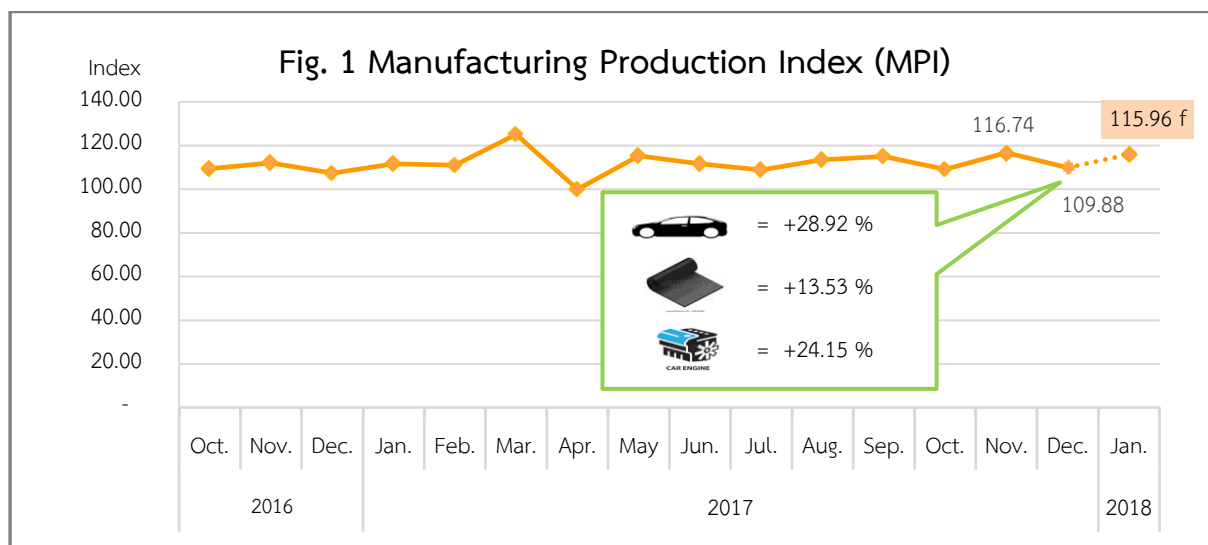


Domestic Industrial Production Status

The current industrial production status is growing on a positive trend as illustrated in Figure 1. The most updated data from December 2017 showed a growth of MPI by 2.35 percent and there is a tendency of MPI in 2018 to continue to grow from 2017.

Overall in 2017, the MPI grew by 1.58 percent whereas in 2018, the MPI is expected to expand in the range of 1.5-2.5 percent.



Source: Office of Industrial Economics

* f = Forecasted by Office of Industrial Economics

Manufacturing Production Index for December 2017

↑ Industry Index Overview: Production increased by 2.35 percent compared to the same period last year.

↑ Non-Tire Rubber Products Industry: Production increased mostly from rubber sheets, as there was more supply of latex in the market this year (previous years faced severe flooding in some areas resulted in rubber tree tapping could not be done). Moreover, the domestic price of rubber dropped so that China has accelerated the import of rubber sheets from Thailand.

↑ Automobile Industry: Production increased mostly from pick-up trucks and passenger vehicles under 1800 cc. This was a result of increasing purchasing power and the purchasing power of consumers in the first car scheme category that was unlocked. Furthermore, manufacturers stimulated the market by launching new models, resulting in a higher volume of domestic car sales and exports.

↑ Auto-Parts Industry: Production increased from gasoline and diesel engines in line with domestic automobile production to support the Motor Expo (30 November 2017 – 11 December 2017). Diesel engines increased in particular from increased domestic sales volume which remained favourable from new models, and in terms of export volume to trade partners in AEC and Australia.

