

Industrial Production Status

Indicators	2016	2017										2018					
	Year	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Jan.	Feb.	Mar.	Apr.	May	Year(f)
MPI*	1.4	-1.6	3.0	1.0	4.0	5.6	5.3	1.0	6.3	5.8	2.5	4.7	4.6	3.2	3.1	3.2	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 **May 2018** grew for 13 consecutive months since May 2017. **The manufacturing production index (MPI) increased by 3.2 percent** from the same period last year, a result from recovering exports consistent with the global economic status. Industrial exports in May 2018 grew by 12.6 percent.

When considering the MPI for the past 3 months (February, March and April) compared to the last year (%YoY), the trend of industrial production continued to grow and the rate of change was 4.6 percent, 3.2 percent and 3.1 percent, respectively. As a result, MPI grew by 3.8 percent in the first 5 months of this year, a significant improvement compared to the first 5 months in 2017 whereby the MPI grew at an average of only 0.4 percent. This reflected a stronger and more stable growth of the industrial sector.

Indicators	2017										2018				
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
MPI	-20.9	15.0	-3.1	-2.8	4.4	1.6	-5.0	6.5	-3.2	5.0	-0.1	10.5	-20.9	15.2	

The change rate of MPI (%MoM) for the past 3 months (February, March and April) was at -0.1 percent, 10.5 percent, and -20.9 percent, respectively, according to seasonal changes throughout the year. In February, the MPI slowed down as being the least working days in the year, but in March the MPI accelerated again to support purchase orders before long holidays during the Songkran festivities in April.

Key industries that contributed to the MPI growth in May 2018 were:

- **Automobiles:** Production grew by 13.94 percent (volume of vehicle) compared to the same period last year, from growth in both domestic and export markets. As a result of consistent growth in the domestic economy, coupled with the expiration for consumers purchasing under the first car scheme and recovering export markets in Asia, Oceania (Australia and New Zealand), Africa, and Europe, this boosted domestic sales growth and export by 27.9 percent and 9.8 percent, respectively.

- Sugar: Production grew by 36.9 percent from optimum climatic conditions for sugarcane which boosted the volume of raw materials entering factories.
- Pharmaceuticals: Production grew by 36.4 percent from production of capsules and tablets as new machines were installed by major manufacturers earlier this year, including the opening of new market in Hong Kong and increased pharmaceutical production by some manufacturers.
- Computer Parts: Production grew by 18.9 percent from Hard Disk Drives, whereby the overall industry expanded well and demand increased consistently.
- Electronic Parts: Production grew by 4.3 percent mainly from printed circuit boards, in line with global demand for electronics.

In terms of forecasts, the MPI for **2018 is expected to grow at the average of 3.0 percent** (in 2017 growth was 2.5 percent). Exports of goods and tourism were major driving forces, in line with global economic growth and domestic demand which increased, coupled with private consumption which continued to expand. In terms of investment, private investment is expected to increase continuously and supported by concremented projects from the public sector. Government spending will continue to be a major economic driver; however, external risks of Thai economy, especially the US trade policy and countermeasures from trading partners, and the change direction of the Baht must be monitored.

