



Industrial Economic Status Report

August 2016

Summary of Key Issues

The Manufacturing Production Index (MPI) in August 2016 indicated the increasing growth by 3.1% when comparing with the same period of last year, the highest grew level during past 40 months. The major industries contributing to such growth included air-conditioner, electronic components, the rubber products other than rubber tire, iron and steel product and home appliance.

The growth of air-conditioner industry increased in August 2016 due to the overall growth of the export market's countries.

The growth of electronic components in August 2016 increased in both Monolithic IC and other ICs which are the essential parts for hi-tech product development. Export to major markets all increased.

Commencement and Disposal of Factory's Register. In August 2016, 383 plants commenced operations which increased by 18.9% from July 2016. The employment rate increased by 32.5%, while the total investment capital increased by 51.6%. The major increasing investment was Chemical products and cleanser solution industry, with a total investment amount of ฿8,227.17 million. When comparing with the same month of the previous year, the number of plants that commenced operations decreased by 1.3% from August 2015. On the other hand, 155 Factory's Registers were disposed in August 2016 which decreased by 98.7% from July 2016 and decreased by 38.7% from the same month of the previous year.

Thailand's Importation of Industry sector. In August 2016, the import of industrial machinery and components valued US\$1,457.5 million, which increased by 3.9% comparing with the same month of the previous year.



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This was due to the import increment of power transmission shaft Engine and its components, and the Jet turbine and components as well as the aerial pump and fluid pump machinery.

The import of raw material and semi-finished product (excluding gold) in August 2016 valued US\$ 6,520.50 million, increasing by 6.2% comparing with the same month of the previous year, due to the increasing of import of electrical appliance's components, garment and chemicals.

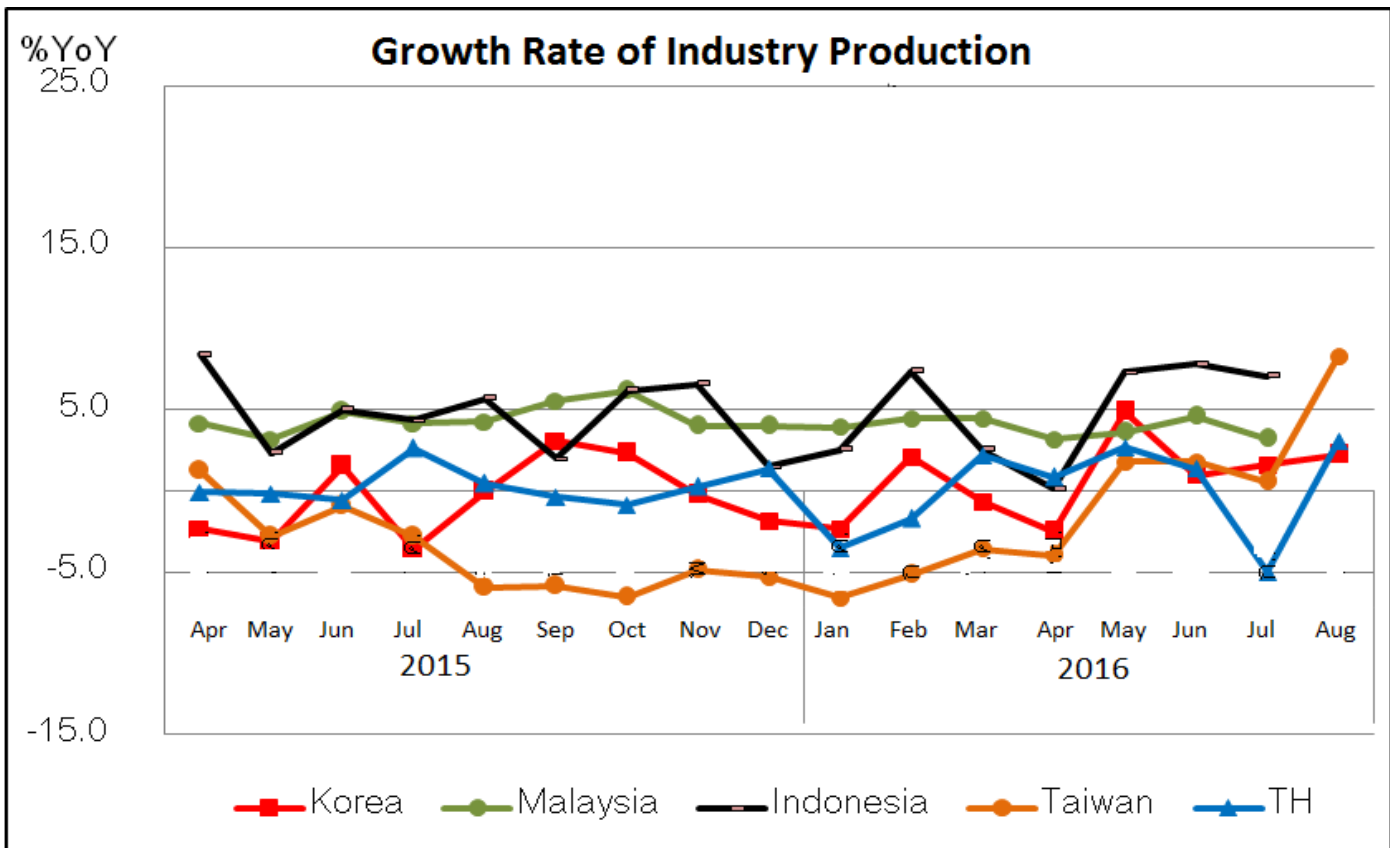
Electricity power consumption of Industry sector. In August 2016, there was consumption of 10,699.40 million kWh (kilowatt-hour), which was 3.1% increasing from July 2016 (10,381.20 million kWh) and 6.2% increasing when comparing with the same period of year 2015 (10,075.1 million kWh). The electricity power consumption data classified by business size showed that all sized businesses consumed more than last month and the same month of the previous year.



