



Industrial Economic Status Report

July 2016

Summary of Key Issues

The Manufacturing Production Index (MPI) in July 2016 indicated the shrinking growth which decreased by 5.1%. The major industries affecting such negative growth included automotives, engines, clothes, plastic products and the rubber products other than rubber tire.

The growth of Automotive industry slowed down in July 2016 when comparing with the same period of 2015. It decreased in both domestic and export markets.

The production of Wearing Apparel industry in July 2016 decreased in both woven fabric and knitted fabric, based on both domestic and overseas Orders. This was also affected from increasing importation from fashionable clothes from China, Vietnam, Cambodia, Bangladesh and Japan.

The overview of Cement industry in July 2016 although showed expanding but with the decreasing rate due to rainy season in Thailand which resulted in slowing down of construction industry affecting from raining during whole month of the whole country.

The Commencement and Disposal of Factory's Register. In July 2016, 322 plants commenced operation which decreased by 11.1% from June 2016. The employment rate decreased by 29.2%, while the total investment capital increased by 8.0%. The major increasing investment was from Electronic Component Part industry, with a total investment amount of ฿4,342.55 million. When comparing with the same month of the previous year, the number of plants that commenced operation decreased by 9.0% from July 2015. On the other hand, 78 Factory's Registers were disposed in July 2016 which decreased by 35.0% from June 2016 and decreased by 65.8% from the same month of the previous year.



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Thailand's Importation of Industry sector. In July 2016, the import of industrial machinery and components valued US\$1,415.90 million, which increased by 0.9% comparing with the same month of the previous year. This was due to the import increment of power transmission shaft Engine and its components, and the Jet turbine and its components; as well as the aerial pump and fluid pump machinery.

The import of raw material and semi-finished goods (excluding gold) in July 2016 valued US\$ 6,056.60 million, which shrank 5.4% comparing with the same month of the previous year, due to the decreasing of import of yarn and fiber, pulp and paper, iron & steel, chemicals and electrical appliance's components.

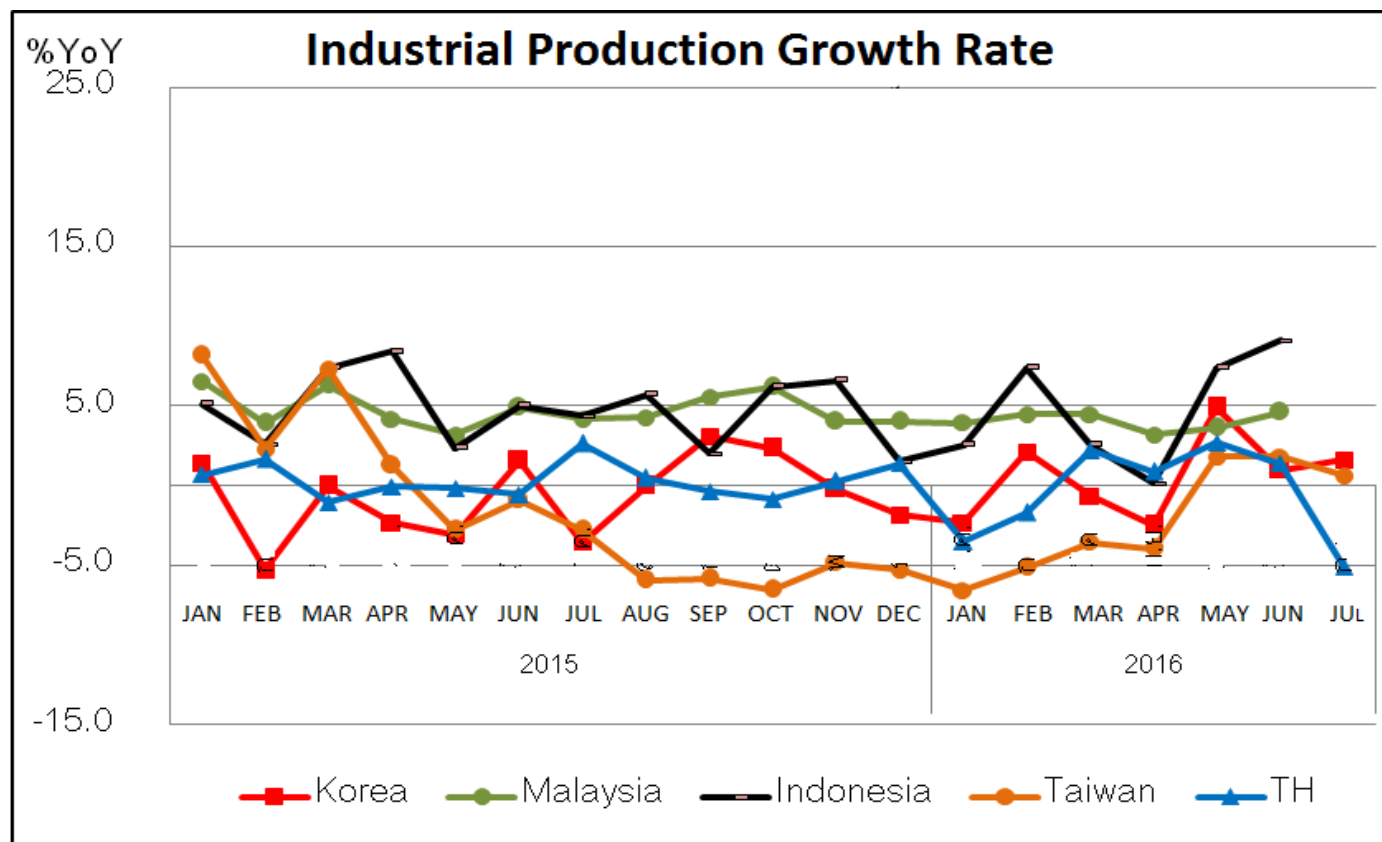
Electricity power consumption of Industry sector. In July 2016, there was consumption of 10,381.2 million kWh (kilowatt-hour), which was 1.4% decreasing from June 2016 (10,530.0 million kWh), but 0.7% increasing when comparing with the same period of year 2015 (10,309.5 million kWh). The data of electricity power consuming classified by business sizes showed that the small and medium sized businesses consumed lesser than last month and the same month of the previous year. While the large sized business consumed lesser than last month, but more than the same period of year 2015.



