

Industrial Production Status

Indicators	2016	2017								2018						
	Year	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Year(f)
MPI*	1.4	1.0	4.0	5.6	5.3	1.0	6.3	5.8	2.5	4.7	4.6	3.2	3.1	2.9	4.7	3.0

* MPIs have been adjusted for 2018 under ISIC Rev.4 classifications which cover 21 divisions, 57 industrial groups and 235 products. The industrial index was formed using the Laspeyres formula based on the 2011 fixed weights, with added value and output value referenced from “The 2012 Business Trade and Industry Census: The Manufacturing Industry” produced by the National Statistical Office of Thailand. Furthermore, the weights of weighted value have been adjusted with added value to reflect the current industrial structure.

The industrial economics status in **June 2018** grew for 14 consecutive months since May 2017. **The manufacturing production index (MPI) increased by 4.7 percent** from the same period last year, a result from recovering exports consistent with the global economic status. Industrial exports in June 2018 grew by 8.3 percent.

When considering the MPI for the past 3 months (March, April, and May) compared to the last year (%YoY), the trend of industrial production continued to grow and the rate of change was 3.2 percent, 3.1 percent and 2.9 percent, respectively. As a result, MPI grew by 3.9 percent in the first 6 months of this year, a significant improvement compared to the first 6 months in 2017 whereby the MPI grew at an average of only 0.5 percent. This reflected a stronger and more stable growth of the industrial sector.

Indicators	2017							2018					
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
MPI	-3.1	-2.8	4.4	1.6	-5.0	6.5	-3.2	5.0	-0.1	10.5	-20.9	14.9	-1.4

The change rate of MPI (%MoM) for the past 3 months (March, April, and May 2018) was normal which was at 10.5 percent, -20.9 percent, and 14.9 percent, respectively, according to seasonal changes throughout the year as MPI in April decreased due to most of factories was closed during Songkran Festival.

Key industries contribute the growth of MPI in June 2018 were as follows;

- **Automobiles:** Production grew by 7.7 percent (volume of vehicle). When compared to the same period last year, the production increased for 12 consecutive months from growth in both domestic and export markets. As a result of consistent growth in the domestic economy, coupled with gradually ending of car possession under the first car scheme and recovering export markets in Asia, the Middle East, Africa, and North, Central, and South America, this boosted domestic sales growth and export by 25.9 percent and 2.4 percent, respectively.

- Sugar: Production grew by 59.5 percent from optimum climatic conditions for sugarcane growth which boosted the volume of raw materials entering factories.
- Air Conditioners: Production grew by 13.0 percent from increased exports to ASEAN customers, especially in Vietnam and Indonesia which had greater demand for products made in Thailand than China.
- Plastic Pellets: Production grew by 13.0 percent, mostly from PP (Polypropylene) and LLDPE (Linear Low-Density Polyethylene) products which are both materials for food packaging.
- Electronic Parts: Production grew by 4.3 percent, in line with increased demand for electronic products in both the global and domestic markets.

In terms of forecasts, **the MPI for 2018 is expected to grow at an average of 3.0 percent** (in 2017 growth was 2.5 percent). Exports of goods are foreseen as a major driving force, in line with consistent economic growth among trading partners, coupled with government spending which remains a key drive. In addition, progress of large infrastructural investment projects by the public sector and the development of special economic zones, including joint investments between the public and private sectors is expected to contribute to the confidence of the business sector and promote private investment within the country. Private consumption is projected to continue growing, supported by non-agricultural household income that showed signs of improvement because of increased employment in export-related businesses. Meanwhile, agricultural incomes gradually improved due to good production.