Other Industrial Economic Indicators in May 2018

Other Industrial Economic Indicators in May 2018

Thailand's Industrial Sector Importation



Source: Ministry of Commerce

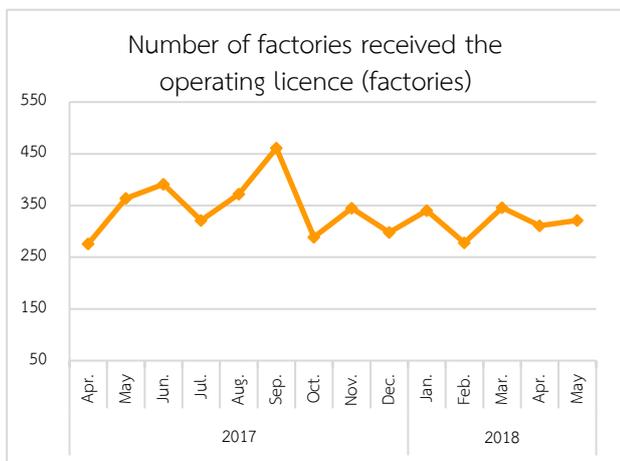


Source: Ministry of Commerce

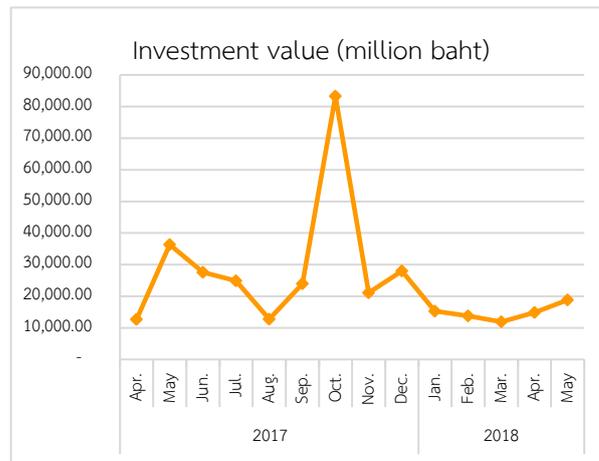
+ The import value of industrial machinery and components in May 2018 was 1,598.5 million USD, increased by 4 percent compared to the same month last year, from the imports of engine, shaft, jet turbines and components, printing machines, rubber or plastic processing machines and equipment.

+ The import value of raw material and semi-finished products (excluding gold) in May 2018 was 7,710.2 million USD, an 8.4 percent growth compared to the same month last year, in line with the import of chemicals; 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

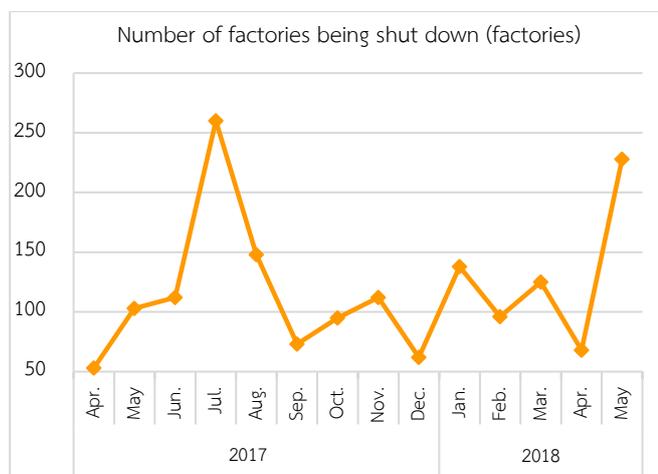
⊕ A total number of licensed factories operating in May 2018 was 321 factories. The number increased by 3.2 percent from April 2018 (%MoM), but decreased by 11.8 percent compared with the same month last year (%YoY).

⊕ The total investment value of the licensed factories operating in May 2018 was 18,825.3 million Baht, a 26.7 percent increase from April 2018 (%MoM), but decreased by 48.1 percent compared with the same month last year (%YoY).

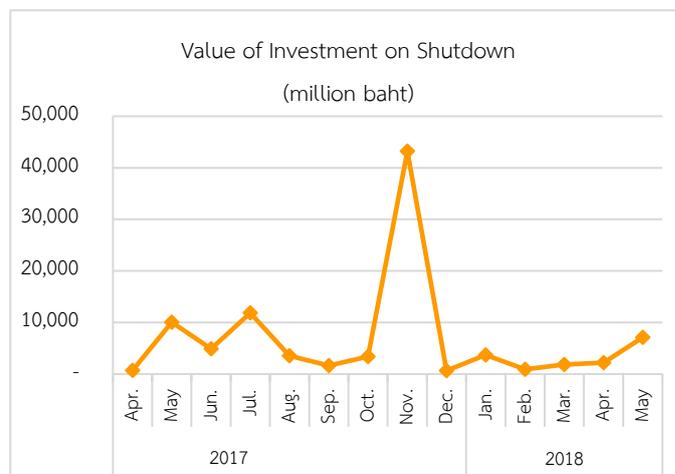
“The industry with the highest number of licensed factories commencing operation in May 2018 was the lateritic soil excavation on occupied land for construction and commercial use (34 factories), followed by the plastics production industry (14 factories) and motor vehicle repair industry (14 factories).”

“The industry with the highest value of investment in May 2018 was sugar and raw sugar production valued at 5,553.9 million Baht, followed by food and beverage production from fruits valued at 1,607.9 million Baht.”

