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Ministry of Industry reports MPI at the start of 2021 with growth in January by 6.03 percent from December 2020; industrial product exports grew for the second consecutive month and the highest point in 29 months.

The Ministry of Industry reported that the Manufacturing Production Index (MPI) in January 2021 increased from December 2020 by 6.03 percent, reaching 101.82 points. The capacity utilization rate increased by 66.41 percent from the previous month, reflecting the economic situation in the first month of 2021, which is likely to progress from the improved economic outlook. The growth is supported by government stimulus measures and the management of COVID-19, which creates confidence in the production. As a result, exports of industrial goods (excluding gold) and special items in January 2021, grew by 8.22 percent, a second consecutive month of expansion and the highest growth in 29 months.

The Minister of Industry, Mr. Suriya Jungrungreangkit, reported that the Manufacturing Production Index (MPI) in January 2021 increased from December 2020 to 101.82 points, and the capacity utilization rate increased from the previous month by 66.41 percent. The first month of 2021 returned to growth because of confidence in the supply and management of the COVID-19 vaccine. The first lot was delivered to Thailand yesterday (February 24, 2021), and vaccinations will start as soon as possible, following the COVID-19 vaccine distribution plan. In addition, the growth was supported by the government's economic stimulus measures, such as the "Half-Half Co-payment", the "Shop Dee Mee Kuen", the state welfare card, the "We Win", and the "We Love Each Other" schemes, which are important factors in building confidence among consumers and investors, both domestically and internationally.

OIE Director-General Mr. Thongchai Chawalitpichaet said the MPI for January 2021 contracted by 2.80 percent from the same period last year due to the impact of the new wave of the COVID-19 outbreak in mid-December 2020, which continued to January 2021. The outbreaks affected economic activities, travel, expenditure, and the confidence of both domestic and foreign investors decreased, causing the economy to slow down in the short term.

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Mr. Thongchai further stated that the trend of the Thai industrial economy would improve. However, the trend will depend on the length of the COVID-19 vaccine distributions domestically and internationally, together with government stimulus measures. The number of outbreaks continued to decline, whereas the number of incoming tourists improved. The government further control measures in controlled areas such as allowing restaurants to open as usual, including entertainment venues, shopping centers, department stores, educational institutions, tutoring institutions, and exercise facilities. The world economy has trended to improve, following the progress of the COVID-19 vaccination in many countries, which has led to confidence in production and consumption. As a result, exports of industrial goods, minus gold, and special items in January 2021, grew by 8.22 percent, a second consecutive month of expansion and the highest growth in 29 months. The above reflects the economic conditions of Thailand, which has improved accordingly.

The key sectors that continued to expand well in January 2021 when compared with the same period of the previous year included:

Plastic pellets increased by 10.86 percent from the same period of the previous year due to increasing demand in downstream industries such as automotive parts and electrical appliances. From the COVID-19 situation, many establishments implemented policies for employees to work from home and reduce travel to various locations, resulting in a growth in packaging, bags, food, bottles, and household appliances, compared to the previous year.

Basic iron and steel products increased by 9.44 percent from the same period of the previous year due to an increase in demand from downstream industries such as automotive, electrical appliances, and food packaging. Moreover, the steel prices rose as China increased steel imports, causing steel prices to rise. Furthermore, the short supply of products caused manufacturers to rush to produce for sale to profit during this period.

Furniture increased by 23.63 percent from the same period last year, mainly from wooden furniture, from exports to the United States. The industry was able to return to normal delivery after a shortage of containers in the previous period.

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Prepared animal feed increased by 9.21 percent from the same period of the previous year, mainly from ready-made pet food and fish feed. The production of cat food for export to the United States increased as manufacturers in the United States discontinued production and purchased products from Thailand for distribution instead.

Computers and peripherals increased by 5.74 percent from the same period last year, mainly from printer products. Manufacturers continued to receive orders during the COVID-19 situation, as producers from Indonesia, China, and the Philippines could not produce and deliver products. This was coupled with increasing demand to support work from home.

MPI and Capacity Utilization Rate (monthly)

Index	2020												2021
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
MPI	104.75	100.77	103.47	77.57	79.84	83.11	86.95	91.50	94.93	95.22	96.71	96.03	101.82
Change Rate (%MOM)	6.01	-3.79	2.67	-25.04	2.94	4.10	4.62	5.23	3.75	0.30	1.56	-0.70	6.03
Change Rate (%YOY)	-3.75	-4.86	-11.06	-19.11	-24.07	-17.86	-13.56	-9.28	-2.56	-1.31	-0.64	-2.81	-2.80
Capacity Utilization Rate	67.58	65.57	67.66	50.90	52.10	55.42	57.25	60.55	63.44	63.35	64.81	63.16	66.41

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 25 February 2021

25 February 2021