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Industrial Economics Conditions of Thailand Comparing with Major Countries in Asia in August 2016



Production situations of Thailand's Industry sector based on the Manufacturing Production Index (MPI) was increased by 3.1% when comparing with the same period of the previous year. The major industries contributing to such growth included air-conditioner, electronic components, the rubber products other than rubber tires, iron and steel product and home appliances. .

Meanwhile the industrial production rate of Taiwan was expanded by 8.4%. The industrial production rate of South Korea was also expanded by 2.3%.

The industrial production rates of Malaysia and Indonesia in August 2016 have not yet been released. But the growth trend continued from the previous months. In July 2016, the industrial production rates of Malaysia and Indonesia expanded by 3.2% and 7.1% respectively.



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Manufacturing Operation Situation in August 2016

The data from the Department of Industrial Works (DIW) indicated the manufacture operation situation of August 2016 comparing with July 2016 that 383 plants commenced the operation. It increased by 18.9% from July 2016 (322 plants). The investment capital was ₪ 30,467 million which increased by 51.6% from July 2016 (₪ 20,099 million). The number of employed people were 8,820 persons which increased by 32.5% from July 2016 (6,659 persons).

The report of manufacture operation situation of August 2016 comparing with the same month of the previous year indicated that the plants commenced the operation in August 2016 decreased by 1.3% from in August 2015 which 388 plants commenced the operation. The investment capital was slightly decreased by 0.7% from August 2015 (₪18,604 million). The number of employed persons decreased by 34% from August 2015 (13,355 persons).

- The industry that had the most manufacturing starting up in August 2016 was the ready-mixed concrete manufacturing, piles and slabs concrete manufacturing (totally 34 plants). The following was the operation of clay/soil digging and scooping for construction (totally 26 plants).
- The industry with the highest level of investment capital in August 2016 was the manufacturing of Chemical product and cleanser solution (totally ₪8,227.17 million). The following was the manufacturing of photocopier and components/ parts (totally ₪3,558.74 million).
- The industry that had the most new employment in August 2016 was the garment sewing manufacturing (596 persons). The following was the manufacturing of Chemical products and cleanser solution (405 persons).



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Manufacturing Shutdown situation. The shutdown situation of the manufacturing in August 2016 when comparing with July 2016 was reported that number of plants closing down were 155 plants, decreasing by 98.7% from July 2016 (78 plants). The total investment capital from such shutdown was ฿1,565million which was higher than July 2016 (฿632 million). The number of lay-off workers were 3,772 which higher than in July 2016 (1,442 workers). The shutdown situation of the manufacturing in August 2016 when comparing with the same month of the previous year was reported that the number of plant closing down 38.7% lesser than in August 2015 (253 plants). The investment capital loss due to plant shutdown was lesser than August 2015 (฿11,374 million), and the number of lay-off workers also were lesser than in August 2015 (5,653 workers).

- The industry that had the most manufacturing shutdown in August 2016 was the automobile repairing and painting manufacturing (totally 18 plants). The following was the manufacturing of furniture from wood, rubber and non-metal & non-plastic materials (12 plants each).
- The shutting down industry with the highest level of investment capital in August 2016 was the manufacturing of special parts for motorcycle, tricycle and bicycle (totally ฿182 million). The following was the manufacturing of knitted fabrics, lace and garment sewing (totally ฿177 million).
- The industry that had the most lay-off workers in August 2016 was the vacuum sealed containing foodstuff, vegetable and fruit juices industry (1,452 workers). The following was the manufacturing of knitted fabrics, lace and garment sewing (398 workers).



