

Industrial Production Status

Indicators	2016	2017							2018			
%YoY	Year	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Jan.	Feb.	Q2(f)	Year(f)
MPI*	1.4	4.0	5.6	5.3	1.0	6.3	5.8	2.5	4.7	4.7	3.5 – 4.0	2.5 – 3.0

*MPIs have been adjusted for 2018 under ISIC Rev.4 classifications which cover 21 divisions, 57 industrial groups and 235 products. The industrial index was formed using the Laspeyres formula based on the 2011 fixed weights, with added value and output value referenced from “The 2012 Business Trade and Industry Census: The Manufacturing Industry” produced by the National Statistical Office of Thailand. Furthermore, the weights of weighted value have been adjusted with added value to reflect the current industrial structure.

The industrial economic status in **February 2018** remains on the rise for the tenth consecutive month since May 2017. **The manufacturing production index (MPI) grew by 4.7 percent** from last year. This was resulted from exports which recovered consistently in line with the global economic status and the growth of Industrial exports in January 2018 which increased by 11.5 percent. Furthermore, domestic purchasing power grew in a positive direction, whereby the private consumption index¹ expanded steadily from last year, consistent with expenditure which grew in all categories. Expenditure in durable goods had good growth whereby domestic automobile sales grew by 10.3 percent and imports of consumables such as apparel and garments grew by 25.1 percent. On the other hand, sales of service goods (hotels, restaurants and transportation) continuously grew by 8.6 percent.

For the past 3 months (November, December, and January 2018) the MPI (%MoM) change rate was normal, as follows; in November was 6.5 percent, December was -3.2 percent and January 2018 was 5.0 percent in accordance with seasonal changes throughout the year, whereby in November production accelerated to support purchases during the New Year festival.

However, when compared to the same period in the previous year (%YoY), the MPI of November, December and January 2018 showed a trend of growth, that is in November, December, and January the rate of change was 6.3 percent, 5.8 percent and 4.7 percent respectively, which showed strong and stable growth in the industrial sector.

Key industries that contributed to the MPI growth in February 2018 were:

- Automobile increased from last year, from growth in both domestic and export markets. This was a result of continuous new model launches by several manufacturers; coupled with the expiration for consumers purchasing under the first car scheme and the recovering domestic economy, resulting in a 10.27 percent growth of domestic sales. Furthermore, there has been increasing of purchase orders from the Philippines, USA, Australia, Mexico, and South America, resulting in a 4.0 percent growth in exports.
- Petroleum refinery grew by 33.9 percent, mostly from Gasohol 95 and 91. This was a result of the closure for maintenance of some major refineries in the previous year, coupled with domestic demand which increased in line with the economic recovery and the growth of tourism, resulting in an increased volume of cargo and travel.

¹ From the Bank of Thailand

➤ Vegetable oil grew by 40.5 percent, mostly from crude palm oil. This was because in the beginning of 2017, plantation areas in the South were flooded and palm could not be harvested. Furthermore, the area for palm plantation increased compared to last year, resulting in increased supply crude palm oil.

➤ Hard disk drives grew by 17.4 percent due to the closure of production bases in China and Singapore, resulting in manufacturers in Thailand received more purchase orders from their parent companies. This was coupled with product development to meet the needs of IoT (Internet of Things).

In terms of forecasts, the MPI for **Q2/2018 is expected to grow in the 3.5-4.0 percent range**. Key industries with forecasted growth include automobiles, electronics and the food industry. Compared to Q2/2017, the MPI in Q2/2017 grew by 0.8 percent, supported by the recovering global economy which boosted continuous growth in exports. This was coupled with a drive in public investments, in conjunction with development on the Eastern Economic Corridor (EEC), whereby the draft of the Eastern Economic Corridor Act passed the National Assembly's consideration and thus increased investor confidence.