Industrial Economic Status Forecasts for January 2018

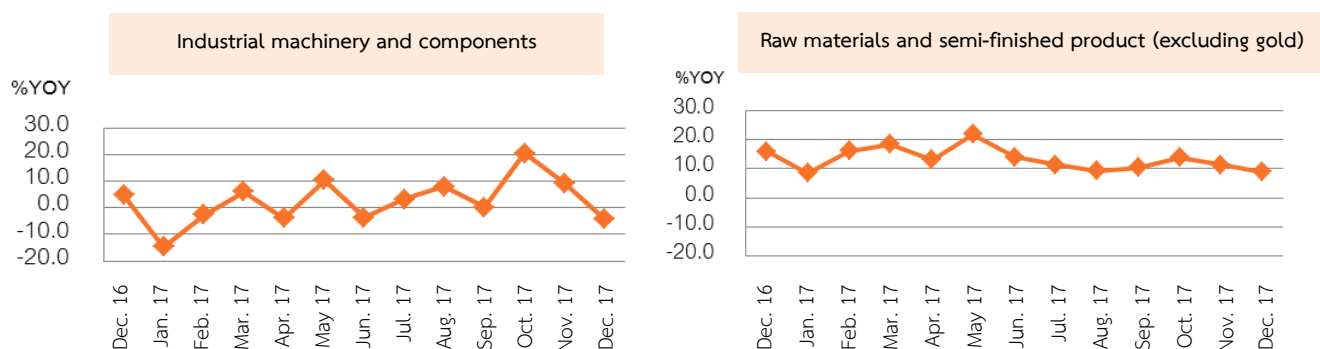
↑ Thailand's Manufacturing Production Index (MPI) for January 2018 is forecasted to hit 115.96 points, a growth rate in the range of 3.5-4.0 percent from the same period last year, and a 2.35 percent growth from December 2017. Key industries with forecasted growth include **automobiles** (resulting from the tendency of Thailand's economic expansion and the global economic recovery), **non-tire rubber products** and **auto-parts**.

Other Industrial Economic Indicators

in December 2017

Other Industrial Economic Indicators in December 2017

Thailand's Industrial Sector Importation



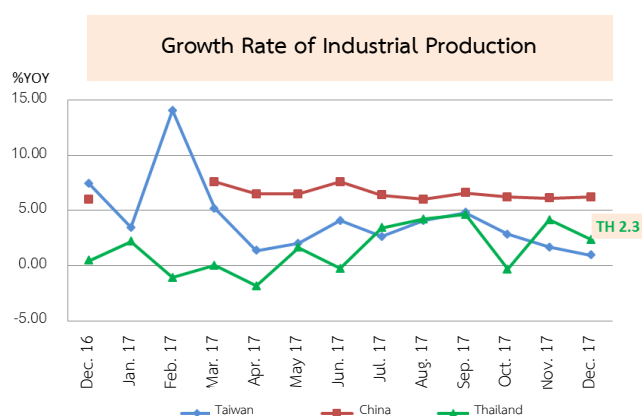
Source: Ministry of Commerce

Source: Ministry of Commerce

😊 The import value of industrial machinery and component in December 2017 was 1,375.8 million USD which shrank by 4.4 percent compared to the same month last year, from decreasing in the imports on steam turbines and construction machinery and parts. On the other hand, imports of drive shaft and components, steel processing machinery and textile machinery still grew.

😊 The import value of raw material and semi-finished product (excluding gold) in December 2017 was 6,443.7 million USD which grew by 8.9 percent compared to the same month last year, in line with import growth of chemicals, iron, steel and products and plastic products.

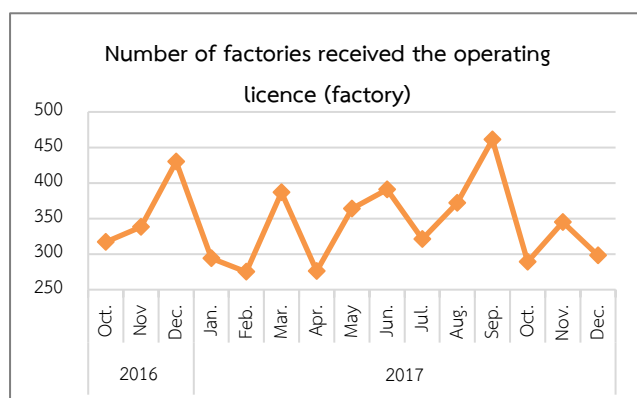
Thailand's Industrial Production Growth Compared with Major Countries in Asia



