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

In October 2017, economic conditions of the northern region unchanged from the previous month. Manufacturing production declined, as beverage production decreased to its normal level after the stock had been built up markedly ahead of the new excise tax increase. Also decrease was production of agricultural-processed foods since some agricultural raw materials were damaged by heavy rainfall. In agricultural sector, farm income rose, largely due to an increase in agricultural production. Tourism sector accelerated from Chinese visitors. Private consumption improved but not broad-based. Private investment dropped as a result of muted construction investment, although capital investment for export-oriented manufacturing increased in line with exports of electronic components. Meanwhile, cross-border exports still decreased.

General economic stability remained sound. Unemployment rate stayed low. Headline inflation remained unchanged.

Details of the economic conditions are as follows:

Tourism continued to accelerate largely from significant rises in Chinese and South Korea visitors during China's National Day Golden Week holiday and South Korea's long national holiday. Thai visitors, however, slowed down particularly those attending conferences and seminars. All tourism indicators increased on the year-on-year basis, including the number of immigrant entries at Chiang Mai International Airport, the number of air passengers in major airports, the number of direct flights and hotel occupancy rate.

Government expenditure rose by 9.2 percent on the year-on-year basis, with both current and capital expenditures increasing. High capital expenditure disbursement was observed in universities and government agencies, namely Royal Irrigation Department, Department of Highways and Department of Rural Roads.

Agricultural production increased by 15.2 percent on the year-on-year basis, contributed to rises in production of main-crop rice, off-season longan and broilers. **Agricultural price** fell marginally by 0.1 percent as rice price improved and prices of longan and broilers increased. **Farm income** rose by 15.1 percent.

Private consumption index (PCI) grew by 4.1 percent on the year-on-year basis, attributed to growing number of registered passenger cars in Chiang Mai and Phitsanulok. This, in turn, was due to car sales promotion and new car model delivery. However, the improvement in private consumption was not broad-based because consumer purchasing power, agricultural household in particular, remained soft due to high level of debt and low discretionary income, indicated by a further decline in spending on everyday items.

Manufacturing production decreased by 11.8 percent on the year-on-year basis. Beverage production declined to its normal level after the stock had been built up markedly ahead of the new excise tax increase in September. Furthermore, production of agricultural-processed foods contracted, as agricultural raw materials was damaged by heavy rainfall, whereas production of textile dropped from last year's unusually high level. In contrast, production of electronic components for exports expanded continuously, as major trading partner economies recovered. Also increased was milled rice production, given abundant rice supply quantity.

Export value shrank by 9.4 percent on the year-on-year basis, resulting mainly from a fall in cross-border export to Myanmar, including agricultural machinery, mobile phone and consumption good, and a decrease in cross-border exports to Lao PDR and southern China, including rice, swine, frozen meat and gasoline. In contrast, exports of electronic components to Germany, USA and Malaysia expanded well. **Import value** increased by 30.6 percent due to an increase in imports of raw materials and intermediate goods used in the production of electronic components as well as a rise in imports of electricity from Lao PDR.

Private Investment index (PII) continued to fall. Construction investment was weak on the back of sluggish real estate sector. All construction investment indicators declined, including sales of construction raw materials, the number of permitted land allocation and real estate loan outstanding. In contrast, capital investment improved in export-oriented businesses that produced electronic components and agricultural processed products.

General economic stability of the northern region remained sound. **Unemployment rate** stayed low at 0.81 percent, slightly declined from the previous month. **Headline inflation rate** increased marginally to 0.77 percent, particularly contributed to an increasing food price, while the gasoline price slowed down.

In banking sector, at the end of September 2017, **Commercial banks' credits outstanding** was 585,867 million baht, increasing marginally by 0.7 percent, especially in the upper northern region provinces. Loans demand increased in several businesses, including wholesales and retails, manufacturing, hotels, construction and health care, whereas loans to real estate sector, financial sector, agricultural sector and transportation sector continued to fall. Personal loan grew marginally. **Commercial banks' deposits outstanding** was 641,941 million baht, growing at a slower pace of 2.2 percent. Loan to deposit ratio was at 91.3 percent, closed to that of the previous month.

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