



No. 9/2017

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

In June 2017, economic conditions of the northern region gradually recovered. Manufacturing production of electronic components exporting to Asia and Germany expanded well. Beverage production turned positive growth. Tourism was benign mainly from more conference and seminar activities in major cities. Consumer spending on everyday items was unchanged, while auto sales increased which were concentrated on the salary-based purchasers. Meanwhile, farm income somewhat grew moderately due to low agricultural prices. Government spending slightly improved, but growth rate remained in negative territory. Private investment and real estate sector remained sluggish.

General economic stability remained sound. Headline inflation stayed low. Unemployment rate fell as hiring in agricultural sector improved. In banking sector, growth of commercial banks' deposits remained low, while credit growth remained negative in a row.

Details of the economic conditions are as follows:

Manufacturing production expanded by 14.5 percent year-on-year basis, due to marked improvement of alcohol beverages, lens for export, electrical appliances and electronic components such as smartphone integrated circuits and automotive sensor components. In addition, the processed agricultural products for export continued to expand. However, main processed food production was slower, particularly the milled rice.

Export value grew at 7.5 percent as a result from the increasing export of cross-border fruits, rubber products and rice to the southern of China. However, consumption goods export to Myanmar and Lao PDR remained negative but slightly improved from previous month. Additionally, electronic component export to Asia counterparts and Germany gained momentum as a result from economic recovery of key trading counterparts. **Import value** increased by 5.6 percent corresponding to increase of raw materials and intermediates for the above mentioned electronic goods.

Tourism remained benign during the off peak period which reflected by higher numbers of air passengers in major airports, hotel occupancy rate, VAT collected from hotels and restaurants, and more conference and seminar activities in major cities. However, foreign tourists slowed down, reflected by lower growth of immigrant entries at Chiang Mai International Airport and number of direct flights.

Private consumption index (PCI) grew by 1.1 percent on year-on-year basis contributing mainly to auto sales increased which were concentrated on the salary-based purchasers. Meanwhile, spending on the gasoline decreased. Household purchasing power continued to sluggish as the slower sales of everyday items. Consumer sentiment index also dropped, with a declining of alcoholic beverage sales. However, sales of household personal items, treats and snacks slightly improved.

Farm income grew moderately at 37.4 percent on year-on-year basis where the **agricultural production** grew at 46.8 percent less than previous month due to ending of the second crop of rice harvesting. Livestock such as broilers and eggs, were lower. **Agricultural prices** dropped by 6.4 percent with a falling prices of swine and broilers while the price of second-crop rice was slightly higher.

Government investment was higher from previous month which was mainly from higher disbursement on irrigation system projects, but on year-on-year basis it decreased by 22.6 percent. The decline was from local government and delayed disbursement of provincial cluster projects and other regular projects such as the construction of regional hospital and the Royal Thai Police.

Private Investment index (PII) declined both from previous month and on year-on-year basis of 1.6 percent. Construction was slackening due to poor prospect on the real estate markets reflecting by both fewer new project initiation and declining bank loans on this business. However, construction on certain businesses such as hotel and apartment and machinery imports from export-based electronic components and agricultural processing products continued to prevail.

General economic stability of the northern region remained sound. Negative **headline inflation rate** of minus 0.45 percent was due to declining prices of vegetables, fruits, meat, rice, and flour and gasoline. **Unemployment rate** was at low level of 0.92 percent, due to increased agricultural labor demand at the beginning of the growing season.

In banking sector, at the end of June 2017, **commercial banks' credits outstanding** was 579,822 million baht, falling by 0.2 percent, especially in the lower northern region. Loans to real estate, transportation, financial and agricultural businesses declined, whereas consumer loans and loans to wholesalers and retailers, construction businesses and manufacturing firms increased marginally. In contrast, loans to hotels and healthcare businesses continued to expand well. **Commercial banks' deposits outstanding** was 647,452 million baht, growing at a slower pace of 1.2 percent. Loan to deposit ratio was at 88.6 percent, closed to that of the previous month.

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July 31, 2017

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