



Industrial Economic Status Report

June 2016

Summary of Industrial Economic Status

The Manufacturing Production Index (MPI) in June 2016 continued to show positive growth with an increase of 0.8% when compared with the same period of the previous year (YoY), which reflected clear signs of a gradual recovery of the industrial sector consecutively. The expanded major industries included Automobiles, Air conditioners, Electronic components, Chemicals used in home and Motorcycles.

Automotive industry in June 2016 expanded when compared with the same period of 2015, which it was increasing in domestic market and export markets due to some operators expanded export market.

Cement industry in June 2016 expanded as well, which production and domestic sales increased due to a rising construction sector, especially large infrastructure projects of the government which was a key factor to make private sector to have more confidence in the investments. Export value improved as well, due to an increase of order from Vietnam, Bangladesh, Australia, and the Philippines.

Air conditioner industry in June 2016 increased due to quite a lot export to the EU and Vietnam markets.

Electronics components industry in June 2016 increased due to an increase of Monolithic ICs and Other ICs which are important parts in product development with the use of more advanced technology. The expanded major markets included ASEAN, the EU, China, and the US.

Establishment and close business in June 2016, 362 plants began operations, increased 13.8% from May 2016, the total investment capital expanded 27.0%, and the employment rates improved 19.7%. The major industry was the industry of automobiles repairing and painting, with a total investment amount of 2,744.35 million baht. When compared with the same month of the previous year, the number of plants that commenced operations increased 9.0% from June 2015. On the other hand, 120 plants closed in June 2016, increased 73.9% from May 2016, but decreased 52.4% from the same month of the previous year.



Industrial Economic Status Report June 2016

Imports of Thailand's industry sector in June 2016, an import of industrial machinery and accessories had a value of \$1,419.8 million US, which shrank 5.2% YoY, due to a decrease of imports of Jet turbine and components, machinery used in the processing of metals and parts, and machinery used in the printing industry.

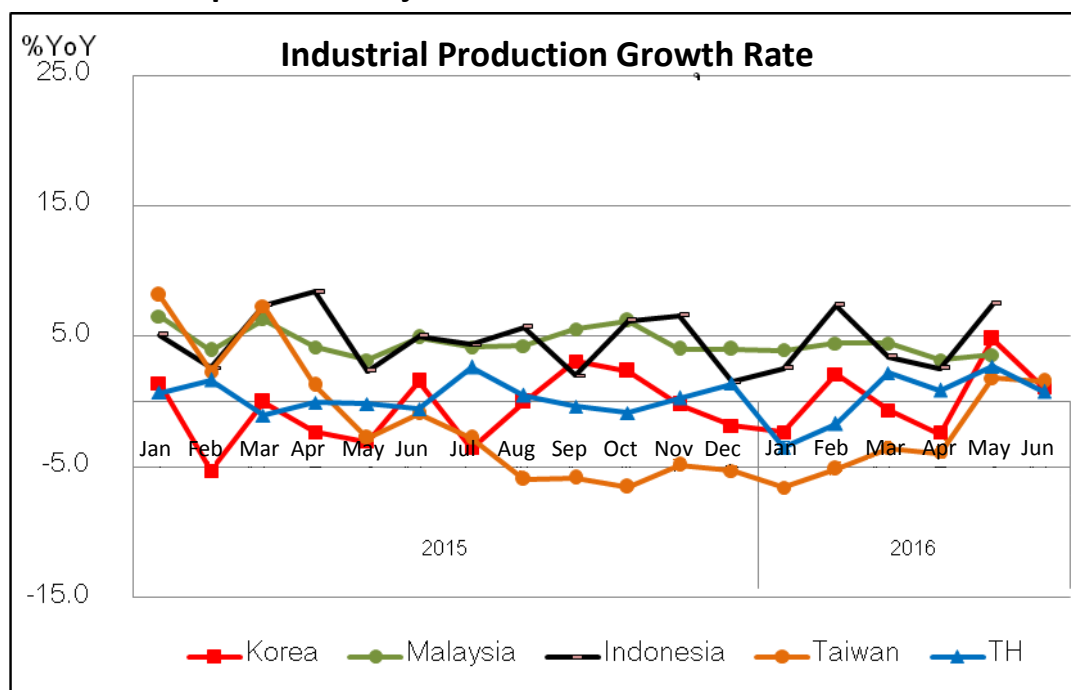
The imports of raw materials and semi-finished goods (excluding gold) had a value of \$6,120.2 million US, which contracted 0.6% YoY, due to a decrease of imports of yarns and fibers, fabrics, and components of electrical appliance.

Energy consumption of manufacturers in June 2016 stood at 10,530.0 million kWh (kilowatt-hour), which decreased 5.2% from May 2016 (11,106.7 million kWh), but increased 2.1% when compared with the same period of 2015 (10,311.3 million kWh). Energy consumption tracking data by business size showed that all small, medium, and large sized businesses consumed less energy when compared to the last month, but consumed more energy the same period of 2015.