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I. Food Industry

The production of the food industry increased from the same period of the previous year when comparing with the same period of the previous year, due to the increasing of agriculture production contributed by better export than other countries and growth continuation. Meanwhile, the local consumption slightly shrank from lower consumption of chilled and frozen chicken and palm

soybean oil increased by 69.2% due to the rising of domestic consumption demand.

2. Marketing

1) Domestic Market:

The domestic sales in August 2016 in quantity of food and agricultural products (excluding sugar) slightly decreased by 0.2% when comparing with the same month of the previous year, from the demand of palm oil and chilled and frozen chicken which decreased by 4.5% and 1.5% respectively. Meanwhile, the demand of soybean oil increased with 76.0% sales increment as the soybean oil price is close to the palm oil price that made consumers switch to consume soybean oil instead.

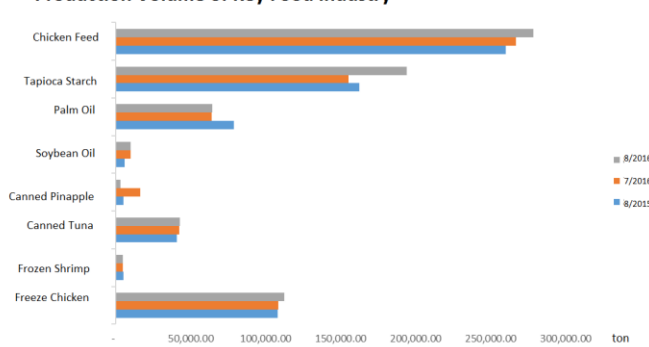
2) Export Markets:

The total export in August 2016 in amount of food products (excluding sugar) increased by 12.4% when comparing with the same month of the previous year. Those products included frozen fresh shrimp, canned sweet corn, frozen fresh chicken, processed rice, instant noodle, canned tuna, tapioca products, processed chicken which increased by 51.8%, 48.9%, 22.6%, 13.8%, 13.3%, 9.4%, 8.6% and 5.7% respectively. Although the global economy still remained slow down and fluctuated, Thai export situation was better than those other exporting countries. However, some products such as canned pineapple decreased by 4.3% due to slowing down of overseas orders as well as the strengthening of Thai Baht currency. Also the export of sugar dropped by 21.4 % when comparing with the same month of the previous year from slowing down of the orders from major partner countries such as China and Japan.

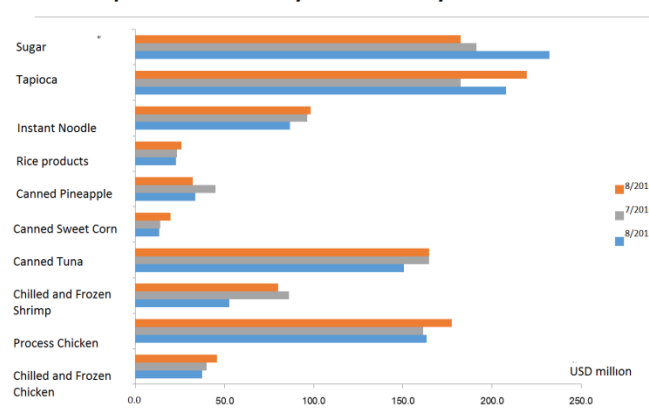
3. Trends

In overview the production and export is anticipated to be slightly increased from the previous year, despite the negative factors such as the illegal labor employment, the fishery against the EU's IUU rules, the slowing down of demand from China and the global market price dropping in line with the decreasing oil price. However, there are positive factors in several products such as processed chicken with increasing orders from oversea, increasing pre-orders of sugar product and shrimp product which has recovered from EMS disease. Also the government has promoted the rapid economic stimulus measures, financial assistance measures for SMEs and investment accelerating measures in special economic development zones in various forms. In addition the tourism stimulus measures effects the expansion of food consumption in the country and food production and food export.

Production Volume of Key Food Industry



Export Volume of Key Food Industry



1. Production

In August 2016, production in major food products industry (excluding sugar) increased by 6.6%. The details are :-

1) Export-oriented Products : Tapioca starch and canned tuna increased by 19.6% and 6.6% respectively due to the increasing of production as well as a continual market demand.