■ *Status of Industrial Operations (cont.)*



Source: Department of Industrial Works



Source: Department of Industrial Works

➖ A total of 228 factories shut down operation in May 2018. The number increased by 235.3 percent from April 2018 (%MoM) and 121.4 percent from the same month last year (%YoY).

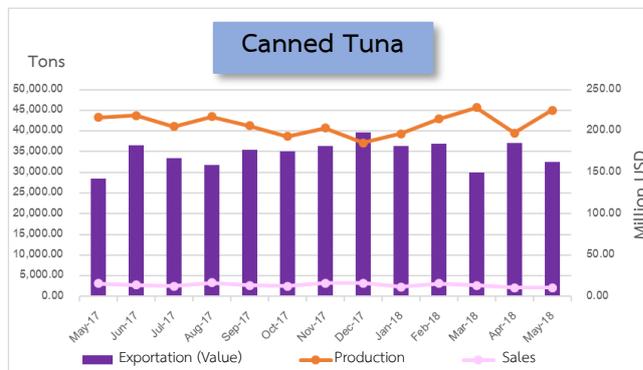
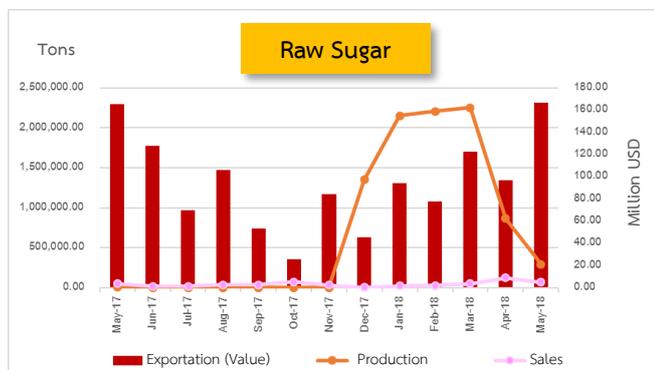
➕ The lost investment value on shutdowns equated to 7,082.6 million Baht, increased by 219 percent from April 2018 (%MoM), but decreased by 29.3 percent from the same month last year (%YoY).

“In May 2018, the industry which the highest number of factories being shut down, were lateritic soil excavation on occupied land for construction and commercial use (21 factories); and the wooden furniture and decorations industry (16 factories).”

“The industry with the highest value of investment with factory shutdowns in May 2018 was the smoked rubber sheets, crepe rubber, rubber bars and latex industry valued at 1,318 million Baht, followed by the plastic tools, equipment and household items production industry valued at 762 million Baht.”

Industrial Economic Status for May 2018 by Industry

1. Food Industry



+ Production of food product in May 2018 increased by 29.2 percent (%YoY), classified as follows:

1) Export-orientated products namely, sugar and canned pineapple increased by 100 percent and 9.5 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 4.1 percent (%YoY) from easing the pressure on raw material and product prices, resulting in more purchase orders from trade partners.

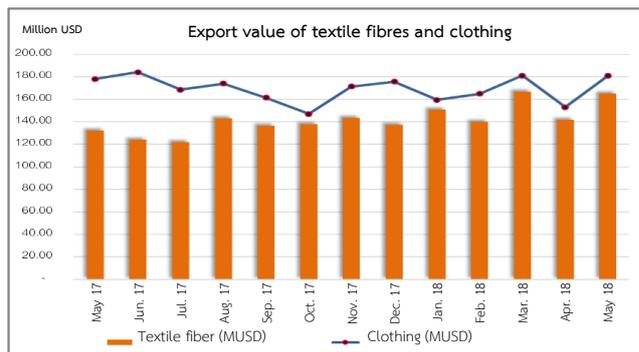
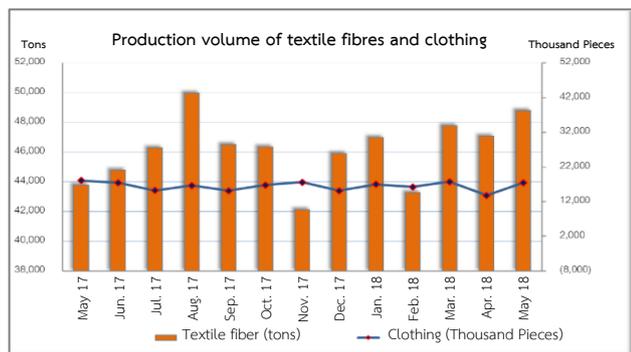
2) Domestic market-orientated products namely, ready-to-drink milk and pure palm oil, increased by 8.9 percent and 0.6 percent (%YoY), respectively due to increase in consumption demand and expansion of plantation area. Moreover, the frozen chicken production increased by 6.1 percent (%YoY) as the result of continuous increase in demands and exports to the Chinese market (Yunnan), where exports were first officially established in April 2018.