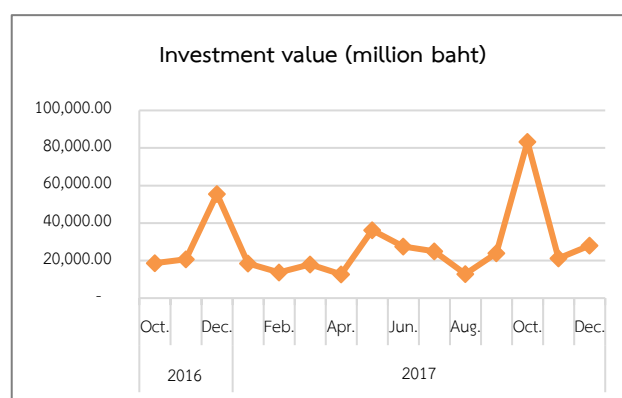
Source: Data collected by Office of Industrial Economics

😊 Thailand's industrial production grew by 2.3 percent in December 2017 compared to the same month last year. Taiwan's production also increased by 0.9 percent, a slowdown from last month; meanwhile, the production of China grew by 6.2 percent, increasing when compared to the previous month.

■ Status on Industrial Operations



Source: Department of Industrial Works



Source: Department of Industrial Works

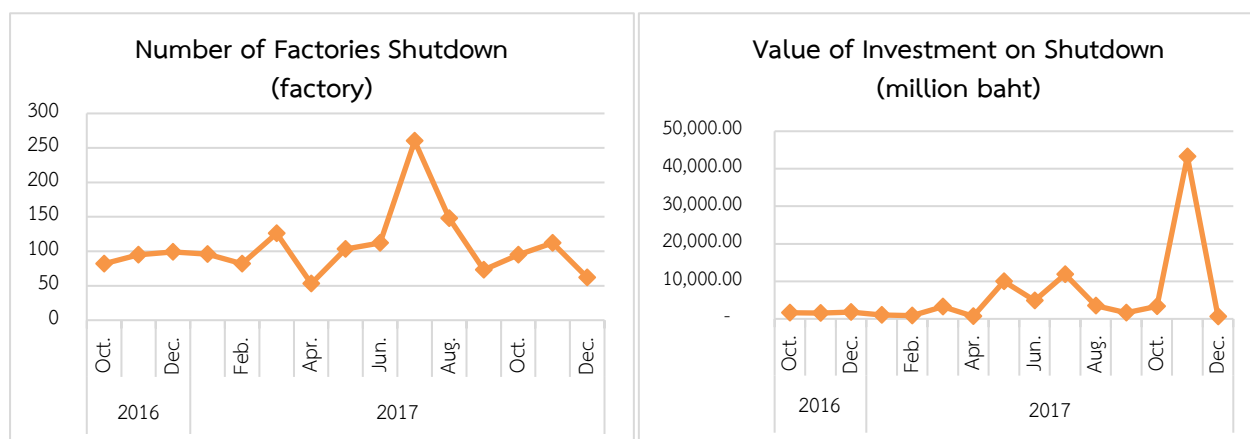
☹️ A total of 298 factories obtained licenses to operate in December 2017. The number decreased by 13.62 percent from November 2017 (%MoM) and 30.70 percent from the same month last year (%YoY).

😊 The total value of investment from the factories that obtained licenses to operate in December 2017 was 27,958 million baht, an increase of 32.37 percent from November 2017 (%MoM) but a drop by 49.63 percent from the same month last year (%YoY).

“The industry with the highest number of new licensed factories for operation in December 2017 was the concrete product manufacturing industry and gypsum concrete product manufacturing industry (23 factories), followed by the gravel, sand and clay digging/scooping industry (18 factories).”

“The industry with the highest value of investment in December 2017 was raw sugar or white sugar production valued at 19,600 million baht, followed by cosmetics or makeup industry valued at 1,258 million baht.”