2) Domestic-oriented Products: The products which used domestic raw materials such as palm oil decreased by 10.4%. And the products which use imported raw materials such as

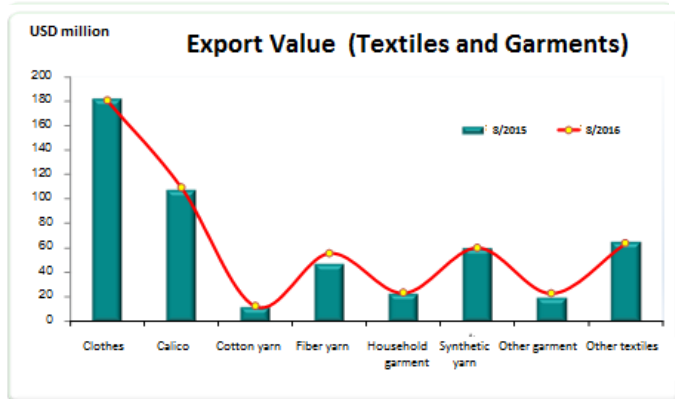
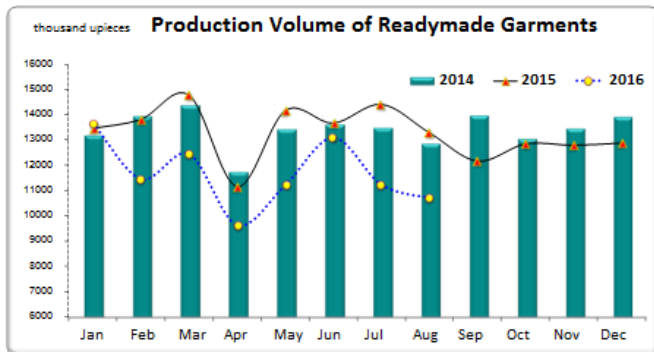
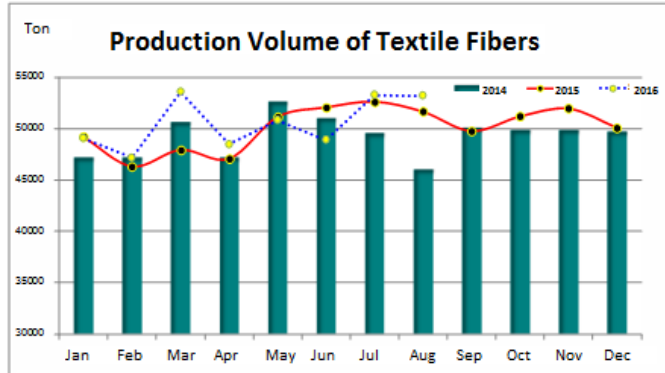


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II. Textile and Garment Industry

Manufacturing of textile slightly increased in the synthetic fibers group along with the increasing of garment. While the yarns knitting clothes decreased, the woven garment increased from the production of excessive stock prepared for year-end sales.



1. Production

• **Textile sector:** When comparing with the same month of the previous year, the manufacturing of the textile fiber product increased by 3.0 %. The synthetic fiber group increased by 3.7%, while 1.0% decreasing in the yarn item which was produced for local use. The production of garment slightly up by 0.4%, the first time of the current year

• **Garment sector:** When comparing with the same month of the previous year, the manufacturing of readymade garment products decreased by 19.4% in the knitted fabrics while the yarn fabric slightly increased from the production of excessive stock prepared for year-end sales

2.Sales/Distribution

• **Domestic Sales :** When comparing with the same month of the previous year, the sales volume of Textile fibers product slightly increased by 0.1% which mostly was sold to domestic garment factory. However the sales of fabrics and readymade garments dropped by 3.8 % and 8.0%, respectively. This was according to the slowing down in production while the consumers' behavior prefers to buy imported low-priced fashionable apparels from China, Vietnam and Cambodia , as well as branded apparels from Hong Kong.

• **Exporting :** When comparing with the same month of the previous year, the sale volume of Text le fibers products slightly decreased by 1.0% due to the decrease of demand from partner countries such as China, Vietnam and Pakistan etc. However Indonesia as the major importer of textile increased its purchase of garment from Thailand. The export value of garment product was slightly increased by 1.0% from exporting to Vietnam, Myanmar, Bangladesh and Cambodia. The export value of the readymade garments declined by 1.3 % due to the decreasing order from major export markets such as ASEAN, US and EU affected from the obscure economic recovery.

3. Trends

The production was anticipated to be expanded in synthetic fibers in line with domestic demand especially fibers used in production of technical textiles for other industries. Meanwhile, production of fabrics and readymade garment were expected to be unchanged or even slow down continuously from last month. Some manufactures expanded their manufacturing base to ASEAN countries. The domestic sales is expected to increase based on the domestic economy. The export was expected to be slow down in line with the economy slow down of the partner countries. The importation of fabrics and textile products is expected to be increased for year-end sales and the fashionable readymade apparels will be increased based on domestic demand.

