



BANK OF THAILAND

BOT Press Release

Northern Region Office
Tel. 0-5393-1216 Fax. 0-5322-4171 www.bot.or.thNo.16/2018[Press Release on Northern Region's Economic Conditions in November 2018](#)

In November 2018, economic conditions of the northern region expanded slightly from the same period last year. Tourism sector improved as Chinese tourist growth turned positive, with Thai and foreign visitors from other countries increasing. Farm income picked up on the back of both agricultural price and production. Manufacturing production also expanded, especially in food production. In addition, private consumption rose slightly, specifically spending on daily consumer goods. However, private investment declined, due mainly to a fall in construction investment. Government spending decreased, both current and capital expenditures.

On the stability front, the seasonally-adjusted unemployment rate remained low. The head line inflation decelerated, as retail gasoline price slowed down and food price declined.

Details of the economic conditions are as follows:

Farm income increased by 13.8 percent year-on-year. **Agricultural production** grew by 5.7 percent owing to higher yields of rice, maize and longan, given favorable weather conditions during planting season. Moreover, sugar cane production increased due to early harvesting. **Agricultural price** rose by 7.7 percent, contributed by an increase in maize price, in response to animal feed industry's demand. In addition, longan price rose, driven by sound export demand, while paddy price unchanged.

Manufacturing production grew by 11.0 percent year-on-year, contributed mainly by food production growth, prompted by greater agricultural raw material supplies and foreign demand. Production of electronic components also picked up, as their production resumed after changes in production lines. Production of automotive electronics rose, while production of electronics components used in mobile phones and computers fell. In addition, ceramics production growth turned positive, driven by foreign demand, particularly from Europe. Beverage production grew as a slower pace. Production of textile and garment, metal and leather declined due to softened foreign demand.

Tourism improved. Foreign visitors rose, as the number of Chinese tourists increased after falling for two consecutive months. Foreign visitors from other countries, namely, Hong Kong, USA, UK, Europe and Asia continued to rise. Moreover, the number of Thai visitors expanded. Key tourism indicators increasing from the same period last year included the number of air passengers, the number of foreign visitors passing through immigration in Chiang Mai International Airport and hotel occupancy rate.

Private consumption index rose slightly by 0.6 percent year-on-year as spending on daily consumer goods expanded in almost all categories. Spending on durable goods, i.e., vehicle purchases, remained sound, with the number of registered commercial cars increasing, and the number of passenger cars easing due to a high base last year.

Government expenditure contracted by 16.8 percent year-on-year. Current expenditure decreased by 11.0 percent, as general subsidy to higher education institutions and central expenditure dropped. Capital expenditure declined by 25.1 percent, with land and construction expenditure falling significantly. The capital expenditure had a high base last November, due to additional construction expenditure allocated from northern provincial cluster and central budget. The disbursement rate was at 27.8 percent, higher than 23.9 percent in last year's November.

Private Investment index dropped by 1.9 percent year-on-year, due to declines in construction and real estate investment, reflected by decrease in most indicators including permitted construction areas – both residential and commercial, pre-finance loan outstanding, land allocation applications and new real estate projects. In contrast, capital investment was sound, reflected by an increase in import of machinery and equipment.

Cross-border export value in Baht fell by 9.3 percent year-on-year, noting declines in most categories, especially export of Para rubber and sugar to Southern China, export of beverages, electrical appliances and agricultural machinery to Myanmar following the weakening Kyat. **Cross-border import value** grew by 30.3 percent, with electricity import from Lao PDR, used steel scrap import from Myanmar and vegetables and fruit from China increasing.

On the economic stability front, the **headline inflation rate** was at 0.0 percent, decelerated from the previous month as energy price weakened due to gasoline price slowdown, and a decline in food price, particularly fresh fruits and meat. The seasonally-adjusted **unemployment rate** stayed low at 1.0 percent, as non-farm employment decreased, particularly in construction, wholesale and retail trade, hotel and restaurant and manufacturing sectors, while farm employment increased.

In banking sector, at the end of October 2018, **commercial banks' loan outstanding** was at 570,931 million baht, falling by 2.6 percent year-on-year, as loans of some commercial bank branches declined. **Commercial banks' deposit outstanding** grew by 6.0 percent to 684,094 million baht, due to launches of new attractive deposit products. Loan to deposit ratio was at 83.5 percent.

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