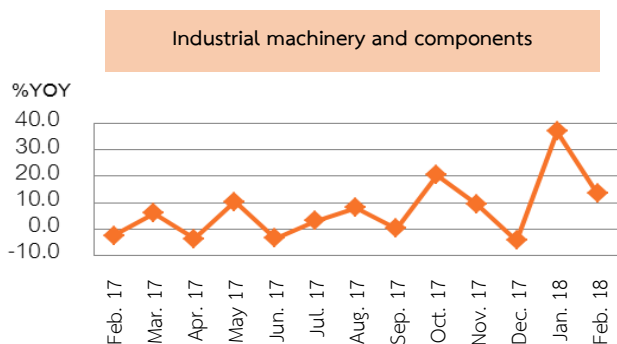
From a macroeconomic overview, the country is still on a good trend. Domestic private consumption gradually expanded, whereas private investment also grew consistent with the economic trend. Government spending was still a key factor in driving the economy along with exports.

Other Industrial Economic Indicators in

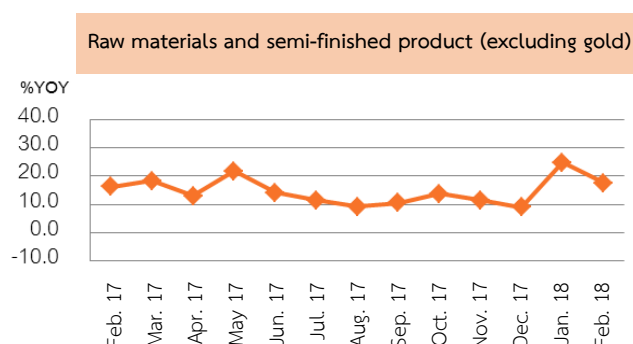
February 2018

Other Industrial Economic Indicators in February 2018

■ Thailand's Industrial Sector Importation



Source: Ministry of Commerce

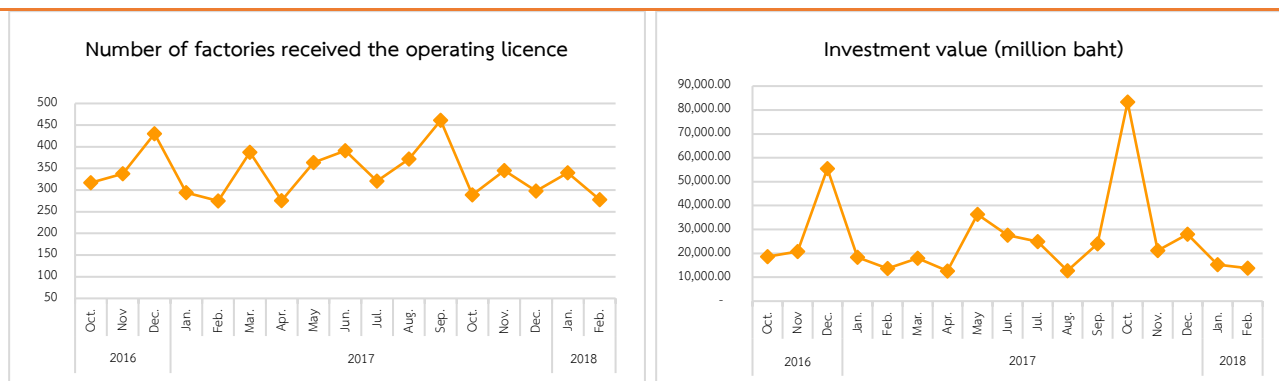


Source: Ministry of Commerce

😊 The import value of industrial machinery and components in February 2018 was 1,395.9 million USD which grew by 13.4 percent compared to the same month last year, from increased imports on engines, drive shafts, construction machinery and parts; and metal processing machineries.

😊 The import value of raw material and semi-finished products (excluding gold) in February 2018 was 6,902.8 million USD, a 17.6 percent growth compared to the same month last year, in line with import growth of chemicals, iron, steel and products, equipment and components of electrical appliances and electronics.