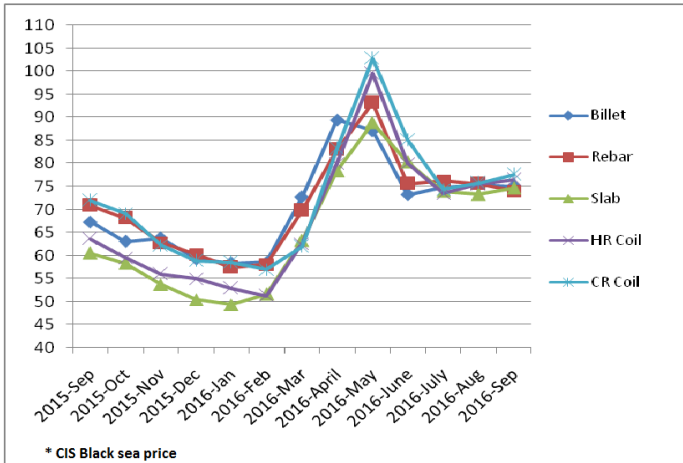


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III Iron and Steel Industry. The Boasteel Group The world No.11 Chinese steel manufacturer and Wuhan Steel Group announced their merger plan which make them become the world 2nd largest steel producer, the 2nd after Arsermetal of India. The merger allow them to has 60 million ton production.

Overseas Price Index of Steel Product



1. Production

The manufacturing situation of iron industry in August 2016 improved when comparing with the same month of the previous year. The MPI in this month was at 125.82 with the increment rate of 8.95% comparing with the same month of the previous year. The reasons are:

- The MPI of the Flat steel product increased by 15.91% when comparing with the same month of the previous year. The hot rolled sheets increased by 38.00%. The Cold rolled sheets increased by 26.26%. The galvanized steel sheet increased by 20.85%. According to the data from the Iron and Steel Institute of Thailand, the domestic demand in flat-steel products was 1,097,897 ton, increasing by 20.0% which mostly the cold rolled sheet increased by 33.6% and secondly the chrome steel sheet increased by 27.7%. The Import volume increased by 17.2%, which mostly Cold formed structural steel and secondly hot rolled sheet (Alloy steel) increased by 530.2% and 147.9% respectively. The export volume also increased from the thick flat steel (stainless steel) product which increased by 1,248% while alloy steel cold rolled sheets and alloy

steel hot rolled sheets increased by 662.8% and 1,248% respectively

- The MPI of long-formed steel product increased by 0.25% comparing with the same month of the previous year. The round bars and steel wire increased by 36.37% and 14.61% respectively. According to the data from the Iron and Steel Institute of Thailand, the domestic demand dropped by 34.2% which round bar and structural steel products decreased by 40.5%, and the wire rod decreased by 19.2%. The import volume decreased by 15.2% which mostly hot rolled structural steel and secondly alloy steel rebar decreased by 97.9% and 41.0% respectively. The export volume increased by 4.3% which the seamless steel pipe product increased by 220.7%.

2. Steel Prices

The international steel price index generated by the Iron and Steel Institute of Thailand indicated the change of price index at CIS Black Sea ports in September 2016 when comparing with the same period of the previous year that the product with increasing rate included the flat steel which increased from 60.46 to 74.65 point, up by 23.47%. The increasing rate of Hot rolled steel sheet increased from 63.58 to 76.51 point, up by 20.34%. The increasing rate of billet steel bar increased from 67.29 to 75.05 point, up by 11.53. The price of Cold rolled sheets decreased from 71.96 to 77.57 point, down by 7.80%. The price of round bar increased from 70.85 to 74.04 point, up by 4.50%.

3. Trends

Thailand's iron production situation in September 2016 when comparing with the same month of the previous year is anticipated to be increased due to the more using in electrical appliance such as air-conditioner. However demand from construction industry would be dropped. Overall the iron and steel industry will be slightly expanded.



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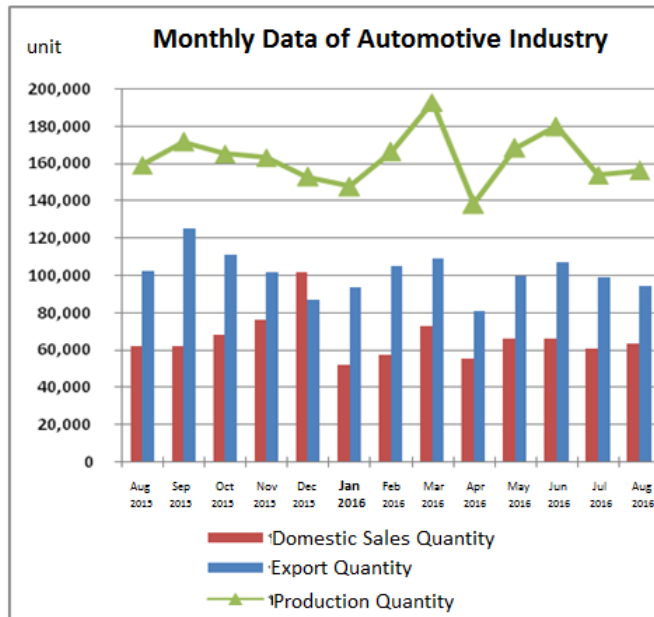
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IV. Automotive Industry

