



Industrial Economics Status Report

February 2017

Summary of Key Issues

The Manufacturing Production Index (MPI) in February 2017 expanded by 12.1 percent from last month, but shrank by 0.5 percent from the same period of last year. The major shrinking industries included automotive and its engine, and jewelry while those positively impacted industries were iron and steel, petroleum refinery, meat production and hard disk drive.

The growth of automotive industry in February 2017 was dropped from shrinking export to major partner's market which suffered from slowdown economics.

Dropping of non-tire rubber product in February 2017 was from shrinking of rubber sheet and block rubber (TSR) from southern flood early this year, affecting lesser supply of raw materials (latex) to market.

The shrinking of air-conditioner industry in February 2017 was due to the discontinuation in production of high-volume current model and switching to higher quality of new energy-saved inverter model.

Commencement and Disposal of Factory's Register

In February 2017, 275 plants commenced operation which decreased by 6.5 percent from January 2017. The total invested capital decreased by 25.5 percent and employment decreased by 8.5 percent. Major investment was from engine-based automotive repairing industry with a total investment amount of THB 1,077 million. Comparing with the same month of the previous year, the number of plants that commenced operation increased by 7.4 percent from February 2016. On the other hand 82 Factory's Registers were disposed in February 2017 which decreased by 14.6 percent from last month and decreased by 61.3 percent from the same month of last year.



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Thailand's Importation of Industry sector

In February 2017, the import of industrial machinery and components valued USD 1,231.3 million which shrank by 2.6 percent from the same month of the previous year from the dropping importation of engine, transmission shaft, jet turbine engine and latex processing machinery, and their components. However increasing imported machineries were machineries for textile, printing and construction, and their components.

The import of raw material and semi-finished product (excluding gold) valued USD 5,871.5 million, increasing by 16.2 percent from the same month of the previous year which was in line with continuous increasing import of yarn, chemical, plastic, metal and steel product, electrical and electronic products and its components.

Electricity power consumption of industry sector

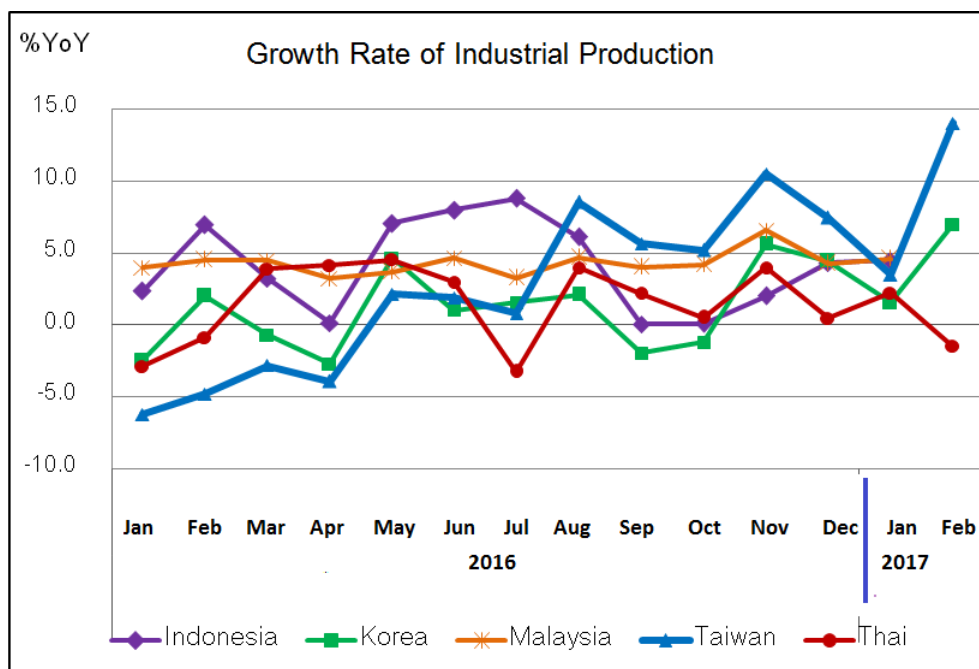
Consumption of 9,500.3 million kWh (kilowatt-hour) in February 2017 which was 2.3 percent decreasing from last month (9,725 million kWh) and 1.7 percent increasing when comparing with the same period of last year (9,341.30 million kWh). The electricity power consumption data classified by business size showed that all sizes of businesses consumed less than last month and the same month of the previous year.