■ Status on Industrial Operations



Source: Department of Industrial Works

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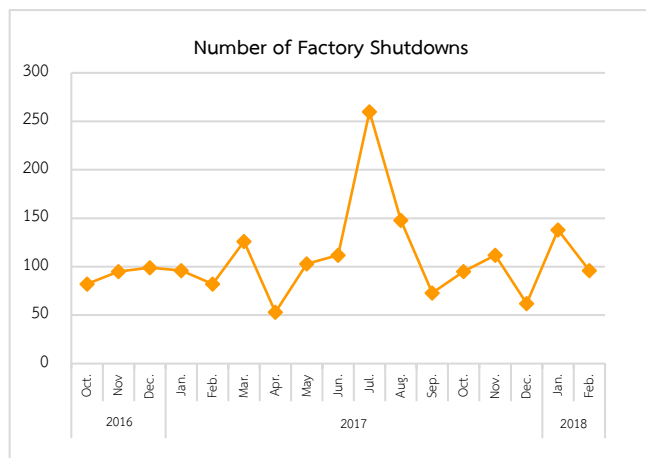
😊 A total of 278 factories obtained licenses to operate in February 2018. The number declined by 18.24 percent from January 2018 (%MoM) but increased by 1.09 percent from the same month last year (%YoY).

😊 The total value of investment from the factories that obtained licenses to operate in January 2018 was 13,783 million Baht, a decrease by 9.91 percent from January 2018 (%MoM) but increased by 0.47 percent from the same month last year (%YoY).

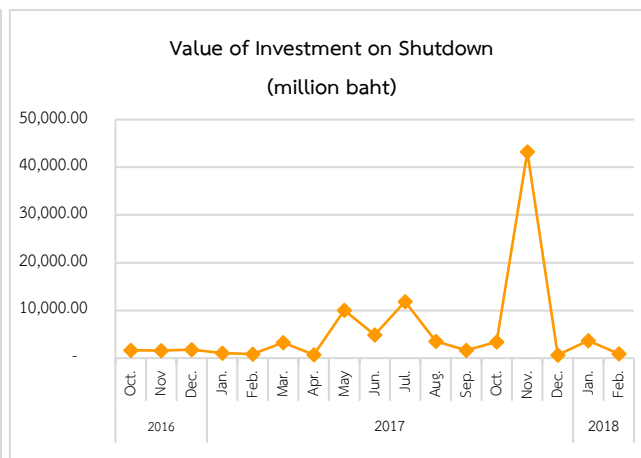
“The industry with the highest number of new licensed factories for operation in February 2018 was the factories processing wood for manufacture wooden household items, home decoration and wooden furniture industries (22 factories), followed by non-hazardous waste separation industry (20 factories).”

“The industry with the highest value of investment in February 2018 was raw sugar or white sugar production valued at 4,207 million Baht, followed by the medium density fiberboard industry valued at 1,688 million Baht.”

■ Status on Industrial Operations (cont.)



Source: Department of Industrial Works



Source: Department of Industrial Works

😊 A total of 96 factories ceased operation in February 2018. The number declined by 30.43 percent from January 2018 (%MoM) but increased by 17.07 percent from the same month last year (%YoY).

😊 The lost investment value on cessation of operation equated to 904 million Baht, a decrease from January 2018 by 75.44 percent (%MoM) but an increase by 5.02 percent from the same month last year (%YoY)

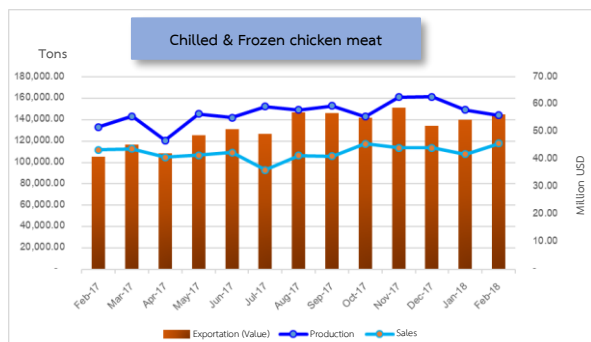
“In February 2018, the industry with the highest number of factory shutdowns was wooden household items, home decoration, and wooden furniture industry (12 factories) followed by door/window frame and door/window panel industry (7 factories).”