Other Industrial Economic Indicators in June 2018

Other Industrial Economic Indicators in June 2018

■ Thailand's Industrial Sector Importation



Source: Ministry of Commerce

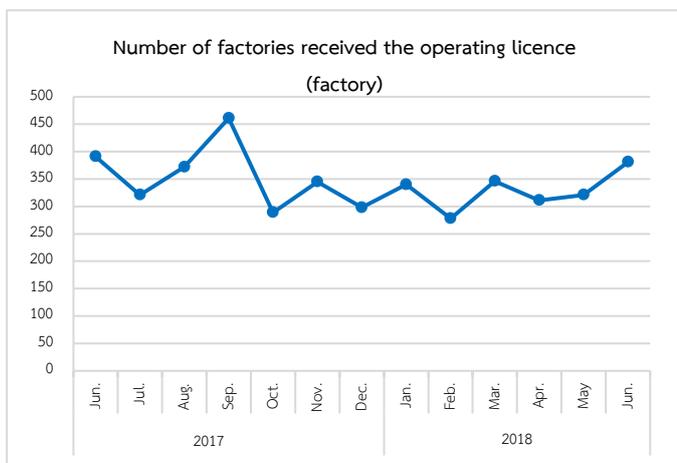


Source: Ministry of Commerce

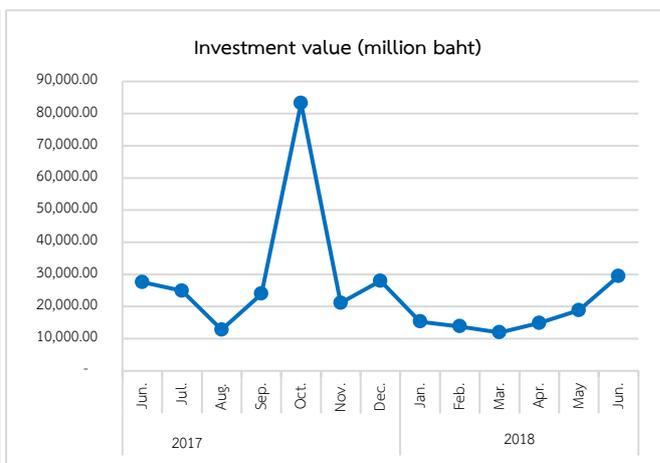
+ The import value of industrial machinery and components in June 2018 was 1,536.1 million USD which increased by 12.2 percent compared to the same month last year, from the increase of imports of engine, shaft, and other components; air and liquid pumps; jet turbines and components; and metal processing machines.

+ The import value of raw material and semi-finished products (excluding gold) in June 2018 was 7,443.1 million USD, a 6.5 percent growth compared to the same month last year, in line with the import growth of chemical products; equipment and parts of electrical appliance and electronic; iron, steel, and products thereof.

■ *Status of Industrial Operations*



Source: Department of Industrial Works



Source: Department of Industrial Works

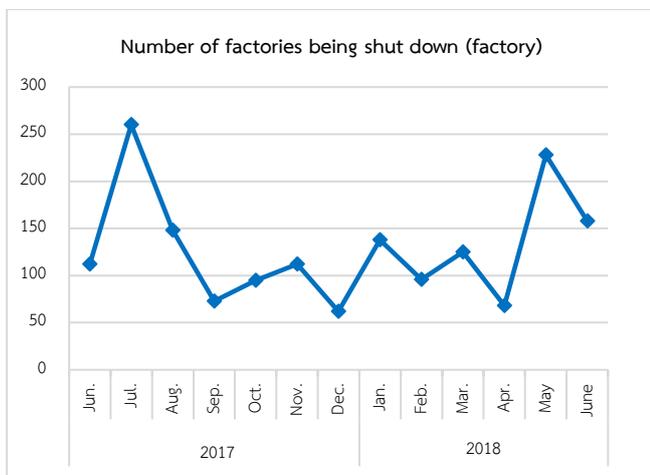
⊕ A total of 381 factories were licensed to operate in June 2018. The number increased by 18.7 percent from May 2018 (%MoM), but a 2.6 percent decrease compared with the same month last year (%YoY).

⊕ The total value of investment from the licensed factories for operation in June 2018 was 29,461.7 million Baht, a 56.5 percent increase from May 2018 (%MoM) and a 6.8 percent increase compared with the same month last year (%YoY).