The automotive industry slowed down in August 2016 when comparing with the same period of the previous year due to the decreasing of export to overseas market. However domestic market was slightly increased due to the recovery of economic as well as the launching new car models

4. Trend

The automotive industry in September 2016 is anticipated to be slowed down, comparing with September 2015. The production in September 2016 is expected to be 35% contributed to domestic sales and 65% contributed to export market.



1. Production

Manufacturing quantity of automobile in August 2016 was 156,337 units, which decreased by 7.18% from August 2015 (159,149 units). This was due to the decreasing of one-ton pickup truck and its derived components production.

2. Sales

Sales quantity of automobile in August 2016 was 63,169 units, which 2.63% from August 2015 (sold 61,991 units). This was due to the increase of sales of passenger cars and the commercial vehicle.

3. Export

The export quantity in August 2016 was 94,183 units, decreased 7.69% from August 2015 which exported 101,982 units. The export market decreased in Oceania, Middle East and European countries.

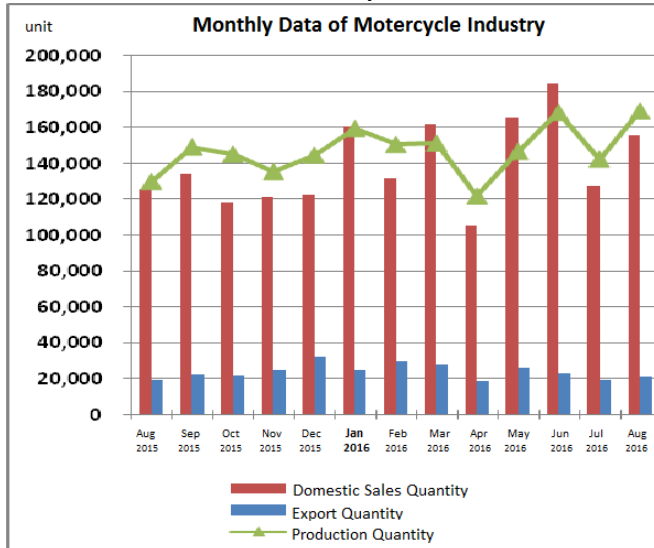


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Motorcycle

The Motorcycle industry in August 2016 expanded when comparing with the same period of 2015, due to the increase of both domestic and export market.



Note:

- 1) Since January 2016, the motorcycle production data has been revised by adding the information from on additional manufacture.
Type of motorcycles from the data reports has been changed from family-type to versatile-type (family-type and scooters-type).
- 2) As from April 2016 data reports, the motorcycle types has been revised from family-type and scooters-type and sport-type to motorcycles types of : less than or equal to 100 cc, 101-125 cc, 126-150 cc and more than 150 cc types. Therefore, we can be able to compare only the overall growth rate.

1. Production¹

Manufacturing quantity of motorcycle in August 2016 was 169,055 units which increased by 29.82% from August 2015 which produced 130,219 units. Contribution was from the versatile-type and sporty motorcycles.

2. Sales²

Sales quantity of motorcycles in August 2016 was 155,996 units which increased by 24.18% from August 2015 which sold 125,621 units.

3. Export of Complete Built Unit(CBU) motorcycles

The export quantity was 21,424 units in August 2016 which increased 10.19% from August 2015 which exported 19,442 units, due to the increase of export to USA, UK and Myanmar.

4. Trend

The motorcycle industry in September 2016 is expected to be slow when comparing with September 2015. The production in September 2016 is expected to be 86% contributed to domestic sales and 14% contributed to export market.

