



No. 3/2014

[Press Release on Northern Region's Economic Conditions in February 2014](#)

In February 2014, the overall economy in the Northern region improved from the previous month, with a favorable expansion in tourism sector, exports, industrial output and government disbursement. Concurrently, private consumption and investment exhibited a smaller decline. Farm income, nevertheless, contracted further owing mainly to a slowdown in price. Economic stability remained sound, inflation and unemployment rate increased slightly. For banking sector, commercial bank deposits and credits moderated.

Details of the economic conditions are as follows:

Supply side expanded. **Tourism sector** thrived as benefited from the promotional activities, particularly Chiang Mai Flower Festival and Chinese New Year Festival in early this month, given buoyant inbound visitors both domestic and foreign tourists, especially Chinese tourists traveling on direct flights which led to a high expansion in hotel occupancy rate. **Manufacturing Production Index**, up by 21.3 percent year-on-year (yoy), grew further from last month following increased production of electronic components and automotive equipment, notably distance measuring sensors, to fulfill demand in automobile and telecommunication industries. Similarly, food manufacturing went up on the back of rising raw materials. **Major Crop Production index** grew by 4.1 percent (yoy) following increased output of sugar cane and maize owing to expansion of plantation area, inducing by last year's attractive high prices, together with favorable weather condition which resulted in higher yield per Rai. However, output of second crop was dampened by less supply of water. Meanwhile, **major crop price** declined by 9.1 percent (yoy) following prices of second crop paddy and sugarcane in accordance with falling global prices due to abundant supply. Nevertheless, price of cassava noted favorable following greater demand in food and energy industries. **Farm income**, thus, dropped by 5.4 percent (yoy). **Retail Trade index** edge up marginally, mainly from sale of automobiles and relevant businesses, in line with sale of consumer goods in department stores which improved from the previous month.

Demand side improved. **Private consumption** declined by 6.8 percent (yoy) which showed a slight improvement from a decline of 7.0 percent (yoy) in the previous month. Consumers remained cautious with their spending as concern over faltered economy, political situation and household debt burden along with a drop of farm income continued to weigh on consumer confidence. **Private investment index** fell by 1.5 percent (yoy), improving from a decline of 4.8

percent (yoy) last month following the expansion in certain key indicators particularly permitted construction area in municipalities and imports of machines and parts. Nonetheless, sales of construction materials and numbers of commercial car registration slowed down from a contraction in private construction in line with the previous year's high-based effect. **Government disbursements** through provincial treasury offices in the Northern region, amounting to 18,342.4 million baht, accelerated by 36.7 percent (yoy) following current expenditure mainly from categories of subsidies to local administrative organizations and academic institutions in accordance with ongoing projects. In addition, investment expenditure posted the first time expansion, after exhibited a negative growth in the last 9 month following ongoing construction projects.

Export value through the Northern Customs House was recorded at 389.7 million USD, ramped up by 17.9 percent (yoy) following a rise in exports of electronic components and equipment as well as jewelry to China and Japan in particular, in line with cross-border exports of consumer goods to Myanmar. In the meantime, **import value**, amounting to 132.3 million USD, grew by 19.6 percent (yoy) mainly from increased imports of raw materials and intermediate goods, specifically electronic components and rough diamond, in tandem with imports of agricultural products as benefited from the ASEAN Free Trade Area (AFTA), cattle, furniture and wooden products.

With regard to **internal stability**, inflation ticked up from the preceding month to 2.24 percent (yoy) following prices of meat, eggs and fishery in response to decreased output, along with cost pass-through to prices of processed food and fruits. **Unemployment rate** up slightly to 0.8 percent (yoy). Correspondingly, **the number of registered persons** under social security system moderated.

Monetary sector grew at moderate pace. **Commercial bank credits** as of January 2014 totaled 568,344 million baht, increased by 18.4 percent (yoy) albeit declining for the eighth consecutive month following the contraction in private investment and consumption. In addition, commercial banks became more cautious in their lending. Concurrently, **deposits**, registered 587,868 million baht, rose by 7.2 percent (yoy) mainly from increased deposits of academic institutions and business sector.

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April 2, 2014

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