



## Industrial Economic Status Report January 2016

### Summary of Industrial Economic Status

**The Manufacturing Production Index (MPI)** in January 2016 contracted 3.3% when compared with the same period of previous year (YoY). The contracted main industries included automobiles, electronics components, components and accessories for automobiles, and iron and steel. However, the industries for domestic demand (Exports ratio accounted for less than 30%) expanded well such as cooking oils, fuels and paper products.

Automobiles industry in January 2016 contracted when compared with the same period of 2015, which it was contract in domestic market, meanwhile the export market expanded as well.

Cooking oils industry's production increased YoY, due to an increase of crude palm oil and refined palm oil. On the period of the beginning of 2015, a raw palm fruit was not enough for demand because of there was flooding in many areas in the south on the end of 2014, as result of government issued many corrective measures. Palm productivity in January 2016 was adequate, so the production increased compared with the previous year.

**Establishment and close business** in January 2016, 269 plants began operations, decreased 24.4% from December 2015, with the investment capital slumped 48.7% and the employment rates also dropped 7.3%. The major industry was the manufacturing of electrical appliances and electrical appliances components, with 3 plants for a total investment amount of 3,645.90 million baht and 530 employees hired. When compared with the same month of previous year, the number of plants that commenced operations decreased 18.5% from January 2015. On the other hand, 135 plants closed in January 2016, increased 22.73% from December 2015, and also increased 26.17% YoY.



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**Imports of Thailand's industry sector** in January 2016, an import of industrial machinery and accessories contracted 1.2% when compared with the same period of previous year, due to a decrease of imports of engines, transmission shafts and other components, machinery and equipment used in the processing of rubber or plastic, and machinery used in the processing of metals and parts.

The imports of raw materials and semi-finished goods (excluding gold) had a value of \$5,406.7 million USD, which shrank 16.9% YoY, due to a decrease of imports of yarns and fibers, fabrics, chemicals, iron, steel and its products and components of electrical appliance.

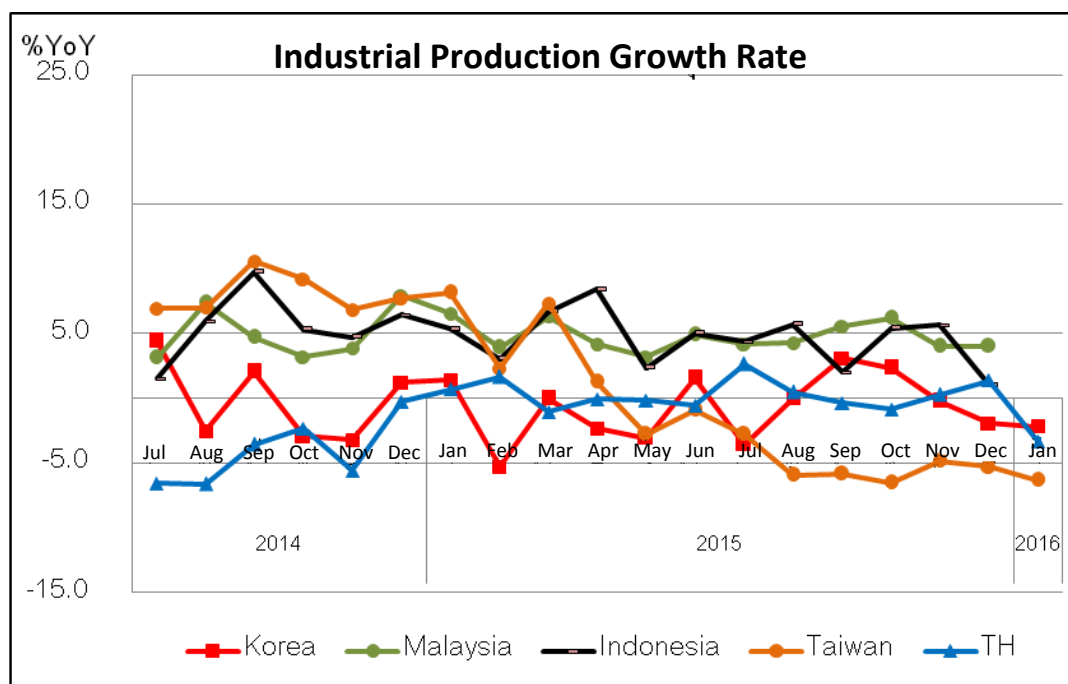
**Energy consumption of manufacturers** in January 2016 stood at 9,590.8 million kWh (kilowatt-hour), and decreased 1.08% from December 2015 (9,695.3 million kWh), but it increased 7% when compared with the same period of 2015 (8,964.6 million kWh). Energy consumption tracking data by business size showed that small and medium-sized businesses consumed less energy when compared to the last month, but consumed more energy when compared to the same period of 2015, and large-sized businesses consumed more energy when compared with last month and the same period of 2015.



