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[Press Release on Northern Region's Economic Conditions in July 2018](#)

**In July 2018, economic conditions of the northern region improved from the previous month.**

Agricultural production expanded well. Manufacturing production rose prompted by greater supply of agricultural raw materials and external demand for electronic components products. Tourism sector continued to expand. Private consumption improved, both in spending on durable goods and on consumer goods. Private investment sector improved due to an increase in machinery investment of export-oriented firms. Government expenditure declined from last year's high base where the economic stimulus measures were rolled out.

On the economic stability front, the headline inflation increased, owing to increased retail gasoline prices. The unemployment rate stayed low.

Details of the economic conditions are as follows:

**Farm income** increased by 36.9 percent year-on-year. Agricultural production grew by 30.3 percent, contributed by increased production of longan and second crop rice, resulting from good weather condition during cultivation period. Agricultural price grew by 5.1 percent, slowing down from last month since paddy rice price softened as buyers were slow expecting next paddy rice crop. Swine and chicken prices decreased as their production rose, whereas longan price increased, driven by external demand and less than expected supply.

**Manufacturing production index** expanded by 6.2 percent year-on-year due to an increase in production in most categories, particularly food and electronic components driven by continued external demand. In addition, the milled rice production continued to increase as supply of paddy rice rose, and beverage production expanded markedly after declining earlier, however, the production of furniture and textile decreased.

**Tourism** continued to expand as Thai and foreign tourists increased, especially the Chinese on the back of increased direct flights from Kunming and Taipei to Chiang Mai. Key tourism indicators increasing from the same period last year included the number of foreign visitors passing through immigration in Chiang Mai International Airport, the number of air passengers and hotel occupancy rate.

**Private consumption index** improved. Spending on consumer goods improved successively, while spending on durable goods, particularly passenger cars continued to grow, driven mainly by demand from mid-tier consumers. However, motorcycle purchase declined as grassroots household purchasing power remained weak.

**Government expenditure** declined by 34.5 percent year-on-year, resulting mainly from last year's high base where economic stimulus measures were launched, specifically the 9101 project aiming for sustainable agricultural development. Capital expenditure decreased by 7.0 percent due to delays in disbursement of the Department of Highways, Department of Rural Roads and the Office of the Permanent Secretary for Public Health. As a result, the cumulative disbursement rate (October 2017 to July 2018) was 75.1 percent, lower than the target rate of 81.5 percent.

**Private Investment** improved. Machinery investment of export-oriented firms producing electronic components continued to expand, reflected by their capital imports. In addition, construction investment slightly increased reflected by the growth rate of permitted construction areas, especially in single detached house category.

**Cross-border export value** expanded by 2.1 percent year-on-year, contributed by increases in exports of mangosteen to China, petroleum products and electronics to Laos and Myanmar. **Cross-border import value** fell by 8.1 percent as a result of decreased imports of vegetables and machineries from China.

On the economic stability front, the **headline inflation rate** was 1.1 percent, contributed mainly by increases in prices of retail gasoline, electricity and liquefied petroleum gas (LPG). Meanwhile, prices of fresh meats, fresh fruits and vegetables dropped as their supplies rose. The seasonally-adjusted **unemployment rate** stayed low at 0.9 percent due to increased demand for labor in the sectors of manufacturing, hotels and restaurants and public administration and defense.

In banking sector, at the end of June 2018, **commercial banks' loan outstanding** totaled 562,263 million baht, decreasing by 3.0 percent from the same period last year due to declines in loans of some commercial bank branches. **Commercial banks' deposit outstanding** rose by 4.6 percent to 677,377 million baht, due in part to an increase in deposit for online payment. Loan to deposit ratio was at 82.3 percent.

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