

Confidence in 2016 by several factors support the industry to grow further

Car production will exceed more than 2 million units and be up 10%.

Office of Industrial Economics (OIE) believes that the industrial sector will be affected by supporting factors in 2016 from a driving force of government stimulus measures, a gradual recovering of the global economy and a price of export goods, as resulting, the automobile industry in 2016 has a total production by about 2.15 million units, up 10%. The Electrical and Electronics Industry will grow significantly in Q3 of 2016. The food industry will expand due to the government measures and tourism, and the ceramic industry is recovered from an expansion of the real estate sector.

Mr.Verasak Supprasert, Deputy Director General of the Office of Industrial Economics (OIE) disclose the overall economy situations in 2015 that overall GDP on the third quarter of 2015 grew 2.9% due to an expansion of the public investment and the household and government spending have increased steadily. However, exports of goods continued to shrink due to a slowdown of the global economic. The GDP of the industrial sector during the third quarter of 2015 grew 0.9% according to an expansion of industrial production for domestic consumption (Exports rate was less than or equal to 60% of total production output) such as an increasing of petroleum refining and plastic products production. Meanwhile, the productions for export (Exports rate was more than 60% of total production output) such as a production of computers and components and a production television and radio dropped.

The manufacturing production index (MPI) in November 2015 grew 0.1%. The increased main industries included jewelry, electronics components, automobile, oil refining and air conditioner. The KPI for the first 11 months in 2015 rose up 0.23%.

Key industry situations by sector in November 2015 are as follows.

**Automotive Industry** Manufacturing volume of automobile was 165,170 units which increased 3.25% when compared to the same period of previous year. Domestic sale volume was 76,246 units, up 4.6%, which it rose up for the first time in a past of 31 months. Exports of automobile amounted to 101,650 units, down 4.64%, which the export of passenger cars was 34,421 units, down 18.54% from the same period of last year owing to a decrease in Oceania, Africa and South & Middle America. Meanwhile, the export of 1-ton pickup was 58,578 units, and increased 0.98% from the same period last year in the Asia, Oceania and the Middle East.

**Electrical and Electronics Industry** Overall electrical and electronics industry in November 2015 dropped 0.48% when compare with the same period of previous year owing to the electrical industry sector contracted 2.38%. The main decreased electronics products were HDD and Semiconductor by 18.83% and 5.61%, respectively, due to a reduction of demand in the global market for PCs and laptop computers. Meanwhile, Monolithic IC and Other IC increased 4.42% and 1.56%, respectively owing to an increasing of exports to China according to a demand of electronic products soared. The electrical industry rose 5.52%. The top 3 increased groups included a split-type air conditioner's condensing unit, a split-type air conditioner's evaporator and a compressor by an expanding of 11.89%, 19.48% and 14.82%, respectively, stemming to the air-conditioners export to ASEAN has expanded quite well, especially an increasing purchasing power from Vietnam and Indonesia.

**Iron and Steel Industry** Thailand's steel consumption volume was 1.21 million tons in November 2015, and shrank 10.37% when compared to the same period of previous year. The production volume stood at 0.45 million tons, down 15.09%. Exports worth \$43 million US, contracted 30.65%, and imports worth \$500 million US, a decreasing of 28.16%, due to the overall domestic economic situation remained in slowdown, as resulting, the purchasing power declined. For steel prices in the world market continues to decline steadily. So the psychological effect caused buyers to delay the purchases, as a result, manufacturers have held many stocks. In addition, an oversupply situation happening in the global steel industry that China, a major producer of steel, exported products to various countries of the world. Then, many countries have adopted measures to protect the domestic steel industry.

**Textile and Garment Industry** In November 2015, the production of textile fibers and yarns rose 5.28% due to an increasing of domestic to support demand expected to rise on the end of the year. For production of fabrics and garments will slow down until the end of the year, owing to entrepreneurs reduced the production according to a decline of demand as well as some parts were imported from abroad. Exports in November 2015 compared to the previous year was expected to decrease in textile fiber products by 4.19% stemming to a decline of demand in market partners including Indonesia and India. Export value of fabrics decreased by 0.12% in ASEAN markets, including Vietnam and Myanmar. Export value of garments shrank 1.80% from reduction of orders in key markets, including the EU, Japan and ASEAN based on the global economic slowdown. Meanwhile, export to the US market only is expected to increase.

**Food Industry** In November 2015, the overall production declined 7.1% from the same period of previous year due to the production of sugar and fishing products declined significantly, including a decreasing of the production of other main products such as cereal and flour products, animal feed and vegetable oil. The value of exports in the overall declined 11.2% stemming to the importer's economy was slowdown, in particular, China, which is the main trading partner, the economic growth rate reduced and the goods prices in the global market declined based on the oil prices, as resulting, the value of exports fell. The domestic spending remained in stable situation according to the economy was affected from the purchasing power in the country slowed down.

Mr.Verasak stated the industrial economic growth trends in 2016 that major contributing factors are a driving force of government stimulus measures, a gradual recovering of the global economy and a price of export goods. The International Monetary Fund or IMF forecasted that the world economy in 2016 will expand 3.6% from 2015 which was expected to expand by 3.1%, owing to a depreciation of Thai baht and oil prices remain at low level. The risk factor in 2016 is the start of a slowdown in the Chinese economy. The IMF predicted that the Chinese economy will expand by 6.3% in 2016 from 2015 which was estimated to expand by 6.8%. Others risk factors include an impact of the drought, capital outflow from emerging markets after Central Bank of the United States or the Fed has raised interest rates gradually. The Fed raised the benchmark interest rate for the first time in 9 years on middle of December 2015, and showed signs to raise the rate gradually in the future.

A prediction of outstanding industry in 2016 is automobile industry with total production of approximately 2,150,000 units, up 10.26% which the production for domestic sales is about 900,000 units, up 6.67%, and the production for export is about 1,250,000 units, up 4.17%.

The electrical and electronics industry is expected that the production will rise 0.81% when compared with the same period of previous year. The electrical and electronics industry is expected to start to recover in the third quarter of 2016 and increase by 6.55%, stemming to an increasing of several products, especially electronics products such as IC which is an important component of finished electronics equipment or products.

Food Industry's overall production is expanded because the Thai economy starts to recover from the government stimulus measures such as village funds, including of recovered trend of tourism and stable domestic political situation, as resulting, the domestic consumption and spending level are raised up, and the food production industry will grow.



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Production and sale of ceramics industry in 2016 is estimated to increase owing to real state stimulus measures and infrastructure investment of government, as a result, the real estate sector will be grew in the neighborhood as well.

The forecast of the OIE is hypothesized that the GDP of industry sector in 2015 grow by 0% -1%, and is 1.5% - 2.5% in 2016. The MPI of 2015 will be at (-0.5%) - (0.5%) and will grow 2% -3% in 2016.

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