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### Thailand's Industrial Economic Conditions Compared to Major Countries in Asia in January 2016



Production situations of Thailand's industry sector considered on the Manufacturing Production Index (MPI) decreased 3.3% when compared with the same period of the previous year, stemming to a decreasing of major industries such as automobiles, electronics components, automobiles components, iron and steel. However, the industries for domestic demand expanded well such as cooking oils, fuels and paper products.

However, the industrial production rate of Taiwan contracted 6.3%.

The industrial production rate of South Korea shrank 2.1%.

The industrial production data of Malaysia and Indonesia in January 2016 have not been released yet currently, but the trend continued growth from the previous month. In December 2015, the industrial production of Malaysia and Indonesia expanded 4.1% and 1.0%, respectively.



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### Industrial Activity Situations in January 2016

**Business establishment situation** of manufactures in January 2016 when compared with December 2015 was reported by the Department of Industrial Works (DIW) that 269 plants began operations and decreased 24.44% from December 2015 (356 plants), the investment capital valued by amount of 17,707 million baht which contracted 48.68% from December 2015 (34,502 million baht), and the number of employed people was 6,879 persons which dropped 7.28% from December 2015 (7,419 employees).

Business establishment situation of manufactures in January 2016 when compared with January 2015 was reported by the Department of Industrial Works (DIW) that the number of plant openings decreased 18.24% from January 2015 (330 plants), but the investment capital increased 3.9% from January 2015 (17,042 million baht), and the number of employed people increased 9.33% from January (6,292 persons).

- The industry that had the most factories starting up in January 2016 was the industry of digging for construction (23 plants) and the followed industry was the repairing and spraying of automobiles (18 plants).
- The industry with the highest level of investment capital in January 2016 was the manufacturing of electrical appliances and electrical appliances components (3,645.90 million baht), and followed industry was the manufacturing of ceramic products (2,386.00 million baht).
- The industry that had the most new hires in January 2016 was the industry of instant food with immediate consumption (666 employees), and followed industry was the manufacturing of electrical appliances and electrical appliances components (530 employees).



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**Business closing situation** of manufactures in January 2016 when compared with December 2015 was reported by the Department of Industrial Works (DIW) that the number of plant closures was 135 plants and increased 22.73% from December 2015 (110 plants), the total amount of investment capital of the closures was 2,616 million baht which was more than December 2015 (1,372 million baht), and the number of layoffs was 3,829 employees which increased from December 2015 (2,895 employees).

Business closing situation of manufactures in January 2016 when compared with January 2015 was reported by the Department of Industrial Works (DIW) that the number of plant closures increased 26.17% from January 2015 (107 plants), and the investment capital loss due to plant shutdowns was more than January 2015 (1,526 million baht), but the number of layoffs was less than January 2015 (3,985 employees).

- The industry with the most factory shutdown in January 2016 was the industry of automobiles repairing and painting (32 plants), and followed by the industry of sewing clothing, handkerchiefs, neckties, gloves, socks made from fabric and leather (12 plants).
- The industry that lost the most investment capital due to factory shutdowns in January 2016 was the industry of manufacturing, assembly and repair of net, trawl and its components (777 million baht), and followed by the industry of baking of tobacco leaves and swiping of tobacco stalks (530 million baht).
- The industry which the most employees were laid off in January 2016 was the industry of sewing clothing, handkerchiefs, neckties, gloves, socks made from fabric and leather (1,162 employees), and followed by the industry of manufacturing, assembly and repair of net, trawl and its components (690 employees).



