



BANK OF THAILAND

BOT Press Release

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

No. 9/2015

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

In April 2015, general economic conditions in the Northern region moderated from previous month owing mainly to weakening private consumption and investment. Farm income, consumer confidence and investment continued to drop as well as slackening exports. Meanwhile, tourism sector and government disbursement lessened slightly, but continued their supportive role. Manufacturing production increased in sugar and beverages. General economic stability remained sound with low unemployment and easing inflation rate for the fourth consecutive months. For banking sector, credits and deposits both increased from previous month.

Details of the economic conditions are as follows:

Private consumption and investment continued to weaken. **Private Consumption Index** dropped marginally by 0.6 percent on a year-on-year basis (YoY) contributing to a drop in automobiles spending. Poor household's purchasing power, lower farm income and fragile consumer confidence have been deteriorating. Observed in short fall of overall spending was in line with tightened credits approvals from financial institutions. Tourists' spending on necessity goods has been positive in a row.

Private Investment Index decreased by 5.5 percent with a lack of new investments, mainly observed in real estate sector. Therefore, most key indicators such as numbers of registered commercial cars, permitted construction area in municipalities, sales of construction materials registered and imports of machinery and equipment were lower. Nonetheless, an increase in BOI's approved investment projects was primarily on light industry.

Farm income further dropped by 15.7 percent, measured on both production and price basis. **Major crop production** dropped by 12.8 percent from a decline of second crop rice production resulting from drought as well as diminished plantation area causing by unattractive price and none of government support. Meanwhile, sugar cane and cassava output increased. Concurrently, **major crops price** fell by 3.4 percent following declined prices of sugar cane, cassava and soya bean. In tandem, livestock prices, particularly swine, chicken and eggs, also decreased in response to buoyant supply.

Exports dropped by 6.6 percent due to lower exports of electronic parts and components for mobile phones, automobiles and camera to Japan and for hard disk drives components to Hong Kong, as partly an adverse impact of sluggish global economy and intense price competition. However, cross border exports of consumer products continued to expand, albeit at a slower pace after accelerated in previous month. In the

meantime, **imports** fell by 10.6 percent mainly from imports of raw materials and intermediate goods for export-oriented production, electronic parts and components in particular.

Tourism sector continued to be a key driver of the Northern region, contributed by a continuing number of Chinese visitors to upper Northern provinces indicated by high air passengers and hotel occupancy rate.

Government disbursement also improved remarkably by 31.1 percent, particularly in capital expenditure category with the higher disburse rate compared to either previous year's or an average of last 4 fiscal years. Mostly, spending was on maintenance and rehabilitation projects of the Department of Highway, the Department of Rural Roads and the Royal Irrigation Department.

Manufacturing Production Index resumed by 2.1 percent, contributed by more food production, particularly sugar as well as processed vegetables and fruits. Meanwhile, beverages became to moderate from previous month increase. In the meantime, construction materials, electronic parts and components and textiles dropped.

General **economic condition** has been somewhat stable indicated by low **inflation** rate (registered 4 consecutive months in a row and recorded as the 5 years lowest), mainly contributed from low fuel prices and declined fresh food prices – higher supply from meat, chicken and eggs. **Unemployment rate** continued at a low of 0.8 percent from less employment in farming, and also in construction sector.

In March 2015, **commercial banks' credits** accounted for 602,396 million baht and grew by 5.4 percent associated with credit extended to manufacturing industry, commercial businesses, construction, as well as consumer lending - housing loans. Concurrently, **deposits** accounted for 613,958 million baht and grew by 3.5 percent. The increases were from deposits from government accounts awaiting for scheduled withdrawals. Loan to deposits ratio slightly increased from previous month.

Bank of Thailand, Northern Region Office

May 29, 2015

Contact person: Regional Economy Division

Tel: +66 (0) 5393-1167

E-mail: Jarnyat@bot.or.th