+ Domestic market: Domestic sales volumes of food products in May 2018 grew by 1.6 percent (%YoY), resulting from a positive economic trend.

+ Export markets: The export value of food products in May 2018 increased by 0.35 percent (%YoY) in key product groups such as white rice, jasmine rice, chilled and frozen chicken, canned sardines, canned tuna, instant noodles, rice products and processed chicken products which increased by 243.5 percent, 28.4 percent, 26.5 percent, 10.7 percent, 10.3 percent, 10.0 percent, 7.5 percent and 1.9 percent respectively (%YoY) due to the global demand for commodities that grew following the global economic recovery. Furthermore, the price levels are likely to improve from the weakening of the Baht which began signaling since the beginning of April.

+ Trend forecast: It is expected that overall production in the food industry in June 2018 will increase due to the economic expansion of major trading partners, especially US, Japan, China, EU, and the Middle East, together with the support from weakening of Baht after the US Central Bank raised interest. The key products such as chilled and frozen chicken, and processed chicken products have grown continuously with boosted confidence in Thai product standards. Production of fishery products such as canned tuna and canned sardines may see an increasing trend as the tension on raw material and commodity prices to be eased, while 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 11.48 percent (%YoY) among synthetic fibres and fibres with special properties such as collagen, carbon fibres and aramid fibres to accommodate expansive exports.

- Fabrics and apparel decreased by 14.72 percent and 3.28 percent (%YoY), in line with lower demand for clothing in the country, partly due to the import of Chinese fabrics for apparel production.

Domestic Sales

+ Textile fibres grew slightly by 0.03 percent (%YoY).

- Fabrics and apparel decreased by 0.22 percent and 10.17 percent (%YoY). Although schools opened, there was less shopping expenditure as some consumers worried about higher cost of living and product prices that remained high.

Exports

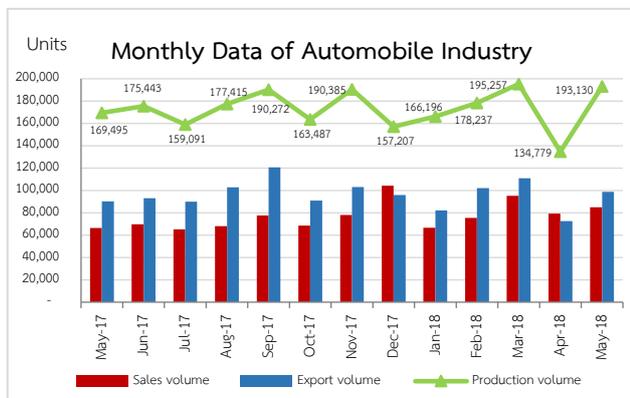
+ Textile fibres, fabrics and apparels increased in value by 24.89 percent, 4.61 percent, and 1.57 percent respectively, whereby textile fibres grew for 19 consecutive months from November 2016. Key export products were man-made fibres and fabrics made from fibres with special properties, whereby Thailand has potential for both production and export. Key export markets of Textile fibres and fabrics were Vietnam, Myanmar, Bangladesh, and Japan, while key export markets of apparel were US, Japan, and Belgium of which export value slightly increased.

Forecasts for June 2018

+ Production of textile fibres and apparel are expected to grow from exports of synthetic fibres, fabrics with special properties and undergarment apparels to Japan, South Korea, and EU which is growing due to the global economic expansion.

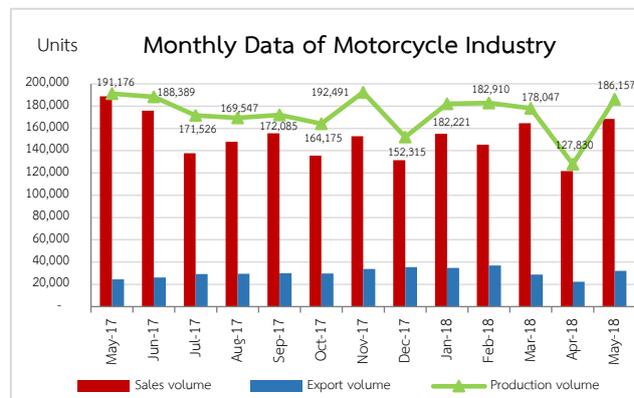
3. Automotive Industry

■ 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 May 2018 reached 193,130 units, a 43.29 percent increase from April 2018 (%MoM) and 13.94 percent 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 11 consecutive months compared to the same period last year.

