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

**In November 2019, northern region economy expanded at a slower pace compared to the previous month.** Private consumption decelerated, with spending on daily consumer items slowing and spending on durable goods falling. Tourism growth slowed down. Farm income expanded at a slower pace, as paddy price decelerated and agricultural output decreased due to insufficient rainfall during the growing season. Manufacturing production decelerated, weighted down by weakening productions of food and electronic components in response to softer foreign demand. Private investment continued to shrink - both construction and capital investments, while government spending contracted mainly due to capital expenditure decrease.

On the stability front, seasonally-adjusted unemployment rate remained at a low level, while the headline inflation rate slowed from the previous month following a fall in gasoline price. In banking sector, at the end of October 2019, deposit and loan outstandings expanded.

Details of the economic conditions are as follows:

**Private consumption index (PCI)** grew at slower pace on the back of slow spending on daily consumer items, of which, household and personal care category dropped, while other categories continued to grow. In light of weaker consumer purchasing power and more cautious lending by financial institutions, durable goods spending continued to contract, reflected by decreases in the numbers of registered motorcycles and passenger cars.

**Tourism sector** expanded at a slower pace but remained at a satisfactory level. International tourist arrivals softened, with the number of Chinese tourist arrivals. Meanwhile, foreign tourist arrivals from other countries continued to grow, indicated by an increase in the number of air passengers passing through Chiang Mai airport, prompted by additional flight routes to northern destinations and visa on arrival fee exemption. Nevertheless, Thai tourist arrivals dropped, reflected by decreases in the numbers of air passengers passing through major northern airports and Thai visitors to the northern region.

**Farm income** expanded at a slower pace, as paddy price slowed down and prices of maize and swine fell. Price of broiler, however, increased as African swine fever supported demand for Thai chicken exports. **Agricultural production** declined, pulled down mainly by decreases in production of major rice and maize, due to insufficient rainfall during the growing season. Also, maize crop was damaged by armyworm.

**Manufacturing production** grew at a slower pace. Productions of electronic components and processed agricultural slowed down responding to softer demand for export. Meanwhile, food production contracted due to a temporary factor, i.e., delayed sugarcane-crushing season. In addition, non-metal production dropped, particularly construction materials, given weaker domestic consumer

demand. In contrast, beverage production expanded well, boosted by new products launch and improved package design.

**Private investment index (PII)** continued to fall. Construction investment decreased in light of a significant unsold residential units. As a result, the square meters of permitted construction areas declined, both in and outside municipal areas, notably construction of commercial, industrial and hotel buildings. Capital investment continued to decline, indicated by falls in capital machinery import, and the numbers of registered trucks and commercial cars.

**Government expenditure** declined. Capital expenditure dropped, as the 2020 budget bill awaited parliament action. Particularly decreased were land and construction expenditures of Department of Highways, Department of Rural Roads and Royal Irrigation Department. Nevertheless, current expenditure increased, especially general subsidy and other operating subsidies, drawing from the 2019 budget.

**Cross-border export value** in baht term expanded, attributing to increases in exports of sugar to Myanmar, fruits and rubber products to China. **Import value** slightly rose, contributed mainly by increases in imports of fruits from China.

On the economic stability front, the **headline inflation rate** was at 0.8 percent, decreasing from the previous month, due mainly to lower retail gasoline prices. The seasonally-adjusted **unemployment rate** remained at 1.1 percent, unchanged from the previous month. Most of jobless persons were inexperienced with tertiary education.

In banking sector, at the end of October 2019, **deposit outstanding of financial institutions** was 1,243.9 billion baht. Deposits of commercial banks increased in every category, while deposits of special financial institutions expanded due mainly to funds relating economic stimulus packages. **Loan outstanding of financial institutions** totaled 1,340.4 billion baht, rising from the same period last year, as consumer loans of commercial banks and agricultural and housing loans of special financial institutions increased.

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