“In February 2018, the highest investment value industry with factory shutdowns was the wooden household items, home decoration and wooden furniture industry with investment value 161 million Baht, followed by gas filling factory with investment value 142 million Baht.”

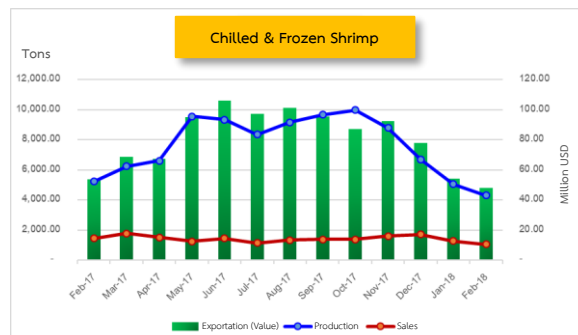
Industrial Economic Status for January 2018 by Industry

1. Food Industry

■ Chilled and Frozen Chicken Meat



■ Chilled & Frozen Shrimp



The production and export value of food industry 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 February 2018 increased by 0.7 percent last year (%YoY), classified as follows:

1) Export-orientated Products: Production of canned tuna increased (%YoY) by 11.5 percent due to the easing of pressure on raw material price resulting in increased orders. The production of processed chicken grew (%YoY) by 3.4 percent to serve the need of consumption which grew continuously from the confidence and positive reputation of the industry. As a result, trading partners, especially Japan, continued to increase orders.

2) Domestic-orientated Products: Production of crude and pure palm oil increased (%YoY) by 88.8 percent and 26.9 percent, due to the increase in palm oil supply from the expansion of plantation areas. This was coupled with the production of frozen chicken which grew (%YoY) by 8.3 percent from a continuous growth in consumption.



Domestic market: Domestic sales volumes of food products grew by 3.0 percent in February 2018 (%YoY), resulting from a positive economic trend. The Chinese New Year's festival was also an advantage to further drive domestic consumption.

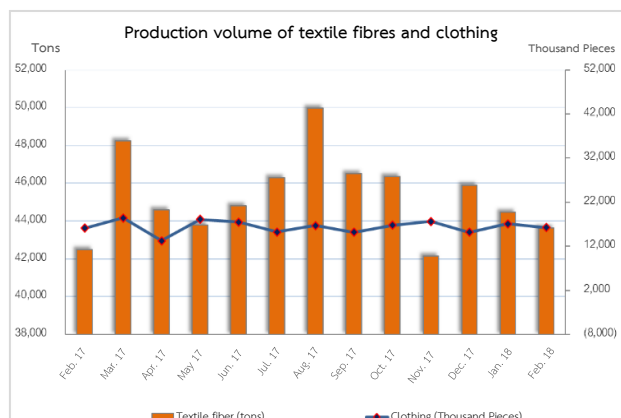


Foreign Market: The overall value of exports in February 2018 increased (%YoY) by 7.9 percent. Key products included chilled/frozen chicken meat, canned sardines, white rice, processed chicken, jasmine rice, tapioca products and instant noodles which increased (%YoY) by 37.4 percent, 35.9 percent, 20.8 percent, 15.9 percent, 14.7 percent, 14.2 percent and 5.6 percent respectively. This was from a strong recovery among major trading partners which helped boost demand for Thai products both directly and indirectly.



"Production and export of food products in March 2018 are expected to increase from the same period last year, because 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 to serve the festivals in trade partner countries. Furthermore, demand for rice products (white rice and jasmine rice) have also seen increasing demand in trade partner countries, coupled with a stable domestic economy and recovering global economy."

2. Textile and Garment Industry



Production

➕ *Production of textile fibres and garments* increased (%YoY) by 2.69 percent and 1.03 percent. The synthetic fibres group expanded, whereby major operators developed special fibres such as mosquito repellent fibres, collagen fibres, carbon fibres and fireproof fibres in response to the needs of other downstream industries. In addition, men's apparel increased to support exports to countries such as Europe and Japan.