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Industrial Economics Condition of Thailand Comparing with Major Countries in Asia in February 2017



Production situation of Thailand's Industry sector based on the Manufacturing Production Index (MPI) was decreased by 1.5 percent from the same period of the previous year. The major shrinking industries were automobile, automobile parts & engine, other rubber products, air-conditioner and petroleum-base product.

Meanwhile the industrial production rate of Taiwan was expanded by 14.0 percent. The industrial production rate of South Korea was shrunk by 7.0 percent.

The industrial production rates of Malaysia and Indonesia for February 2017 have not yet been released. The industrial productions of both Malaysia and Indonesia January 2017 were expanded by 4.3 percent.

- Remark: - The Manufacturing Production Index (MPI) for February 2017 has been adjusted by reducing numbers of industrial groups from 61 to 59 groups.



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Manufacturing Operation Situation in February 2017

Data from the Department of Industrial Works (DIW) indicated the manufacture operation situation of February 2017 that 275 plants commenced the operation. It was down to less than 6.5 percent from January 2017 (294 plants). The invested capital was THB 13,719 million which decreased by 25.5 percent from January 2017 (THB 18,410 million). The numbers of employment were 8,856 persons which decreased by 8.5 percent from January 2017 (9,675 persons).

The plant commenced the operation increased by 7.4 percent from February 2016 which 256 plants commenced the operation. The invested capital was THB 21,589 million which decreased by 36.5 percent from February 2016. The number of employment was 9,686 persons which increased by 8.6 percent from February 2016.

- The industries that had the most manufacturing starting up in February 2017 was the operation of clay/soil digging and scooping for construction the (totally 27 plants). The following was engine-base automotive repair (totally 22 plants).

- The start-up industry with the highest invested capital in February 2017 was engine-base automotive repair (totally THB 1,077.74 million). The following was the production of ready-cooked food from meat (totally THB 926.15 million).

- The start-up industry that had the most new employment in February 2017 was vacuum & seal packed food and beverage from fruit & vegetable (1,755 persons). The following was the production of ready-cooked food from meat (750 persons).



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Manufacturing Shutdown situation The data from the Department of Industrial Works (DIW) indicated that in February 2017 the number of plants closing down were 82 plants, decreasing by 3.0 percent from January 2017 (96 plants). The total invested capital from such shutdown was THB 861 million which was lesser than January 2017 (THB 1,072 million). The number of lay-off workers was 1,174 persons, lower than in December 2016 (2,967 workers).

The shutdown manufacture in February 2017, when comparing with the same month of the previous year, was 61.3 percent lesser than in February 2016 (212 plants). The invested capital loss due to plant shutdown was lesser than in February 2016 (THB 3,102 million) and the number of lay-off workers also was lesser than in February 2016 (5,022 workers).

- The industry that had the most manufacturing shutdown in February 2017 was concrete, ready-mixed concrete and gypsum products (totally 8 plants). The following was the operation of clay/soil digging and scooping (7 plants each).
- The shutdown industry with the highest invested capital in February 2017 was gas refilling operation (totally THB 281.1 million). The following was concrete, ready-mixed concrete and gypsum products (totally THB 94.4 million).
- The industry that had the most lay-off workers in February 2017 was the industry of manufacture of clothes, handkerchief and scarf cutting & sewing (267 workers). The following was concrete, ready-mixed concrete and gypsum products (158 workers).

