the previous year. Likewise, agricultural production slowed down from unfavorable weather and water supply. Manufacturing production remained stable while exports up slightly from cross-border exports. In addition, growth in the tourism sector increased satisfactorily mostly to high number of Chinese tourists in associated with ongoing activities and seminars. Regarding economic stability, inflation moderated following decreased fuel price as a result of last year's high base effect from fuel tariff and LPG adjustment charge. The unemployment rate remained modest. As for banking sector, credit and deposit of commercial banks continued to grow favorably.

Bank of Thailand, Northern Region Office

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Contact person: Buchita Lertpoonvilaikul

Tel: +66 (0) 5393-1156

E-mail: Buchitap@bot.or.th