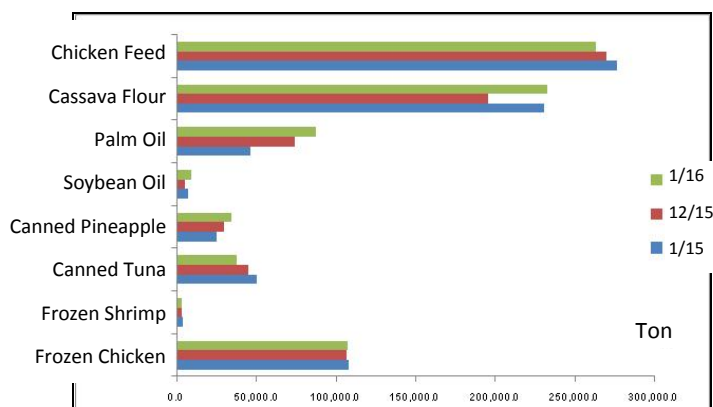
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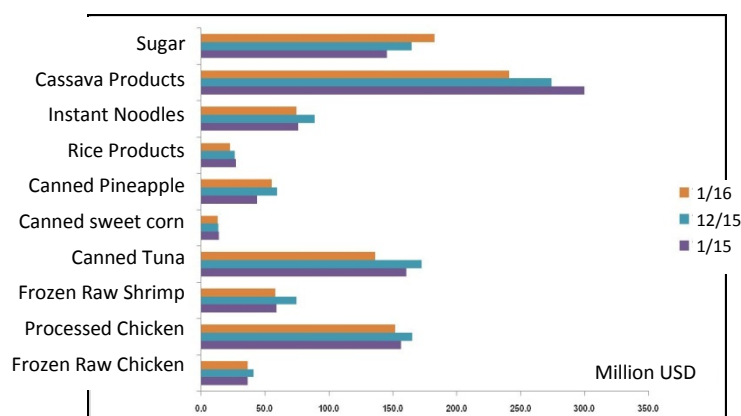
### I. Food Industry

Production situation of the food industry in January 2016 improved from the same period of previous year (YoY), due to an increase of raw materials volume supplied to the market. Meanwhile, the export amount continued contracting due to a decreasing of order from importing countries from the economics continued to slow down, and the product price dropped according to a decreasing of the oil price, as well as Thai fishery breaking the IUU rules of EU, and a cancel of concessions in Indonesia's territorial waters. The sale in domestic was stable.

**Production Volume of Major Products in Food Industry**



**Exports Value of Major Products in Food Industry**



### 1. Production

In January 2016, production of major products in food industry (excluding sugar) improved slightly by 3.5 % YoY, and the details are as follows.

Major products mainly based on export market such as canned pineapple and cassava starch increased 36.1% and 0.8%, respectively YoY, due to an increase of raw materials.

Products mainly based on domestic market that products used domestic raw materials such as palm oil expanded in production by 88.5% YoY, due to an increasing of productivity output. For the products used imported raw materials as soybean oil increased in production by 28.7% YoY.

### 2. Sales

1) Domestic Market: In January 2016, the domestic sales value of food and agricultural products was stable by 0.1% YoY, owing to the economic confidence was improved, even though purchasing power was still slow.

2) International Markets: Total export value of the food industry export (excluding sugar) in January 2016 continued to drop by 9.6% YoY, due to a decreasing of products such as cassava starch, rice products and canned tuna by 19.6%, 16.5% and 15.1%, respectively, due to a decreasing of order from importing countries from the economics continued to slow down, and the product price dropped according to a decreasing of the oil price, as well as Thai fishery breaking the IUU rules of EU, a cancel of concessions in Indonesia's territorial waters and stopping of operation of some fishing boats for compliance with new fishing law. However, some products increased in export value YoY, such as canned pineapple increased 26.1%, due to an increasing of order from oversea, and also the export value of sugar expanded 25.8% YoY, owing to an increasing of order from ASEAN countries and the weakening Thai baht.

### 3. Trends

Production and export in overall were forecasted to increase slightly owing to negative factors such as the illegal labor using, the fishery breaking the IUU rules of the EU, the slowing demand from China and the product price dropped according to a decreasing of the oil price. However, there are positive factors in several products such as livestock products (processed chicken) That an increase of orders from oversea, sugar products with an increase of pre-order, fishery products as shrimp from a recovering of Thailand's shrimp production from an outbreak of EMS, as well as the government has applied urgent economic stimulus measures, financial assistance measures for SMEs, and investment accelerating measures in special economic zones in various forms, and tourism stimulus measure that affect food consumption in the country, as resulting, the production and export of food industry expand slightly.