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Industrial Economics Conditions of Thailand Comparing with Major Countries in Asia in July 2016



Production situations of Thailand's Industry sector based on the Manufacturing Production Index (MPI) shrank by 5.1% when comparing with the same period of the previous year. The major industries that affected the negative index included automobile and components, readymade clothes, plastic and rubber products.

However, the industrial production rate of Taiwan expanded by 0.6% and the industrial production rate of South Korea expanded by 1.7%.

The industrial production rates of Malaysia and Indonesia in July 2016 have not yet been released. But the growth trend continued from the previous months. In June 2016, the industrial production rates of Malaysia and Indonesia expanded by 4.6% and 9.1% respectively.



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Manufacturing Operation Situation in July 2016

The data from the Department of Industrial Works (DIW) indicated the manufacture operation situation of July 2016 comparing with June 2016 that 322 plants commenced the operation. It decreased by 11.1% from June 2016 (362 plants). The number of employed people were 6,659 persons which decreased by 29.2% from June 2016 (9,406 persons). The investment capital was ฿20,099 million which increased by 8.0% from June 2016 (฿18,604 million).

The report of manufacture operation situation of July 2016 comparing with the same month of the previous year indicated that the plants commenced the operation in July 2016 decreased by 21.5% from in July 2015 which 410 plants commenced the operation. The investment capital decreased by 44.3% from July 2015 ฿18,604 million. The number of employed persons decreased by 29.2% from July 2015 (9,406 persons).

- The industry that had the most manufacturing starting up in July 2016 was the ready-mixed concrete , piles and slabs concrete manufacturing (totally 23 plants). The following was the manufacturing of automobile repairing and painting manufacturing (totally 20 plants).
- The industry with the highest level of investment capital in July 2016 was the manufacturing of automobile repairing and painting (totally ฿4,342.55 million) The following was the manufacturing of Expandable Polystyrene or EPS (totally ฿ 3,700 million).
- The industry that had the most new employment in July 2016 was the electronic assembly parts manufacturing (911 persons). The following was the manufacturing of automobile repairing and painting (405 persons).



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Manufacturing Shutdown situation The shutdown of the manufacturing in July 2016 when comparing with June 2016 was reported that the number of plant closing down were 78 plants, decreasing by 35.0% from June 2016 (120 plants). The total investment capital from the shutting down was ฿632 million which was lower than June 2016 (฿3,057 million). The number of lay-off workers was 1,442 which was lower than in June 2016 (2,177 workers).

The shutdown situation of the manufacturing in July 2016 when comparing with July 2015 was reported that the number of plant closing down 65.8% lesser than in July 2015 (228 plants). The investment capital loss due to plant shutdown was lesser than July 2015 (฿3,805 million). The number of lay-off workers also was lesser than in July 2015 (6,615 workers).

