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[Press Release on Northern Region's Economic Condition in January 2014](#)

The overall economy in January 2014 continued to decline from the previous month due to contraction in private consumption and investment as well as deceleration in government spending. However, tourism sector and exports continued to expand well. In addition, both agricultural and industrial output increased. With regard to economic stability, inflation and unemployment rate mildly increased. For commercial bank, deposits increased well and credits grew favorably.

Details of economic conditions are as follows:

Supply side softened. Tourism sector exhibited well from a beneficiary of prolonged favorable cold weather as well as promotional activities which led to an increased inbound visitors both domestic and foreign tourists. In addition, more direct flights from China resulted in a growing number of Chinese tourists during Chinese New Year festival. Nevertheless, **farm income** declined by 2.1 percent year on year (yoy) , caused by a decline in **major crop price** by 6.9 percent (yoy) as a result of continuing decrease in price of major crop paddy due to price competition stemming from increased supply in the world market in tandem with a falling price of sugar cane in accordance with the world price. On the other hand, cassava price is favorable following rising demand in food industry. **Major Crop Production Index** grew by 5.2 percent (yoy) following increased output of major crop rice, sugar cane and cassava owing to expansion of plantation area in line with favorable weather condition which resulted in higher yield per Rai. **Manufacturing Production Index** expanded by 5.6 percent (yoy), slowing down from an increase of 9.3 percent (yoy) last month ,following increased production of sugar, electronic components, notably parts used in automobile, smart phone and tablet in response to a strong demand as well as construction material for government construction projects. However, beverage production declined after acceleration in the previous period. **Retail Trade Index** continued to decline following decreased sale of automobiles, namely passenger cars and motorcycles.

Demand side exhibited a smaller decline. **Private Consumption Index** contracted by 6.6 percent (yoy), improving from 9.6 percent (yoy) contraction in the previous month. This is mainly due to consumer's caution towards their spending given a concern over political situation along with economic slowdown, falling farmer income and rising household indebtedness. **Private Investment Index** dropped by 3.5 percent (yoy), improving from a decline of 9.5 percent (yoy) last month as reflected from a decline in certain key indicators including permitted construction area in municipalities and numbers of commercial car registration. However, sale of construction materials and imports of machinery and equipment rose. **Government disbursement through provincial treasury offices**, totaling 14,627.8 million baht, grew slightly by 0.6 percent (yoy) compare with an increase by 18.2 percent (yoy) in the previous month, owing to a contraction in capital expenditure from delayed government projects. However, categories of subsidies to educational institutes, local administrative organizations as well as compensation for meeting and seminar noted an increase.

Exports, amounting to 408.1 million US dollar, grew by 17.2 percent (yoy) from exports of electronic components and equipments through customs houses in the Northern region along with cross-border exports of mobile phones and accessories, fuel, consumer goods to Myanmar. **Imports**, amounting to 140.4 million US dollar, increased by 3.2 percent (yoy) following imports of raw materials and intermediate goods for manufacturing industry, namely electronic components, rough diamond, glass used for making lens.

Regarding economic stability, headline Inflation edged up slightly to 1.97 percent (yoy) as a consequence of rising demand for fresh food, such as meat and fruit during Chinese New Year festival in tandem with higher oil price according to the world market condition. **Unemployment rate** remained modest at 0.7 percent. **The numbers of registered** person under social security system kept rising.

Banking sector as of December 2013 remained sound. **Commercial Bank Deposit**, recording at 583,593 million baht, increased by 7.5 percent (yoy) as a result of commercial banks' mobilization by launching attracting financial products in order to support a continued growth in private credit. **Meanwhile, commercial bank credit**, totaling 568,264 million baht, up by 19.1 (yoy) following demand from consumer lending, notably for housing as well as corporate lending, SMEs in particular, for commercial, agriculture, manufacturing, construction, transportation and financial intermediary businesses.

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