➖ *Production of fabrics* shrank by 2.85 percent (%YoY) especially in cotton weaved products which dropped in line with less demand from both the domestic and international markets.

Domestic Sales

➖ *Textile fibres, fabrics and garments* decreased by 2.52 percent, 2.04 percent and 2.25 percent respectively, partially because domestic consumption did not grow as consumer confidence had not yet fully recovered about the fluctuating global economy, coupled with uncertainty about the domestic economy's recovery

Exports

➕ *Textile fibres, fabrics and garments* increased in value by 17.92 percent, 5.15 percent and 5.35 percent respectively, whereby textile fibres grew for the sixteenth consecutive month from November 2016. Key export products were artificial fibres and fabrics made from fibres with special properties, whereby Thailand has potential for both production and export.

Major export markets were China, Japan and South Korea. For apparel, exports of underwear and sportswear grew, such as swimwear and ski wear to the US and Japan

Forecasts for March 2018

➕ Production of textile fibres and fabrics are expected to grow from exports of synthetic fibres and fabrics made from specialty fibres, within the Asian market.

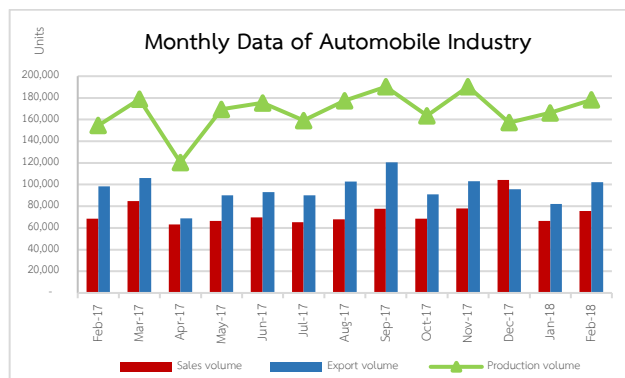
➕ *Production of garments* are expected to grow as exports of apparel and underwear increase to Japan, South Korea and EU, in line with the growing global economic trend.

Forecasts for the second quarter of 2018

The overall production of textile fibres, fabrics and apparel is expected to grow in line with exports that are likely to grow with the economic conditions of trading partners such as China, Japan and Vietnam, especially for the export of fibres and fabrics to the CLMV market which are major production base in the world. Furthermore, Thai entrepreneurs have potential to produce many types of specialty fibres. This will increase channels and market opportunities to other related industries, especially the S-curve industry according to the government targets.

3. Automotive Industry

■ Automobile Production Industry



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

😊 **Automobile production** in February 2018 reached 178,237 units, a 7.25 percent growth from January 2018 (%MoM) and 15.37 percent from the same month last year (%YoY) from increased production of passenger cars, and 1-ton pickup trucks and derivatives, and commercial vehicles.

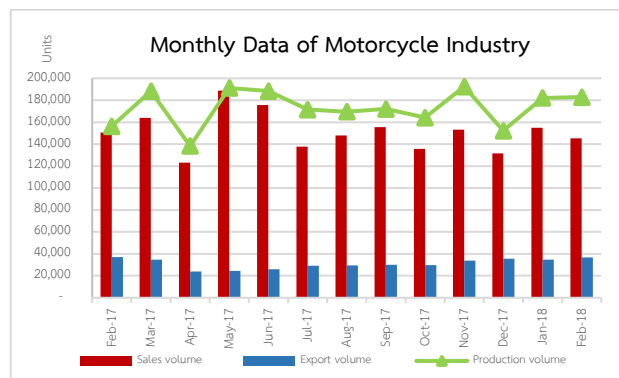
😊 **Domestic sales of automobiles** in February 2018 reached 75,466 units, a 13.41 percent growth (%MoM) and 10.27 percent from the same period last year (%YoY). This was from an increase in passenger car sales, 1-ton pickup trucks and PPVs combined with SUVs, as the domestic economy recovered from the expansion of the export sector. Furthermore, private investment increased, the first-car scheme reached its 5-year anniversary, there were introduction for new cars and public investment in infrastructure increased.