- The industry that had the most manufacturing shutdown in July 2016 was the automobile repairing and painting manufacturing (totally 11 plants). The following was the concrete product, ready-mixed concrete, gypsum concrete, plaster cement and gas filling manufacturing (6 plants each).
- The shutting down industry with the highest level of investment capital in July 2016 was the manufacturing of tool & device, furniture and plastic ornament (totally ฿86 million). The following was the manufacturing of garment sewing, handkerchief, necktie, gloves, cloth and leather sockets (totally ฿83 million).
- The industry that had the most lay-off workers in July 2016 was the cloth sewing, handkerchief, necktie, gloves, cloth and leather sockets manufacturing (370 workers). The following was the manufacturing of building construction (306 workers).



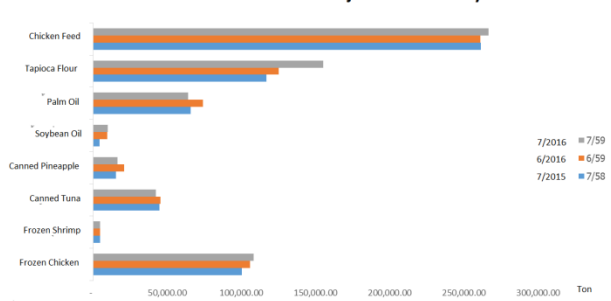
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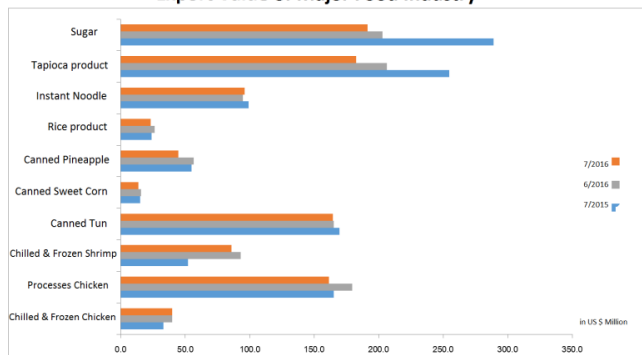
I. Food Industry

The production in food industry increased from the same period of the previous year when comparing with the same period of the previous year, due to the increasing of agriculture production as well as the domestic consumption. Meanwhile, the export amount shrank due to the global economy continued to slow down, a slow of order from importing countries, the product price level dropped according to the decreasing of the oil price, and an excessive supply in the market.

Production Volume of Major Food Industry



Export Value of Major Food Industry



1. Production

In July 2016, production in major food products industry (excluding sugar) increased by 8.9% when comparing with July 2015. The details are :-

1) Export-oriented Products : Tapioca starch and canned pineapple increased by 33.0% and 5.6% respectively due to the increasing of production as well as a continual market demand.

2) Domestic-oriented Products: The products which used domestic raw materials such as palm oil decreased by 2.5%. And the products which use imported raw materials such as soybean oil increased by 135.5% due to the rising of domestic consumption demand.

2. Marketing

1) Domestic Market:-

The domestic sales in July 2016 in quantity of food and agricultural products (excluding sugar) increased by 6.6% when comparing with the same month of the previous year. Especially, the demand of tapioca starch increased with 23.3% sales increment. In addition, the demand of soybean oil increased with 70.9% sales increment as the soybean oil price was close to the palm oil price that made consumers switch to consume soybean oil instead.

2) Export Markets:-

The total export in July 2016 in quantity of food products (excluding sugar) dropped by 6.4% when comparing with the same month of the previous year. Those products included tapioca product, canned pineapple, canned sweet corn, canned tuna, instant noodle, rice product and processed chicken which declined by 28.4, 18.6, 7.4, 3.0, 3.0, 3.0 and 2.2% respectively. This was due to the global economy still remained slow down and the product price was in line with decreasing oil price, as well as the supply was excessive in the market. However, some products such as chilled and frozen fresh shrimp and chicken increased by 64.5%, and 19.9% respectively. This was due to increasing orders from overseas buyers and the weakening of Thai baht despite market price decreased. The export of sugar dropped by 33.8% when comparing with the same month of the previous year from the price dropping and slowing down of the orders from partner countries such as China, Malaysia, Japan and South Korea.

3. Trends

In overview, the production and export is anticipated to be slightly increased from the previous year, owing to negative factors such as the illegal labor employment, the fishery against the EU's IUU rules, the slowing down of demand from China and the global market price dropping in line with the decreasing oil price. However, there are positive factors in several products such as processed chicken which there are increasing orders from overseas, increasing pre-order of sugar products and shrimp products which has recovered from EMS disease. Also the government has promoted the rapid economic stimulus measures, financial assistance measures for SMEs and investment accelerating measures in special economic development zones in various forms. In addition the tourism stimulus measure effects the expansion of food consumption in the country and the food production and exportation.

