



BANK OF THAILAND

BOT Press Release

Northern Region Office
Tel. 0-5393-1216 Fax. 0-5322-4171 www.bot.or.th

No. 7/2017

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

In April 2017, most key economics activities slowed down from the previous month, due to lower-than-expected government spending. Manufacturing output was mitigated mainly by declining of alcoholic beverages production. Private investment remained lukewarm, as real estate demand was slackening. Meanwhile, tourism improved from incoming local and foreign tourists. Private consumptions slightly picked up from higher automotive sector sales, although spending on everyday items shrank.

On the stability front, unemployment rate slightly increased, but remained at low level. Headline inflation decreased marginally from lower raw food price. Commercial banks' deposits growth increased, while credit growth decreased in most of provinces.

Details of the economic conditions are as follows:

Local government disbursement on investment dropped by 32.2 percent, due to a declining of transfer payment items. Main disbursement on road construction decelerated from recent months, but provinces' cluster budget is about to disburse.

Manufacturing production contracted by 9.7 percent, reflected from alcoholic beverages production. Meanwhile, sugar and milled rice increased accordingly associated with the increase of sugar and rice production. Export grew from an increase of electronic components such as auto parts and camera lens. Additionally, production of wooden products, textile and garment also rose.

Export value shrank by 9.2, attributed mainly to declines of cross-border consumer products export to Myanmar and Lao PDR. In contrast, exports of electronic components to Asian markets continued to increase. Import value expanded by 42.7 percent, as electricity imports from Lao PDR rose. Imports of raw materials and intermediate goods continue to rise along with the increase in export-oriented production of electronics components.

Private investment index (PII) somewhat unchanged from March 2017. However, investment on machinery and equipment imports for export-based manufacturers slightly improved whereby the investment for real estate businesses remained slackened, reflected by smaller number of new real estate projects and related banks' loans. Meanwhile, some leading indicators was still positive such as number of square meter of construction areas

¹ To be updated on June 7th, 2017

permitted in municipal zones increased, particularly residential areas, commercial areas and industrial areas.

Tourism sector improved, as incoming foreign tourists from China and from other regions increased. Most key tourism indicators improved such as number of international tourists passing through Chiang Mai International Airport, the number of direct flights to the airport and value added tax (VAT) collected from hotels and restaurants including the hotel occupancy rate.

Private consumption index (PCI) increased by 2.5 percent, led by increased spending on durable goods, i.e., automobiles as a result from active sales campaign and promotion. In contrast, spending for everyday items further declined, reflecting weak household purchasing power. Meanwhile, spending for fuel oil dropped as its retail gasoline prices increased.

Farm income increased by 92.9 percent as **major crop production** rose markedly by 98.6 percent contributed mainly by high production of sugarcane and second-crop rice. In addition, production of livestock, such as swine, broilers and chicken eggs, also increased. However, **agricultural price** fell by 2.9 percent as prices of several agricultural products decreased, including rice, cassava, swine, broilers and eggs.

Economic stability of the northern region remained sound. **Unemployment rate** rose but remained at low level of 1.2 percent. **Headline inflation rate** slowed down to 0.08 percent, as prices of raw foods, including vegetables and fruits, decreased and the retail price of gasoline slowed down.

In banking sector , **commercial banks' deposits outstanding** in March 2017¹ was 654,909 million baht, growing by 2.6 percent, closed to that of the previous month. Regular savings account expanded, offsetting a decrease in fixed deposit accounts that matured. **Commercial banks' credits outstanding** fell by 1.1 percent to 579,375 million baht, declining in most provinces. Credits to private sector decreased, including loans for real estate, transportation, financial, manufacturing and agricultural sectors. However, loans for wholesalers and retailers, construction businesses and household consumption continued to expand. Meanwhile loans for hotel and restaurants and health care businesses increased in light of sound tourism sector. Loan to deposit ratio was at 88.5 percent, closed to that of the previous month.

Bank of Thailand, Northern Region Office

May 31, 2017

Contact person: Regional Economy Division

Tel: +66 (0) 5393-1141

E-mail: Wiryad@bot.or.th

¹ To be updated on June 7th, 2017