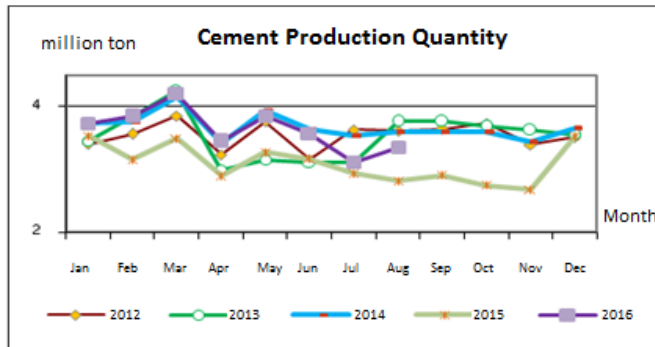


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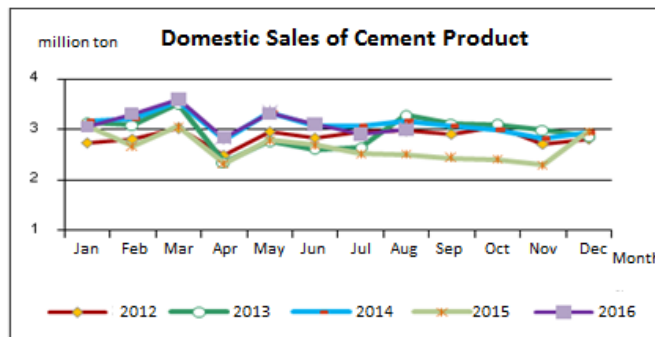
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V. Cement Industry

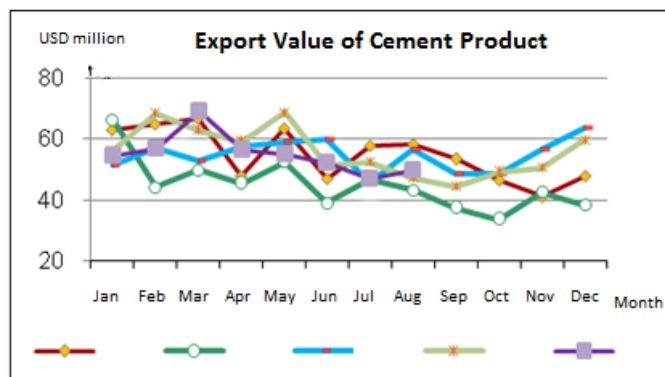
The overall growth rate of Cement industry increased. However considering from past 5 years record, exclusive year 2015), the growth rate reduce due to slowing down of construction sector from the rainy season for whole season while the real estate business is slowing down. The export value turned to be increased due to the orders from Vietnam and Bangladesh.



Source : Industrial Economics Information Center, Office of Industrial Economics



Source : Industrial Economics Information Center, Office of Industrial Economics



Source : Information Technology and Communication Center, Office of Permanent Secretary, Ministry of Commerce

1. Production and Domestic Sales

When comparing with the same period of the previous year, the production and sales volume of cement

The Office of Industrial Economics

(excluding granular cement) in August 2016 increased by 18.79% and 19.04% respectively.

Cement industry continued to expand when comparing with the same period of the previous year of which the production and sales volume of cements (excluding granular cement) were lowest during the preceding 5 years. The violet line in the left graphs demonstrated that the growth of cement industry has shrunk drastically from heavy rain in whole country and flood in many areas since some months ago. However government continued the policy of economic stimulus policy by acceleration of the large infrastructure projects including construction projects of the motorways between the major cities, construction project of Double track railways, construction project of the coastal ports of Laem Chabang (Port A), Development project of Single Rail Transfer Operator (SRT0) at Laem Chabang Port, construction projects of Betong and Mae Sot airports and the 2nd phase of Suvarnabhumi airport expansion. These will enable the cement industry to continue to grow further.

2. Export

The export value of cement in August 2016 increased by 5.59% when comparing with the same period of the previous year as the increasing orders from Vietnam and Bangladesh, especially Bangladesh created the value as much as US\$ 15.87 million, or 32% of total export value of cement, and US\$ 15 million increment from the same month of last year. However the order from Bangladesh was just only orders for low-priced granular cement. This made the export value of cement increased slightly only.

3. Trend

The production and domestic sales in this month were at the same level of last September due to heavy raining continuously in many areas throughout the month that resulted in slowing down in construction.

The export value is anticipated to be declined when comparing with the same period of the previous year as Myanmar, one of key buyer countries has continuously reduced its order since this April 2016. Thus the manufactures has to adjust their production plan in line with the dropping demand.

