



BANK OF THAILAND

BOT Press Release

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

The overall economy in August 2013 weakened following a decline in private consumption and investment. Besides, government disbursement was subdued, coupled with decreased production in both manufacturing and agricultural sector. Exports and tourism, nevertheless, continued to expand. With regard to economic stability, inflation as well as commercial bank credits and deposits moderated while unemployment rate increased slightly.

Details of the economic conditions are as follows:

Demand side was on the wane. **Government disbursements** through provincial treasury offices in the Northern region, amounting to 14,475.4 million baht, decreased by 15.6 percent year-on-year (yoy) due mainly to the previous year's high-base effect in response to not only a back payment causing by new civil servants' compensation measures, but also a deceleration of subsidies to local authorities after previously expedition as well as lesser disbursements in category of land and construction upon project delay. Nevertheless, the 11-month accumulative disbursement for the fiscal year 2013 continued to increase by 2.9 percent (yoy). **Private Investment Index** contracted by 8.1 percent (yoy) on the back of sluggish construction and production. Notably, import value of machinery and equipment, permitted construction area and numbers of commercial car registrations shrank by 59.9 percent (yoy), 51.6 percent (yoy) and 4.4 percent (yoy) respectively. Nonetheless, investment promotion approvals as reported in this month totaled 9 projects with the total value of 545.2 million baht, mostly for manufacturing of agricultural, metallic and electronic products. **Private Consumption Index (PCI)** declined by 0.6 percent (yoy) owing mainly to a drop of farm income and subsided impact of government stimulus measures. Given the higher indebtedness, households had become more cautious about their spending. Sales growth of necessity goods, however, remained expansion.

Export Value, amounting to 397.3 million USD, expanded by 12.3 percent (yoy) mainly from cross-border exports. Notably, exports of consumer goods and fuel to Myanmar accelerated after the flood problem subsided. Concurrently, **import value**, amounting to 142.0 million USD, grew by 2.0 percent (yoy) following imports of consumer and capital goods. Likewise, cross-border imports of agriculture products, particularly items that utilized AFTA privileges, cattle, furniture and wooden products increased as well.

Supply side declined. **Manufacturing Production Index** shrank by 11.3 percent (yoy), mainly from lesser production of garments, beverages, optical lenses and hard disk drive components, following flagging demand from both domestic and external markets. In addition, beverage production partly slowed down for further clarification of ceiling tax rate's revision. In the meantime, **farm income** contracted, although improved from the preceding month in response to a recovery of major crop production from the shrinkage of 8.0 percent (yoy) in the preceding month to a decrease of only 0.6 percent (yoy) this month. This was attributable to higher output of this new harvesting season, rice and maize in particular, which has outpaced the previous year's harvesting due to better weather condition. Meanwhile, **major crop price** fell by 3.6 percent (yoy) as a result of declined prices of paddy and maize, arisen from increased supply. **Tourism sector** remained unabated as benefited from inbound excursions of local government authorities from other regions of Thailand as well as persistent visits of Chinese tourist.

Regarding **internal stability, inflation** eased to 2.14 percent (yoy) on the back of retreated prices of fuel, vegetables and fruit. **Unemployment rate** in July 2013 edged up slightly to 0.8 percent (yoy). Meanwhile, numbers of registered person under social security system in August 2013 continued rising.

Banking sector moderated. **Commercial bank deposits** as of July 2013 amounted to 562,300 million baht, increasing by 10.1 percent (yoy) but lower than the previous month by 7,138 million baht. This was mainly contributed from a withdrawal of government authorities, mostly for procurement purpose during the coming end of fiscal year 2013, besides a withdrawal for business circulation. Concurrently, **credits** amounted to 536,583 million baht, rising by 22.8 percent (yoy), albeit moderated continually, to fulfill borrowing demand for hire purchases, housing, wholesale and retail trade, constructions and processed agricultural manufacturing.

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