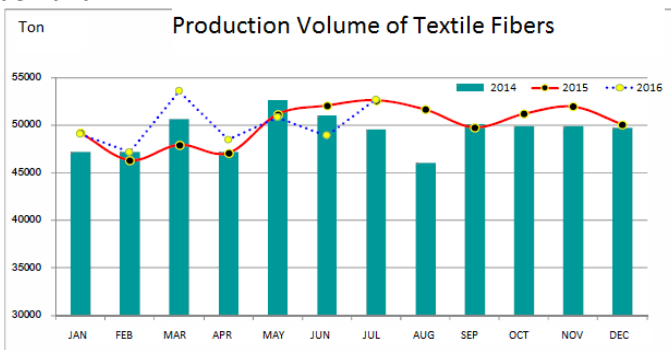


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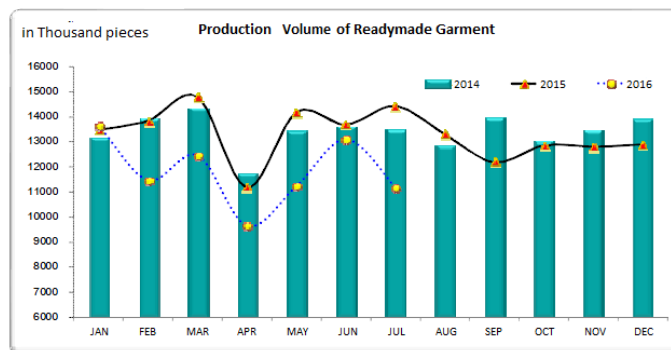
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II. Textile and Garment Industry

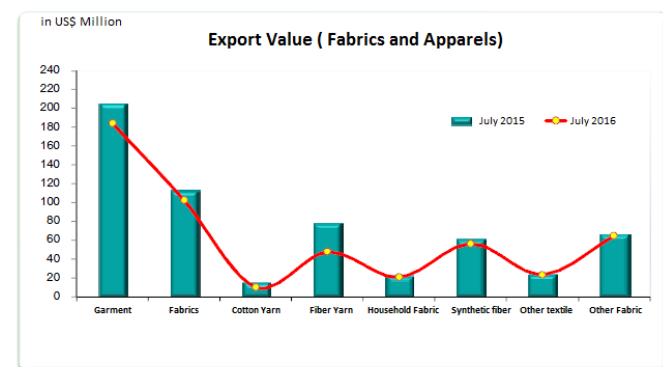
Manufacturing of textile slightly increased in synthetic fiber group while the yarn group decreased due to the dropping of the fabrics production. The production of garments group decreased in both Knitted and woven garment. There was increasing import of fashionable apparels in line with an increase of consumer's demand".



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



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



Source : Information Technology and Communication Center, Department of International Trade Negotiation.

1. Production

Textile sector: When comparing with the same month of the previous year, the manufacturing of the textile fiber product slightly increased, with 0.1 % increasing in synthetic fiber group, while 5.7% decreasing in the yarn group which was produced for local use. The production of fabric dropped by 13.0% according to the decreasing demand in readymade garment production.

Garment sector: When comparing with the same month of the previous year, the manufacturing of readymade garment products decreased by 22.6% in both knitted and yarn fabric due to the decreasing of the orders

2. Sales

1. Domestic Sales : When comparing with the same month of the previous year, the sale volume of Textile fiber product slightly increased by 4.0% which mostly was sold to domestic garment factories. However the sales of fabrics and readymade garments dropped by 9.7 % and 18.0%, respectively. This was according to the slowing down in production while the consumers' behavior prefers to buy imported fashionable apparels from China, Japan and branded apparels from Italy.

2. Exporting : When comparing with the same month of the previous year, the sale volume of textile fibers product decreased by 8.2% due to the decrease of demand from partner countries such as Indonesia, China, Vietnam, Turkey and Pakistan etc. The export value of textile products decreased by 9.7% from exporting to Vietnam, Bangladesh, , China and Japan etc . The export value of readymade garment declined by 11.0 % due to the decreasing orders from major export markets such as ASEAN, US and EU respectively.

3. Trends

The production was anticipated to be expanded in synthetic fibers in line with domestic demand especially fibers used in production of technical textiles for other industries. Meanwhile, production of fabric and readymade garment were expected to be slow down continuously from last month. Some manufactures also expanded their manufacturing base to ASEAN countries. The slow domestic sales are based on the domestic economy. The export was expected to be slow down in line with the economy slow down of the partner countries. The importation was expected that fabrics and textile products will be decreased while the fashionable readymade apparels will be increased.