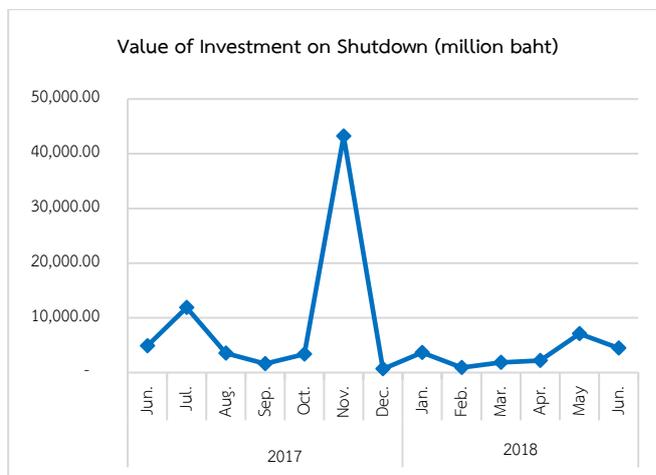
“The industry with the highest number of licensed factories commencing the business in June 2018 was the concrete and plaster product production industry (27 factories), followed by the gravel/sand/clay digging and epilation industry (25 factories).”

“The industry with the highest value of investment in June 2018 was the production of thermal electricity industry valued at 10,374.1 million Baht, followed by the solar power generation industry valued at 4,475.4 million Baht.”

■ *Status of Industrial Operations (cont.)*



Source: Department of Industrial Works



Source: Department of Industrial Works

⊕ A total of 158 factories shut down operation in June 2018. The number decreased by 30.7 percent from May 2018 (%MoM) but increased by 41.1 percent from the same month last year (%YoY).

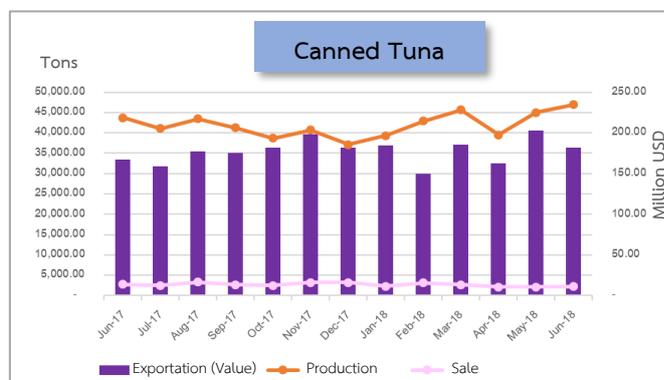
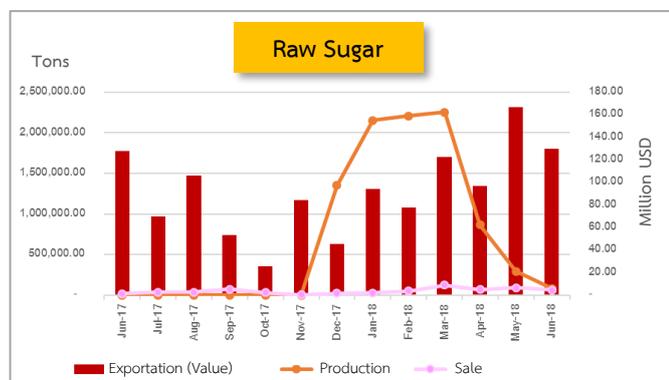
⊕ The lost investment value on shutdowns in June 2018 equated to 4,483.9 million Baht, a 36.7 percent drop from May 2018 (%MoM), and an 8.0 percent drop from the same month last year (%YoY).

“In June 2018, factories in the automobile repair industry had the highest number of shutdowns (17 factories) followed the gravel/sand/clay digging and epilation industry (13 factories).”

“The industry with the highest value of investment with factory shutdowns in June 2018 was the synthetic resin rubber manufacturing industry valued at 2,560 million Baht, followed by the non-alcoholic beverage production industry valued at 600 million Baht.”

Industrial Economic Status for June 2018 by Industry

1. Food Industry



+ **Production** of food product in June 2018 increased by 16.8 percent (%YoY), classified as follows:

1) Export-orientated products namely, sugar and canned pineapple increased by 78.9 percent and 19.7 percent (%YoY), respectively to serve the increase in agricultural output, especially sugarcane yield which increased by 40-45 percent (%YoY). This was coupled with the production of canned tuna which increased by 7.4 percent (%YoY) from pressure easing on raw material and product prices, resulting in more purchase orders from trade partners.