Industrial Economic Status Report June 2016

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



Production situations of Thailand's industry sector considered on the Manufacturing Production Index (MPI) expended 0.8% when compared with the same period of the previous year. Major industries that contributed to the positive index included automobiles, air conditioners, components for electronics, soaps, washing detergents, chemicals used for cleaning, and motorcycles.

However, the industrial production rate of Taiwan expanded 1.6%.

The industrial production rate of South Korea increased 1.1%.

The industrial production rates of Malaysia and Indonesia in June 2016 have not been released yet currently, but the trend continued growth from the previous month. In May 2016, the industrial production rate of Malaysia and Indonesia expanded 3.6% and 7.5%, respectively.



Industrial Economic Status Report

June 2016

Industrial Activity Situations in June 2016

Business establishment situation of manufactures in June 2016 when compared with May 2016 was reported by the Department of Industrial Works (DIW) that 362 plants began operations and increased 13.8% from May 2016 (318 plants), the investment capital valued by amount of 18,604 million baht which expanded 27.0% from May 2016 (14,653 million baht), and the number of employed people was 9,406 persons which increased 19.7% from May 2016 (7,858 employees).

Business establishment situation of manufactures in June 2016 when compared with June 2015 was reported by the Department of Industrial Works (DIW) that the number of plant openings increased 9.0% from June 2015 (332 plants), the number of employed people expanded 16.4% from June 2015 (8,078 employees), but the investment capital dropped 23.8% from June 2015 (24,425 million baht).

- The industry that had the most factories starting up in June 2016 was the industry of production of ready mixed concrete, piles and slabs production Pile (29 plants), and the followed industry was the industry of automobiles repairing and painting (24 plants).
- The industry with the highest level of investment capital in June 2016 was the industry of automobiles repairing and painting (2,744.35 million baht), and the followed industry was the production of electricity from solar cells (2,645.80 million baht).
- The industry that had the most new hires in June 2016 was the industry of footwear manufacturing (980 employees), and the followed industry was the production of chemical products, disinfectants, and dilute acids and alkalis (465 employees).



Industrial Economic Status Report June 2016

Business closing situation of manufactures in June 2016 when compared with May 2016 was reported by the Department of Industrial Works (DIW) that the number of plant closures was 120 plants and increased 73.9% from May 2016 (69 plants), the number of layoffs was 2,177 employees which increased from May 2016 (1,452 employees), but the total amount of investment capital of the closures was 3,057 million baht which was less than May 2016 (8,237 million baht).

Business closing situation of manufactures in June 2016 when compared with June 2015 was reported by the Department of Industrial Works (DIW) that the number of plant closures decreased 52.4% from June 2015 (252 plants), the investment capital loss due to plant shutdowns was less than June 2015 (5,659 million baht), and the number of layoffs also was less than June 2015 (8,120 employees).

- The industry with the most factory shutdown in June 2016 was the industry of production of concrete products, mixed concrete, gypsum products and plaster (12 plants), and followed by the industry of sand and the industry of general lathing, drilling, reaming, shearing, and welding (each industry by 9 plants).
- The industry that lost the most investment capital due to factory shutdowns in June 2016 was the industry of gas filling (635 million baht), and followed by the industry of production and repairing of radios, televisions, Radar, and capacitor (444 million baht).
- The industry which the most employees were laid off in June 2016 was the industry of production and repairing of radios, televisions, Radar, and capacitor (300 employees), and followed by the industry of boiling, steaming, baking plants or seeds (150 employees).