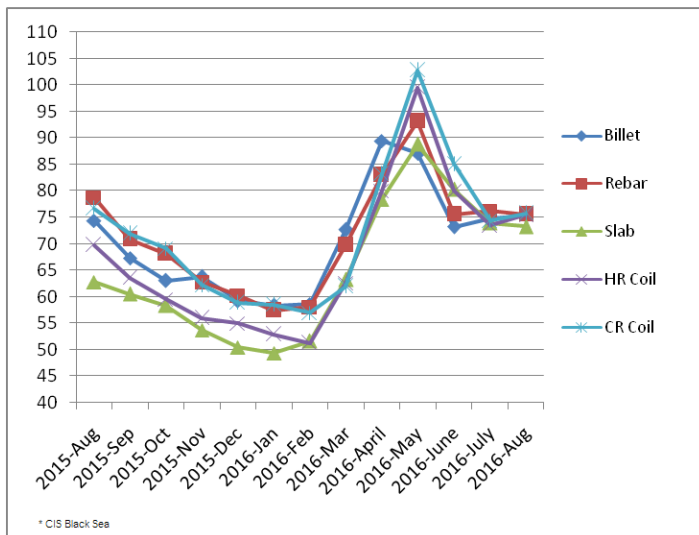
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III. Iron and Steel Industry

Vietnam Steel Associate (VSA) anticipated that the price trend of steel in the country has been increasing from the higher demand in construction sector and the recovery of the real estate market which increased the steel consumption.

Overseas Price Index of Steel



1. Production

The manufacturing situation of iron industry in July 2016 declined comparing with the same month of the previous year. The MPI in this month was at 121.62 with the reducing increment rate of 4.82% comparing with the same period of the previous year. The reasons are:

- The MPI of the Flat steel product increased by 1.73% when comparing with the same period of the previous year. The galvanized steel sheet increased by 17.48%. The Cold rolled sheets increased by 5.94%. According to the data from the Iron and Steel Institute of Thailand, the domestic demand in flat-steel product was 981,064 ton, decreasing by 0.8% which mostly the other plated steel decreased by 9.1% and secondly galvanized steel sheets, decreased by 3.8%. The Import volume of flat steel products increased by 8.4%, which Cold formed structural steel and hot rolled sheet increased by 2,500% and 286.4% respectively. The export volume of flat steel products increased by 59.7% while alloy steel cold rolled sheets and alloy steel hot rolled sheets increased by 8,326.8% and 422.2% respectively.

The Office of Industrial Economics

- The MPI of long-formed steel product decreased by 12.79% comparing with the same month of the previous year. The round bars and reinforcing bars decreased by 29.82% and 12.53% respectively. According to the data from the Iron and Steel Institute of Thailand, the domestic demand dropped by 21.4% which rebar and structural steel product decreased by 28.7%, and the wire rod decreased by 6.2%. The import volume increased by 11.3% which mostly hot rolled structural steel and secondly alloy steel rebar increased by 297.8% and increased by 67.3% respectively. The export volume increased by 7.2%, which the seamless steel pipe product increased by 84.7%.

2. Steel Prices

According to the international steel price index generated by the Iron and Steel Institute of Thailand, the change of price index at CIS Black Sea ports in August 2016 when comparing with the same period of the previous year that the product with increasing rate included flat steel increased from 62.79 to 73.26 point, up by 16.67%. The increasing rate of Hot rolled steel sheets increased from 69.74 to 75.49 point, up by 8.24%. The increasing rate of billet steel bar increased from 74.35 to 75.39 point, up by 1.27%. The products with steel price index decreasing included the billet steel bar which decreased from 78.72 to 75.53 point, down by 4.05%. The price of Cold rolled sheets decreased from 76.62 to 75.70 point, down by 1.21%.

3. Trends

Thailand's iron production situation in August 2016 is when comparing with the same month of the previous year is anticipated to be slightly increased due to the lower available inventory in the market make increasing of the steel production in both flat-steel and long-form steels.