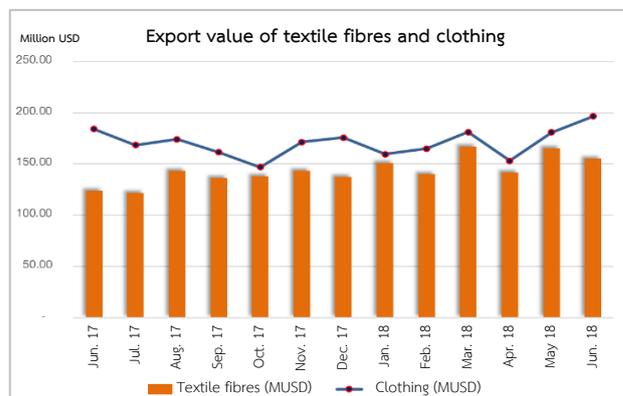
2) Domestic market-orientated products namely, refined soybean oil and ready-to-drink milk, increased by 10.4 percent and 5.6 percent (%YoY), respectively due to increase in consumption demand. Moreover, the frozen chicken production increased by 2.4 percent (%YoY) from the result of continuous increase in consumption demand and positive factors from export to the Chinese market (Yunnan), where exports were first officially established in March 2018.

+ **Domestic market:** Domestic sales volumes of food products in June 2018 grew by 0.6 percent (%YoY), resulting from a positive economic trend.

+ **Export markets:** The export value of food products in June 2018 increased by 5.8 percent (%YoY) in key product groups such as canned sardine, chilled and frozen chicken, jasmine rice, sugar, white rice, canned tuna, rice product, and processed chicken which increased by 40.4 percent, 18.2 percent, 16.4 percent, 9.6 percent, 7.2 percent, 7.1 percent, 5.5 percent and 2.7 percent, respectively (%YoY) due to the global demand for commodities that grew following the global economic recovery and the price levels which tend to increase.

+ **Trend forecast:** It is expected that overall production in the food industry in July 2018 will increase due to the continued economic recovery of major trading partners, especially the United States, Japan, China and the European Union, including the Thai economy which is likely to continue to grow. This is coupled with the government's agricultural and economic support policies, whereby key products which have expanded include chilled and frozen chicken, and processed chicken products which has grown continuously in line with boosted confidence in Thai product standards. Production of fishery products such as canned tuna and canned sardines may see an increasing trend as worries about raw material and commodity prices ease, whereas demand for rice (white rice and jasmine rice) among trading partners continue to increase.

2. Textile and Garment Industry



Production

+ Production of textile fibres grew by 6.05 percent (%YoY) among synthetic fibres and fibres with special properties such as collagen, carbon, and aramid fibres to accommodate expansive exports.

- Fabrics and apparel dropped by 11.19 percent and 3.38 percent (%YoY), in line with declining domestic demand for clothing, in addition to imports of cheap fabrics from abroad used in garment production. However, production of synthetic fibers grew to accommodate exports.

Domestic Sales

+ Textile fibres and fabrics grew by 1.95 percent and 8.16 percent (%YoY), mostly in from textile fibers and fabrics made from synthetic fibers. This was partially from preparation for production of yellow shirts, whereby the government invited the people to wear yellow clothing throughout July in honour of His Majesty King Rama X.

- Apparel dropped by 3.27 percent (%YoY) as some consumers were concerned about the cost of living and high product prices.

Exports

+ Textile fibres and apparels increased in value by 25.11 percent, 6.75 percent, respectively, whereby textile fibres grew for 20 consecutive months from November 2016. Key export products were synthetic fibres and fabrics made from fibres with special properties, whereby Thailand has potential for both production and export. Key export markets were Vietnam, Myanmar, Bangladesh, and Japan.

