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**Press Release on Northern Region's Economic Conditions in September 2015**

**In September 2015, overall economic conditions in the northern region is somewhat stuttering similar to last month** where private consumption on necessity goods and durable commercial cars improved marginally. Farmer income and private investment in real estate remained plunging including a slower pace of export-oriented production. Tourism and continuing government's disbursement on certain investment projects has however gained momentum to economic activities in the northern region. On the stability front, headline inflation rate was slightly higher due to an increase of raw food prices. Unemployment rate remained low, but observed seasonally unemployed persons and job migration from agricultural sector to trade and service sector. At end-August 2015, commercial bank credits and deposits grew moderately.

Details of the economic conditions are as follows:

**Private Consumption Index** rose by 1.6 percent contributing mainly from tourists' spending on necessity goods and government's spending on construction materials. However, poor farmer income and plunging consumer confidence remained observed.

**Tourisms was slightly lower pace, but maintained good momentum** indicated by increase in number of air passengers, hotel occupancy rate and value added tax (VAT) collected from hotels and restaurants. This was mainly attributed to Chinese tourists' spending as well as Thai traveling to the northern region.

**Government disbursement** on certain constructions increased by 26.6 percent which accounted for campus premises buildings, and construction of regional residences of the Royal Thai Police and public hospitals.

**Private Investment Index suppressed** by 3.5 percent, due mainly to slackened real estate sector indicated by a drop of number of construction permission in municipal zones, sales of construction materials, and imports of machinery and parts. No sign of new investment in manufacturing production due to slackening demand in general.

**Farmer income** remained poor. **Major crop production index** contracted by 9.1 percent from adverse effect of drought **and major crop price index** declined further by 2 percent. Productions of rice, maize, pineapples and longan decreased. However, livestock production increased.

**Manufacturing Production Index** fell by 0.7 percent, but improved from last month due to a slower pace of export-oriented production, especially in electronics components and textiles. Nonetheless, domestic-oriented production rose, as beverage production increased due to last year's low base effect and introduction of new product campaign.

**Export value** declined by 5.5 percent and **imports** in raw materials and intermediate goods for export-oriented production, dropped by 10.3 percent due to soft demand from trading partners and less competitiveness. Meanwhile, cross-border exports, primarily fuel, to Lao and South China were somewhat slower.

Overall economic stability of the northern region remained accommodative. **Headline inflation rate** was slightly higher from last month or grew at 1.73 percent as a result of rising prices of raw foods – pork, chicken, eggs and fruits, despite declined prices of fuel and household LPG. Unemployment rate remained low, but observed seasonally unemployed persons and job migration from agricultural sector to trade and service sector.

As of end-August 2015, **commercial banks' credits outstanding** grew by 7.3 percent following demand for housing loans as well as corporate loans– specifically to wholesale and retail trade, construction materials trade and public sector construction. Meanwhile, **commercial banks' deposits outstanding** amounted to 604,371 million baht, grew by 3.5 percent as saving deposits increased. Loan to deposits ratio was somewhat unchanged at 101.8 percent.

Bank of Thailand, Northern Region Office

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Contact person: Regional Economy Division

Tel: +66 (0) 5393-1167

E-mail: [Jarnyat@bot.or.th](mailto:Jarnyat@bot.or.th)