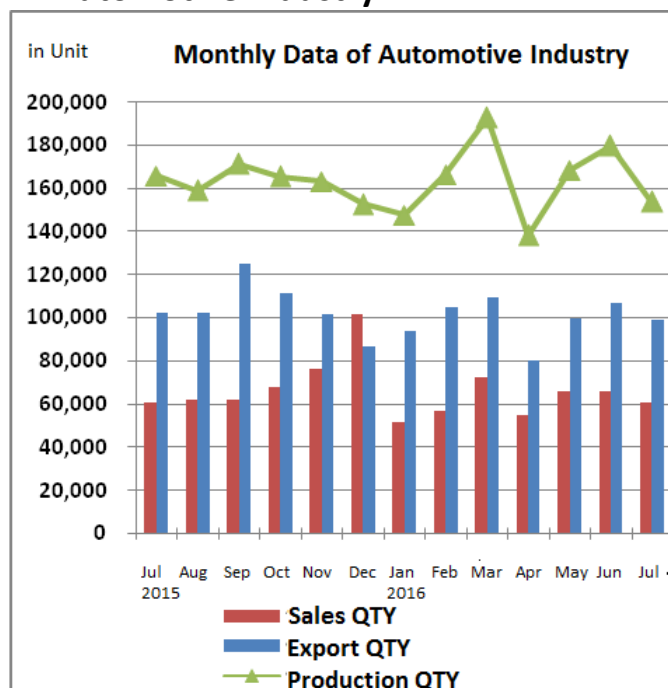
The Ministry of Industry



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IV. Automotive Industry



1. Production

Manufacturing quantity of automobile in July 2016 was 153,950 units, which decreased by 7.18% from July 2015 (165,863 units). This was due to the decreasing of pickup truck and its derived components production.

2. Sales

Sales quantity of automobile in July 2016 was 60,635 units, which decreased 0.37% from July 2015 (sold 60,863 units). This was due to the decrease of sales of passenger cars and pickup truck while the sales of commercial vehicle, Pickup Passenger Vehicle (PPV) and Sport Utility Vehicle (SUV) were increased.

3. Export

The export quantity in July 2016 was 99,155 units, expanded 3.13% from July 2015 which exported 102,359 units. The export market decreased in Asia, Middle East and Central and Southern America.

4. Trend

The automotive industry in August 2016 is anticipated to be expanding when comparing with August 2015. The production in August 2016 is expected to be 34% contributed to domestic sales and 66% contributed to export market.

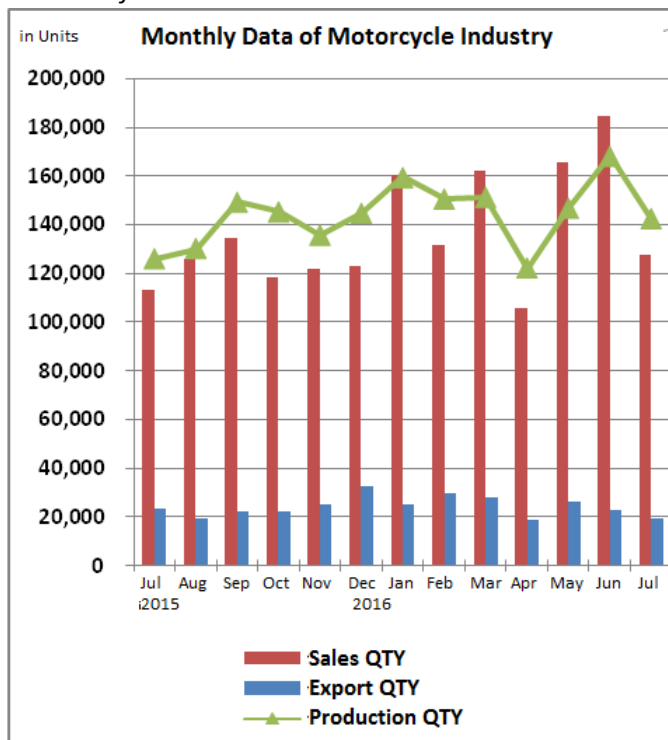


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Motorcycle

The Motorcycle industry in July 2016 expanded when comparing with the same period of 2015, due to the increase of domestic market.



Note:

- 1) Since January 2016, the motorcycle production data has been revised by adding the information from on additional manufacture. Type of motorcycles from the data reports has been changed from family-type to versatile-type (family-type and scooters-type).
- 2) As from April 2016 data reports, the motorcycle types has been revised from family-type and scooters-type and sport-type to motorcycles types of : less than or equal to 100 cc, 101-125 cc, 126-150 cc and more than 150 cc types. Therefore, we can be able to compare only the overall growth rate.

1. Production¹

Manufacturing quantity of motorcycle in July 2016 was 142,516 units which increased by 13.16% from July 2015 which produced 125,941 units. Contribution was from the versatile-type and sporty motorcycles.

2. Sales²

Sales quantity of motorcycles in July 2016 was 127,331 units which increased by 12.21% from July 2015 which sold 113,447 units.

3. Export of Complete Built-Unit (CBU) Motorcycle

The export quantity was 19,399 units in July 2016 which dropped 18.16% from July 2015 which exported 23,705 units, due to a slowdown of export market to USA, Malaysia and Netherland.

4. Trend

The motorcycle industry in August 2016 is expected to be slow when comparing with August 2015. The production in August 2016 is expected to be 86% contributed to domestic sales and 14% contributed to export market.



