



BANK OF THAILAND

BOT Press Release

Northern Region Office
Tel. 0-5393-1216 Fax. 0-5322-4171 www.bot.or.th

No. 5/2014

Press Release on Northern Region's Economic Conditions in April 2014

The Overall economy in April 2014 still softened from the previous month due to the prolonged political uncertainty. In addition, substantial decline in farm income and government disbursement subdued consumer confidence which led the household sector to spend cautiously. Meanwhile, private investment and manufacturing production posted a slower contraction. Tourism activities and export moderated. With regard to economic stability, Inflation and unemployment rate increased slightly. For banking sector, commercial bank deposits and credits slowed down.

Details of economic conditions are as follows.

Demand side fell from the previous month and the same period last year. **Private consumption Index** moderated slightly from the previous month, although declining by 5.0 percent (yoy), due to the economic slowdown, prolonged political situation, high level household debt and a significant drop in farm income. Together, these led to persistent weakening consumer confidence which contributed to more caution in their spending. On the other hand, sales of necessity goods still expanded. **Government disbursements through provincial treasury offices**, totaled 14,054.1 million baht, dropped by 29.3 percent and 25.3 percent from the previous month and the same period last year respectively following current expenditure after accelerated transfer to local administrative organizations, academic institutions and government entities in the prior period. However, the disbursement in categories of salary, remuneration and administrative expenditures was still performed as usual. The capital expenditure was partly disbursed for some ongoing construction/renovation/maintenance projects.

Private Investment Index fell by 3.7 percent (yoy), adjusted upward from 5.0 percent decrease (y-o-y) in the previous month as reflected by an increase in key indicators including sales of construction materials in accordance with ongoing government projects and import of machinery

and equipment. However, permitted construction area in municipalities and numbers of commercial car registration remained contracted.

Export value, amounting to 382.7 million U.S. dollars, grew by 9.5 percent (yoy) following export of electronic parts and hard disk drive components in accordance with recovery of global demand, particularly Japan and USA as well as export of consumer products to Myanmar. Import value was recorded at 130.9 million U.S. dollar, accelerated by 15.4 percent, mainly from import of raw material and intermediate goods for export-oriented manufacturing production such as integrated circuit, electronic components, glass used for making lens and rough diamond.

Supply side contracted from the previous month and the same period last year. **Major Crop Production** declined by 36.9 percent from the previous month and 16.5 percent (yoy) due mainly to sugar cane, garlic, maize, and second crop rice causing from severe and widespread drought conditions. **Major Crop price**, continuously contracted by 13.4 percent (yoy), was attributable to lower global market prices of paddy, maize and sugar cane due to higher supply. Nonetheless, pineapple and livestock prices were favorable. Corresponding, **farm income** dropped by 29.9 percent (yoy). **Manufacturing Production Index** improved well from last month and registered a slight decline by 0.1 percent (yoy) owing to increased exports in categories of lens for telecommunication, electronic components, wooden products, ceramic tableware, food, textile and jewelry to fulfill external demand, particularly USA, Europe and Japan. In addition, domestic-oriented manufacturing production trended upward in response to construction materials production, mainly for ongoing government projects. In the meantime, alcoholic beverage production remained negative growth but improving from the previous month.

Retail Trade Index decreased by 1.2 percent from the previous month and 12.5 percent (yoy). Notable decline was observed in categories of automobile and related products, electronic appliance, lighting and electrical equipment, furniture, food and alcoholic beverage. **Tourism sector** moderated from last month but remained sound compared with the same period last year as benefited from promotional activities during Songkran festival in tandem with persistent visit of foreign tourists, particularly Chinese tourists. Nevertheless, the political situation, which affected the tourism atmosphere, was expected to reduce the number of Chinese tourists in the first half of this year.

Regarding internal stability, headline inflation rose by 2.64 percent (yoy), slightly increase from the previous month following rising fresh food price, notably meat, fish, aquatic animals and vegetable as a result of hot weather and drought condition which led to lesser output. Moreover, a pass-

through from an increase in household LPG price resulted in higher prepared food prices. **Unemployment rate** recorded at 0.7 percent, edged up from the previous month. **The number of registered persons** under social security increased favorably.

Monetary sector expanded at a slower pace. Commercial banks' Deposit as of March 2014, recorded at 593,419 million baht, grew by 6.1 percent (yoy) albeit decline from last month due mainly to withdrawal by public entities and academic institutions for the ongoing government projects as well as relocated deposits to specialized financial Institutions. Credit outstanding, amounting to 571,756 million baht, kept growing by 11.5 percent (yoy) albeit moderating for the tenth consecutive month as base effect from last year, mainly from a transfer of housing credit accounts, from its head office to be registered in the Northern region as well as an expiration of first-car scheme, resumed normal. Besides, other factors attributable to a slower credit growth included the economic slowdown, more cautiously consideration of commercial bank lending and high household indebtedness.

Bank of Thailand, Northern Region Office
June 3, 2014

Contact person: Supapun Wattanaudomchai
Tel +66 (0) 5393-1118
e-mail: Supapunw@bot.or.th