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

In October 2019, northern region economy expanded slightly from the previous month. Private consumption increased, as stimulus packages helped boosting consumer purchasing power. Tourism sector grew well, with both foreign and domestic tourists increasing. Manufacturing production expanded, with food production rising in response to China demand. However, farm income slowed down, as prices of major agricultural products eased. Private investment contracted continuously, while government spending declined, as the 2020 budget bill awaited parliament action.

On the stability front, seasonally-adjusted unemployment rate increased marginally. The headline inflation rate declined on the back of falling retail gasoline price. In banking sector, at the end of September 2019, deposit and loan expanded.

Details of the economic conditions are as follows:

Private consumption index (PCI) grew at a faster rate than last month. Spending on daily consumer items increased, owing to the government's Chim Shop Chai (Eat, Shop, Spend) economic stimulus package, which helped boosting consumer spending, particularly on household and personal care items. On the contrary, durable goods spending continued to decline, especially automobile purchases, reflected by a slowdown in the number of registered passenger cars, given weak purchasing power, financial institutions' turning more cautious on granting new loans, and prospective car buyers' waiting for upcoming new car models.

Tourism sector performed well, contributed by foreign visitor arrivals, especially from China, South Korea, Asian countries and Europe, in light of the opening of new airline routes to the northern region of Thailand and the exemption of visa on arrival fee. Meanwhile, the number of Thai tourists improved. As a result, all key tourism indicators expanded, including the number of air passengers passing through northern airports, the number of international travelers passing through immigration at Chiang Mai International Airport and the hotel occupancy rate.

Farm income expanded at a slower pace, as prices of major agricultural products slowed down, including maize, swine and broiler, whereas prices of paddy and egg continued to rise. **Agricultural production** dropped, especially major rice and maize production, due to lower-than-usual rainfall and armyworms destroying maize crop.

Manufacturing production grew continually. Processed food production increased in response to China demand, while production of wooden products and ceramics grew, driven by local and international niche market demand. Overall electronic components production slowed down, but production of electronic components used in telecommunications equipment and cloud computing continued to expand, responding to demand from Japan, Malaysia and China. Nonetheless, beverage production fell after having been accelerated earlier ahead of the excise tax hike on sugary beverages.

Private investment index (PII) continued to contract. Capital investment was tepid, reflected by a fall in capital machinery import, notably among major export-oriented firms that had already imported capital machinery in the prior period. In addition, the number of registered commercial cars and trucks also declined. Construction investment decreased in light of tepid property market and significant supply of residential buildings, indicated by a decrease in the square meters of permitted construction areas in both municipal and non-municipal zones, particularly in commercial and industrial buildings as well as hotels.

Government expenditure decreased in both current and capital expenditure, particularly a marked fall in general subsidy of Office of Basic Education Commission, as the 2020 budget bill awaited parliament action.

Cross-border export value in baht term expanded slightly, attributing to increases in exports of rubber products and fruits, notably grape and longan, responding to China demand, beverages, and an increase in electronic equipment exported to Myanmar. **Cross-border Import value** declined, pulled down by a decrease in imports of electricity from Laos PDR and imports of cattle and iron from Myanmar.

On the economic stability front, the **headline inflation rate** dropped slightly from the previous month to 0.9 percent, due to lower retail gasoline prices. The seasonally-adjusted **unemployment rate** was at 1.1 percent, higher than the previous month, as non-farm employment declined. In addition, the number of overtime employed persons declined.

In banking sector, at the end of September 2019, **loan outstanding of financial institutions** expanded to 1,337.8 billion baht, contributed mainly by an increase in consumer loan. However, business loan continued to decline, due to tepid economic activities. **Deposit outstanding of financial institutions** grew to 1,216.0 billion baht, attributed mainly to increases in fixed deposits of medium and large commercial banks following the launch of new deposit products aiming to attract matured deposits.

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