■ Status on Industrial Operations (cont.)



Source: Department of Industrial Works

Source: Department of Industrial Works

😊 A total of 62 factories ceased operation in December 2017. The number dropped by 44.64 percent from November 2017 (%MoM) and 37.37 percent from the same month last year (%YoY).

😊 The value of investment lost on cessation of operation equated to 654 million baht, a drop from November 2017 by 98.49 percent (%MoM) and 63.07 percent from the same month last year (%YoY).

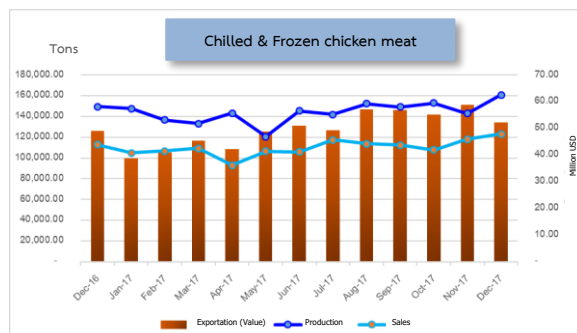
“In December 2017, the rice milling, winnowing and selection industry had the highest number of factory shutdowns (6 factories) followed by the gravel, sand and clay digging/scooping industry (5 factories).”

“The industry with the highest value of investment with factory shutdowns in December 2017 was the wood veneer or plywood production industry with 235.8 million baht, followed by the stone milling, crushing or dividing industry with 47.25 million baht.”

Industrial Economics Status for December 2017 by Industry

1. Food Industry

■ Chilled & Frozen Chicken Meat



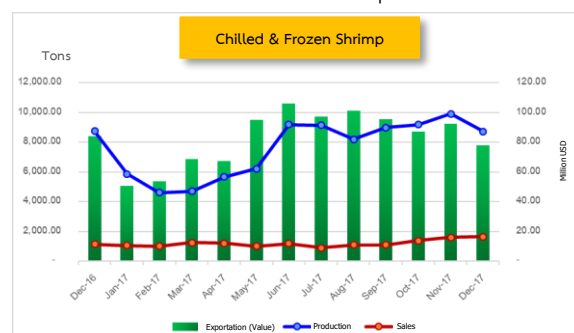
😊 The production and export value of food products increased from the same period last year, in line with increased agricultural outputs. The food industry was boosted significantly by exports from continuously growing consumption. Domestic consumption also increased from the positive trend of economic recovery.

😊 Production of food in December 2017 saw an increase of 26.2 percent from last year (%YoY). The details are:

1) Export-orientated Products: Frozen shrimp increased (YoY) by 14.6 percent in support of purchase orders during the New Year's festivities, followed by cassava which increased (YoY) by 4.2 percent from increased orders from China and processed chicken meat which increased (YoY) by 1.3 percent. This was a result of advantages gained from the policy to promote compartments in the poultry industry, boosting confidence and a positive image of the industry. This led to continuous purchase orders from Japan in support of year-end travelling. Furthermore, canned pineapples increased (YoY) by 0.04 percent from more orders among Middle-Eastern countries and Russia, even though export prices slowed down, in line with the price of raw materials.

2) Domestic-orientated Products: Crude palm oil, refined palm oil, frozen chicken meat and animal feed (chicken) increased (YoY) by 122.6 percent, 28.7 percent, 9.8 percent and 5.8 percent respectively, in line with increased consumption during the year end.

■ Chilled & Frozen Shrimp

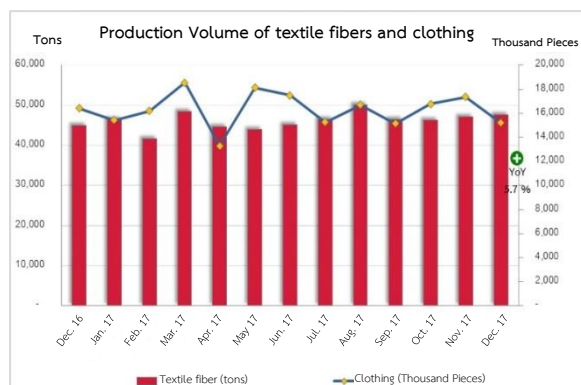


😊 **Domestic Market:** Domestic sales volumes of food products increased by 11.5 percent in December 2017 (YoY), resulting from a positive economic trend. The end of year shopping tax break in 2017 was also an advantage to further drive domestic consumption.