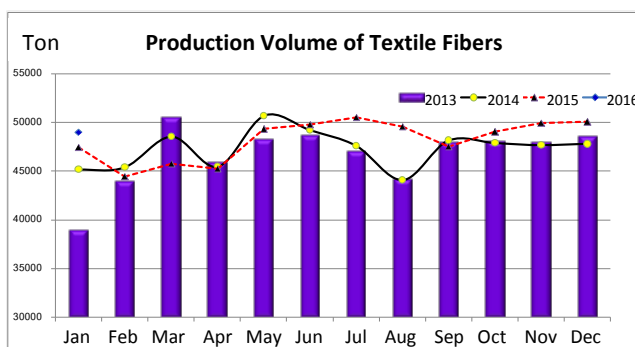




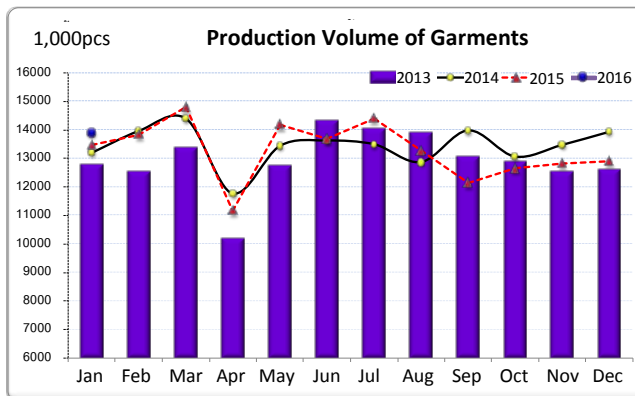
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## II. Textile and Garment Industry

Manufacturing of **textile sector** for domestic downstream industries will be stable and slowdown, but **garment sector** is expected to expand, especially in fashion garments according to a demand of fashion products of domestic consumer.



Source: The Industrial Economics Information Center, The Office of Industrial Economics



Source: The Industrial Economics Information Center, The Office of Industrial Economics



Source: The Information and Communications Technologies Centers, The Department of Trade Negotiations, The Ministry of Commerce

### 1. Production

- **Textile sector:** When compared with the same period of previous year, the manufacturing of fibers increased 3.3%, as resulting of an expanding production of synthetic fibers. Meanwhile, the manufacturing of yarns dropped 10.1% due to a decline of domestic demand and some parts were imported from abroad.

- **Garment sector:** When compared with the same period of previous year, the manufacturing of knitted clothes increased 9.1% in the outerwear of men and boy and the outerwear of women and girl. The woven clothes increased 1.1% in the outerwear of women and girl, due to an increasing order from the EU.

### 2. Sales

- **Domestic sale:** When compared with the same period of previous year, the sale value of textile fibers, fabrics and readymade garments decreased 3.4%, 8.5% and 2.9%, respectively, due to public slowed down their spending according to the economy slowed, as well as there was long holiday on the beginning of the year, as resulting of people spent money in tourism rather than goods buying such as clothes.

- **Export value:** When compared with the same period of previous year, the export value of textile and garment dropped 11.8% in overall. **The textile sector** decreased 14.2% which fabrics products, cotton yarn, synthetic fiber yarn, household textile and synthetic fiber slumped 20.5%, 38.9%, 7.3%, 5.1% and 13.3%, respectively, due to a main import market as Vietnam can develop the upstream textile by an investment from Taiwan and China, as resulting, the import from Thailand was decreased. **The garment sector** dropped 8.3% which readymade garments, brassieres, corsets and components, and socks and stockings decreased 6.1%, 21.7% and 24.5%, respectively. The decrease resulted from the reduction of exports value to markets of ASEAN, Japan and the US with a reduction of 8.3%, 7.8% and 12.7%, respectively according to a slowdown of the global economy.

### 3. Trends

Manufacture of textiles for domestic downstream industries is expected to be stable or slowdown, due to working days of January is less than other months. The export is forecasted to slowdown according to the economic situation of partner countries which has slowed. The import is expected to decrease in textile yarn and fabrics, except the ready garment is expected to increase, especially in fashion garments according to a demand of fashion products of domestic consumer.

