



# Situation of Industrial Production in

May 2024

In May 2024, the Industrial Production Index (MPI) **decreased by 1.54% (YoY)**.



- The automotive manufacturing sector has declined for the 10th consecutive month, driven by a contraction in the domestic market due to reduced purchasing power caused by household debt issues. However, the export market continues to expand well.
- High levels of household debt and loan interest rates have resulted in increased financial costs and debt burdens for manufacturers.
- Energy costs have risen due to increasing diesel prices, impacting production and transportation expenses.

Production	May 2024	Jan. – May 2024
Manufacturing Production Index (MPI, %YOY)	-1.54	-2.08
Capacity utilization rate (CAP-U, %)	59.77	59.30

## Industries impacting the MPI in April 2024



### Industries with positive impact (YoY)



#### Palm oil: +19.88%

The increase was driven by a higher volume of palm fruit entering factories and rising demand for palm oil for consumption. Additionally, producers focused on exports due to higher prices in foreign markets compared to domestic prices.



#### Prepared animal feed: +10.55%

The increase was supported by increased orders from customers in the Middle East, Bahrain, and Japan, as well as contract manufacturing for foreign clients.



#### Basic iron and steel: +8.18%

The slowdown in China's steel exports led customers to turn to Thai manufacturers instead. Additionally, there was an increase in orders from the government sector due to accelerated budget disbursement.

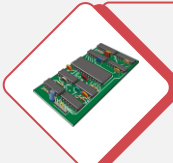


### Industries with a negative impact (YoY)



#### Automobiles: -14.22%

The decline was due to a reduction in pickup trucks and compact cars following the contraction in the domestic market, where consumer purchasing power remains weak. Furthermore, financial institutions continue to enforce strict loan approval criteria.



#### Electronics components: -17.16%

The decline was driven by a reduction in Integrated Circuits as the global electronics market slowed down. Meanwhile, manufacturers focused on producing higher-value products per unit, leading to a decrease in production volume.



#### Concrete products: -11.97%

The decline was due to lower demand for concrete piles, precast concrete slabs, and ready-mixed concrete, as customers in the modern trade sector and distributors had high inventory levels and, therefore, slowed down their orders.

## Industrial economic forecasts



In 2024, the MPI is expected to grow by 0.0% to 1.0%, and the industrial GDP is expected to increase by 0.5% to 1.5%. This growth is supported by the anticipated disbursement of the 2024 budget, which is expected to stimulate domestic economic activities and consumption, along with signs of recovery in the economies of trading partners.

(%YOY)	2023			2024	Estimation for 2024
	Q2	Q3	Q4	Q1	
GDP	+1.8	+1.4	+1.7	+1.5	2.0 - 3.0
Industrial GDP	-3.5	-4.4	-2.4	-3.0	0.5 - 1.5
MPI	-4.93	-5.25	-2.88	-3.58	0.0 - 1.0

Source: GDP by NESDB, MPI by OIE, data as of May 2024.

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

### Supporting factors



Continuous growth in tourism.



Government budget disbursement.



Gradual recovery of the global economy and trade.

### Pressure factors



High production costs due to elevated household debt and rising energy costs.



The ongoing trade war between the USA and China.



Market saturation from an influx of imported goods.