😊 **Foreign Market:** The total export of food products in December 2017 increased (YoY) by 7.8 percent. Key products included canned tuna, rice products, cassava products, processed chicken and chilled / frozen chicken meat which increased (YoY) by 8.8 percent, 8.6 percent, 7.9 percent, 7.7 percent and 6.7 percent respectively, in response to increased purchase orders from importers to support the New Year's festivals.

"Production and export of food products in January 2018 are expected to increase from the same period last year, as a result of positive factors motivating production of key products such as poultry (chilled / frozen / processed chicken meat) which has seen a constant growth as a result of an outbreak of bird influenza and in support of the travelling season in trade partner countries (Japan and South Korea). Furthermore, demand for canned pineapples have increased as pineapple products have become cheaper in line with the price of raw materials. Rice products (white rice and jasmine rice) have also seen increasing demand, coupled with a stable domestic economy and the advantage of the end of year shopping tax deduction in 2017, as well as the recovering global economy."

2. Textile and Garment Industry



Production

+ Production of *textile fibers* increased by 5.7 percent (YoY), particularly in the synthetic fibers and special property fibers segment such as collagen and composite fibers. Production increased to support the growth of exports.

- Production of *fabrics and garments* shrank 10.1 percent and 7.4 percent (YoY) respectively. This was partially because the base volume last year was relatively high from demand of black clothes and fabrics used for decorations and worn during the mourning period for the His Majesty King Rama 9, and also because imports of women apparel from China, Japan, Italy and Vietnam increased.

Domestic Sales

- *Textile fibers, fabrics and garments* decreased by 1.4 percent, 3.6 percent and 12.9 percent, partially because domestic consumption did not grow. Although there were spending stimulus package during the year end, consumer confidence had not yet fully recovered about the fluctuating global economy, coupled with uncertainty about the domestic economy's recovery.

Exports

+ The export value of *textile fibers and fabrics* increased by 15.9 percent and 4.0 percent respectively. Textile fibers have consistently grown over 14 months from November 2016, with the key export product being specialty fibers and fabrics made from specialty fibers. For these product segments, Thailand still has potential to produce and export to major markets including China, Indonesia, Vietnam, Turkey and Bangladesh.

- The *garments category* increased by 1.0 percent in the apparel category made from synthetic fibers and infant clothing. Key markets with increased value of exports were USA, Japan, Belgium and Germany. This was a result of foreign brands considering Thailand as a production base to export products to the listed countries, in line with the growth of global economy.

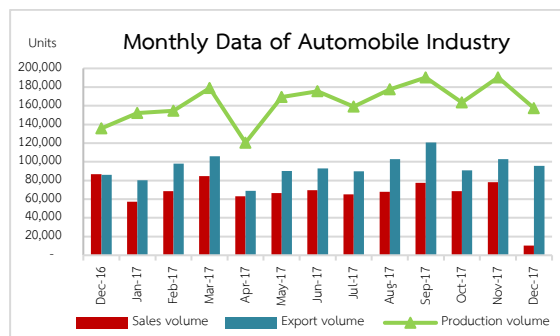
Forecasts for January 2018

+ Production of textile fibers are expected to grow from exports of synthetic fibers and specialty property fibers, especially within the ASEAN market.

+ Production of *fabrics and garments* are expected to grow as exports of apparel and underwear increase to Japan, South Korea and EU, in line with the growing global economic trend.

3. Automotive Industry

■ Automobile Production Industry



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

😊 **Automobile production** in December 2017 reached 157,207 units, a drop by 17.43 percent from November 2017 (%MoM) but an increase of 15.77 percent from the same month last year (%YoY) from increased production of passenger cars, and 1-ton pickup trucks and derivatives.