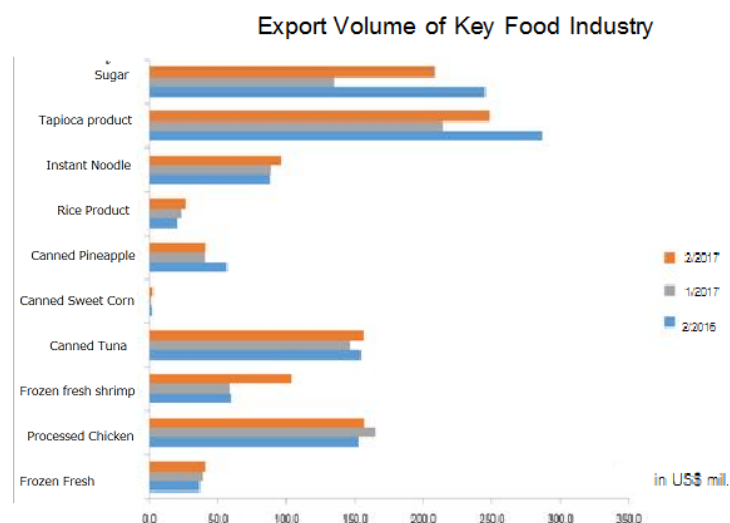
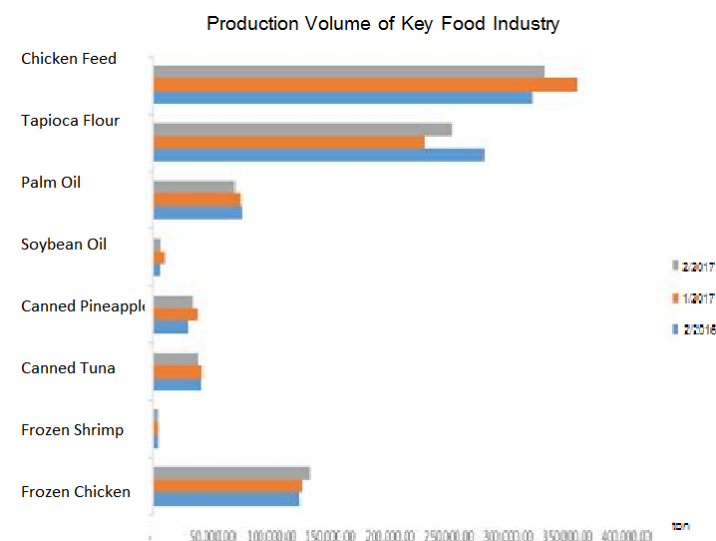


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I. Food Industry

The production and consumption of the food product increased from the same period of the previous year due to continuously increasing demand of export market and higher global price level.



1. Production

The production of major food product industry (excluding sugar) in February 2017 was increased by 0.6 percent. The details are:-

- 1) Export-oriented Product: Canned pineapple and frozen shrimp increased by 14.5 percent and 5.6 percent respectively from the increasing of raw materials supply.
- 2) Domestic-oriented Product: The products which used domestic raw materials such as palm oil decreased by 9.1 percent from decreasing supply while the ones which use imported raw materials such as soybean oil increased by 9.6 percent due to continuous rising of domestic consumption demand and indifferent price level with palm oil.

2. Marketing

1) Domestic Market:

The domestic sales in February 2017 in quantity of food and agricultural product slightly increased by 2.3 percent from the same month of the previous year due to still recovery of domestic economics.

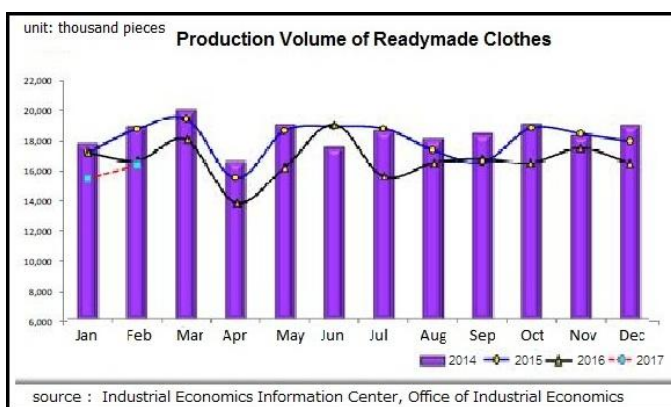
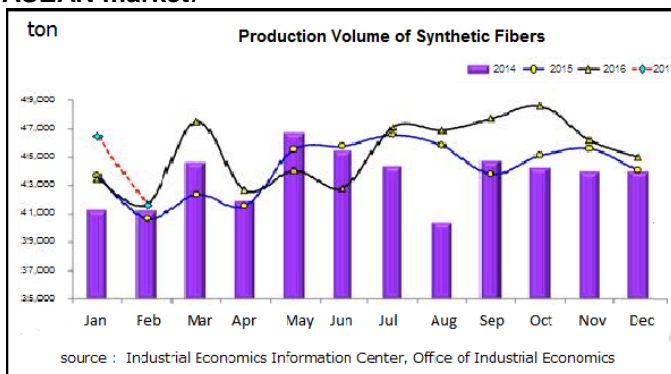
2) Export Market:

The total export in February 2017 of food products (excluding sugar) increased by 1.8 percent when comparing with the same month of the previous year. Those key products included chilled and frozen fresh shrimp, canned sweet corn, rice product, chilled and frozen fresh chicken, instant noodle, processed chicken and canned tuna which increased by 73.8 percent, 38.1 percent, 32.7 percent, 12.0 percent, 8.4 percent, 2.5 and 1.5 percent 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 and tapioca products were decreased by 3.8 percent, 1.5 percent and 0.4 percent respectively. However the export of sugar dropped by 15.0 percent from the same period of last year due to lower supply, despite the higher global price.



