



Situation of Industrial Production in

December 2023

Manufacturing Production Index (MPI) in December 2023 **decreased by 6.27% (YoY).**



- The global economy and trading partners are recovering at a slower pace than expected due to foreign countries' high-interest rate policies.
- Production in the automotive industry has been consistently declining for the past five months due to a decline in domestic orders.
- Household debt remains high, and increased interest rates on loans are increasing the financial costs and burden of debt for businesses.

Production	Dec. 2023	Jan. – Dec. 2023
Manufacturing Production Index (MPI, %YOY)	-6.27	-5.11
Capacity utilization rate (CAP-U, %)	55.25	59.06

Industries affecting the MPI in December 2023



Positive impact industries (YoY)



Petroleum refining: +7.22%

The increase was driven by diesel, jet fuel, and cooking gas due to the recovery of the tourism sector. Additionally, some manufacturers' refinery operations have returned to normal production.



Power lines: +43.29%

The expansion was in line with the growth of domestic market after receiving a continuous order from the State Electricity Authority and demand for use in the private sector.



Paper: +20.28%

The expansion was line in with the rising demand for packaging and transportation services for products. Furthermore, a decrease in pulp prices compared to last year has led to an uptick in orders.



Negative impact industries (YoY)



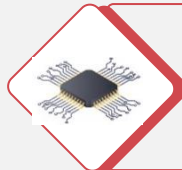
Automobile: -20.59%

The decline was mainly from the domestic market, particularly in the manufacturing and distribution of pickup trucks. This was attributed to the elevated levels of household debt, leading to strict loan approval processes by financial institutions.



Sugar: -22.93%

The decline was due to delayed sugarcane processing compared to last year, coupled with heavy rainfall in several cultivation areas posing obstacles to harvesting. As a result, some factories have postponed their cane crushing schedule.



Electronic components: -12.61%

The decline was mainly due to the global economic slowdown, which reduced the demand for electronic components worldwide. Integrated circuits (ICs) and PCBA's were the main contributors.

Industrial economic forecasts



In 2024, the estimated MPI and GDP for industrial production are projected to grow between 2.0% - 3.0% (YOY), driven by the resurgence of economic activities within the country.



(%YOY)	2023				Estimation for 2024
	Q1	Q2	Q3	Q4	
GDP	2.6	1.8	1.5	N/A	2.7 – 3.7
Industrial Production GDP	-3.0	-3.0	-4.0	N/A	2.0 – 3.0
MPI	-3.7	-5.5	-6.3	-5.1	2.0 – 3.0

Source: GDP by NESDB, MPI by OIE, data as of January 2023.

2023 - 2024 Forecasts: GDP by NESDB, industrial GDP and MPI by OIE.

Supporting factors



Exports are starting to recover gradually.



Domestic consumption is likely to grow.



Private investment is likely to continue to rise.

Strain factors



Protracted geopolitical disputes.



Production costs, living expenses, business and household debts are at a high level.



Climate change due to drought.