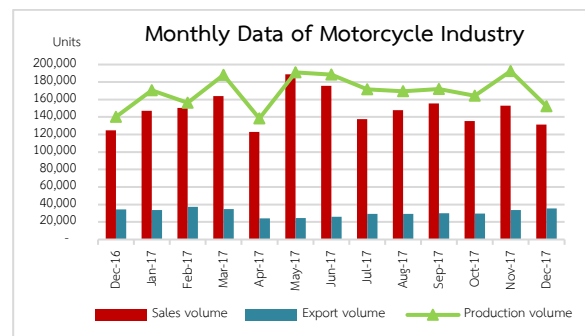
😊 **Domestic sales of automobiles** in December 2017 reached 104,302 units, the highest volume in 4 years. This was an increase by 33.58 percent from November 2017 (%MoM) and 20.08 percent from the same period last year (%YoY) from increased sales of passenger cars, 1-ton pickup trucks, PPV and SUV, from over 39,000 vehicle reservations from the Motor Expo in December, coupled with the recovering domestic economy, consumer confidence and release of new models into the market from several manufacturers. In addition to this, the volume was stimulated by the first car scheme, growing exports, travelling which grew evidently and recovering investments from both the public and private sector.

😊 **Automobile exports** in December 2017 reached 95,834 units, a drop by 7.00 percent from November 2017 (%MoM) but an increase by 11.28 percent from the same period last year (%YoY), due to growing exports to almost all markets, except Asia and Northern America.

"In January 2018, the trend of the automobile industry is expected to grow compared to January 2017 as both the domestic and global economy is on a rising trend."

Source: Office of Industrial Economics; initial 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

😊 **Motorcycle production** in December 2017 reached 152,315 units, a drop by 20.86 percent from November 2017 (%MoM), but an increase by 8.68 percent from the same period last year (%YoY), from an increase in production of multipurpose motorcycle models.

😊 **Domestic sales of motorcycles** in December 2017 reached 131,523 units, a drop by 14.07 percent from November 2017 (%MoM), but an increase by 5.50 percent from the same period last year (%YoY).

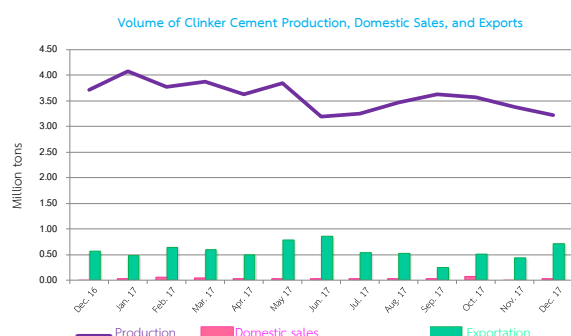
😊 **Exports of motorcycles** in December 2017 reached 35,582 units, an increase of 5.20 percent from November 2017 (%MoM) and 3.24 percent from the same period last year (%YoY). Export markets which expanded included the USA, UK and Canada.

"In January 2018, the trend of the motorcycle industry is expected to grow compared to January 2017."

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

4. Cement Industry

■ Clinker Cement Industry



Source: 1. Domestic production and sales volume: Information and Communication Technology Center, Office of Industrial Economics
2. Export volume: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce

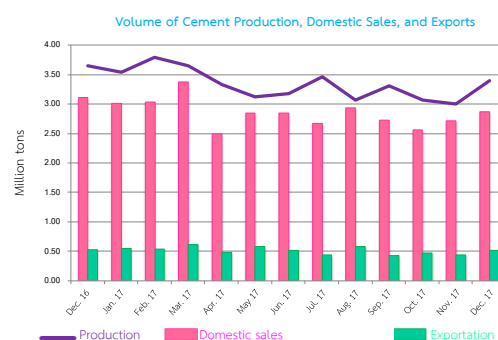
😊 Clinker cement production in December 2017 reaching 3.22 million tons, a drop of 4.81 percent from November 2017 (%MoM) and 13.33 percent from the same month last year (%YoY).

