



### Summary of Key Issues

**The Manufacturing Production Index (MPI)**<sup>1</sup> in January 2017 grew by 3.1 percent when comparing with the same period of last year. The major industries contributing to such growth included industries of electronic components, iron and steel, pharmaceutical and automotive. While those negatively impacted industries were air conditioning and tobacco industries.

The growth of automotive industry in January 2017 was from the growth of domestic market from new product models launching by many makers together with domestic economics expanding.

The shrinking of air conditioner industry in January 2017 was due to the discontinuation in production of current model and switching to new energy-saved models (such as inverter model).

#### **Commencement and Disposal of Factory's Register**

In January 2017, 294 plants commenced operation which increased by 31.6 percent from December 2016. The total invested capital decreased by 66.8 percent and the employment rate decreased by 29.8 percent which was from the industry of radio & television production, assembly and repair with a total investment amount of THB 4,271 million. When comparing with the same month of the previous year, the number of plants that commenced operation increased by 9.3 percent from January 2016. On the other hand 96 Factory's Registers were disposed in January 2017 which decreased by 3.0 percent from December 2016 and decreased by 28.9 percent from the same month of the previous year.

<sup>1</sup> There has been adjustment of index items of the Manufacturing Production Index (MPI) for January 2017 by adding the industry groups from 56 groups to be 61 groups.



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## Thailand's Importation of Industry sector

There has not been data of importation for January 2017 as the statistic concerning to the international trade are under re-classification to be conformed to the Harmonized system.

## Electricity power consumption of industry sector

In January 2017 there was consumption of 9,725 million kWh (kilowatt-hour) which was 1.3 percent decreasing from December 2016 (9,850 million kWh) and 1.4 percent increasing when comparing with the same period of year 2016 (9,588.90 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.



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



Production situation of Thailand's Industry sector based on the Manufacturing Production Index (MPI) was increased by 1.3 percent when comparing with the same period of the previous year. The major industries contributing to such growth included iron and steel, pharmaceutical, automotive and baking products.

Meanwhile the industrial production rate of Taiwan was expanded by 3.8 percent. The industrial production rate of South Korea was shrunk by 2.0 percent.

The industrial production rate of Malaysia and Indonesia in January 2017 has not yet been released. But the growth trend continued from the previous months. In December 2016, the industrial production rate of both Malaysia and Indonesia expanded by 4.3 percent.



### **Manufacturing Operation Situation in January 2017**

The data from the Department of Industrial Works (DIW) indicated the manufacture operation situation of January 2017 when comparing with December 2016 that 294 plants commenced the operation. It decreased by 31.6 percent from December 2016 (430 plants). The invested capital was THB 18,410 million which decreased by 66.8 percent from December 2016 (THB 55,503 million). The numbers of employment were 9,675 persons which decreased by 29.8 percent from December 2016 (13,775 persons).

In January 2017 the plant commenced the operation increased by 9.3 percent from January 2016 which 269 plants commenced the operation. The invested capital slightly decreased by 4.0 percent from January 2016 (THB 17,707 million). The number of employment increased by 40.7 percent from January 2016 (6,879 persons).

- The industries that had the most manufacturing starting up in January 2017 were the ready-mixed concrete manufacturing and gypsum manufacturing (totally 24 plants). The following industry was the operation of clay/soil digging and scooping for construction (totally 22 plants).
- The industry with the highest invested capital in January 2017 was the radio & television production, assembly and repair industry (totally THB 4,271.78 million). The following industry was the production of ready-cooked food from meat (totally THB 2,608 million).
- The industry that had the most new employment in January 2017 was radio & television making, assembly and repairing industry (3,874 persons). The following industry was the production of ready-cooked food from meat (587 persons).



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**Manufacturing Shutdown situation** The data from the Department of Industrial Works (DIW) indicated that in January 2017 the number of plants closing down were 96 plants, decreasing by 3.0 percent from December 2016 (99 plants). The total invested capital from such shutdown was THB 1,072 million which was less than December 2016 (THB 1,771 million). The numbers of lay-off workers were 2,967 persons lower than in December 2016 (3,290 workers). The shutdown situation of the manufacturing in January 2017 when comparing with the same month of the previous year was reported that the number of plant closing down was 28.9 percent, lower than of January 2016 (135 plants). The invested capital loss due to plant shutdown was lesser than in January 2016 (THB 2,616 million) and the number of lay-off workers also was lesser than in January 2016 (3,892 workers).

