



Situation of Industrial Production in

October 2023

Manufacturing Production Index (MPI) in October 2023 **decreased by 4.29% (YoY).**



- The domestic economy is undergoing a slow recovery due to the escalation of loan interest rates, resulting in heightened financial burdens for entrepreneurs and increased consumer debt, ultimately diminishing purchasing power within the country.
- The influx of foreign tourists, particularly from China, failed to meet the anticipated target, primarily due to China's strategy of prioritizing domestic tourism promotion.
- With the export sector exhibiting early indications of a gradual revival, there is potential for increased production in the upcoming period to bolster consumption.

Production	Oct. 2023	Jan. – Oct. 2023
Manufacturing Production Index (MPI, %YOY)	-4.29	-5.04
Capacity utilization rate (CAP-U, %)	56.83	59.53

Industries affecting the MPI in October 2023

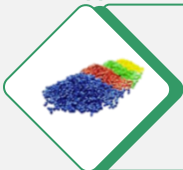


Positive impact industries (YoY)



Petroleum refining: +22.48%

The increase was from Diesel, Gasohol, and jet fuel driven by sustained growth in tourism and the temporary shutdown of some refinery plants for maintenance.



Plastic pellets: +12.49%

The production increased due to maintenance shutdowns in the previous year, while this year, production has returned to normal.



Power lines: +43.78%

The expansion was driven by sustained orders within the power sector, including MEA, PEA, and EGAT.

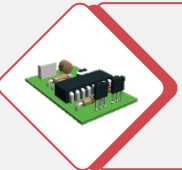


Negative impact industries (YoY)



Automobile: -7.43%

The decline was mainly from the domestic market due to financial institutions being strict in approving loans and delayed purchasing decisions, with consumers waiting for promotions at the 2023 Motor Expo event.



Electronic components: -17.48%

The US-China trade war has led manufacturers in the downstream industry to either delay orders or adjust investment plans.



Computer and peripheral equipment: -32.89%

The industry decreased from HDDs and Printers. The decrease in HDDs was a consequence of a slowdown in global market demand. Printer production declined from the previous year due to a substantial number of orders being redirected to Vietnam.

Industrial economic forecasts



In 2023, the MPI is expected to decrease by 4.8% (YoY) and GDP of industrial sector is expected to decrease by 3.0% (YoY).

In 2024, the MPI and GDP of industrial sector are expected to increase by 2.0 - 3.0% (YoY)



(%YOY)	2023			Estimation	
	Q1	Q2	Q3	2023	2024
GDP	2.6	1.8	1.5	2.5	2.7 – 3.7
Industrial Production GDP	-3.0	-3.0	-4.0	-3.0	2.0 – 3.0
MPI	-3.70	-5.51	-6.27	-4.8	2.0 – 3.0

Source: GDP by NESDB, MPI by OIE, data as of November 2023.
2023 - 2024 Forecasts: GDP by NESDB, industrial GDP, MPI by OIE.

Supporting factors



Exports are starting to recover gradually.



Domestic consumption is likely to grow.



Private investment is likely to continue to rise.

Strain factors



Protracted geopolitical disputes.



Production costs, living expenses, business and household debts are at a high level.



Climate change due to drought