😊 **Automobile exports** in February 2018 reached 102,217 units, a 24.55 percent growth from January 2017 (%MoM) and 4.05 percent from the same period last year (%YoY). Exports of automobiles grew for the fourth consecutive month, increasing in Oceania, Middle East and Central and South America.

“In March 2018, the trend of the automobile industry is expected to grow compared to March 2017, from continued recovery of the domestic and global economy, increased investment from the private sector and in the 5-year anniversary of the first car scheme.”

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

■ Motorcycle Production Industry



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

😊 **Motorcycle production** in February 2018 reached 182,910 units, a 0.38 percent growth from January 2018 (%MoM), and a 17.03 percent growth from the same period last year (%YoY), from an increase in production of multipurpose motorcycle models.

😞 **Domestic sales of motorcycles** in February 2018 reached 145,429 units, a 17.92 percent decrease from January 2018 (%MoM), and a 6.23 percent decrease from the same period last year (%YoY)

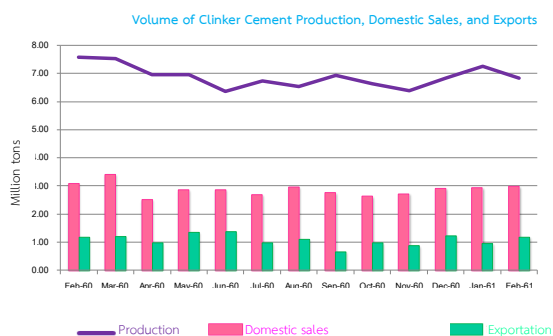
😞 **Exports of motorcycles** in February 2018 reached 36,872 units, an increase from January 2018 by 6.04 percent (%MoM) but a 0.89 percent drop from the year before (%YoY), whereby export markets that slowed down were the UK, the US and the Netherlands.

“In March 2018, the trend of the motorcycle production industry is expected to slow down compared to March 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: Division of Industrial Economics Information and Indices, Office of Industrial Economics
2. Export volume: Information and Communication Technology Center, Office of the Permanent Secretary, Ministry of Commerce

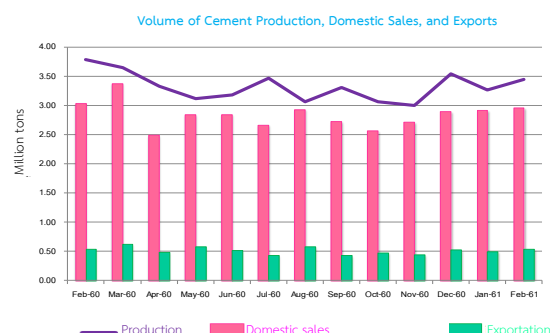
☹️ **Clinker cement production** in February 2018 reached 6.84 million tons, a drop by 5.59 percent from January 2018 (%MoM) and 9.63 percent from the same month last year (%YoY).

😊 **Domestic clinker cement sales** in February 2018 reached 2.99 million tons, a 1.42 percent growth from January 2018 (%MoM) but a 3.49 percent drop from the same month last year (%YoY).

😊 **Export of clinker cement** in February 2018 reached 1.20 million tons, a 24.42 percent increase from January 2018 (%MoM) and a 0.68 percent increase from the same month last year (%YoY).

😊 In March 2018, the clinker cement industry is expected to grow slightly compared to the same month last year, as stocks remained high from the previous month.

■ Cement Industry



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

😊 **Cement production** (excluding clinker) in February 2018 reached 3.45 million tons, an increase of 5.63 percent from January 2018 (%MoM) but a 9.09 percent drop from the same month last year (%YoY).

