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[Press Release on Northern Region's Economic Conditions in June 2014
and the Second Quarter of 2014](#)

In June 2014, the Northern region economy improved almost across the board from the previous month after political uncertainties subsided and public policy became clearer. Private consumption and investment started to show signs of recovery while export-oriented manufacturing production expanded continually. Altogether, government disbursement picked up from the preceding month, farm income also improved in response to completed payment on rice pledging scheme project. Nonetheless, tourism moderated seasonally and continued to be affected by political changes although there has been improvement in the end of the month. With regard to economic stability, unemployment rate ascended while inflation descended. For banking sector, deposits and credits moderated. Details of the economic conditions are as follows:

Demand side improved from the previous month but still contracted comparing with the same period last year. **Private consumption** dropped by 3.7 percent year-on-year (YoY), adjusted upward from 5.4 percent decrease (YoY) in a month earlier following restored consumer confidence and higher purchasing power of farmers in response to receipt of payment on rice pledging scheme project. This was resulted in a growth on sales of necessity goods in line with a rebound in sales of electrical appliances, boosted by promotional activities. **Private investment index** fell by 1.7 percent (YoY), improving from a drop of 4.5 percent (YoY) in the preceding month as reflected by an increase in certain key indicators including sale of construction materials on account of ongoing government construction projects, permitted construction area in municipalities and imports of machines and parts. In addition, numbers of commercial car registration posted a slower contraction. **Government disbursements** through provincial treasury offices in the Northern region, amounting to 14,236.5 million baht, shrank by 5.3 percent (YoY) resulting from the impact of political turmoil.

Export value through the Northern Customs House was recorded at 433.4 million USD, up 12.9 percent (YoY) mainly from exports of electronic components, jewelry and agricultural products notably frozen meat and fruit to ASEAN, Europe, China and USA. Cross-border exports of consumer goods also expanded well in all markets. In the meantime, **import value**, amounting to 131.7 million USD, ticked up by 2.5 percent (YoY) from imports of raw materials and intermediate goods for export-oriented manufacturing production.

Supply side revived from last month. **Manufacturing Production Index** accelerated by 13.6 percent (MoM) and 16.2 percent (YoY) mainly from an increase of export-oriented production of electronic components for telecommunication devices and automobiles, electrical and office appliances including ceramics, fostering by demand from Japan, Europe, USA and ASEAN; in tandem with elevated production of camera lenses to serve the growing market share. Meanwhile, production for domestic-oriented still contracted following production of beverages and processed agricultural products. Production of construction materials, however, increased from public construction activities.

Farm income contracted by 7.6 percent (YoY) albeit higher than its month-earlier level as **major crop production index** geared up from last month to 4.4 percent (YoY) following output of sugarcane, cassava and maize, along with increased output of longan and lichee due to favorable weather. Even though, **major crop price** contracted by 12.0 percent (YoY) following prices of paddy, maize and lichee but improved from the prior month as price of livestock especially swine remained favorable. **Retail Trade index** shrank by 11.5 percent (YoY), but adjusted upward from last month owing to an expansion in sales of food and beverages in restaurant, together with fresh fruit and vegetables as well as electrical appliances.

Tourism sector posted a seasonally decline and still weighed down by political tension, albeit improved from the same period last year following Chinese incentive travel groups and the competitive examination held by the Office of the Civil Service Commission in Chiang Mai.

Regarding **internal stability**, inflation eased to 2.3 percent (YoY) resulting from falling prices of fuel and fresh food such as vegetables and fruit in response to abundant supply. Concurrently, **unemployment rate** went up from the preceding month and year to 1.2 percent (YoY), while **numbers of registered persons under social security system** slowed down.

Monetary sector grew at moderate pace. **Commercial bank deposits** as of June 2014 totaled 587,680 million baht, rose by 3.2 percent (YoY) but softened continually from the prior-month level following reallocation from time deposit to invest in government bond with higher return, even though commercial banks started to launch deposit campaigns to maintain customer bases and keep pace with credits growth. Concurrently, **credits**, registered 571,774 million baht, grew by 7.7 percent (YoY) albeit declining for the thirteenth consecutive month due to a slowdown in corporate and consumer lending notably for leasing.

In the second quarter of 2014, economy remained stable from the previous quarter. **Demand side** improved slightly after an unraveling of political tension and a clearer direction of public policy in the late quarter. The completed payment on rice pledging scheme project also boosted purchasing power of farmers as well as private consumption and investment started to show signs of recovery with a slower contraction. Although, households remained cautious in their spending owing to high debt level. Meanwhile, exports grew well from the recovery of global demand. However, government spending was restrained by political tension. **Supply side** softened

as agricultural production declined in accordance with decreased output of second crop paddy and sugarcane as a result of drought. Likewise, a slowdown in major crop price also led to a slump in farm income. Meanwhile, a slowdown in tourism sector was further affected by political situation. Nevertheless, manufacturing production increased from external demand for electronic components. **Economic stability** was considered supportive as reflected by relatively eased inflation and low unemployment rate. For banking sector, deposits and credits subdued.

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