😊 Domestic clinker cement sales in December 2017 reached 0.03 million tons, an increase by 50.00 percent from November 2017 (%MoM) and 44.57 percent from the same month last year (%YoY).

😊 Export of clinker cement in December 2017 reached 0.71 million tons, an increase by 61.33 percent from November 2017 (%MoM) and 25.44 percent from the same month last year (%YoY).

😐 In January 2018, the clinker cement industry is expected to slow down compared to the same month last year, as stocks remain high.

■ Cement Industry



Source: 1. Domestic production and sales volume: Information and Communication Technology Center, Office of Industrial Economics
2. Export volume: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce

😊 Cement production in December 2017 reached 3.40 million tons, an increase by 13.31 percent from November 2017 (%MoM) but a drop by 6.99 percent from the same month last year (%YoY). This was a result of the confidence in the progress of infrastructure construction to which the government did not have enough, coupled with the intervals of rain occurrences in the wrong season, causing obstacles for construction.

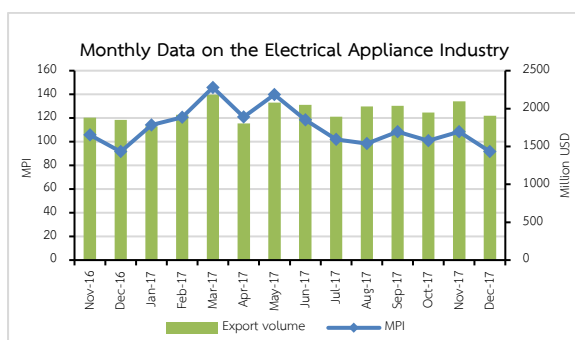
😊 Domestic cement sales in December 2017 reached 2.87 million tons, an increase by 5.72 percent from November 2017 (%MoM) but a decrease of 7.75 percent compared to the same month last year (%YoY), from higher market competition than last year.

😊 Export of cement in December 2017 reached 0.53 million tons, an increase of 17.71 percent from November 2017 (%MoM) but a drop by 1.32 percent from the same month last year (%YoY), as a result from recovering export markets in line with the recovering economy of global economy.

😊 In January 2018, the cement industry is expected to grow slightly from expectations of construction progress, particularly for mega projects, and from growing export markets.

5. Electrical and Electronics Industry

■ Electrical Industry



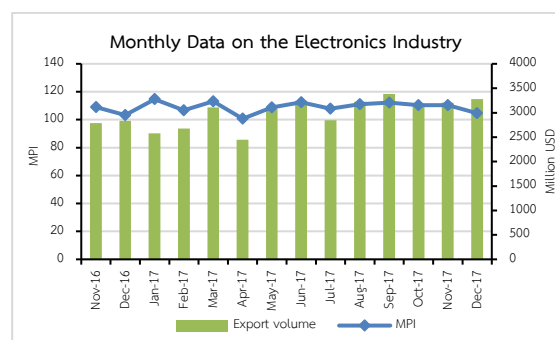
Source: Office of Industrial Economics

😊 **Production of electrical appliances** remained stable with the production index of 91.78, a slightly increase by 0.25 percent compared to same month last year. Products which increased in the production were washing machines and electric wires which increased by 47.69 percent and 11.04 percent respectively. This was a result of more domestic consumption, coupled with more purchase orders from foreign buyers. On the other hand, production of air conditioners, compressors, fans, refrigerators microwaves, kettles, rice cookers and electronic motors dropped 5.20 percent, 3.65 percent, 5.03 percent, 19.36 percent, 2.74 percent, 1.78 percent, 10.73 percent and 0.39 percent respectively, compared to the same period last year.

😊 **Export of electrical appliances** valued 1,904.02 million USD, an increase of 2.94 percent compared to the same month last year. Exports to key markets rose, including China, ASEAN, EU and USA with the export of air conditioners, a high-value product rising 0.50 percent to reach 301.82 million USD, followed by electrical circuit and switchboards with a 19.45 percent climb from last year valuing 145.81 million USD and washing machines with a 29.47 percent increase from last year valuing 114.44 million USD.