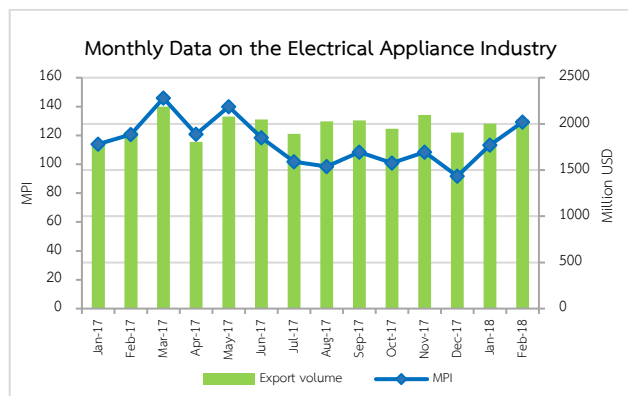
😊 **Domestic cement sales** (excluding clinker) in February 2018 reached 2.96 million tons, an increase by 1.49 percent from January 2018 (%MoM), but a drop by 2.68 percent from the same month last year (%YoY) from more competition in the market and periodical seasonal fluctuations.

😊 **Export of cement** (excluding clinker) in February 2018 reached 0.54 million tons, a 7.82 percent growth from January 2018 (%MoM) but a drop by 0.56 percent from the same month last year (%YoY), as a result from a slowdown in purchase orders from Vietnam, Cambodia, and Myanmar by 99.95 percent, 58.92 percent and 27.59 percent respectively.

😊 In March 2018, the cement industry (excluding clinker) is expected to grow from the expectation that the public's infrastructural projects will be able to progress more, and because the dry season is approaching which will facilitate development of construction.

5. Electrical and Electronics Industry

■ Electrical Industry



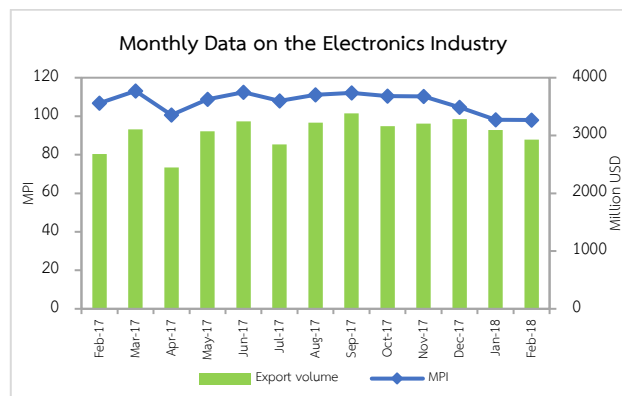
Source: Office of Industrial Economics

😊 **Production of electrical appliances** reached a production index of 129.25, an increase by 3.65 percent compared to last year. Categories that grew were compressors, household fans, refrigerators, washing machines, microwaves, kettles, rice cookers and electric wires which increased by 3.85 percent, 12.84 percent, 1.38 percent, 9.32 percent, 25.71 percent, 12.80 percent, 22.26 percent and 14.06 percent respectively. On the other hand, production of air conditioners and electrical motors dropped by 0.50 and 1.77 percent compared to last year. This was a result of the global economic recovery and improved household purchasing power. Furthermore, real estate gradually recovered resulting in higher demand for electrical appliances, coupled with a segment of consumers' desire to change their appliances in the replacement cycle.

😊 **Export of electrical appliances** valued 2,047.22 million USD, an increase by 6.83 percent from the same month last year. Exports to key markets rose, including China, ASEAN, EU and Japan, with the export of air conditioners reaching 464.55 million USD, rising 8.41 percent, followed by exports of washing machines and refrigerators which valued 128.95 million USD and 128.66 million USD, an increase of 32.92 percent and 6.12 percent respectively from the same month last year.