II. Textile and Garment Industry

Manufacturing of textile was expanded in yarn product exporting to the expanding markets of South Korea, Japan, Bangladesh and Vietnam. The growing garment industry was from export to ASEAN market.



1. Production

□ **Textile sector:** When comparing with the same month of the previous year, the manufacturing of the textile fiber product decreased by 0.2 percent from demand of synthetic fiber product and 7 months accumulative stockpile. The yarn production was increased by 4.4 percent, 3 months consecutively growth. The production of garment for readymade clothes and other household garment were decreased by 3.5 percent from slowing down of purchase orders.

□ **Garment sector:** When comparing with the same month of the previous year, the manufacturing of readymade garment product decreased by 1.7 percent due to the decreasing purchase orders from major markets which their economics' recovery were still obscure and the migration of production base to neighboring countries.

2. Marketing

□ **Domestic Sales :** When comparing with the same month of the previous year, the sales volume of Textile fiber product for serial production of related products such as household garment, clothes, readymade garment decreased by 3.2 percent from lower demand. The consumption of readymade garment increased 6.1 percent in knitting clothes in both women and girl child's underwear from several brands' promotion strategy during end to beginning of the year.

□ **Exporting :** When comparing with the same month of the previous year, the export of textile fiber product increased by 6.2 percent mainly from yarn and synthetic fiber products which grew 4 months consecutively of 9.7 percent. This was due to increasing demand from partner countries, especially South Korea, Japan, Bangladesh and Vietnam. The export of synthetic fiber was increased by 2.8 percent especially to China, Vietnam, Bangladesh and U.S. The export of garment product was increased by 14.6 percent from exporting to ASEAN such as Vietnam, Myanmar, Cambodia and Indonesia. The export of readymade garment was 2 years continuously declined by 12.2 percent due to the decreasing order from major export markets such as Japan, U.S. and EU while export to ASEAN market was expanding by 17.8 percent



III. Iron and Steel Industry

1. Production

The manufacturing situation of steel industry in February 2017 improved when comparing with the same month of the previous year. The MPI in this month was at 130.18 with increment rate of 7.39 percent, 7 months continuously increasing. However domestic consumption was decreased by 0.1 percent at the volume of 1,336,503 million tons, 2 months consecutively decreasing. The import and export were increased by 6.00 percent and 11.00 percent respectively. These can be classified as follow:

- The MPI of the Flat steel was increased by 3.17 percent when comparing with the same month of the previous year. The cold rolled sheet increased by 15.3 percent from the expanding downstream industry such as automotive. The following was the galvanized steel sheet increased by 14.06 percent. According to the data from the Iron and Steel Institute of Thailand, the domestic consumption in flat-steel product was 905,867 tons, increasing by 11.7 percent which mostly the hot rolled sheet increased by 42.3 percent. Secondly the tin plate sheet increased by 36.9 percent. The import volume was 742,354 tons, decreasing by 12.9 percent. Finally the export volume was 49,684 tons, increasing by 18.5 percent.
- The MPI of long-formed steel production was increased by 16.72 percent. The production of steel wire increased by 42.51 percent and reinforcing bar increased by 18.34 percent as to support government's large scale construction projects such as roads construction or harbor development etc. According to the data from the Iron and Steel Institute of Thailand, the domestic demand of Long-formed steel 430,636 tons dropped by 18.2 percent. The import volume was 202,321 tons, decreasing by 13.62 percent. The export volume was 64,420 tons, increased by 5.80 percent.

