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Public Relations News

THE OFFICE OF INDUSTRIAL ECONOMICS

OIE reports COVID-19 impacts on MPI in March resulting in 11.25 percent decline; entrepreneurs have begun to adjust and increase production

The Office of Industrial Economics (OIE) revealed that the Manufacturing Production Index (MPI) in March 2020 decreased by 11.25 percent from the same period last year, following the global economic slowdown due to the COVID-19 virus situation and the droughts. The situation caused the MPI in the first quarter of 2020 to contract by 6.63 percent compared to the same period last year. However, some manufacturers adjusted production to the situation and the demand for products. The result was a growth in MPI for March by 1.87 percent from the previous month and a 5.22 percent growth of MPI in the first quarter compared to the prior quarter.

OIE Director-General Mr. Thongchai Chawalitpichaet reported that the Manufacturing Production Index (MPI) in March 2020 contracted by 11.25 percent from the same period last year because of the slowing global economy and droughts. As a result, the MPI in the first quarter of 2020 decreased by 6.63 percent from the same period last year. However, sales increased by 3.49 percent from the previous month. Business operators in some industries, such as processed foods, increased product production following the COVID-19 virus situation and changing of consumer demand. In March, the MPI increased by 1.87 percent from February; the capacity utilization rate increased from the previous month to 67.22 percent. Meanwhile, the MPI for the first quarter this year increased by 5.22 percent from the fourth quarter of 2019, especially in the hard disk drive industry, which grew in demand after the world adopted the work from home policy. Almost all types of food industries increased production, except for the sugar industry that was affected by drought. Therefore, the quantity of sugarcane entering sugar factories reduced; the MPI declined by 68.93 percent from the same period last year. However, the demand for food from other countries increased, especially ready-to-eat food, resulting in food exports returning to growth for the first month in eight months. In March, food exports grew by 0.8 percent.

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Mr. Thongchai said that the key industries that negatively impacted the MPI in March 2020 were sugar from drought and cars and engines from the slowing global economy. **Key sectors that continued to grow in March were:**

Hard disk drive increased by 10.18 percent from the same period last year. Orders for production and shipment increased after the supply chain in China faced issues. This was coupled with the shutdowns of production bases in Malaysia and the Philippines previously. Also, manufacturers accelerated their production plans and increased exports via containerships because of fewer cargo flights.

Air-conditioners and parts grew by 4.25 percent from the same period last year from increased orders from Japan, Vietnam, and Indonesia as competing countries lacked components for production. Meanwhile, the domestic market remained stable.

Processed and preserved fruits and vegetables increased by 8.22 percent from the same period last year, mainly from coconut milk products, because of a large amount of coconut raw materials. This included the expansion of distribution centers and the increase in distribution channels, so production is accelerated to meet demand.

Pharmaceutical and medicinal chemicals increased by 8.70 percent compared to the same period last year from tablets, capsules, and creams. Tablets and capsules (symptomatic drugs and disinfectants) were produced according to the FDA's instructions to treat patients with COVID-19 to be kept in stock for at least three months. Production of medication for pressure, diabetes, and fat reduction increased following orders from hospitals, which changed in amounts of medication given to patients according to social distancing measures.

Frozen seafood grew by 9.75 percent from the same period last year from frozen fish and minced fish products, following increased domestic demand from home-quarantine measures to reduce the spread of the COVID-19 virus.

Under the COVID-19 virus circumstances, the demand for products in the world market changed dramatically. Some industries have expanded, including the electrical appliances and electronics industry, some sectors of the food industry, and the petrochemical industry. This signaled the preparation to increase the production of industrial products. Overall, imports (excluding gold) increased by 4.49 percent over the same period last year, and imports of raw and semi-finished goods (excluding gold) increased by 4.72 percent compared to the same period last year. However, Thai entrepreneurs needed to adjust the production plan to the current global situation, including adapting products to the changing behavior of consumers, **concluded Mr. Thongchai.**

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MPI and Capacity Utilization Rate (Monthly)

Index	2019										2020		
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.*
MPI	115.82	95.47	104.57	100.82	100.19	100.78	97.39	96.24	97.20	98.94	103.95	100.90	102.79
Change Rate (%MOM)	9.91	-17.57	9.53	-3.58	-0.63	0.59	-3.37	-1.18	0.99	1.80	5.06	-2.93	1.87
Change Rate (%YOY)	-2.54	1.50	-3.21	-5.14	-3.32	-4.43	-4.97	-7.98	-8.02	-4.37	-4.02	-4.24	-11.25
Capacity Utilization Rate	73.93	63.12	67.38	64.62	65.05	65.65	63.63	62.79	63.19	64.02	66.75	66.06	67.22

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 29 April 2020

MPI and Capacity Utilization Rate (Quarterly)

Index	2019				2020
	Q1	Q2	Q3	Q4	Q1*
MPI	109.83	100.17	99.45	97.46	102.55
Change rate compared to last quarter (%)	5.09	-8.80	-0.72	-2.00	5.22
Change rate compared to the same quarter last year (%)	-1.22	-2.55	-4.20	-6.75	-6.63
Capacity Utilization Rate	71.26	65.57	64.78	63.33	66.68

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 29 April 2020