☹️ *In March 2018, the electrical appliances industry is expected to shrink by 4.20 percent compared to the same month last year, from a slowdown in domestic sales of air conditioners and purchase orders from abroad. On the other hand, products expected to grow are washing machines from exports to key markets especially the US, coupled with electric wires which are used in domestic infrastructure development.*

■ Electronics Industry



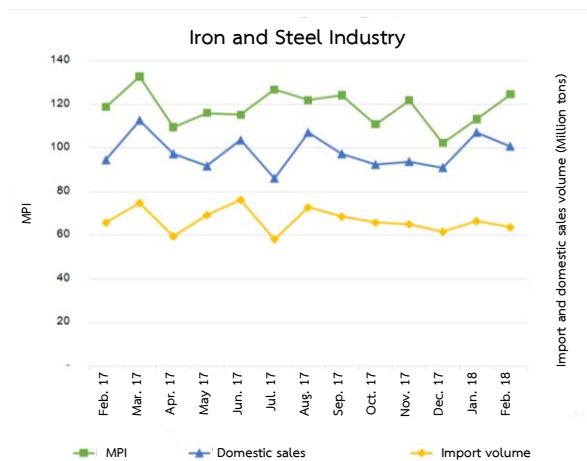
Source: Office of Industrial Economics

😊 **Production of electronics** reached a production index of 98.05, an increase by 5.38 percent from the same month last year. Categories that grew were semiconductors, monolithic ICs, PCBAs and HDDs by 9.17 percent, 4.82 percent, 13.93 percent and 19.69 percent respectively, in line with the global growth of electronics. Furthermore, ICs are crucial to advanced technological development, used in smart phones, tablets and HDDs, and to expand capacity in cloud storage.

😊 **Export of electronics** valued at 2,930.56 million USD, a 9.50 percent growth 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 1,184.49 million USD, an increase by 11.51 percent, followed by ICs valued at 608.99 million USD.

"The manufacturing production index for electronics in March 2018 is expected to increase by 1.22 percent compared to the same month last year, from exports of computer equipment and parts and ICs 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 February

2018 reached 124.59, a 4.89 percent growth compared to the same period last year. Classification by key products, that were flat and long-formed steel, it was found that products in the flat steel category rose by 18.00 percent from hot-rolled sheets which grew by 38.24 percent, from better financial stability among major manufacturers after passing a business restoration plan. This was followed by zinc-plated steel sheets and steel pipes which increased by 22.07 and 16.32 percent respectively, from positive factors of increased steel product prices and continued industrial demand from the automobile and electronic appliances industry for example. On the other hand, long-formed steel dropped by 10.29 percent, whereby deformed bars dropped by 24.51 percent, on the fifth month of decline from October 2017 to February 2018. This was followed by steel bars and wires which dropped by 17.24 percent and 11.59 percent, due to the stagnant domestic construction industry.

😊 Domestic sales volume in February 2018 reached

1.44 million tons, a 6.6 percent growth. Long-formed steel accounted for 0.49 million tons which increased by 11.2 percent from steel rods and structural steel which grew by 14.5 percent, on the second month of growth after a four-month drop. This was because of the import of steel wires and alloy structural steel, a high-quality steel which grew by 106.5 percent and 98.6 percent respectively. Flat formed steel accounted for 0.95 million tons, a 4.3 percent growth whereby zinc-plated steel grew by 27.5 percent, followed by other forms of plated steel which grew by 16.5 percent.

☹ The import volume in February 2018 reached

0.91 million tons, a 3.3 percent drop compared to the same period last year Flat formed steel accounted for 0.69 million tons, a 7.5 percent drop as a result of decreased imports of tin plates, hot-rolled thick steel sheets and hot-rolled thin steel sheets which dropped by 53.4 percent, 47.2 percent and 36.9 percent respectively. On the other hand, long-formed steel accounted for 0.23 million tons which was a 12.2 percent growth.

“The trend for the steel industry in March 2018 is expected to drop by 8.12 percent with long-formed steel decreasing 5.95 percent, whereby deformed bars are expected to decrease by 17.97 percent, followed by prestressed concrete wire by 7.01 percent, as a result of a slowdown in the construction industry. Hot-rolled structural steel products are expected to grow by 10.72 percent and cold-rolled structural steel and steel pipe decreased by 0.81 percent and 14.98 percent respectively. Flat formed steel is expected to drop by 9.02 percent with galvanized metal sheets decreasing 40.66 percent, followed by cold-rolled metal sheets by 12.52 percent. This is due to the continuous industry namely, Electrical Appliance Industry of which the MPI dropped by 4.20 percent.”