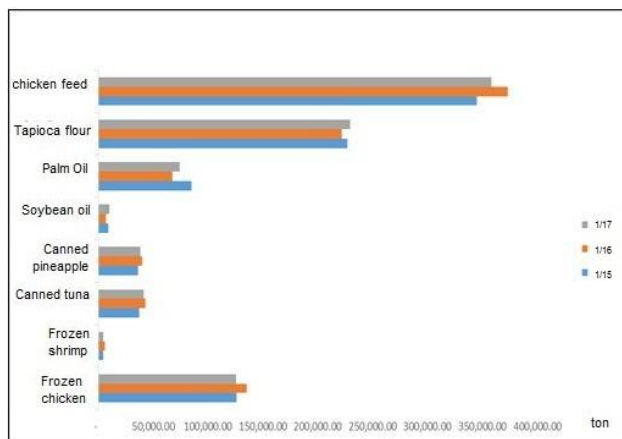
- The industry that had the most manufacturing shutdown in January 2017 was the operation of clay/soil digging and scooping for construction (totally 14 plants). The following industry was the automobile repairing manufacturing (11 plants each).
- The shutting down industry with the highest invested capital in January 2017 was the drink from vegetable and fruit (totally THB 344.6 million). The following industry was the manufacturing of gas filling (totally THB 123.9 million).
- The industry that had the most lay-off workers in January 2017 was the industry of making, assembly, modifying and repairing of calculator and accounting machine (1,709 workers). The following industry was the manufacturing of the making of tool, utensil and furniture from plastic (132 workers).



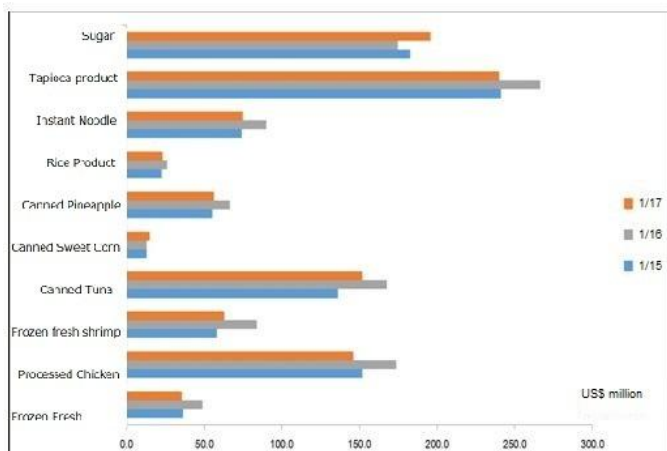
### I. Food Industry

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

**Production Volume of Key Food Industry**



**Export Value of Key Food Industry**



#### **1. Production**

In January 2017 production of major food product industry (excluding sugar) increased by 1.4 percent.

The details are:-

1) Export-oriented Product: Canned tuna, canned pineapple and frozen shrimp increased by 11.3 percent, 5.0 percent and 1.1 percent respectively from the increasing purchase orders.

2) Domestic-oriented Product: The products which used domestic raw materials such as palm oil decreased by 12.6 percent from decreasing supply while the ones which use imported raw materials such as soybean oil increased by 9.9 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 January 2017 in quantity of food and agricultural product slightly increased by 7.4 percent when comparing with the same month of the previous year due to the recovery of domestic economics.

