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

In November 2014, general economic conditions in the Northern region came off from previous month more than expected due to a slackness of private consumption and investment including short fall of government current expenditure. The slowdown was associated with drops in manufacturing and processed agricultural production. Nevertheless, tourism sector has been performing well during its peak season. On stability front, key indicators such as inflation and unemployment rate remained unchanged. For banking sector, deposits growth ascended while credits descended continually.

Details of the economic conditions are as follows:

Private consumption and investment weakened further with a slower pace than expected. **Private consumption index** dropped by 2.7 percent year-on-year (YoY) from decline of automobile sales shouted with slackening general purchasing power. Farm income and consumer confidence also came off from households' spending cautiousness. However, overtime income from non-agriculture sector, government's farmer subsidy scheme and tourists spending helped boosting sales of those consumer goods.

Private investment continued its negative territory. **Private investment index** fell by 4.1 percent (YoY) contributed mainly from a declining of construction materials sales and those suspended decision on new investments. Nonetheless, permitted construction area in municipalities rebounded on both residential and commercial building projects and investment promotion approval from BOI also expanded in categories of services, public utilities and alternative energy.

Government disbursement through provincial treasury offices in the Northern region, declined by 43.6 percent (YoY) due technically to high base last year from huge subsidy transfer to local authorities and academic institutions. Meanwhile, disbursement on investment such as maintenance and rehabilitation grew marginally.

Export ticked up by 2.2 percent (YoY) mainly from cross-border trade on consumer goods to Myanmar. Meanwhile, exports of electronic components to Japan, China and Europe dropped from high production last month. **Import value** decreased by 4.4 percent (YoY) following imports of raw materials and intermediate goods.

Manufacturing Production Index decreased by 7.3 percent (YoY) mainly from production of beverages, construction materials, processed food industry, electronic components and sugar owing to a delay in sugarcane crushing process. Nevertheless, production of camera lenses, tableware ceramics, jewelry and furniture performed well.

Major crop production index fell by 7.3 percent (YoY) owing to second crop rice and sugarcane production. Altogether, sugar mills postponed the start of seasonal production causing harvest-to-cut. However, production of off-season longan as well as cassava and livestock especially broilers and eggs went up. In the meantime, **major crop price** lowered by 3.7 percent (YoY), accounted for declining prices of glutinous paddy, soybean, livestock, particularly swine, broilers and eggs. **Farm income**, thus, contracted by 10.7 percent (YoY).

Tourism sector kept growing during high season. The tourist promotion campaigns from public and private sector such as “Chiang Mai Golf Classic 2014” and “China’s first-tier cities road show” in line with more direct and charter flights available helped boost numbers of tourists as evidenced by increased number of air passengers and occupancy rate from the previous month.

On stability front, **inflation** came off further to 1.2 percent (YoY) following prices of fuel in accordance with falling global prices. Likewise, prices of fresh food, especially meat, chicken and fruits went down as a result of abundant supply. **Unemployment rate** remained low at 0.4 percent (YoY).

In October 2014, **commercial banks’ deposits** totaled 590,042 million baht, rose by 4.7 percent (YoY) contributed to an increase of government account and more deposit competition among commercial banks. Concurrently, **commercial banks’ lending**, accounted for 583,685 million baht, grew by 4.8 percent (YoY), moderating for 17 consecutive months, partly from a slackness of hire purchase lending. However, banks lending has improved in some categories such as wholesale and retail trade, rice mills and agricultural processing businesses which showed a 3-month consecutive increase.

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