



No. 7/2015

[Press Release on Northern Region's Economic Conditions in March 2015](#)

In March 2015, general economic conditions in the Northern region were somewhat balanced in terms of downside and upside factors. Private consumption and investment slightly improved while agricultural and processed agricultural products decreased as a result of drought. However, government's capital expenditure, tourism and cross-border exports were major drivers of economic growth. In terms of general economic stability in the Northern region, unemployment rate stayed at low level and inflation continued to ease off for the third consecutive month.

Details of the economic conditions are as follows:

Private Consumption Index slightly improved by 1.3 percent on year on year basis contributing to necessity goods spending mainly from tourists and massively falling fuel prices contributed to increase fuel consumption. Meanwhile, durables consumption continued to contract as a result of continuing poor farm income and consumer confidence.

Private investment index decreased by 4.1 percent. Despite declines in both permitted construction area in municipalities and registration of commercial cars, there were improvement from higher construction materials sales following increasing spending of government's construction projects and more approved BOI's investment projects.

Major crop production declined by 11.9 percent from lower productions of second crop rice and sugarcane as a result of drought. **Major crop price** dropped marginally by 1.6 percent as a result of lower prices of onion, soybean, sugar cane and main livestock products such as swine, broiler chicken and eggs. Accordingly, **farm income** fell by 13.3 percent.

Manufacturing Production Index continued to decline by 3.0 percent, notably from lower processed food production as a result from lower rice and sugar cane productions mentioned above. Textiles and electronics components also contracted. Alcoholic beverage production, however, increased from large inventory build-up prior to Songkran Festival and anticipation of forthcoming revision of excise tax rates and new Alcoholic Control Act.

Government's capital spending has played a key role to Northern economy with a continued disbursement momentum of 112.6 percent, mainly on maintenance and construction projects under Department of Highways and Department of Rural Roads as well as Royal Irrigation Department.

Tourism sector performed well reflected by a continuing number of incoming Chinese tourists and number of visitors originating from government seminars in major cities. Number of airport passengers and hotel occupancy rate were somewhat stable unaffected significantly by smoke and haze problems

Export value grew by 8.0 percent attributing mainly from accelerated exports of consumer goods to Myanmar prior to the Songkran Festival. However, exports of electronic components declined from sluggish foreign demand. Concurrently, **import value** ticked up by 1.2 percent from higher imports of electronics components and parts.

General **economic conditions** remained favorable. **Unemployment rate** stayed at 0.8 percent while **Inflation rate** came off further for the third consecutive month, owing to lower fuel prices and fresh food, particularly meat, chicken and eggs.

For banking sector, **commercial banks' deposits** as of February 2015, accounting for 608,063 million baht, grew by 1.6 percent but slowed down from last month, following withdrawal of both private sector and public authorities for project spending. Concurrently, **commercial banks' lending** accounted for 595,494 million baht, rose by 4.5 percent closed to last month, to fulfill demand for corporate lending, particularly in wholesale and retail trade businesses, manufacturing industries and housing loans. Loan-to-deposit ratio therefore picked up slightly from previous month.

Bank of Thailand, Northern Region Office

April 30, 2015

Contact: Regional Economy Division

Tel: +66 (0) 5393-1156

E-mail: Buchitap@bot.or.th