##### **2) Export Market:**

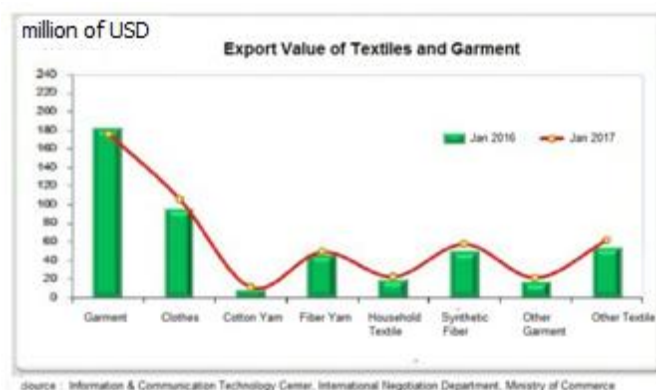
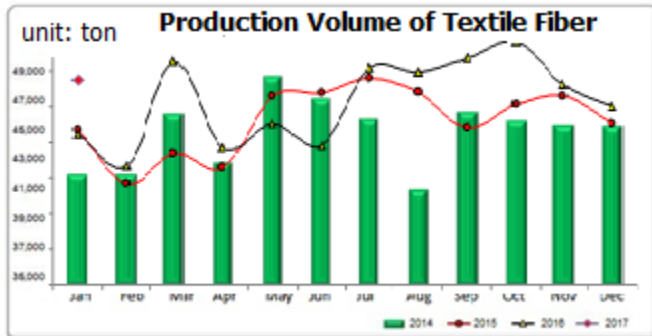
The total export in January 2017 of food products (excluding sugar) increased by 3.1 percent when comparing with the same month of the previous year. Those key products included canned sweet corn, canned tuna, chilled and frozen fresh shrimp, rice product, canned pineapple and instant noodle which increased by 14.9 percent, 11.4 percent, 8.3 percent, 2.5 percent, 1.9 percent and 0.5 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 frozen fresh chicken, processed chicken and tapioca products decreased by 3.8 percent, 1.5 percent and 0.4 percent respectively. Even though, the export of sugar increased by 7.2 percent due to the higher exported prices which were in line with the global price level of more than 30 percent.





### II. Textile and Garment Industry

Manufacturing of textile expanded in the synthetic fibers group due to the higher domestic demand. The shrinking garment industries were from the migration of production base to neighboring countries and the ambiguous recovery of major export market.



#### 1. Production

□ **Textile sector:** When comparing with the same month of the previous year, the manufacturing of the textile fiber product increased by 7.0 percent. The production of synthetic fiber and yarn groups increased by 6.9 percent and 7.4 percent respectively due to the higher domestic demand and export. The production of garment for readymade clothes slightly decreased 0.4 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 9.6 percent in the knitted fabric and yarn fabric which decreased by 16.0 percent and 8.5 percent respectively. This was due to the decreasing purchase orders from major markets which their economics' recovery were obscure, the migration of production base to neighboring countries and the readymade clothes import from China, Cambodia and Vietnam.

#### 2. Marketing

□ **Domestic Sales :** When comparing with the same month of the previous year, the sales volume of Textile fiber product increased by 13.4 percent from continuous demand for production of serially related products such as household garment, clothes, readymade garment which consequently resulted in 3.3 percent increasing sales. The consumption of readymade garment increased 9.3 percent in knitting clothes from promotion strategy on women and girl child's underwear during end to beginning of the year.

□ **Exporting :** When comparing with the same month of the previous year, the sale volume of textile fiber product increased by 10.7 percent due to the increase of demand from partner countries, especially ASEAN, Turkey, Pakistan and U.S.. The export values of garment product slightly increased by 9.8 percent from exporting to ASEAN such as Cambodia and Vietnam. The export value of the readymade garment was expected to decline by 3.4 percent due to the decreasing order from major export markets such as, U.S. and EU affected from the ambiguous economic recovery and the discontinuation of GSP ever granted to Thailand since 2015.



### III. Iron and Steel Industry

#### 1. Production

The manufacturing situation of steel industry in January 2017 improved when comparing with the same month of the previous year. The MPI in this month was at 129.57 with increment rate of 13.64 percent, 6 months continuously increasing. However domestic consumption decreased by 13.8 percent at the volume of 1.18 million tons. It was the first month that the consumption decreased after had been increasing for last 3 months. The product situation can be classified as:-