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V. Cement Industry

The growth rate of Cement industry in July 2016 decreased due to slowing down of construction sector from the rainy season for whole month. The export value also decreased as well due to dropping of orders from Indonesia, Philippines and Myanmar

1. Production and Domestic Sales

When comparing with the same period of the previous year, the production and sales volume of cement (excluding granular cement) in July 2016 increased by 5.78% and 15.47% respectively.

Cement industry continued to expand when comparing with the same period of the previous year of which the production and sales volume of cement (excluding granular cement) were lowest during the preceding 5 years. The violet line in the left graphs demonstrated that the cement industry has shrunk drastically from heavy rain in whole country and flood in many areas. However government continued the policy of economic stimulus policy by acceleration of the large infrastructure projects including construction projects of the motorways between the major cities, construction project of Double track railways, construction project of the coastal ports of Laem Chabang (Port A), Development project of Single Rail Transfer Operator (SRT0) at Laem Chabang Port, construction projects of Betong and Mae Sot airports and the 2nd phase of Suvarnabhumi airport expansion. These will enable the cement industry to continue to grow further .

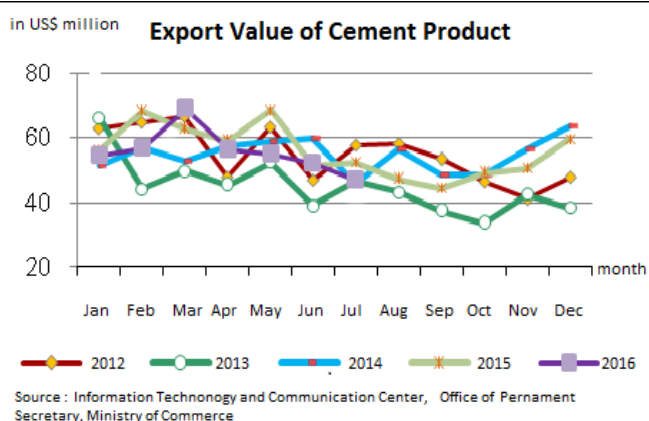
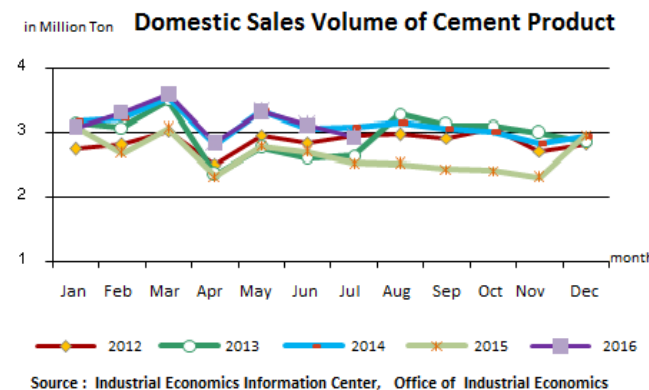
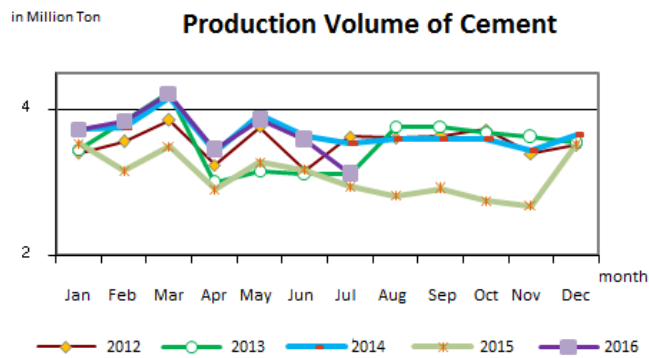
2. Export

The export value of cement in July 2016 dropped by 10.22% when comparing with the same period of the previous year as the orders from Indonesia, Philippines, Myanmar, Malaysia and Laos decreased. However there were also increasing orders from Bangladesh, Vietnam and Australia, but just only orders for lower-priced granular cement. This made the export value of cement dropped by more than 10%, but just slightly dropped in volume.

3. Trend

The production and domestic sales in this month were at the same level of the last August due to heavy raining continuously in many areas throughout the month that resulted in slowing down in construction and cement consumption.

The export value is anticipated to be declined when comparing with the same period of the previous year, due to the construction sector in the neighboring countries is also dropping caused by rainy season. Thus the manufactures has to adjust their production plan in line with the dropping demand.