2. Steel Prices

The international steel price index generated by the Iron and Steel Institute of Thailand indicated the change of price index (FOB) at CIS Black Sea ports in March 2017 when comparing with the same period of the previous year that all product prices were increasing which included the cold rolled sheet which increased from 61.91 to 103.27 point, up by 66.81 percent, hot rolled sheet increased from 62.56 to 99.74 point, up by 59.43 percent, billet flat steel increased from 63.25 to 97.2 point, up by 53.68 percent, billet small steel increased by 72.7 to 94.41, up by 29.86 percent and the price of round bar increased from 69.78 to 88.56 point, up by 26.91 percent. Factor that effect the global steel price was higher price of raw material like charcoal etc.



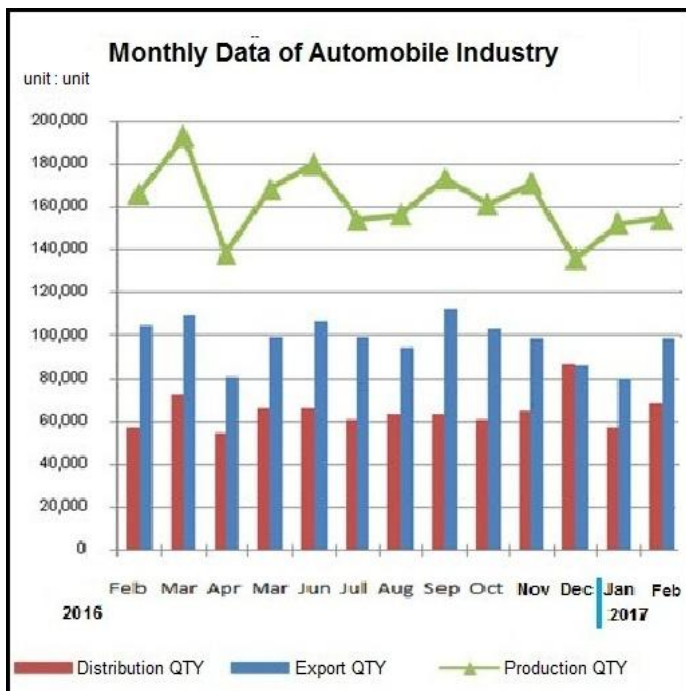
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IV. Automotive Industry

Automobile

The automobile industry declined in February 2017 when comparing with the same period of the year 2016 due to the expanding of domestic market from the launching of new car models by several makers as well as domestic economic recovery continuously.



1. Production

Manufacturing quantity of automotive in February 2017 was 166,412 units which decreased from February 2016 by 7.16 percent from the decreasing of one-ton pickup truck and derived accessory production.

2. Sales

Sales quantity of automobile in February 2017 was 68,436 units which increased from February 2016 by 19.18 percent (57,254 units). This was due to the increase of sales of passenger car, one-ton truck and the commercial vehicle.

3. Export

The export quantity in February 2017 was 98,237 units which decreased from February 2016 by 6.8 percent (104,712 units). The declining export markets were Asian, Middle East, Central America and African countries.

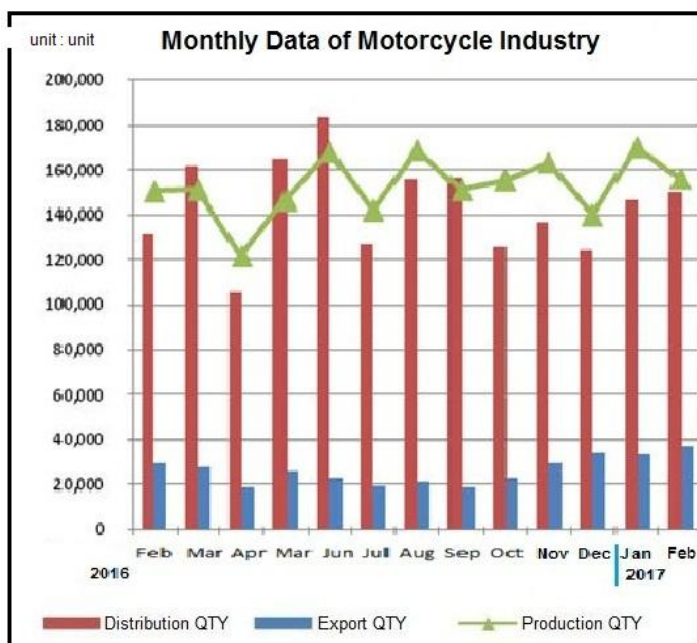


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Motorcycle

The Motorcycle industry in February 2017 expanded when comparing with the same period of 2016 from both domestic and export market.



