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[Press Release on Northern Region's Economic Conditions in December 2017](#)

In December 2017, northern region economy continued to improve from the previous month. Farm income increased due to increasing agricultural products, given favorable weather conditions. Abundant of raw material supplies in agro-industrial products, milled rice, sugar and processed foods, as well as external demand for electronics led to increasing manufacturing products. Number of tourist continued to grow. Government expenditure, though without stimulus measure as the same period last year, was still an engine of growth. Meanwhile, private consumption improved but not broad-based, while private investment remained sluggish.

On the economic stability front, headline inflation and unemployment rate stayed low.

Details of the economic conditions are as follows:

Farm income increased by 19.5 percent on the year-on-year basis, owing to rising **agricultural production** that grew by 17.3 percent. Major rice and sugarcane output expanded, given favorable weather conditions. **Agricultural price** picked up slightly by 1.9 percent, with prices of cassava and maize increasing in light of lower supplies. Paddy rice price increased slightly, whereas glutinous rice price declined.

Tourism sector expanded continuously from foreign visitors especially Chinese tourists, as there were new direct flights to northern region destinations. Thai visitors and Meetings, incentives, conferences and exhibitions (MICE) group continued to increase. As a result, most tourism indicators performed well, including the number of foreign travelers passing through immigration in Chiang Mai International airport, the number of direct flights, the number of air passengers in major airports and hotel occupancy rate.

Manufacturing production increased by 2.9 percent on the year-on-year basis, owing to rising productions of rice, sugar, agricultural processed food products, and electronic components. Meanwhile, alcoholic beverage production returned to its normal level after accumulating stock earlier.

Government expenditure continued to be an engine of northern economy, with total government spending being above last year's average and cumulative disbursement rate on capital expenditure (October-December 2017) achieving targets. However, total government spending decreased by 40.2 percent from the same period last year's with stimulus package, funds injected to nationwide villages.

Private investment remained sluggish. Construction investment stayed low, with construction material sales unchanging and the square meters of permitted construction areas falling. Nonetheless, capital investment continued to expand, reflected by an increase in machinery imports of firms producing electronic components and agricultural processed products for exports.

Private consumption grew by 5.0 percent on the year-on-year basis, but consumption was not broad-based. Spending for durable goods, particularly automobile, increased due to sales promotion and easing financing conditions. In contrast, sales of fast moving consumer goods dropped continually. Household purchasing power remained weak, especially agricultural households with low discretionary income due to high expenses and debt burdens.

Export value declined by 2.2 percent on the year-on-year basis, attributed mainly to a decrease in cross-border export to Myanmar, including agricultural machinery, mobile phones, sugar and consumption goods. Cross-border export to Laos PDR dropped, including rice, swine and frozen meat. Non cross-border exports dropped slightly, mainly from exports of electronic components for mobile phone. **Import value** rose by 12.5 percent attributed mainly to electricity imported from Laos PDR, and raw materials and intermediate goods imported by export-oriented firms.

On the economic stability front, **unemployment rate** stayed low at 1.0 percent. **Headline inflation rate** was 0.6 percent, attributed to an increase in retail gasoline price.

In banking sector, at the end of November 2017, **commercial banks' loan outstanding** was 589,848 million baht, increasing by 1.3 percent. Most of the increase was seen in wholesales and retails and manufacturing businesses. **Commercial banks' deposit outstanding** continued to grow, rising by 3.8 percent to 659,133 million baht, due partly to government deposits for the subsidy for educational institutions. Loan to deposit ratio was at 89.5 percent, closed to the previous month.

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