➤ **Domestic sales of automobiles** in May 2018 reached 84,965 units, a 7.27 percent increase from April 2018 (%MoM) and a 27.91 percent growth from same month last year (%YoY), resulting from an increase in sales of passenger cars, 1-ton pickup trucks, commercial cars, PPV and SUV cars. This was a result of new car models launched on the market; growth of domestic economy and public and private investment; and the consumers gradually end up to possess/hold their car under the first car scheme.

➤ **Automobile exports** in May 2018 reached 98,875 units, a 36.25 percent increase from April 2018 (%MoM) and 9.75 percent from last year (%YoY). Exports of automobiles expanded in Asia, Oceania, Africa and Europe, so that automobile exports expanded for 7 consecutive months compared to the same period last year.

“In June 2018, the trend of the automobile industry is expected to grow compared to June 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 May 2018 reached 186,157 units, a 45.63 percent increase from April 2018 (%MoM) but a 2.63 percent decrease from the same month last year (%YoY). This resulted from a decrease in production of multi-purpose motorcycles.

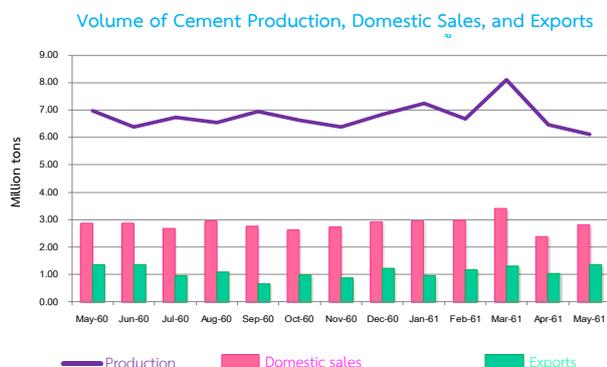
➤ **Domestic sales** of motorcycles in May 2018 reached 168,482 units, a 38.55 percent increase from April 2018 (%MoM) but a 10.80 percent decrease from the same month last year (%YoY).

➤ **Exports of motorcycles** in May 2018 reached 32,050 units, a 43.92 percent increase from April 2018 (%MoM) and a 30.68 percent increase from the same month last year (%YoY), whereby export markets in Japan, US, and Myanmar were expanded.

“In June 2018, the trend of the motorcycle production industry is expected to slow down compared to June 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.

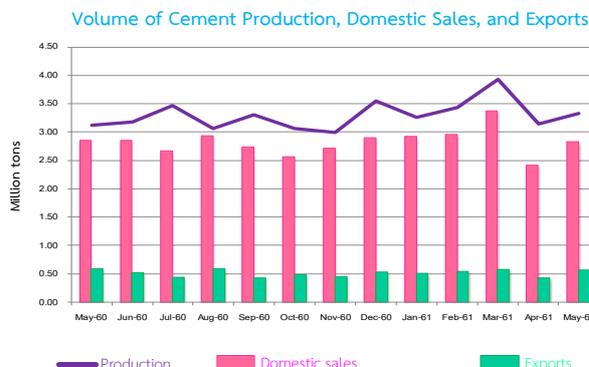
- Overall cement production in May 2018 reached 6.12 million tons, a 5.43 percent decreased from April 2018 (%MoM) and a 12.18 percent decrease from the same month last year (%YoY) as the domestic market remained stable.

+ Overall domestic sales of cement in May 2018 reached 2.82 million tons, a 17.12 percent growth from April 2018 (%MoM) but a slight drop by 1.83 percent compared to the same month last year (%YoY) from high market competition.

+ Total cement exports in May 2018 reached 1.37 million tons, a 30.74 percent increase from April 2018 (%MoM) and a 0.03 percent increase from the same month last year (%YoY) from growth in the Sri Lankan market, where orders for clinker cement increased by 119.14 percent.