1. Production

Manufacturing quantity of motorcycle in February 2017 was 156,288 units which increased by 3.77 percent from February 2016 (150,603 units). Contribution were from the versatile-type and sporty motorcycles.

2. Sales

Sales quantity of motorcycle in February 2017 was 150,525 units which decreased by 14.25 percent from February 2016 which sold 131,748 units due to decreasing of the motorcycles with and 101-125 cc. type, 126-150 cc type, 151 cc type and more than 150 cc type.

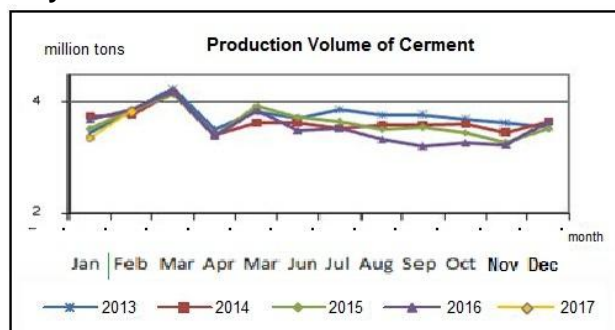
3. Export of Complete Built Unit (CBU) motorcycle

The export quantity was 37,203 units in February 2017 which increased 23.89 percent from February 2016 (30,028 units). The expanding export markets were UK, Netherland and Myanmar.

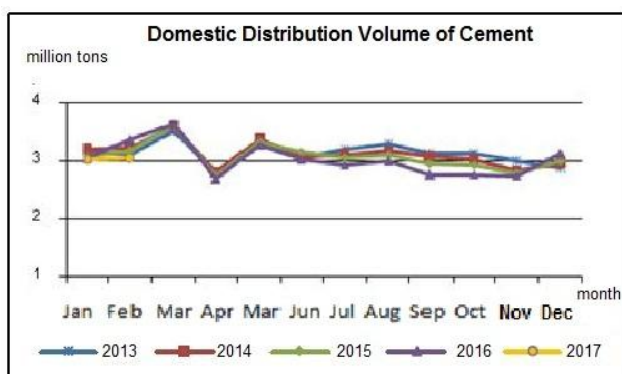


V. Cement Industry

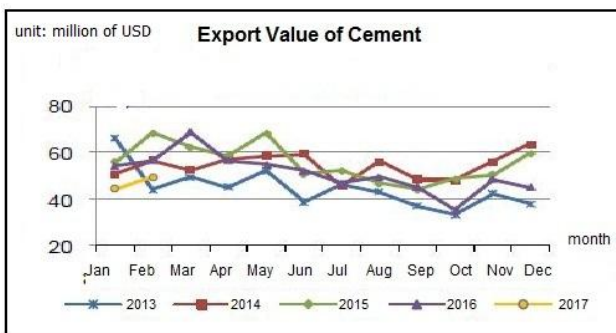
The overall growth rate of Cement industry was shrinking when comparing with the same period of the previous year from production and domestic sales decreasing of continuously since this January as the construction section was slow down. The export value decreased due to the decreasing order of Myanmar.



Source : Industrial Economics Information Center, Office of Industrial Economics



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1. Production and Domestic Sales

When comparing with the same period of the previous year, the production and sales volume of cement (excluding clinker cement) in February 2017 decreased by 1.03 percent and 8.98 percent respectively.

The lower industry growth by lower production and sales of cement (excluding clinker cement) was from slowing down of dropping construction, consequently, from slowdown of real estate industry. Furthermore decreasing export to Myanmar was other cause and thus the exporter had to export more of clinker cement to Bangladesh instead.

2. Export

The export value of cement in February 2017 shrank by 12.99 percent from the same period of the previous year due to the sharply decreasing orders from Myanmar since middle of last year from the growth of local production. Three major exporting countries still were Cambodia, Bangladesh and Myanmar with aggregate value of USD 33.09 million, 66.88 percent of gross export value.



VI. Electrical and Electronics Industry

In overview the manufacturing of electrical and electronic industry in February 2017 increased by 9.34 percent when comparing with the same month of the previous year. The electrical industry decreased by 7.08 percent due to the dropping of air-conditioner. The electronic industry increased by 22.99 percent due to the production increasing of Semi-conductor, Monolithic ICs, other ICs and HDD.