“The manufacturing production index is forecasted to increase slightly in January 2018, by 8.71 percent compared to the same period last year, as the production of electronic appliances slowed down and key products such as air conditioners had less purchase orders from trade markets.”

■ Electronics Industry



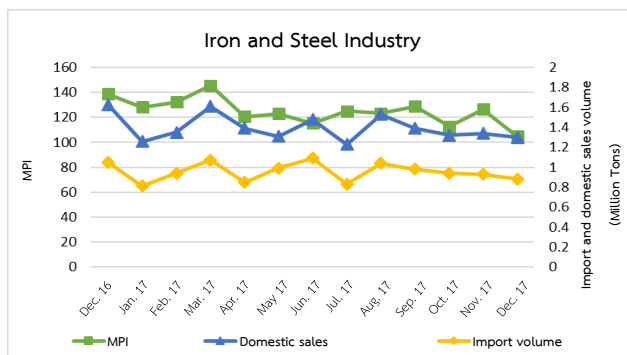
Source: Office of Industrial Economics

😊 **Production of electronics** remained stable with the production index of 104.72, a slight increase of 1.39 percent compared to the same month last year. This was due to electronic product categories namely key products such as semiconductors, monolithic IC and HDD grew by 9.44 percent, 21.99 percent and 23.23 percent respectively in line with a growth in global electronic products. On the other hand, PCBA and other ICs dropped by 1.46 and 3.58 percent respectively, following less purchase orders from overseas.

😊 **Export of electronics** valued at 3,280.98 million USD, an increase of 15.87 percent compared to the same month last year. Exports to all key markets improved including China, Japan, ASEAN, EU and USA. Electronic products with the highest export value were computer equipment and parts with a value of 1,356.29 million USD, an increase by 22.99 percent, followed by ICs valued at 709.09 million USD, an increase of 1.60 percent compared to the same month last year.

“The manufacturing production index for electronics in January 2018 is expected to increase by 3.31 percent compared to the same month last year, from an increase in exports of mainly computer equipment and parts and general cycles 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 December 2017 reached 104.86, a drop of 24.46 percent compared to the same period last year. Production of long-formed steel decreased by 37.02 percent whereby deformed bars decreased by 40.64 percent. This was the third consecutive month for reduced production since October-December 2017 as a result of a slowdown in domestic construction. Flat steel decreased by 13.41 percent (chromium coated sheets decreased by 28.67 percent as downstream industry, that is the canned fish sector, reduced production), whereas structural steel products decreased by 6.75 percent, and hot-rolled structural steel products decreased by 10.17 percent.

☹️ **Domestic sales volume** in December 2017 was 1.30 million tons, a decrease by 20 percent. The consumption of long-formed steel equated to 0.47 million tons, a drop by 25.6 percent, whereby steel rods and structural steel products dropped 28.3 percent, decreasing for the fourth consecutive month since September-December 2017; this was due to the stagnant construction industry. Flat steel products shrank by 16.5 percent dropping to 0.83 million ton, whereas chromium-plated steel sheets shrank by 44.4 percent.

☹️ **The import volume** was 0.88 million tons, dropping 16.60 percent compared to the same period last year. A total of 0.20 million tons of long-formed steel products was imported, a decrease by 23.2 percent, whereas 0.67 million tons of flat steel was imported, dropping 14.4 percent.

“The trend for the steel industry in January 2018 is expected to drop by 8.83 percent with long-formed steel decreasing 16.87 percent, whereby steel rod is projected to decrease by 20.52 percent, followed by deformed bars by 18.40 percent, as a result of a slowdown in the construction industry. Structural steel products are projected to decrease by 11.19 percent and hot-rolled structural steel by 19.07 percent, whereas flat formed steel is projected to increase by 0.02 percent with zinc-plated steel sheets increase 9.13 percent in line with increased MPI in the automobile industry.”