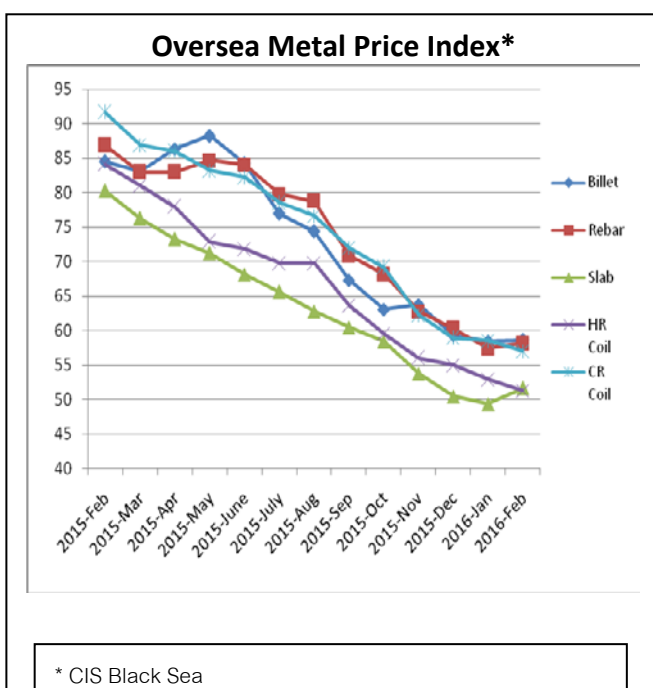


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### III. Iron and Steel Industry

The United States Department of Commerce (DOC) announced the rate of Anti-dumping for cold-rolled steel flat products from China, Brazil, Japan, the UK, India, South Korea and Russia by the range of between 2.17% - 265.79%, which China is collected by the highest duty rates.



#### 1. Production

The manufacturing situation of iron industry in January 2016 decreased when compared with the same period of previous year which the MPI in this month stood at 113.75 points with a decrease of 8.73% YoY, due to following reasons.

- The manufacturing of flat-steel products dropped 9.64% YoY, which Chromed plated steel and Tin plated steel slumped 27.89% and 20.91%, respectively. According to the data from the Iron and Steel Institute of Thailand, it found that the domestic demand in the flat-steel products was 821,859 tons with a decrease of 9.2%, which Cold-rolled steel sheet and Tin plated steel slumped 23.6% and 23.2%, respectively. Imports of flat-steel products dropped 10.3%, which Electro Galvanized steel sheet (EG) and other plated steel sheet decreased 37.4% and 30.4%, respectively. Exports of flat-steel products increased 1.5%, which Cold-rolled alloy steel sheet increased 4,800% (export volume was 196 tons) and Cold-rolled steel sheet increased 104.3%.

- The manufacturing of long-steel decreased 9.51% YoY, which deformed bar and high-tensile steel wire decreased 11.19% and 9.17%, respectively. According to the data from the Iron and Steel Institute of Thailand, it found that the domestic demand decreased 14.4%, which steel bar and structural steel fell 24.1%. Imports decreased 23.2%, which Alloy steel rebar and seamless steel pipe dropped 60.5% and 41.9%, respectively. Exports decline 29.8%, which Allow steel wire and seamless steel pipe dropped slumped 61.9% and 49.3%, respectively.

#### 2. Metal Prices

According to the international steel price index of the Iron and Steel Institute of Thailand, the Free-On-Board (FOB) prices at Black Sea ports in February 2016 when compared with the same period of previous year, the prices of almost iron products decreased such as the price of Hot-rolled steel sheet decreased 39.02%, from \$84.1 USD to \$51.28 USD per ton, the price of Cold-rolled steel sheets slumped 37.76%, \$91.58 USD to \$57 USD per ton, the price of slab steel was down 35.66%, from \$80.23 USD to \$51.62 USD per ton, the price of rebar fell 33.09%, from \$86.8 USD to \$58.08 USD per ton, and the price of billet steel bar declined 30.65%, from \$84.47 USD to \$58.58 USD per ton.

#### 3. Trends

Thailand's iron production situation in February 2016 YoY is expected that total iron production will decrease in both the long-steel and the slab steel, due to a sluggish of both of the domestic and the global economy, as well as the downstream industries who are main users included industry of construction and electrical appliances have remained at stable production situation. Moreover, Thai manufacturers must compete with cheap products imported from oversea, so the production will decrease.