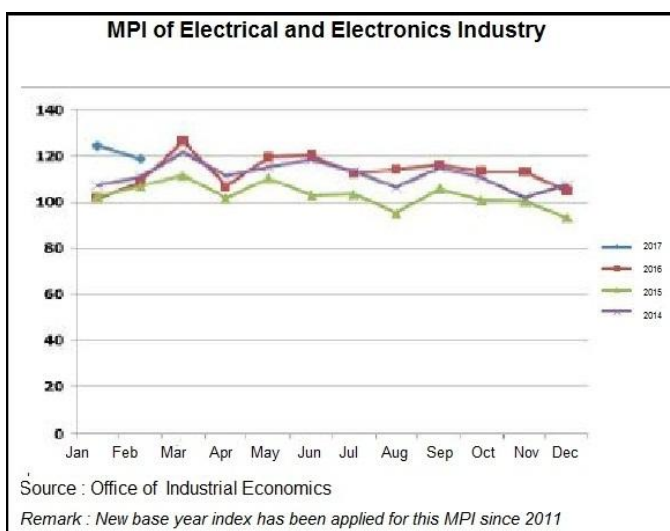


Table 1 : The value of most Electrical Appliance and

Electronics Products Export in February 2017

Electrical Appliances and Electronics Products	Value (in million US dollar)	%YoY
Computer components	1,062.23	-3.16
Printed Electrical Board	628.37	15.06
Air-conditioner	428.51	7.54
Electrical circuit protection device	177.99	67.24
Total of Electrical Appliances and Electronics Products	4,592.71	6.09

source : The Electrical and Electronics Institute

1. Production

In overview the MPI of the electrical and electronic industry in February 2017 when comparing with the same period of the previous year, was at 118.81, up by 9.34 percent. The Production Index (MPI) of electrical industry sector was at 119.38, dropped by 7.08 percent. The dropping electrical appliance included condensing unit split-type air conditioner, fan-coil unit split-type air conditioner, compressor, electrical fan, refrigerator, microwave oven, electrical hot pot and rice cooker which decreased by 14.86 percent, 10.45 percent, 6.02 percent, 25.53 percent, 10.74 percent, 14.57 percent, 18.76 percent and 14.19 percent respectively. This was due to discontinuation of old modeled air-conditioner production and switching to newer technology model such as Inverter model. The export of refrigerator and compressor to major markets such ASEAN, EU and China was dropping as well. When comparing with the same period of the previous year, the MPI of the electronic industry sector was at 118.45, increased by 22.99 percent due to production increasing of Semi-conductor, Monolithic ICs, other ICs and HDD which increased by 8.38 percent, 14.35 percent, 30.25 percent and 4.98 percent respectively. As ICs were the essential parts for hi-tech product development, consequently the export to major countries continuously grew, namely to EU by 1.89 percent from last year, to China by 59.04 percent and to Japan by 22.51 percent respectively.

2. Export

Total export value of the electrical appliance product and electronic industry in February 2017 was USD 4,592.71 million, increasing by 6.09 percent when comparing with the same month of the previous year.

Electrical Appliance Product

The electrical appliance product had the export value of USD 1,463.09 million with the increase of 7.88 percent. The leading product with most export value was air conditioners with export amount of USD 428.51 million, up by 7.54 percent. This was due to the increase of export to major countries i.e. ASEAN and U.S., by 15.21 percent and 18.24 percent respectively. The following product was electrical circuit switching and protection device including base and control panel with export amount of USD 177.99 million, down by 67.24 percent.



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This was due to the export increased to the major markets such as EU, U.S., China and ASEAN, by 334.6 percent, 107.24 percent, 29.47 percent, and 11.62 percent respectively.

Electronic product

When comparing with the same month of the previous year, the electronic product had the export value of USD2,676.43 million, increased by 3.93 percent. This was due to the increasing export to key markets as such as China, Japan and ASEAN markets, by 34.89 percent, 17.17 percent and 3.79 percent.

The leading electronic product with most export value was components of computer which had export amount of USD 1,062.23 million, dropped by 3.16 percent. This was due to the decrease of export to major markets such as EU, U.S. and Japan by 16.77 percent, 13.65 percent and 9.17 percent respectively.

The following product was Electrical Circuit Board (ECB) with export amount of USD 628.37 million, increasing by 15.06 percent. This was due to the increasing export to all major markets i.e. China, Japan and EU by 59.04 percent, 22.51 percent and 1.89 percent respectively.

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