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

**In April 2018, economic conditions of the northern region continued to improve.** Agricultural production increased significantly, especially sugarcane and second-crop rice, leading to a rise in production of food manufacturing industry. The number of tourists increased both Thai and international. Government spending expanded mainly from capital expenditures. Private consumption and private investment remained stable.

On the economic stability front, the headline inflation increased mainly from higher oil prices. The unemployment rate stayed low.

Details of the economic conditions are as follows:

**Farm income** grew by 124.5 percent year-on-year. Agricultural production increased markedly by 115.8 percent, with sugarcane production recording a historically high growth due to favorable weather conditions during the growing period. Second-crop rice production also increased owing to sufficient rainfall and irrigation water. However, cassava production declined as a result of planting area reduction and crop damage by floods during the growing season. Agricultural price increased by 4.0 percent, as paddy and cassava prices rose, driven in part by external demand, whereas prices of sugarcane and garlic decreased as their outputs rose.

**Tourism** continued to expand from tourist arrivals both Thai and international, especially the Chinese. Key tourism indicators increasing from the same period last year included the number of foreign tourists passing through immigration in Chiang Mai International Airport, the number of passengers passing through airports in the northern region, and hotel occupancy rate.

**Manufacturing production index** expanded by 19.0 percent year-on-year due largely to increases in sugar and milled rice production. In addition, production of frozen fruit and vegetable and electronic components rose, driven by external demand.

**Government expenditure** increased by 2.0 percent year-on-year, largely contributed by capital expenditures incurred for construction projects of the Office of the Basic Education Commission, the Royal Irrigation Department, the Department of Local Government, the Royal Thai Police, and the Land Development Department. However, the cumulative disbursement rate (October 2017 – April 2018) was 58.9 percent, falling below the target of 59.6 percent and lower than that of the same period last year.

**Private Investment** unchanged. Construction Investment was low, indicated by decreases in real estate loan outstanding and construction permit area. The number of new real estate projects stayed low as high supply of residential buildings and condominiums remained in the market. However, machinery investment expanded, particularly in export-oriented businesses that produced electronic components.

**Private consumption** unchanged. Private consumption index fell marginally by 0.3 percent year-on-year, as consumer spending on daily goods gradually improved, showing less contraction rate. Meanwhile, consumer spending for durable goods continued to expand, reflected by a rise in the number of passenger car sales prompted by sales promotions offered by automakers and car dealers.

**Cross-border export value** picked up by 23.1 percent year-on-year, with goods exported to Myanmar expanding in most categories and durian exported to China increasing significantly. **Cross-border import value** grew by 9.5 percent contributed by import of electricity from Lao PDR, steel scrap from Myanmar, as well as fruits and vegetables from China.

On the economic stability front, the **headline inflation rate** was 0.6 percent due mainly to increased retail gasoline prices. The **unemployment rate** stayed low at 0.7 percent, given increased labor demand in non-agricultural sectors.

In banking sector, at the end of March 2018, **commercial banks' loan outstanding** totaled 564,637 million baht, decreasing by 2.5 percent year-on-year due to declines in loans of some commercial bank branches. **Commercial banks' deposit outstanding** rose by 2.9 percent to 674,024 million baht. Loan to deposit ratio was at 83.7 percent.

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