



No. 5/2018

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

In March 2018, economic conditions of the northern region continued to expand from the previous month. On the supply side, agricultural production increased from significant rises in output of second-crop rice and sugar cane. Manufacturing production also rose. Tourism expanded well from both Thai and foreign visitors. On the demand side, private consumption was not yet broad-based. Private investment remained unchanged, while government spending dropped.

On the economic stability front, the headline inflation accelerated mainly from higher retail gasoline prices. The seasonally-adjusted unemployment rate was at low level.

Details of the economic conditions are as follows:

Farm income increased by 40.2 percent year-on-year, contributed largely to a 38.4 percent increase in agricultural production, including second-crop rice and sugar cane, given favorable weather conditions and sufficient rainfalls during planting season. However, cassava production declined, as last year's rainy season floods damaged its growing crops. Agricultural price improved slightly by 1.4 percent from increasing prices of rice and cassava, driven in part by external demand, whereas prices of sugar cane and garlic decreased due to their plentiful outputs.

Tourism expanded well year-on-year, boosted by tourist arrivals, especially international visitors from a variety of countries. Key tourism indicators increasing year-on-year were the number of foreign visitors passing through immigration in Chiang Mai airport, the number of air passengers in major cities and hotel occupancy rate.

Manufacturing production index rose by 3.1 percent year-on-year, attributed to increased production of sugar and milled rice, given greater agricultural raw materials. Also increased was the production of electronic components, driven by external demand.

Government expenditure dropped by 9.4 percent due to a decline in capital expenditure of 19.1 percent. The cumulative disbursement rate on capital expenditure (October 2017-March 2018) was at 56.0 percent, higher than target rate of 52.3 percent, but lower than that of the same period last year.

Private Investment remained unchanged. Construction investment stayed low. Given excess supply of commercial and residential buildings, the number of new property developments was low, indicated by decreases in real estate loan outstanding and permitted construction areas. However, capital investment expanded well, particularly in export-oriented businesses that produced electronic components and agricultural processed products, as reflected by their machinery imports.

Private consumption remained unchanged, with private consumption index falling marginally by 0.4 percent year-on-year. Demand for passenger car increased continuously, prompted by manufacturer and dealer sales promotions. Spending for everyday items improved with less contraction.

Cross-border export value picked up by 5.0 percent year-on-year, pushed up by an increase in construction raw materials and agricultural machinery exports to Myanmar and a rise in consumer goods to Lao PDR. **Cross-border import value** grew by 8.2 percent mainly from import of electricity from Lao PDR and import of flowers from southern China.

On the economic stability front, the **headline inflation rate** was 0.4 percent, accelerating from last month due to increased retail gasoline prices. The **unemployment rate** stayed low at 0.8 percent, attributed to from the agricultural sector's labor demand.

In banking sector, at the end of February 2018, **commercial banks' loan outstanding** was as at 570,422 million baht, falling by 1.2 percent. **Commercial banks' deposit outstanding** rose by 3.2 percent to 674,533 million baht. Loan to deposit ratio was at 84.5 percent.

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April 30, 2018

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