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

In September 2018, economic conditions of the northern region slowed from the previous month. Farm income grew at a slower pace as both agricultural price and production fell. Tourism sector decelerated due to a decrease in Chinese visitors. Private consumption slightly declined, while private investment slowed from weakened capital investment. However, government spending expanded both in current and capital expenditures disbursed by various government agencies.

On the stability front, the headline inflation slowed down, contributed by declines in fresh meat, and vegetable prices. Unemployment rate remained unchanged at low level.

Details of the economic conditions are as follows:

**Farm income** grew at a slower pace of 7.0 percent year-on-year. **Agricultural production** increased by 2.1 percent owing to higher yields of rice, longan and maize, given supportive weather conditions. **Agricultural price** grew by 4.8 percent, contributed by increases in prices of major crops. Maize price rose driven by domestic animal feed demand, longan price increased responding to high foreign demand, and cassava price grew as its supply dropped. Meanwhile, price of white rice stayed flat as rice purchase for exports declined after accelerating earlier.

**Manufacturing production** dropped by 16.7 percent year-on-year. Production of textile and garment, as well as jewelry decreased as external demand softened. Production of electronic components also shrank, due in part to both production line modification and stock run down as firms were still in wait-and-see mode on trade-war threat. Also decreased was the production of alcohol beverage, resulting from last year's high base when production accelerated ahead of the new excise tax implementation. Nevertheless, the production of processed-food continued to improve, including frozen fruits and vegetables and milled rice.

**Tourism** grew at a slower pace as Chinese visitors dropped. However, foreign visitors from other countries, namely, Hong Kong, USA, Asia and Europe, expanded well, as a result, overall foreign visitors continued to grow. 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.

**Private consumption index (PCI)** slightly declined due to contraction in spending on everyday items, especially beverage, tobacco, household appliances and cosmetics. In addition, spending on durable goods slowed down from the previous month, reflected by a slow increase in the number of registered passenger cars of 4.3 percent, while the number of registered motorcycles remained unchanged.

**Government expenditure** expanded by 25.2 percent year-on-year. Current expenditure increased by 32.8 percent, contributed by increases in subsidy expenditure made by the Office of the Basic Education Commission, Department of Agricultural Extension and the Thai Niyom Yangyuen (Sustainable Thainess) program. Capital expenditure grew by 16.9 percent owing to increases in various categories of expenditures: land and construction expenditure made by the Royal Irrigation Department and the Department of Rural Roads, durable article expenditure made by universities and the Royal Thai Police, and temporary subsidy expenditure made by the Department of Local Administration. The cumulative disbursement rate in fiscal year 2017 (October 2017 to Sep 2018) was 91.5 percent, higher than that of the previous year, but lower than the target rate of 96.0 percent.

**Private Investment index (PII)** grew by 1.7 percent year-on-year, slowing down from the previous month. Capital investment declined, reflected by a decrease in import of machine and equipment of export-oriented firms. Construction investment stayed low, indicated by a decrease in construction permitted area for both house and condominium.

**Cross-border export value** decreased by 8.7 percent year-on-year, with export to Myanmar falling in light of widespread flooding in Myanmar and recent Kyat depreciation. Meanwhile, export to Southern China expanded continuously. **Cross-border import value** improved by 19.7 percent largely due to electricity import from Lao PDR.

On the economic stability front, the **headline inflation rate** was 0.6 percent, slowing down from last month, as prices of fresh meat and vegetable continued to fall. In addition, prices of retailed gasoline, cooking gas (LPG) and rent slowed down. The seasonally-adjusted **unemployment rate** stayed low at 0.9, resulting from labor demand from non-agricultural sector, including manufacturing, and hotel and restaurant sectors.

In banking sector, at the end of August 2018, **commercial banks' loan outstanding** was at 567,491 million baht, falling by 2.7 percent year-on-year, as loans of some commercial bank branches declined. **Commercial banks' deposit outstanding** grew by 4.0 percent to 668,076 million baht, due to launches of new attractive deposit products and an increase in funds pending payments. Loan to deposit ratio was at 84.9 percent.

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