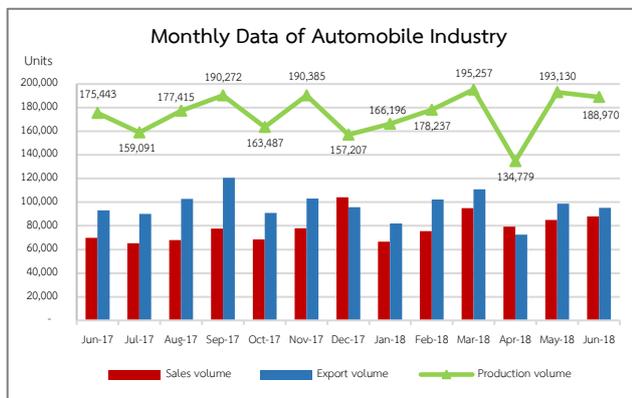
- Fabrics dropped by 1.82 percent (%YoY) mostly from cotton-made fabrics; however, exports of fabrics made from synthetic fibers continued to grow.

Forecasts for July 2018

+ Production of textile fibres is expected to grow from exports of synthetic fibres and fabrics with special properties. This will be the same for apparels of which domestic production and sales are expected to increase from activities in honour of His Majesty King Rama X. As for the exports of textile fibre, fabric, and apparel, it is expected to grow in line with the expansion of global economic.

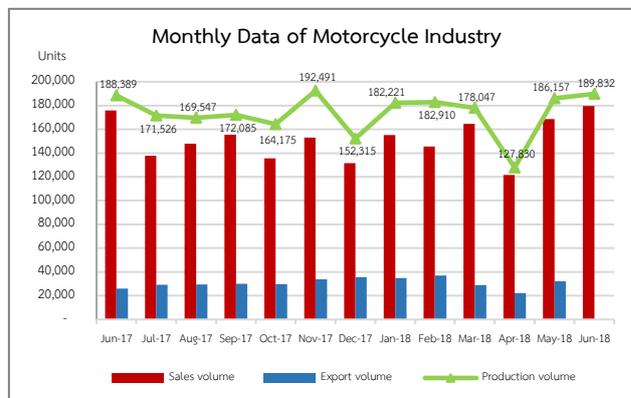
3. Automotive Industry

■ Automobile Production Industry



Source: Office of Industrial Economics; data collected from Automotive Division, Federation of Thai Industries

■ Motorcycle Production Industry



Source: Office of Industrial Economics; data collected from Automotive Division, Federation of Thai Industries

➕ **Automobile production** in June 2018 reached 188,970 units, a 2.15 percent decrease from May 2018 (%MoM) but a 7.71 percent increase from the same month last year (%YoY), due to an increase in production of passenger cars; 1-ton pickup trucks and derivatives; and commercial vehicles. Automobile production increased for 12 consecutive months compared to the same period last year.

➕ **Domestic sales of automobiles** in June 2018 reached 87,854 units, a 3.40 percent increase from May 2018 (%MoM) and a 25.87 percent growth from same month last year (%YoY), resulting from an increase in sales of passenger cars, 1-ton pickup trucks, PPV and SUV cars. This was a result of new car models launched on the market, growth of domestic economy, and continuously expansion of public and private investment. Moreover, the consumers gradually end up to possess/hold their car under the first car scheme.

➕ **Automobile exports** in June 2018 reached 95,284 units, a 3.63 percent drop from May 2018 (%MoM) but a 2.36 percent increase from the same month last year (%YoY). Exports of automobiles expanded in Asia, the Middle East, Africa, and North, Central, and South America, whereby exports to the Middle East grew from a rise in petroleum prices. Exports expanded for 8 consecutive months compared to the same period last year.

“In June 2018, the trend of the automobile industry is expected to grow compared to July 2017 resulting from the recovery of both domestic and global economy, and gradually ending of car possession under the first car scheme.”

➕ **Motorcycle production** in June 2018 reached 189,832 units, a 1.97 percent increase from May 2018 (%MoM) and a 0.77 percent increase from the same month last year (%YoY). This resulted from an increase in production of multi-purpose and sport motorcycles.

