



No. 13/2019

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

**In September 2019, northern region economy expanded slightly from the previous month.**

Private consumption increased, with spending on daily consumer items rising. Manufacturing production turned positive growth as various production categories expanded in response to foreign demand while beverage production grew markedly ahead of an increase in an excise tax on sugary sweetened beverages, effective on October 1, 2019. Tourism sector grew at a slower pace, with foreign tourists growing well, but domestic tourists contracting. Agricultural production declined, as maize and rice productions were damaged by drought and plant diseases. Private investment remained tepid, while government spending continued to decline.

On the stability front, seasonally-adjusted unemployment rate remained at a low level. The headline inflation rate increased slightly as fresh food price rose. For banking sector, deposit and loan expanded at the same rate as last month's.

Details of the economic conditions are as follows:

**Private consumption index (PCI)** expanded. Spending on daily consumer items increased, particularly in food category, owing partly to the new round of government's welfare card scheme. In contrast, durable goods spending continued to decline, indicated by a slowdown in the number of registered passenger cars and motorcycles, as household's purchasing power.

**Tourism sector** expanded at a slower pace. Foreign tourists continued to increase weakened. Especially from China, South Korea, Europe and Asian countries, prompted by Visa on Arrival fee exemption and the opening of new airline routes to the northern region of Thailand. Meanwhile, Thai tourists declined, indicated by declines in the number of air passengers in major northern cities and the hotel occupancy rate.

**Farm income** continued to grow, contributed by agricultural price increase. Prices of maize and rice in particular, rose significantly given lower supplies. Livestock price grew continuously driven partly by export demand, as foreign markets looked for alternative pork sources after the outbreak of African swine fever (ASF). On the contrary, **agricultural production** dropped, pulled down by a decrease in maize production due to drought and plant diseases. In addition, rice production declined, due to drought and farmers' shifting into higher-return crops.

**Manufacturing production** turned positive growth, with processed agricultural production increasing, notably longan, in response to China demand. Production of electronic components also expanded, due to relocating China plant to the northern region, as well as supported by plant reallocation from China in the prior period, in tandem greater demand for parts of telecommunication equipment and cloud computing. Beverage production increased significantly ahead of a rise in an excise tax on sugary beverages.

**Private investment index (PII)** remained at a low level, as construction investment was tepid reflected by decreases in commercial bank real estate loan outstanding and the square meters of permitted construction areas, particularly commercial and industrial buildings. Nonetheless single detached houses expanded marginally. Capital investment continued to decline, indicated by a fall in capital machinery import of export-oriented firms, particularly large ones that had already imported capital machinery in the prior period.

**Government expenditure** continued to decline. This was due to last year's high base and this year's slower budgetary allocation. Current expenditure shrank, due to decreases in general subsidy and overhead expenses of Office of Basic Education Commission, a decline in overhead expenses of Community Development Department and a fall in other expenses of Department of Provincial Administration. Meanwhile, capital expenditure contracted owing mainly to a decrease in land and construction expenditures of Royal Irrigation Department. The cumulative disbursement rate excluding the central budget (October 2018 - September 2019) was at 90.9 percent, lower than the target disbursement rate.

**Cross-border export value** in baht term continued to fall, attributing to decreases in exports of petroleum products, live cattle and frozen chicken. In contrast, export of mangosteen and durian to China and automobiles and parts to Myanmar expanded well. **Import value** turned negative growth, due to a fall in imports of agricultural products from Myanmar and electricity from Laos PDR.

On the economic stability front, the **headline inflation rate** increased slightly from the previous month to 1.0 percent, due to higher prices of fresh food including, glutinous rice, vegetables and fruit, as well as meat. The seasonally-adjusted **unemployment rate** was unchanged from last month, staying at 0.9 percent. Farm employment increased, while non-farm employment declined.

**In banking sector**, at the end of August 2019, deposit and loan outstanding of financial institutions grew nearly at the same rates as those of last month. Loan outstanding grew, as hire purchase and housing loans expanded, although business loan declined. Deposit outstanding grew, attributed mainly to increases in fixed deposits of medium and large commercial banks following the launch of new deposit products.

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October 31, 2019  
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