+ The trend of the overall cement industry in June 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 May 2018 reached 3.33 million tons, a 5.61 percent increase from April 2018 (%MoM) and a 6.75 percent increase from the same month last year (%YoY).

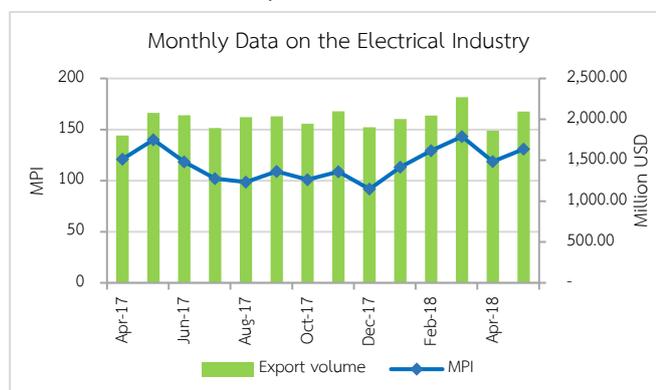
+ Domestic sales of cement (excluding clinker) in May 2018 reached 2.82 million tons, a 17.12 percent growth from April 2018 (%MoM) but a 0.08 percent drop from the same month last year (%YoY) because of high competition in the market; however, sales are likely to improve.

+ Export of cement (excluding clinker) in May 2018 reached 0.56 million tons, a 33.35 percent increase from April 2018 (%MoM) but a 3.46 percent drop from the same month last year (%YoY). This resulted from a slowdown in purchase orders from key export markets namely, Cambodia and Myanmar by 13.89 percent and 6.73 percent, respectively.

+ The trend of the cement industry (excluding clinker) in June 2018 is expected to increase in accordance with the progress of public utilities construction projects that entered the construction phase leading to development of new real estate. This is coupled with increased private confidence after the Eastern Economic Corridor (EEC) Act, B.E. 2561 (2018) was enacted.

5. Electrical and Electronics Industry

Electrical Industry



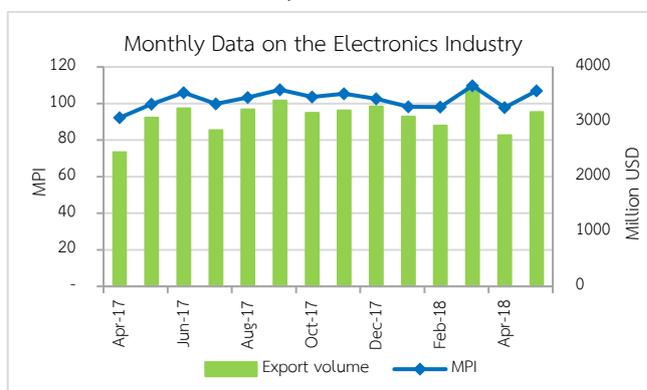
Source: Office of Industrial Economics

Production of electrical appliances reached a production index of 131.0, a drop by 6.5 percent compared to same month last year. Products which decreased in production were electrical motors, washing machines, refrigerators, compressors, rice cookers and air conditioners by 16.1 percent, 15.6 percent, 11.6 percent, 10.3 percent, 9.7 percent and 5.2 percent respectively. Production of refrigerators and washing machines dropped as foreign orders decreased such as from US, whereas production of rice cookers, compressors, air conditioners and electrical motors dropped as domestic demand reduced, this existing inventory was distributed for sale. On the other hand, production of kettles, microwaves, household fans and electrical wires grew by 48.1 percent, 19.1 percent, 9.7 percent and 8.3 percent respectively. Production of kettles increased from a growth in domestic demand, whereas electrical wires were in demand for use in infrastructural development in the country.

Exports of electrical appliances reached an export value of 2,094.8 million USD, a 0.7 percent increase compared to the same month last year. The export value of air conditioners and parts reached 507.8 million USD, a 7.6 percent increase from last year, whereas the export value for refrigerators and washing machines were 133.2 million USD and 116.2 million USD, a drop by 6.5 percent and 12.1 percent respectively.

“The manufacturing production index for electrical industry is forecasted to slowdown and drop slightly in June 2018 by 1.9 percent compared to the same period last year. This is from washing machines with less foreign orders from US and domestic and foreign sales of air conditioners which slowed down. Meanwhile, electrical wires are still being used in developing domestic infrastructure.”