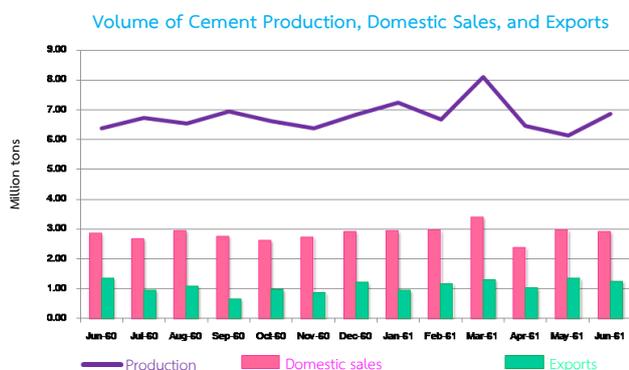
➕ **Domestic sales of motorcycles** in June 2018 reached 179,522 units, a 6.55 percent increase from May 2018 (%MoM) and a 2.12 percent increase from the same month last year (%YoY).

➕ **Exports of motorcycles** in June 2018 reached 30,953 units, a 3.42 percent decrease from May 2018 (%MoM) but an 18.62 percent increase from the same month last year (%YoY), whereby export markets in the Netherlands, Japan, and Myanmar were expanded.

“In July 2018, the trend of the motorcycle production industry is expected to grow compared to July 2017.”

4. Cement Industry

Overall Cement Industry



Source: 1. Domestic production and sales volume: Division of Industrial Economics Information and Indices, Office of Industrial Economics

2. Export volume: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce.

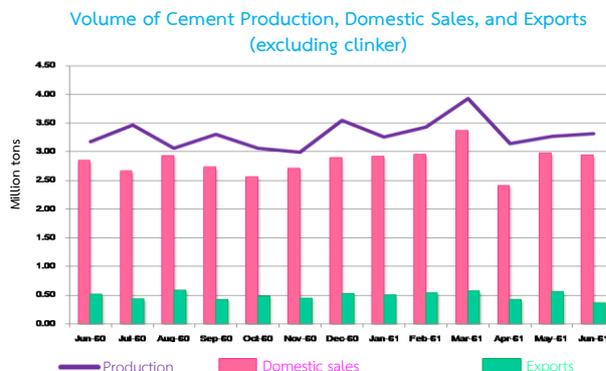
+ Total cement production in June 2018 reached 6.86 million tons, a 11.63 percent increase from May 2018 (%MoM) and a 7.72 percent increase from the same month last year (%YoY) due to a growth in domestic demand from the construction of public utilities which were in the phase of cement using.

+ Total domestic sales of cement in June 2018 reached 2.94 million tons, a 1.34 percent drop from May 2018 (%MoM) but a rise by 2.15 percent compared to the same month last year (%YoY) from progress in the construction of public utilities.

- Total cement exports in June 2018 reached 1.28 million tons, down by 6.44 percent from May 2018 (%MoM) and 6.84 percent from the same month of last year (%YoY) as key export markets such as Myanmar, Cambodia and Vietnam dropped purchase orders by 42.95 percent, 16.38 percent and 14.75 percent, respectively.

+ The trend of the overall cement industry in July 2018 is expected to improve due to confidence in the progress of the construction of public utilities projects by the government.

Cement Industry (excluding clinker)



Source: 1. Domestic production and sales volume: Division of Industrial Economics Information and Indices, Office of Industrial Economics

2. Export volume: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce.

+ Cement production (excluding clinker) in June 2018 reached 3.31 million tons, a 1.22 percent increase from May 2018 (%MoM) and a 4.27 percent increase from the same month last year (%YoY).

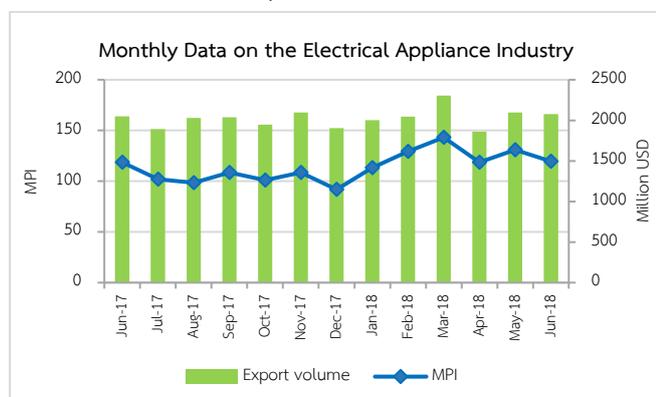
+ Domestic sales of cement (excluding clinker) in June 2018 reached 2.94 million tons, a 1.34 percent drop from May 2018 (%MoM) as the country entered the rainy season but a 3.15 percent growth compared to the same month last year (%YoY) due to domestic market tend to improve in line with the progress in the construction of public utilities.