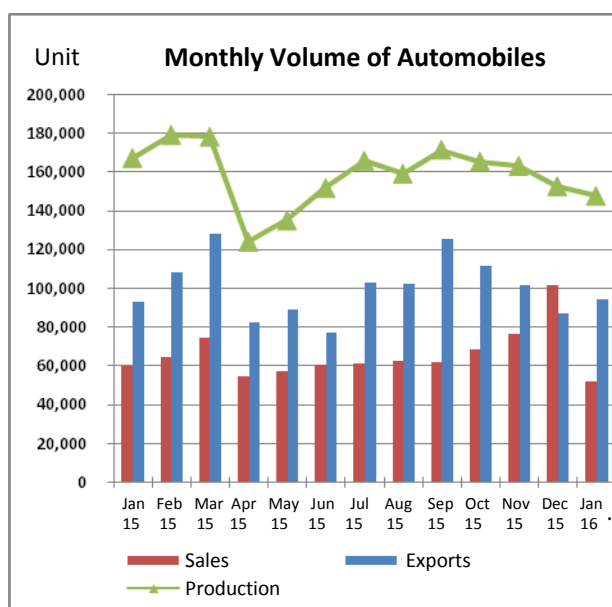


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## IV. Automotive Industry

### Vehicles

The automotive industry in January 2016 was a slowdown when compared to the same period of previous year, stemming to a slowdown of domestic market.



### 1. Production

Manufacturing volume of automobile in January 2016 was 147,651 units, which decreased 11.67% from January 2015 which produced 167,165 units, due to a decrease of 1-ton pickup trucks and commercial cars.

### 2. Sales

Sales volume of automobile in January 2016 was 51,821 units, which decreased 13.23% from January 2015 which sold 59,721 units, due to a decreasing of 1-ton pickup trucks and commercial cars, but the sales of PPV and SUV cars increased.

### 3. Export

Export volume in January 2016 was 93,714 units, which increased 1.38% from January 2015 which exported 92,440 units, which the export markets expanded in Asia, Oceania and the EU.

### 4. Trends

The automotive industry in February 2016 is forecasted to slow down when compared with February 2015. The production in February 2016 is expected to reach by 33% for domestic sale and by 67% for exports.

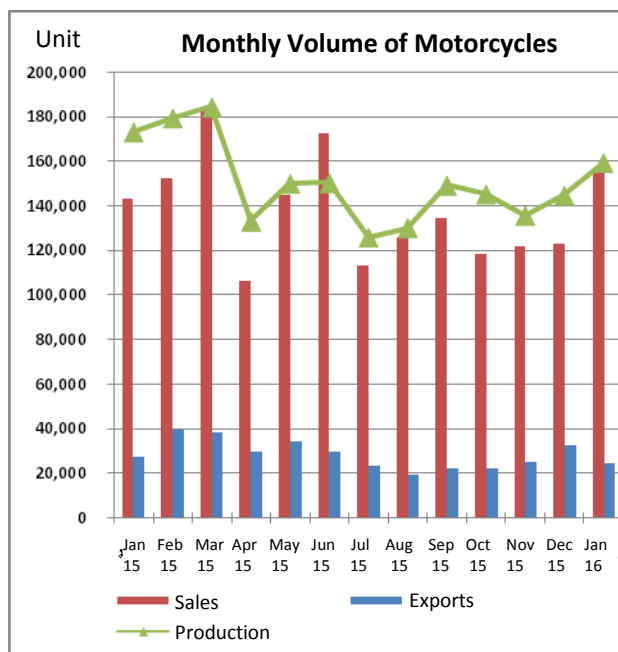


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### Motorcycle

In January 2016, the motorcycle industry was slowdown when compared with the same period of 2015, due to a slowdown of export market.



### 1. Production

Manufacturing volume of motorcycles in January 2016 was 159,434 units which decreased 7.92% from January 2015 which produced 173,146 units, owing to a decrease in production of versatile-type motorcycles.

### 2. Sales

Sales volume of motorcycles in January 2016 was 154,643 units which increased 8.19% from January 2015 which sold 142,931 units, stemming to an increase in sales of family-type, scooter-type and sport-type motorcycles.

### 3. Export of finished motorcycles (CBU)

Export volume was 24,646 units in January 2016 which dropped 10.71%, from January 2015 which exported 27,601 units, due to a decrease of exports to the US, the UK and Indonesia.

### 4. Trends

The motorcycle industry in February 2016 is expected to stable when compare with February 2015. The production in February 2016 is forecasted by 75% for domestic sales and by 25% for exports.

**Note:** Since 1 January 2016, the motorcycle production data is revised by addition more one manufacturer's information.

Type of motorcycles is changed from family-type to versatile-type (family-type and scooters-type).

