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[Press Release on Northern Region's Economic Conditions in July 2019](#)

In July 2019, economic conditions of the northern region expanded slightly from the previous month. Tourism sector continued to expand due to foreign tourist arrivals. Private consumption grew at the same rate as last month's, with both durable goods and daily consumer items increasing. Manufacturing production turned positive growth, as production of apparels, metal and electronics grew in response to foreign demand. Nonetheless, private investment remained unchanged, farm income decreased at a slower pace and government spending slightly declined, particularly current expenditures.

On the stability front, seasonally-adjusted unemployment rate stayed at a low level, while the headline inflation rate dropped slightly as fresh food prices fell.

Details of the economic conditions are as follows:

Farm income decreased by 2.5 percent year-on-year. **Agricultural production** contracted by 6.8 percent owing to decreases in production of rice, longan and pineapple, resulting from reduced cultivation areas and drought condition. In contrast, cassava production grew, as its plantation areas rose following an attractive price last year. **Agricultural price** rose by 4.6 percent, contributed by increases in prices of pineapple and livestock in light of lower supplies. Prices of longan and rice remained unchanged.

Manufacturing production rose by 1.7 percent year-on-year, with production of apparels and metal rising, driven by demand from Europe and the US. In addition, production of electronic components increased, particularly automotive electronic components. In contrast, food production declined, pulled down by rice products, as its agricultural raw material decreased. Production of beverage fell, particularly alcoholic.

Tourism sector continued to grow, driven by foreign visitor arrivals, especially from Europe, Asian countries, South Korea and the US. Chinese visitor arrivals expanded slightly. Key tourism indicators that expanded were the number of international travelers passing through immigration at Chiang Mai International Airport and hotel occupancy rate. In contrast, the number of air passengers passing through domestic passenger terminals at Chiang Mai and Chiang Rai airports, mostly Thais, decreased slightly.

Private consumption index (PCI) rose by 1.0 percent year-on-year, exactly the same rate as last month. Spending on durable goods expanded, indicated by increases in the number of registered passenger cars, commercial cars and motorcycles, resulting in part to dealers' sales promotion. Meanwhile, spending on daily consumer items slowed down, as an increase in cash withdrawal limit for the government's welfare cards had come to an end.

Private investment index (PII) remained unchanged, with tepid real estate activities, indicated by decreases in land allocation applications, real estate loan outstanding and value added tax (VAT) collected from construction firms. However, the square meters of permitted construction areas, especially residential buildings in both municipal and non-municipal zones improved. Capital investment continued to drop, reflected by decreases in imports of capital machinery and numbers of registered commercial cars.

Government expenditure declined lightly by 0.3 percent year-on-year. Current expenditure dropped by 2.6 percent, resulting from decreases overhead expenses of Office of Basic Education Commission, and compensation of employees of Ministry of Public Health's Office of the Permanent Secretary. In contrast, capital expenditure rose by 2.9 percent, resulting from increases in land and construction expenditures of the Royal Irrigation Department, Department of Highways and Department of Rural Roads, as well as a specific subsidy of Local Department Administration. The cumulative disbursement rate excluding the central budget (October 2018 - July 2019) was at 76.2 percent, higher than the previous year, but lower than the target disbursement rate.

Cross-border export value in baht term fell marginally by 0.1 percent, due to a decline in export of frozen chicken to China, as exporters switched from cross-border export to sea export for cost saving and convenience. Export of electronic appliances to Myanmar also dropped. In contrast, export of fruits, notably mangosteen and durian, increased. **Cross-border import value** in baht term was up by 54.3 percent, contributed by imports of agricultural products from Myanmar and electricity imports from Lao PDR.

On the economic stability front, the **headline inflation rate** declined slightly to 1.0 percent as fresh food price slowed down. The seasonally-adjusted **unemployment rate** increased from the previous month but remained low. Employment declined, farm and non-farm

In banking sector, at the end of June 2019, **loan outstanding of financial institutions** totaled 1,328.5 billion baht, growing by 4.3 percent year-on-year, particularly hire purchase and housing loans of commercial banks, and agricultural and housing loans of specialized financial institutions. **Deposit outstanding of financial institutions** was 1,221.2 billion baht, ring by 4.3 percent, attributed to commercial banks' new deposit products and government agencies' deposits.

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