- Export of cement (excluding clinker) in June 2018 reached 0.37 million tons, down by 34.51 percent from May 2018 (%MoM) and 28.83 percent from the same month last year (%YoY) as key export markets namely, Myanmar and Cambodia dropped purchase orders by 42.88 percent and 16.41 percent, respectively.

+ The trend of the overall cement industry (excluding clinker) in July 2018 is expected to improve slightly due to the progress of construction of public utilities projects by the government.

5. Electrical and Electronics Industry

■ Electrical Industry



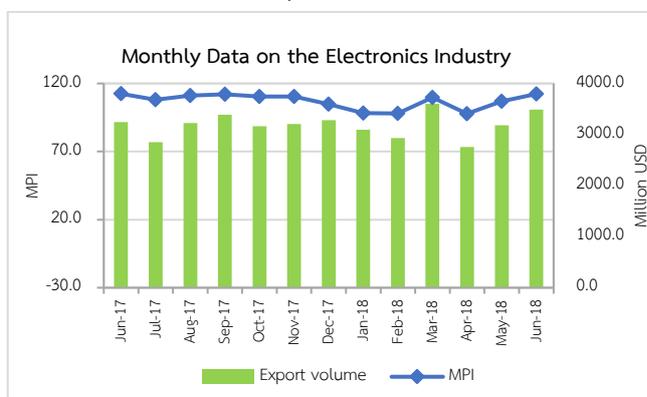
Source: Office of Industrial Economics

+ **Production of electrical appliances** reached a production index of 119.5, a slight growth by 0.9 percent compared to same month last year. Products which increased in production were household fans, air conditioners, kettles and electrical wiring by 40.9 percent, 13.3 percent, 11.6 percent and 3.6 percent respectively. Production of household fans and kettles increased domestic demand boosted sales. Orders of air conditioners increased in major markets including EU, Japan, ASEAN and US, whereby electrical wiring was used to develop infrastructure in the country. Meanwhile, production of electric motors, microwaves, refrigerators, washing machines, compressors and rice cookers dropped by 21.2 percent, 8.1 percent, 6.8 percent, 4.4 percent, 2.1 percent and 0.6 percent, respectively. Production of rice cookers and electric motors dropped due to less domestic demand, whereas refrigerators, compressors and washing machines declined due to less purchase orders from abroad.

+ **Exports of electrical appliances** reached an export value 2,078.4 million USD, a 1.5 percent increase compared to the same month last year. Key products such as air-conditioners and parts; electrical switch and control panels reached 458.0 million USD and 144.0 million USD, a 6.5 percent and 2.4 percent increase from last year, whereas the export value for refrigerators was 140.4 million USD, a drop by 1.3 percent.

“The manufacturing production index is forecasted to increase slightly in July 2018 by 1.2 percent compared to the same period last year. This is from air conditioners with more purchase orders, whereas electrical wires are still being used in developing domestic infrastructure.”