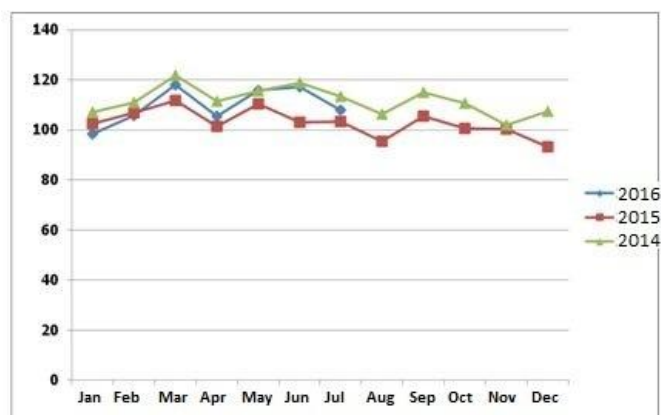
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VI. Electrical and Electronics Industry

Overview of manufacturing of electrical and electronic industry when comparing with the same month of the previous year, in July 2016 increase by 4.50%. The electrical industry increased by 14.03 %, due to the expansion of air conditioners. The electronic industry decreased by 1.03%, due to the decrease of production of other ICs.

MPI of Electrical and Electronics Industry



Source: Office of Industrial Economics

Remark : MPI has been adjusted to be based on 2011 production year

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

Electrical / Electronic Products	Value (Million USD)	%YOY
Computer components	1,356.68	- 1.09
Integrated circuits	644.96	3.74
Air conditioners	340.74	8.47
VDO cameras & Digital cameras	222.81	12.05
Total of electrical / electronic product	4,347.03	- 1.84

Source: The Electrical and Electronics Institute

1. Production

Overview of manufacturing situation of the electrical and electronics industry in July 2016 when comparing with the same month of the previous year, the MPI was at 108.00, up by 4.5%. The MPI of electrical industry sector was at 112.78, up by 14.03% The expanding electrical appliances included condensing unit split-type air conditioner, fan-coil unit split-type air conditioner, electrical fan, microwave oven increased by 49.02%, 44.21%, 8.73% and 0.02% respectively. This was due to local sales increment of air conditioners and the significant export to the EU and Vietnam. The MPI of the electronics industry sector was at 105.02, dropped by 1.03% due to the shrinking of other ICs which dropped by 4.12%.

2. Export

Total export value of the electrical appliance and electronics product in July 2016 was US\$4,347.03 million, decreasing by 1.84% when comparing with the same month of the previous year.

Electrical products

When comparing with the same month of the previous year, the Electrical products had export value of US\$1,802.28million, with the decrease of 4.22%. This was due to the decrease of export to most major markets such as China, US, and Japan by 0.90%, 2.67%, and 7.80% respectively. Except export to ASEAN and EU, the export increased by 0.44% and 0.54% respectively. The leading product with most export value was air conditioners with export amount of US\$340.74 million, up by 8.47%. This was due to an increase of export to ASEAN, EU, China, and US, by 56.13%, 56.39%, 12.69% and 11.52% respectively. The following product was electrical circuit switching and protection device including platform and control panel with export amount of US\$222.81 million, up by 12.05%. This was due to the export increased to the major markets such as ASEAN, the EU, the US, and Japan by 16.21%, 7.74%, 24.85%, and 10.97% respectively. Only export to China that dropped by



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9.38% when comparing with the same month of the previous year.

of both desktop and Laptop PC while the global economics slow down, especially in EU, Japan and China.

Electronics products

When comparing with the same month of the previous year, Electronics products had export value by US\$2,544.76 million, dropped by 0.08%. This was due to an decrease of export to key markets as EU, China and Japan market by 4.71%, 5.68% and 12.17%, but increasing export to other major markets were ASEAN and US which increased by 4.26% and 13.49% respectively. The leading Electronics product with most export value was components of computers with export amount of US\$1,356.68 million, dropped by 1.09%. This was due to a decrease of export to the major markets such as EU, China, and Japan by 11.67%, 5.41%, and 18.92% respectively. Except the export to the ASEAN and US, the export expanded by 0.52% and 13.95%. The following product was Printed integrated circuit board (PCB) with export amount of US\$644.96 million up by 3.74%. This was due to the export to ASEAN, EU, US and Japan increased by 1.41%, 11.41%, 16.45%, and 8.56% respectively. Except the export to China which shrank by 10.71% when comparing with the same month of the previous year.

3. Trends

From the index guide model conducted by the Electrical and Electronics Institute, the overview of the electrical and electronics industry in August 2016 is anticipated to increase by 5.90% when comparing with the same month of the previous year.

The electrical industry is expected to increase by 14.53% when comparing with the same month of the previous year. With the increasing of cooling appliance like, air conditioner and refrigerator, the air-conditioner can be sold more to both domestic and export markets especially EU and ASEAN.

The electronics industry is expected to decline by 2.74% when comparing with the same month of the previous year. This is due to the continuously shrinking demand