The Ministry of Industry



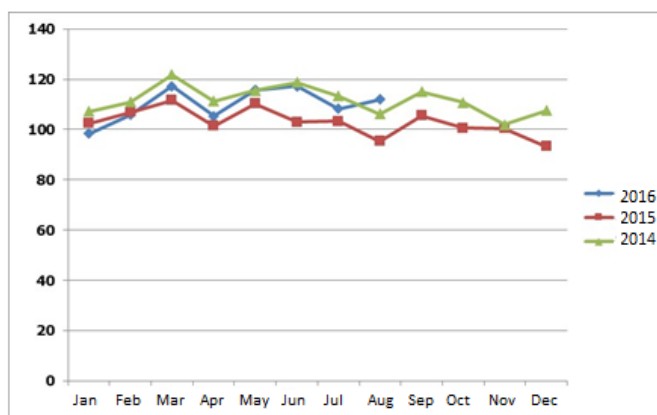
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VI. Electrical and Electronics Industry

Overview of manufacturing of electrical and electronic industry in August 2016 increased by 17.55% when comparing with the same month of the previous year. The electrical industry increased by 26.75% due to the expansion of air conditioner which increased over 50%. The electronic industry increased by 12.28% due to the decrease of production of Monolithic IC and other ICs.

Manufacturing Production Index (MPI) of Electrical and Electronics



Source : Office of Industrial Economics

Remark : MPI has been adjusted to be based on 2011 production years

Table 1: Top Value of Electrical Appliances and Electronic Products Exported in August 2016

Electrical / Electronic Products	Value (Million USD)	%YOY
Computer components	1,488.44	3.16%
Integrated circuits	741.21	6.23%
Air conditioners	316.46	32.06%
VDO cameras & Digital cameras	247.83	30.39%
Total of electrical / electronic product	4,695.70	7.35%

Source: The Electrical and Electronics Institute

1. Production

Overview of manufacturing situation of the electrical and electronics industry in August 2016 when comparing with the same period of the previous year, the MPI was at 112.01, up by 17.55%.

When comparing with the same period of the previous year, the Production Index (MPI) of electrical industry sector was at 114.57, up by 26.75%. The expanding electrical appliances included condensing unit split-type air conditioner, fan-coil unit split-type air conditioner, electrical fan, refrigerator and washing machine increased by 51.09%, 54.82%, 14.25%, 8.31% and 46.86% respectively. This was due to all increment of exported air conditioner and almost all increment of exported washing machine, especially to the US market. Some manufactures which expanded their production capacity commenced the p expanded production in August 2016. The MPI of the electronics industry sector was at 110.42, increased by 12.28% due to production increasing of Monolithic IC and other ICs which increased by 9.55%. and 18.39 respectively. They are essential parts for hi-tech product development and, thus, the export to EU and Japan expanding

2. Export

Total export value of the electrical appliances and electronics industry in July 2016 was US\$4,347.03 million, increasing by 7.35% when comparing with the same period of the previous year.

Electrical products

When comparing with the same period of the previous year, the electrical products had the export value of US\$1,924.78 million with the increase of 13.24%. This was due to the increase of export to all major markets such as ASEAN, EU, China, US, and Japan which increased by 4.0%, 14.11%, 37.84, 14.83 and 17.45% respectively. The leading product with most export value was air conditioners with export amount of US\$316.46 million, up by 32.06%. This was due to the increase of export to major countries i.e. ASEAN, EU, China, US and Japan, by 13.27%, 104.72%, 327.50%,



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171.85 and 65.60% respectively. The following product was electrical circuit switching and protection device including platform and control panel with export amount of US\$ 247.83 million, up by 30.39%. This was due to the export increased to the major markets such as ASEAN, EU, China, US, and Japan, by 25.95%, 27.08%, 29.67%, 21.71 and 29.16% respectively when comparing with the same month of the previous year.

Electronics products

When comparing with the same month of the previous year, electronics products had the export value of US\$2,779.92 million, increased by 3.61%. This was due to the increase of export to key markets as China and US market by 0.19%, and 13.38%. The leading electronics product with most export value was components of computers had export amount of US\$1,488.44 million, which increased by 3.16%. This was due to the increase of export to major markets such as ASEAN, China and US, by 4.45%, 3.87%, and 12.03% respectively. Except the export to EU and Japan, the export dropped by 10.76% and 8.39% respectively. The following product was Printed integrated circuit board (PCB) with export amount of US\$741.21 million, up by 6.23%. This was due to the export to EU and Japan increased by 7.85%, and 15.85% respectively. Except the export to ASEAN, China and US which shrank by 2.01%, 2.98% and 0.39% respectively when comparing with the same month of the previous year.

3. Trends

From the index guide model conducted by the Electrical and Electronics Institute, the overview of the electrical and electronics industry in September 2016 is anticipated to increase by 8.97% when comparing with the same month of the previous year. The electrical industry is expected to increase by 16.36%. With the increasing of cooling appliance like, air conditioner and refrigerator, the air-conditioner can be sold more to both domestic and export markets. The electronics industry is expected to rise up by 1.59%. This is due to the higher demand ICs for hi-tech product development.