- The MPI of the Flat steel was decreased by 0.27 percent when comparing with the same month of the previous year. The tin plate sheet decreased by 13.01 percent as the Thai manufacturers had less price competitiveness with foreign makers. Following product with cold rolled sheet decreased by 12.9 percent as the southern flood incident reduced number of production plants. According to the data from the Iron and Steel Institute of Thailand, the domestic consumption in flat-steel product was 785,930 tons, decreasing by 2.9 percent which mostly the galvanized steel sheet decreased by 13.8 percent. Secondly hot rolled sheet decreased by 12.5 percent. The import volume was 639,363 tons, decreasing by 1.2 percent. However the export volume was 52,581 tons, increasing by 56.7 percent.
- The MPI of long-formed steel production was increased by 29.64 percent. The production of reinforcing bar increased by 32.29 percent and wire rod increased by 27.37 percent as to support government's large scale construction projects (roads and harbor etc.) and would be to be more in 2017. However the projects under private investment were still unchanged due to current oversupply of condominium market which reduces the demand of steel bar. According to the data from the Iron and Steel Institute of Thailand, the domestic demand of steel bar was 402,556 tons, dropped by 29.3 percent. The import volume was 170,790 tons, decreasing by 34.1 percent. The export volume was 86,302 tons, increased by 39.8 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 February 2017 when comparing with the same period of the previous year that all product prices were increasing which included the hot rolled sheet which increased from 51.28 to 98.58 point, up by 92.24 percent, billet flat steel increased from 51.62 to 95.34 point, up by 84.70 percent, cold rolled sheet increased from 57 to 99.64 point, up by 74.81 percent, billet small steel increased by 58.58 to 89.23, up by 52.32 percent and the price of round bar increased from 58.08 to 84.57 point, up by 45.61 percent. Factor that affected the global steel price was higher price of raw material like charcoal etc.

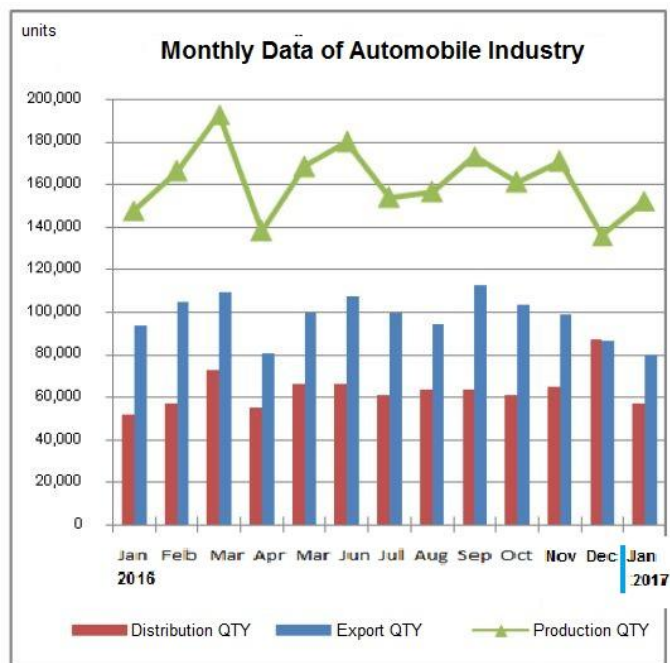




### IV. Automotive Industry

#### Automobile

The automobile industry expanded in January 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 January 2017 was 152,261 units which increased from January 2016 by 3.12 percent (147,651 units) from the increasing of sedan car and commercial vehicle production.

#### 2. Sales

Sales quantity of automobile in January 2017 was 57,254 units which increased from January 2016 by 10.48 percent (51,821 units). This was due to the increase of sales of passenger vehicle, one-ton truck and the commercial vehicle.

#### 3. Export

The export quantity in January 2017 was 80,097 units which decreased from January 2016 by 14.53 percent (93,714 units). The declining export markets were Asian, Middle East and African countries.

