



BANK OF THAILAND

BOT Press Release

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

In November 2015, economic conditions in the northern region retained its momentum largely attributed by benign tourism activities while in the lower northern region, the momentum has been receding basically from unfavorable agricultural production and farm income. On positive side, cross-border trade and government investment spending improved which included an increase of private consumption on necessity and autos. However, some export-related goods, private investment as well as real estate business continued to underperform. On the stability front, unemployment rate remained at low level of which employment in agricultural sector seasonally resumed. Headline inflation eased off from lower food prices. At end-October, commercial banks deposit grew in a row while the credits growth was slightly lower from September.

Details of the economic conditions are as follows:

Private consumption continued its modest growth at 3.3 percent as a result of picking up sales from autos and motorcycles attributing to aggressive sales promotion and anticipation of excise tax increase on non-eco cars early next year. In addition, spending on cosmetics, ornaments and electronic appliances picked up accordingly along with upbeat number of tourists and improving consumer confidence. However, in the lower northern region the economic activities were relatively slower associated with unfavorable agricultural production and farm income.

Tourism sector gained its momentum as expected especially when approaching the peak period. Key indicators showed an impressive trend such as the number of air passengers, high hotel occupancy rate and average room price including higher value added tax (VAT) associated with hotel and restaurant businesses. Large number of tourists were more diversified which accounted not only the Chinese but the Americans, the Europeans, the Koreans and Thais. Notwithstanding, for the Thais, a large number of group meetings, seminars and trade fairs were organized during November and December especially in regional center such as Chiang Mai.

Export value grew by 5.5 percent, contributed mainly to increased cross-border exports of consumer products to Myanmar and Lao PDR. Exported items on major electronic components remained underperform as a result of fierce competition and down turn of global economy. Meanwhile, **imports** increased by 7.9 percent from more imports of capital goods and fruits.

Government disbursement increased by 10.0 percent attributed to key activities of the Water Resources Management and the Road Freight Transport Management. In addition, disbursements were made on those initiatives on the 5-million-baht budget per tambon program and small project investments to help support the sub-district (Tambon) administration.

Private investment index remained poor and dropped by 3.5 percent as a result of lukewarm real estate and construction businesses. In addition, at firm level, there have been under capacity utilization in certain manufactures due to unfavorable demand.

Indigence **farm income** continued from a short fall of rain resulting in lower yields per rai and harvesting areas. **Major crops** dropped by 20.5 percent - from rice, maize and pineapples. **Major crop price index** also dropped by 0.9 percent.

Manufacturing production index decreased by 11.2 percent, mostly from export-oriented production of almost all products. Lower production in electronics components, textiles, ceramics, optical lenses and hard disk drives were attributed to softened demand from trading partners, fierce competition and remaining excess of customers 'stocks. Export-oriented production of vegetables and fruit declined. Meanwhile, domestic production decreased following a fall in milled rice as an adverse effect of drought despite increased production of alcoholic beverage during its high season.

General economic condition in the northern region was sound. **Headline inflation rate** slightly eased off at 1.6 percent in response to falling prices of vegetables and fruits, meat, eggs and dairy products. **Unemployment rate** remained low at 0.8 percent. However, labor migration partly from manufacturing and construction sectors back to agricultural sector was observed this month.

As of end-October 2015, **commercial banks' deposits outstanding** amounted to 617,626 million baht, growing by 4.7 percent mainly from public entities' subsidies transferring. Concurrently, **commercial banks' credits outstanding** amounted to 611,447 million baht, rising by 4.8 percent due mainly to increased demand for wholesale and retail businesses as well as consumer's housing loan. Loan to deposits ratio, therefore, edged down to 99.0 percent.

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