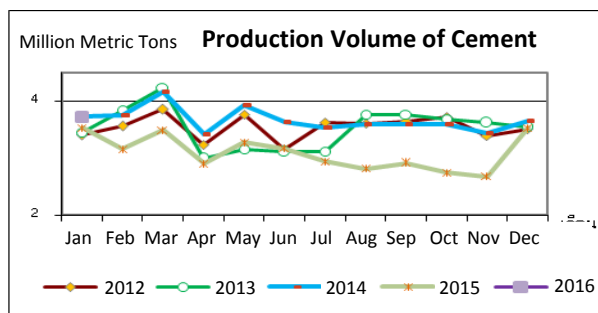


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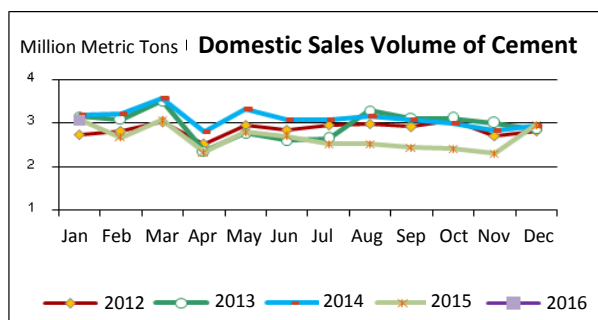
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### V. Cement Industry

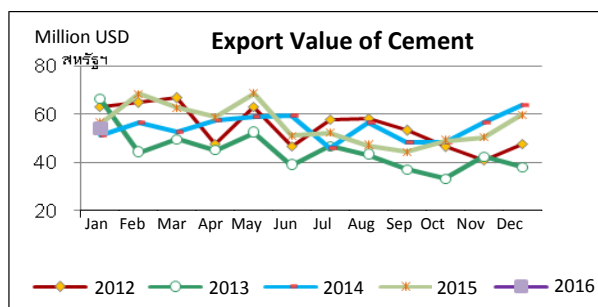
“Overall cement industry improved slightly, which production volume increased, even though sales in domestic did not increase, due to the economy has remained in sluggish, as resulting, purchasing power was not recovered and affect to sale volume in domestic. However, the trend is improved in next period, due to Economic stimulus measures of government. Export value dropped due to the neighboring countries which are the main markets of Thailand reduced the orders from Thailand.”



Source: The Industrial Economics Information Center, The Office of Industrial Economics



Source: The Industrial Economics Information Center, The Office of Industrial Economics



Source: The Information and Communications Technologies Centers, The Office of the permanent Secretary Ministry of Commerce

#### 1. Production and Domestic Sales

When compared with the same period of previous year, production volume of cements (excluding clinker) in January 2016 increased 5.66%, meanwhile, sales of cements decreased 0.32%.

Overall cement industry improved better which the production increased YoY, even though the sales in domestic was stable, but it continued to grow since the end of last year after the domestic cement market has been sluggish for 10 months ago, due to a contract of the domestic economy according to a slowdown of the global economy, as resulting, private sector slowed an investment in real estate business, as well as house purchasing / repairing powers in provinces did not move as expectation, so the domestic cement market was not expanded as well.

#### 2. Export

Export value of cement in January 2016 dropped 3.11% when compared with the same month of last year, due to major partner countries such as Myanmar, Cambodia and Malaysia reduced order from Thailand. Myanmar has accelerated to build cities recent years, and it is near completely at current, so the cement demand from Thailand declined and is likely to fall further in the next phase.

#### 3. Trends

Domestic production and sales of cement industry are good trend in expanding, due to the well-being promotion in sub-district project of government (5 million baht per sub-district) and several projects to help people with low incomes and have been affected from a slowdown of economy. Such the economic stimulus policies are expected to help public sector to have purchasing power and private sector to have confidence to more investment. Particularly in areas along the railway line that will be established in the near future.

Trend of export is predicted that the export value decrease, due to the reference base of export in the last year was very high, as well as currently, the main markets of the neighbouring countries of Thailand have developed their country and have accelerated the development more and more on period of 2014-2015. Some of the city is almost complete, so the demand of cement from Thailand will be reduced gradually.

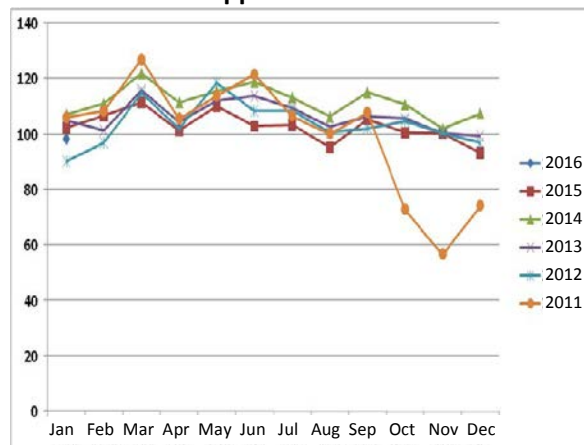


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## VI. Electrical and Electronics Industry

Overall manufacturing of electrical and electronics industry in January 2016 dropped 4.03% when compare with the same month of previous year. The electronics industry dropped 13.55% YoY, stemming to a reduction of hard disk drives (HDDs) and IC, but the electrical industry increased 10.34% YoY.

