



BANK OF THAILAND

BOT Press Release

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

No. 8/2017

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

In May 2017, some key economic indicators somewhat improved from last month.

Private consumption slightly increased from higher auto sales of salary-based purchasers and businesses, whereas spending of daily consumed items remained sluggish. Private investment improved this month as a result from higher commercial auto sales and machinery imports by mostly the export-based firms. Government spending slightly improved. Manufacturing production increased, mostly from electronic component production related to recovering export in Asian counterparts. Cross-border exports to Myanmar and Lao PDR slightly improved. Meanwhile, agricultural sector remained weak from laggard farm's income and deteriorating of farm price in major crops. Tourism remained unchanged from previous month.

General economic stability remained unchanged from last month. Unemployment rate was at low level. Headline inflation fell as a result of lower prices of vegetables, fruits, meat, rice and flour, and gasoline. At the end of May 2017, commercial banks' deposits increased marginally, while credits fell mainly from lower Northern provinces.

Details of the economic conditions are as follows:

Private consumption index (PCI) expanded by 1.3 percent, contributed mainly by increased spending in durable goods, such as autos purchased by salary-based purchasers and businesses. However, spending from most daily consumed items such as alcoholic and non-alcoholic beverages and fuel oil still declined.

Private Investment index (PII) increased by 7.9 percent, reflected by an auto sales increase mostly in transport and commercial trades. Imports of machinery and equipment were observed for those agricultural business and electronic export firms. Meanwhile, residential and commercial construction areas permitted in municipal zones slightly improved. However, real estate businesses were laggard reflected partly from the decline of pre- and post-financing of real estate businesses.

Government investment spending was higher from last month largely contributing to disbursement from irrigation system and campus building constructions. However, disbursement decreased by 22.8 percent from last year owing to slow pace of disbursement from construction of road network and provincial clustering projects.

Manufacturing production picked up by 9.0 percent, contributed largely to export-based electronic component production such as smartphone integrated circuits and automotive sensors. Meanwhile, food processing production was lower owing to limited raw materials, while alcohol beverage production declined after previously high stocking up.

Export value was slower at 2.1 percent. Electronic component export to Japan, China, and Germany further expanded as trading partners' economic recovery. Cross-border exports of consumer goods slightly improved. **Import value** expanded by 50.5 percent, largely contributed to the Electricity import from the Loa PDR and as well as raw materials and intermediate imports by export-based manufacturing.

Farm income increased at slower pace by 61.8 percent as second-crop rice output slowed down at the end of harvesting season. **Agricultural production** rose significantly by 73.2 percent as production of second-crop rice, livestock, such as broilers and chicken eggs, increased. Meanwhile, **major agricultural price** fell by 6.6 percent as prices of rice, cassava, swine and chicken eggs declined.

Tourism remained unchanged from last month reflecting from lower year-over-year growth of number of foreign visitors passing through Chiang Mai International Airport, air passengers and numbers of direct flights. However, occupancy rate was higher compared with last year.

General economic stability of the northern region remained unchanged from previous month. **Headline inflation rate** shrank by 0.52 percent, largely due to fallen prices of vegetables, fruits, rice and flour, and gasoline. **Unemployment rate** was at low level, albeit rose marginally to 1.22 percent, as agricultural and construction employment dropped.

In banking sector, at the end of May 2017, **commercial banks' deposits outstanding** was 650,171 million baht, growing by 2.2 percent. **Commercial banks' credits outstanding** fell by 0.5 percent to 579,108 million baht, mainly due to a decline in loan outstanding in lower northern provinces, whereas loan outstanding in upper northern provinces increased slightly as short-term loans to financial businesses, wholesalers and retailers, construction businesses, hotels and healthcare businesses increased. Loan to deposit ratio was at 89.1 percent, closed to that of the previous month.

Bank of Thailand, Northern Region Office

June 30, 2017

Contact person: Regional Economy Division

Tel: +66 (0) 5393-1141

E-mail: Wiriya@bot.or.th