■ Electronics Industry



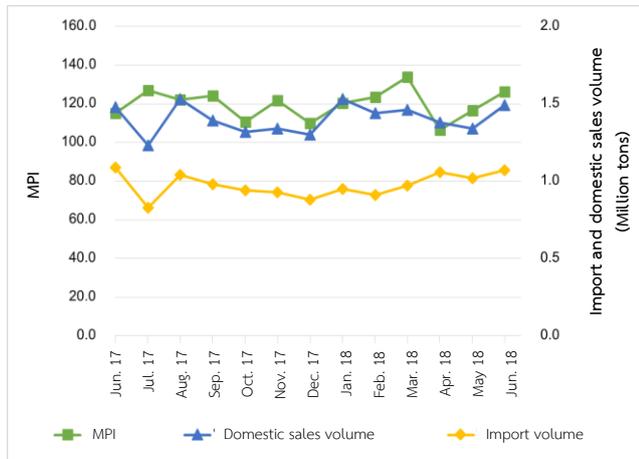
Source: Office of Industrial Economics

+ **Production of electronics** reached a production index of 112.3, an increase by 6.0 percent compared to same month last year as a result of key product groups namely, Monolithic ICs, HDDs, PCBAs, Semiconductor devices transistors, and other ICs increased by 16.51 percent, 12.83 percent, 6.18 percent, 5.58 percent and 1.31 percent, respectively. The increase was in line with the global growth of electronics, especially ICs which increased as being used as a key component in the development of high-tech products including smart phones and tablets. HDDs were developed to more capacity for cloud storage, whereas the market has increasingly developed semiconductors used as a component of smart devices such as watches, LED screens and photo sensors in cameras.

+ **Export of electronics** valued at 3,490.7 million USD, a 7.6 percent growth compared to the same month last year. Exports to all key markets improved including China, ASEAN, EU, Japan, and US. Electronic products with the highest export value were computer equipment and parts with a value of 1,402.32 million USD, an increase by 16.6 percent, followed by ICs valued at 772.7 million USD, an increase by 9.7 percent.

“The manufacturing production index for electronics in July 2018 is expected to increase by 9.2 percent compared to the same month last year, from exports of computer equipment and parts; ICs, and telephone and equipment thereof which have grown consistently.”

6. Iron and Steel Industry



Source: Office of Industrial Economics and Iron and Steel Institute of Thailand

➤ **The manufacturing production index** in June 2018 reached 126.3, a 9.6 percent increase compared to the same period last year. When considering key products namely, flat and long-formed steel, it was found that flat steel grew by 19.0 percent from a 53.2 percent increase in chromium-plated sheets due to increased purchase orders from the canned seafood industry. This was followed by hot-rolled steel sheets which grew by 47.4 percent, from increased production to support expanded demand from both existing and new markets; the increase returned to original production levels in the past among major manufacturers. Long-formed steel products grew by 1.1 percent, whereby steel bars increased by 11.0 percent followed by high tensile steel wires and deformed bars which increased by 10.3 and 5.2 percent, respectively. This was the first month of growth for deformed bars from 8-month decline since October 2017 – May 2018.

➤ **Domestic sales** in June 2018 reached 1.5 million tons, a 0.2 percent growth compared to the same period last year. Flat-formed steel reached 1.0 million tons, a 3.4 percent increase whereby chromium-plated sheets increased by 103.5 percent, followed by thick hot-rolled sheets and cold-rolled steel sheets which grew by 29.1 percent and 15.4 percent, respectively. Long-formed steel reached 0.5 million tons, a 6.0 percent drop, whereby steel wires and rods, and structural steel dropped by 7.7 percent and 0.7 percent respectively; this was 4 consecutive months for decline in steel rods and structural steel.

➤ **Imports** in June 2018 reached 1.1 million tons, a 1.7 percent drop compared to the same period last year. Flat-formed steel reached a volume of 0.8 million tons, a 5.9 percent decline as imports of thick hot-rolled stainless-steel sheets, thin hot-rolled carbon steel P&O sheets, thin hot-rolled carbon steel sheets and tin-plated sheets which dropped by 43.8 percent, 25.2 percent, 16.5 percent and 16.4 percent respectively. Long-formed steel reached 0.3 million tons, a 11.8 percent increase as imports of hot-rolled carbon structural steel, stainless steel and alloy steel rods increased by 254.0 percent, 48.7 percent and 42.0 percent, respectively.

“The production trend for the steel industry in July 2018 is expected to grow among flat-formed and long-formed steel product groups as downstream industries continue to expand, such as the canned seafood and construction industries. Moreover, there were some issues related to US trade measures which is likely to be a barrier for steelmakers and exporters in downstream industries. The EU’s counteracting trade policies with US has temporarily exempted 23 Thai steel product items from the measures as exports to the EU have not yet exceeded 3 percent (for developing countries)”.