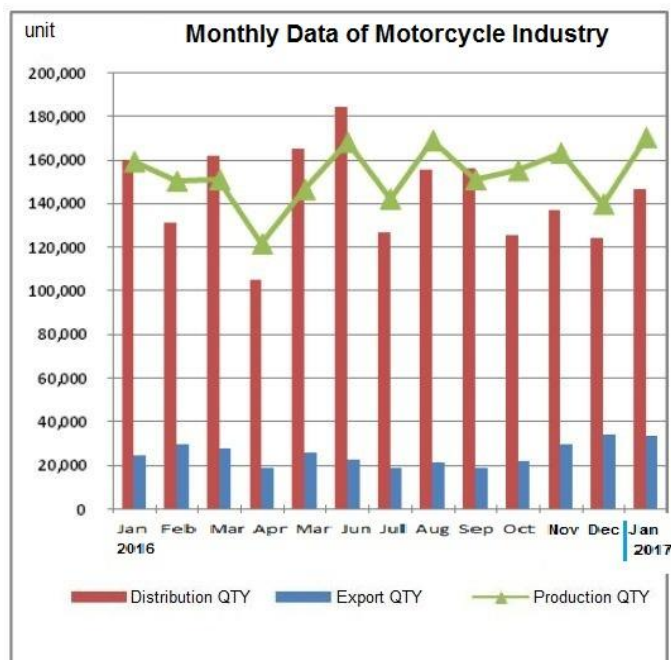


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## Motorcycle

The Motorcycle industry in January 2017 expanded when comparing with the same period of 2016 from the export market.



### 1. Production

Manufacturing quantity of motorcycle in January 2017 was 170,394 units which increased by 6.87 percent from January 2016 (159,434 units). Contribution were from the versatile-type and sporty motorcycles.

### 2. Sales

Sales quantity of motorcycle in January 2017 was 147,224 units which decreased by 8.32 percent from January 2016 which sold 160,585 units due to decreasing of the motorcycles with  $\leq 100$  cc type and 100-125 cc. type.

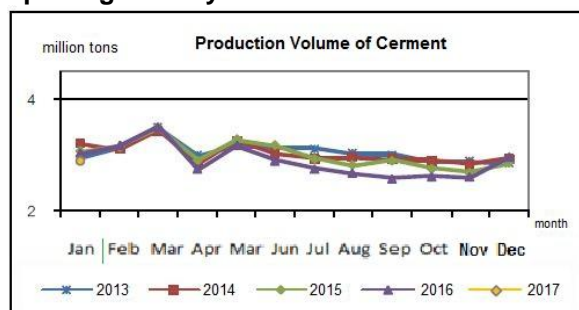
### 3. Export of Complete Built Unit (CBU) motorcycle

The export quantity was 33,848 units in January 2017 which increased 37.34 percent from January 2016 (24,646 units).

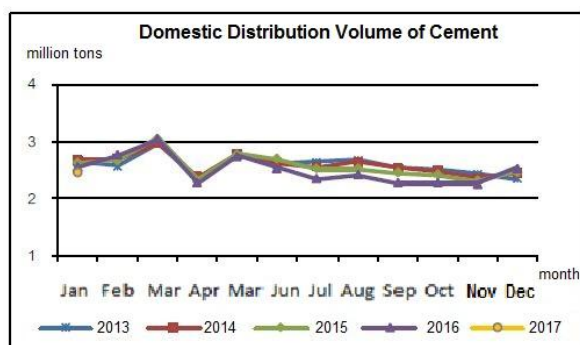


### V. Cement Industry

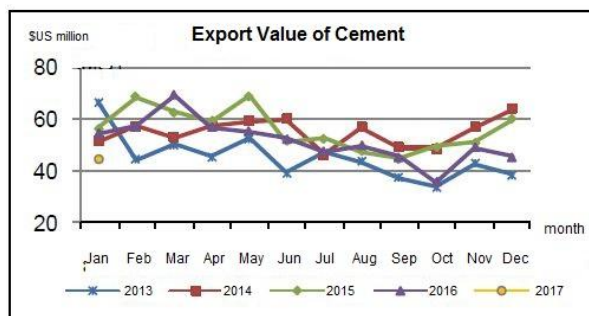
The overall growth rate of Cement industry was increasing when comparing with the same period of the previous year amidst the decreasing of production and sales. The increasing from last month was the indicator of growth sign for the upcoming period. The export value decreased due to the decreasing order of Myanmar, the major exporting country.



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 January 2017 decreased by 4.25 percent and 3.50 percent respectively. Although this month had the lowest production and sales of cement (excluding clinker cement) during the past 5 years, the higher production volume from last month implied a sign of further expanding for upcoming period.

