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

In February 2018, economic conditions of the northern region gradually expanded. Agricultural production and price, as well as manufacturing production increased at slower paces than the previous month. Foreign visitors continued to expand. However, private consumption was not broad-based, while private investment remained dampened. Government spending dropped.

On the economic stability front, unemployment rate stayed low and headline inflation turned negative due mainly to a fall in raw food price.

Details of the economic conditions are as follows:

**Farm income** increased by 8.3 percent from the same period last year. Agricultural production increased by 2.6 percent, as output of sugarcane and rice increased, given supportive weather conditions. Meanwhile production of cassava decreased, partly affected by flood during growing season. Agricultural price also improved by 5.6 percent, driven by external demand for rice and cassava and domestic demand for maize used in the animal feed industry.

**Tourism** expanded well from the same period last year from foreign visitors, especially Chinese tourists during the Chinese Lunar New Year holidays. Tourism indicators that increased were the number of foreign visitors passing through immigration in Chiang Mai airport, and the number of air passengers in major cities.

**Manufacturing production index** grew by 1.4 percent from the same period last year, attributed mainly by the production of agricultural-processed food and electronic components for exports, lifted by their respective external demands. Also increased was production of sugar and milled rice.

**Government expenditure** dropped by 2.8 percent from the same period last year, resulted largely from a decline in capital expenditure of 12.3 percent. However, the cumulative disbursement rate on capital expenditure (October 2017-February 2018) was at 50.8 percent, higher than target rate, reflecting the role of government spending in supporting the economy.

**Private Investment** remained muted. Construction investment was subdued, reflected by the contractions of construction material sales, the number of permitted construction areas and real estate loan outstanding. In contrast, capital investment of export manufacturing firms grew, particularly those producing electronic components and agricultural-processed foods, as reflected by their machinery imports.

**Private consumption** remained unchanged, with private consumption index falling marginally by 0.7 percent from the same period last year. Consumption spending continued to concentrate in auto purchase, boosted mainly by sales promotion from both manufacturers and dealers, and easing lending conditions on auto loans. In contrast, spending on everyday items remained soft, reflecting weak consumer purchasing power, particularly those of farm households who had low discretionary income, given high expenses and debt burden.

**Cross-border export value** in terms of baht fell by 10.2 percent from the same period last year, pulled down mainly by a decline in sugar export, while other export items remained unchanged. **Cross-border import value** expanded by 57.1 percent from the same period last year, contributed to a rise in imports from Lao PDR, including electricity and lignite, and an increase in imports from Myanmar, including livestock, iron, chemical products, fruits, textile and garment, and a rise in imports from southern China, namely fruits and vegetables.

On the economic stability front, **unemployment rate** stayed low at 1.1 percent. **Headline inflation rate** turned negative of 0.1 percent, due largely to a decline in raw food price, including fresh fruits and meat, together with slowdowns in retail gasoline prices.

In banking sector, at the end of January 2018, **commercial banks' loan outstanding** increased marginally by 0.2 percent from the same period last year to 580,881 million baht, slowing down from that of the previous month as businesses repaid their working capital loans. **Commercial banks' deposit outstanding** improved by 3.5 percent to 674,961 million baht. Loan to deposit ratio was at 86.1 percent, a rate close to last month's.

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