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[Press Release on Northern Region's Economic Conditions in September 2013
and the Third Quarter of 2013](#)

In September 2013, the overall economy improved from the preceding month, as tourism, exports and agricultural production expanded in line with a slight increase in manufacturing production. Nevertheless, a smaller decline was observed in private consumption and government disbursement while private investment remained in contraction. Economic stability, however, was considered favorable with low inflation and unemployment rate. For banking sector, commercial bank credits and deposits descended.

Details of the economic conditions are as follows:

Supply side expanded. Tourism continued to thrive as benefited from a great number of tourists from China. **Major crop production** went up by 2.7 percent year-on-year (yoy) on the back of increased maize and rice output which stemmed from an expansion in planting area coupled with a rise in yield upon favorable climate. However, **major crop price** decreased by 6.1 percent (yoy) corresponded to declines in prices of maize and paddy, induced by increased supply while demand slowed down, all of which led **farm income** dropped by 3.6 percent (yoy). Meanwhile, **manufacturing production index** edged up marginally to 0.5 percent (yoy) in response to not only an increase in production of electronic components for smart phones, tablets and automobile appliances but also a transfer of manufacturing process from abroad in line with increased production of fashionable jewelry to accommodate higher external demand.

Demand side showed a slower pace of contraction. **Government disbursements** through provincial treasury offices in the Northern region, amounting to 18,338.0 million baht, dropped by 11.9 percent (yoy) for the fifth consecutive month, resulting from a high-base effect in the previous year in response to a back payment causing by new civil servants' compensation measures together with a deceleration of subsidies to local authorities after previously expedition as well as lesser disbursements in category of land and construction upon project delay. **Private investment index** contracted by 9.5 percent (yoy) due to a high-base effect in the same period last year along with a moderated construction activities following completing projects, as reflected by a decline in sales of construction materials, numbers of commercial car registrations and import value of machinery and equipment by 12.8 percent (yoy), 1.8 percent (yoy) and 28.9 percent (yoy) respectively. **Private consumption** down slightly by 0.5 percent (yoy) led by a decline in sale of automobiles and motorcycles coupled with a slowdown in wholesale and retail sales, notably luxurious goods. This was contributed by concern over faltered economy and rising household debt, which in turn tamed consumer caution in their spending and confidence.

Export value was recorded at 388.2 million USD, grew by 3.6 percent (yoy) from a rise in exports of electronic components and jewelry to Europe along with exports of consumer products and fuels to Myanmar and Laos. In contrast, **import value**, amounting to 141.4 million USD, contracted by 3.1 percent (yoy) owing to declined imports of capital goods as well as vegetables and fruit from China.

Regarding **internal stability**, inflation remained stable from the previous month at 2.14 percent (yoy) while **unemployment rate** dipped to 0.3 percent (yoy). Correspondingly, **the number of registered persons** under social security system was up slightly.

Monetary sector moderated. **Commercial bank credits** as of August 2013 amounting to 543,886 million baht ramped up by 21.3 percent (yoy) following an expansion in lending, particularly hire purchasing, wholesale and retail trades, crop trading, power generation industries and auto dealers. Concurrently, **deposits**, amounting to 561,403 million baht, rising by 8.8 percent (yoy), albeit slowed down from a 10.1 percent growth in the previous month following withdrawal of public entities for procurement process.

Overall Northern economy in the third quarter of 2013 moderated from the preceding quarter and the same period last year following sluggish private consumption, as reflected by a slowdown in sales of automobiles due to the expiration of government's stimulative measures coupled with concern over weakened economy and increased debt burden. Meanwhile, private investment and government expenditure contracted as a result of the previous year's high-base effect. Agricultural production declined in accordance with decreased production of second crop rice, longan and pineapple, caused by hot weather and drought. Meanwhile, manufacturing production held back from a declined production of beverages, apparels, optical lenses and hard disk drive components. However, tourism expanded robustly, supported by the growing number of tourists from China and inbound excursions of local government authorities from other regions of Thailand. Exports continually increased following cross-border exports of consumer products and fuels. Economic stability was well maintained, with low unemployment rate, easing inflation. For banking sector, credits and deposits was considered favorable albeit subdued.

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