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

**In September 2017, economic conditions of the northern region unchanged from the previous month.** Manufacturing production decelerated as production of beverage returned to a normal level after having been accelerated ahead of the introduction of new excise tax. Tourism expanded well largely from Chinese tourists as well as conference and seminar activities. However, farm income slowed down from deteriorated agricultural prices and fallen agricultural output. Government disbursement declined. Private investment decreased, pulled down by sluggish real estate investment, whereas capital investment of exported-oriented firms increased. Private consumption was not broad-based, weighted down by weak farm income and debt burden of farmers.

General economic stability remained sound. Unemployment rate and Headline inflation slightly increased but stayed low.

Details of the economic conditions are as follows:

**Manufacturing production** expanded at a slower pace of 16.4 percent on the year-on-year basis, as beverage production, both alcoholic and nonalcoholic, returned to normal levels after having been accelerated ahead of new excise tax rates that would raise beverage prices. Production of foods continued to decrease, including canned agricultural products for export and milled rice. On the bright side, export-oriented production of lens and electronic components continued to grow. Also increased were production of hard disk drives and lace textile.

**Agricultural production** grew at a slower pace, increasing by 14.0 percent on the year-on-year basis, as production of rice and longan slowed down. **Agricultural prices** continued to decline, falling by 4.1 percent on the year-on-year basis, as prices for rice, longan, swine and broilers declined. As a result, **farm income** growth slowed to 9.3 percent.

**Tourism** continued to expand mostly from Chinese visitors and more conference and seminar activities in major tourism cities. All tourism indicators increased, including the numbers of air passengers in major airports, the number of immigrant entries at Chiang Mai International Airport, the number of direct flights, hotel occupancy rate and hotel and restaurant VAT.

**Government disbursement** declined by 10.9 percent, with transfers to local authorities and educational institutes decreasing. Disbursement target was not met despite an improvement in capital disbursements on certain projects, including road system, building constructions, and provincial cluster projects.

**Private Investment index (PII)** continued to fall. Construction investment was weak on the back of sluggish real estate sector. Real estate loan outstanding and sales of construction materials were lower than those in the previous year. However, a sign for construction investment improved, namely construction areas permitted to build single detached houses and hotels. Capital investment expanded in export-oriented firms that produced electronic components and agricultural processed products.

**Private consumption index (PCI)** grew by 2.8 percent on the year-on-year basis, but the spending was not broad-based due to weak farm household purchasing power and accumulated household debt burden following last year's drought. As a result sales of daily-life products decreased. However, sales of various goods began to improve.

**Export value** decreased by 0.8 percent mainly from declines in cross border exports of fresh fruits, rice and frozen meat exported to Lao PDR and southern China. However, cross border export of consumer goods to the Union of Myanmar increased. Exports of electronic components to Asian and German markets expanded well. Import value increased by 10.9% due to the import of raw materials and intermediate goods for exports.

General economic stability of the northern region remained sound. **Unemployment rate** stayed at a low level of 1.02 percent, slightly increasing from the previous month due to rising unemployment in non-agricultural sectors. **Headline inflation rate** increased to 0.75 percent, owing to increasing gasoline price and improved price of fresh foods.

In banking sector, at the end of August 2017, **commercial banks' credits outstanding** was 583,403 million baht, growing slightly by 0.5 percent due to loan demand from the upper northern region, particularly in the areas of processed agricultural production, wholesale and retail, construction, transportation, hotels and restaurants. **Commercial banks' deposits outstanding** was 642,113 million baht, increasing by 1.9 percent. Loan to deposit ratio was at 90.9 percent, closed to that of the previous month.

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