Electronics Industry



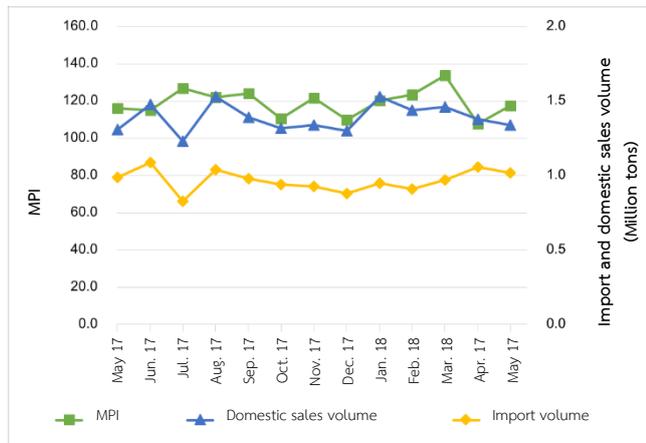
Source: Office of Industrial Economics

Production of electronics reached a production index of 106.9, an increase by 7.2 percent compared to same month last year as a result of key product groups namely, HDDs, monolithic ICs, PCBAs, printers and semiconductor devices, transistors increased by 20.2 percent, 19.5 percent, 8.2 percent, 4.6 percent and 3.9 percent, respectively, in line with the global growth of electronics. ICs 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 3,178.8 million USD, a 3.4 percent growth compared to the same month last year. Exports to most key markets improved including China, ASEAN, EU, and US. Electronic products with the highest export value were computer equipment and parts with a value of 1,248.5 million USD, an increase by 8.7 percent, followed by ICs valued at 699.5 million USD, an increase by 0.4 percent.

“The manufacturing production index for electronics in June 2018 is expected to increase by 5.1 percent compared to the same month last year, from exports of computer equipment, parts thereof, and ICs 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 May 2018 reached 117.6, a 1.4 percent increase compared to the same period last year. Analyzed by key products that were flat and long-formed steel, it was found that flat steel grew by 4.4 percent from a 6.9 percent increase in galvanized sheets used in the automobile industry resulting in more production. This was followed by cold-rolled steel sheets and hot-rolled and coiled sheets which grew by 5.1 percent and 3.5 percent respectively. On the other hand, long-formed steel products dropped by 0.4 percent, whereby cold-rolled structural steel declined by 14.9 percent followed by deformed bars and hot-rolled structural steel by 8.6 percent and 7.4 percent respectively; this was 8 consecutive months for a drop in deformed bars from October 2017 – May 2018 due to stable construction work in the country, causing some manufacturers to delay production. Round bars increased by 36.1 percent as small construction projects such as residential buildings not exceeding 2 floors, began to grow for 2 consecutive months.

+ Domestic sales in May 2018 reached 1.3 million tons, a 1.3 percent growth compared to the same period last year. Flat-formed steel reached 0.9 million tons, a 2.5 percent increase whereby thick hot-rolled sheets increased by 42.0 percent followed by galvanized sheets and cold-rolled steel sheets which grew by 29.0 percent and 15.0 percent respectively. Consumption of long-formed steel reached 0.4 million tons, a 1.1 percent drop, whereby steel rods and structural steel decreased by 13.2 percent for 3 consecutive months.

+ Imports in May 2018 reached 1.0 million tons, a 3.4 percent increase compared to the same period last year. Long-formed steel reached a volume of 0.3 million tons, an 8.1 percent rise from imports of hot-rolled structural alloy steel and alloy steel rods which grew by 96.1 percent and 88.2 percent respectively. Flat-formed steel products reached 0.8 million tons, a 2.0 percent increase from imports of EG sheets, welded pipes and HDG sheets which grew by 58.5 percent, 55.2 percent and 43.5 percent respectively.

“The trend for the steel industry in June 2018 is expected to drop in production by 0.3 percent, whereby long-formed steel is expected to grow by 4.1 percent whereas flat-formed steel is projected to drop by 0.1 percent from a slowdown in continuous industries including the electrical appliances production industry which saw a drop in MPI by 1.9 percent. Domestic sales are projected to drop by 13.5 percent. Moreover, there were some issues related to US trade measures and counter-attack measures of countries namely, China and EU, etc. over US trade, of which is likely to be a barrier for steel manufacturers and continuous industries regarding to exports.”