**MPI of Electrical Appliances and Electronics Industry**



Source: The Office of Industrial Economics

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

Electrical / Electronic Products	Value (Million USD)	%YOY
Computer components	1,421.36	-8.86
Integrated circuits	555.22	-10.73
Air conditioners	371.49	6.75
VDO cameras & Digital cameras	117.92	-3.55
<b>Total of electrical / electronic product</b>	<b>4,179.53</b>	<b>-8.90</b>

Source: The Electrical and Electronics Institute

### 1. Production

In overall manufacturing situation of the electrical and electronics industry in **January 2016**, the MPI stood at 98.32 points with a decrease of 4.03% YoY. The MPI of electrical industry sector stood at 117.37 points with an increase of 10.34% YoY. Almost electrical appliances were improved such as split-type air conditioner's condensing unit, split-type air conditioner's evaporator unit, compressor, refrigerator, and washing machine increased 18.02%, 17.18%, 5.46%, 3.76% and 12.40%, respectively YoY, due to an increase of exports of air conditioner to some major market such as the EU, ASEAN and the US, except televisions drooped 63.25% due to some manufacturers relocated their manufacturing base to other ASEAN countries exports.

The MPI of the electronics industry sector in January 2016 stood at 86.44 points with a decline of 13.55% YoY. The drooped electronics products included HDDs, Semiconductors, Monolithic IC and other IC with a decrease of 12.75%, 25.08%, 7.08% and 12.19%, respectively YoY, due to owing to a reduction of demand of PCs and notebook in the global market and a decline of demand of electronics products as the global economy.



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### VI. Electrical and Electronics Industry (Continue)

#### 2. Export

In January 2016, the total export value of the electrical appliances and electronics industry was \$4,179.53 million USD, a decrease of 8.90% YoY.

Electrical appliances had export value by \$1,726.28 million USD and a decrease of 6.93% YoY, due to a decrease of export to main markets such as ASEAN, China, the US and Japan with a decrease of 4.47%, 11.35%, 22.26% and 0.59%, respectively YoY, but the export to the EU expanded 19.13% YoY. The highest export value of the electrical appliance as air conditioner was \$371.49 million USD with an increase of 6.75% YoY, due to an increase of export to ASEAN, the EU and the US by 31.98%, 32.26% and 8.55%, respectively YoY. The followed products were VDO camera and digital camera by amount of \$117.92 million USD with a decline of 3.55% YoY, due to a decrease of export to main markets such as the US and Japan by 35.01% and 44.18%, respectively YoY, due to new technology instead. The export value of television valued \$42.18 million USD with a decrease of 56.35% YoY, which the export to the US fell so much with a decrease of 72.20% YoY.

Electronics products had export value by \$2,453.25 million USD, with a down of 10.24% YoY, due to a decrease of export to all main markets such as ASEAN, the EU, China, the US and Japan by 8.46%, 9.41%, 12.34%, 7.93% and 10.53%, respectively YoY. The electronics product with largest export value was components of computers with export amount of \$1,421.36 million USD, with a decline of 8.86% YoY, due to the export to main markets such as ASEAN, the EU, CHINA and the US downed 5.85%, 2.97%, 24.82% and 11.36%, respectively YoY. The followed products was ICs with export amount of \$555.22 million USD, with a decrease of 10.73% YoY, due to the export to ASEAN, the EU, the US and Japan dropped 11.36%, 17.18%, 8.07% and 3.79%, respectively YoY. Meanwhile, the export to China increased 55.08% YoY which has expanded continuously since the year 2015.

#### 3. Trends

According to the leading index model conducted by the Electrical and Electronics Institute, overall the electrical and electronics industry production in January 2016 is forecasted to decrease 11.30% YoY. The electrical industry is expected to decline 2.30% YoY, owing to main export markets are not yet recovered. The electronics industry is expected to drop 20.57% YoY, stemming to exports of HDD IC to main markets slow down according to the global economy.