#### 2. Export

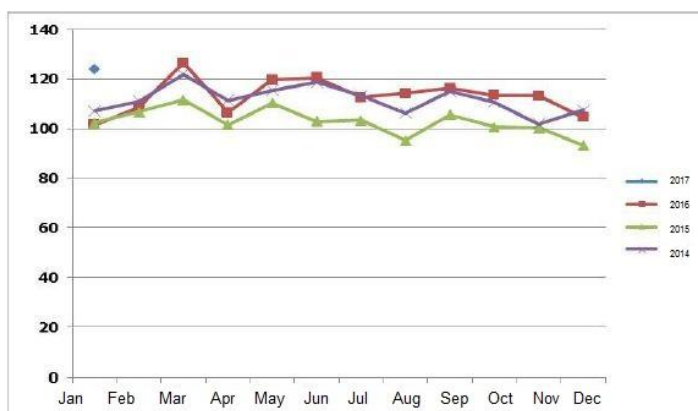
The export value of cement in January 2017 shrank by 18.7 percent when comparing with the same period of the previous year as the decreasing orders from Myanmar for consecutive 6 months due to the growth of local production by major Thai cement manufacture's company. Three major exporting countries were Cambodia, Bangladesh and Myanmar with aggregate value of USD 31.08 million, 69.80 percent of gross export value.



### VI. Electrical and Electronics Industry

In overview the manufacturing of electrical and electronic industry in January 2017 increased by 22.18 percent when comparing with the same month of the previous year. The electrical industry decreased by 5.02 percent due to the dropping of air-conditioner. The electronic industry increased by 44.05 percent due to the increase of production of Semi-conductor, Monolithic IC and other ICs.

MPI of Electrical and Electronics Industry



Source : Office of Industrial Economics

Remark : New base year index has been applied for this MPI since 2011

Table 1 : The value of most Electrical Appliance and

Electronics Products Export in January 2017

Electrical Appliances and Electronics Products	Value (in million US dollar)	%YoY
Computer components	1,857.62	30.1
Printed Electrical Board	601.31	8.6
Air-conditioner	389.26	-6.37
Semi-conductor, Transistor and Diode	124.16	37.24
Total of Electrical Appliances and Electronics Products	-	-

source : The Electrical and Electronics Institute

#### 1. Production

In overview the MPI of the electrical and electronic industry in January 2017 when comparing with the same period of the previous year, was at 123.98, up by 22.18 percent. The Production Index (MPI) of electrical industry sector was at 111.86, dropped by 5.02 percent. The dropping electrical appliance included condensing unit split-type air conditioner, fan-coil unit split-type air conditioner, compressor, electrical fan, microwave oven and electrical hot pot which decreased by 10.13 percent, 8.02 percent, 9.23 percent, 13.45 percent, 1.99 percent and 28.40 percent respectively. This was due to discontinuation of old modeled air conditioner production and switching to newer technology model such as Inverter model. The television production was reducing as makers migrated their production plants to other ASEAN countries.

When comparing with the same period of the previous year, the MPI of the electronic industry sector was at 131.53, increased by 44.05 percent due to production increasing of Semi-conductor, Monolithic ICs and other ICs which increased by 29.93 percent, 12.03 percent and 59.96 percent respectively. As ICs were the essential parts for hi-tech product development, consequently the export to major countries continuously grew. The drop of Hard Disk Drive (HDD) was from the drop of demand on desktop and laptop computer.

#### 2. Export

When comparing with the same month of the previous year, the leading product with most export value was air conditioner with export amount of USD 389.26 million, dropped by 6.37 percent. The following product was semi-conductor, transistor and diode with export amount of USD 124.16 million, up by 37.24 percent. This was due to the export increased to the major markets such as U.S., Japan and China by 23.88 percent, 11.51 percent and 5.42 percent respectively. The leading electronic product with most export value was component of computer with export amount of USD 1,857.62 million, increasing by 30.10 percent due to the increase of export to major markets. The following product was Printed integrated circuit board (PCB) with export amount of USD 601.34 million, up by 8.60 percent from the increasing export to major countries such as China, U.S. and Japan which increased by 12.02 percent, 8.85 percent and 7.32 percent respectively.