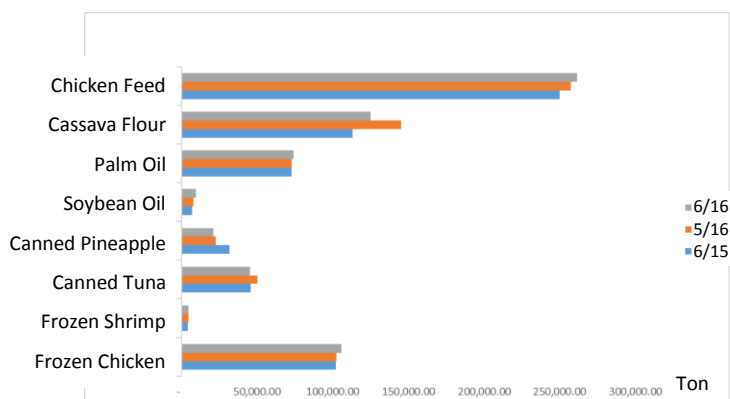
Industrial Economic Status Report

June 2016

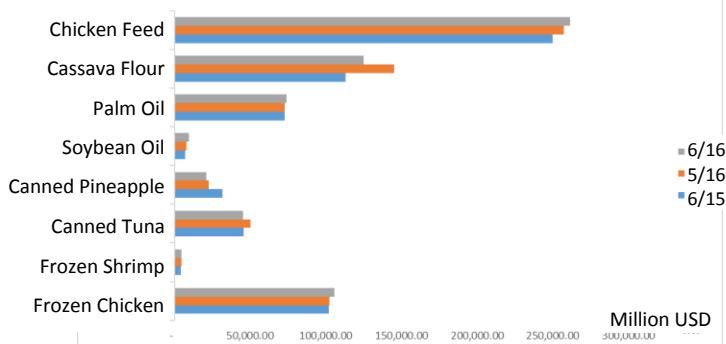
I. Food Industry

Production situation of the food industry in June 2016 improved from the same period of the previous year (YoY), due to an increase of raw materials in the market, as well as the domestic consumption also increased. Meanwhile, the export amount contracted due to the global economy continued to slow down, a slow of order from importing countries, and the product price dropped according to a decreasing of the oil price and an excessive supply in the market was so much.

Production Volume of Major Products in Food Industry



Exports Value of Major Products in Food



1. Production

In June 2016, production of major products in food industry (excluding sugar) expanded 3.4% YoY, and the details are as follows.

1) Products based on export market: Cassava starch and chilled, and frozen fresh shrimp increased 10.8% and 9.7%, respectively, from an increase of productivity due to no epidemic situation, as well as a continual consumption demand.

2) Products based on domestic market: Products used domestic raw materials as palm oil expanded 2.0% due to an increase of raw materials, and products used imported raw materials as soybean oil also increased in production by 38% due to a rising of domestic consumption demand.

2. Sales

1) Domestic Market: In June 2016, the domestic sales value of food and agricultural products (excluding sugar) expanded 6.6% YoY. Especially, a consumption demand of cassava starch increased and the production increased 23.3%. In addition, a consumption demand of soybean oil expanded and the production increased 70.9% due to the soybean oil prices was close to the oil palm price, thus consumers turned to consume the soybean oil instead.

2) International Markets: The total export value of the food products (excluding sugar) in June 2016 dropped 8.1% YoY. The dropped products included cassava products, canned pineapple, chilled, and frozen fresh chicken, canned sweet corn, and canned tuna which declined 36.3%, 4.1%, 3.7%, 2.5%, and 1.1% respectively, due to the global economy remained in a slow, and the product price dropped according to a decreasing of the oil price, as well as an excessive supply in the market. However, some products such as chilled, and frozen fresh shrimp, instant noodle, rice products, and processed chicken expanded 83.2%, 2.5%, 2.3%, and 0.4% respectively due to an increasing of order from oversea and weakening the Thai baht, although the prices decreased. The export value of sugar dropped 8.7% YoY, owing to price and a slowdown of order from partner countries such as China and South Korea.

3. Trends

Production and exports in overall are forecasted to increase slightly from the previous year, 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 processed chicken which there are an increase of orders from oversea, an increase of pre-order of sugar products, shrimp products which 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 a food consumption in the country, as resulting, the domestic consumption demand, and the production and exports of food industry will expand.

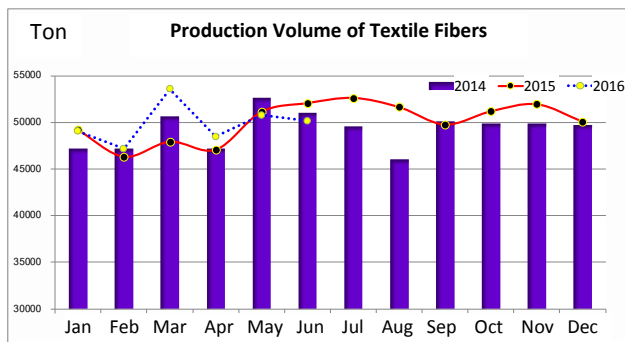


Industrial Economic Status Report

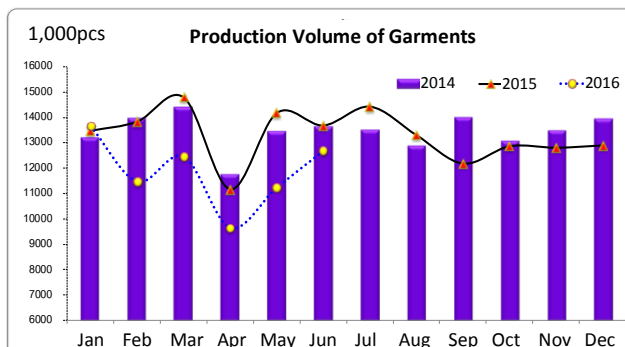
June 2016

II. Textile and Garment Industry

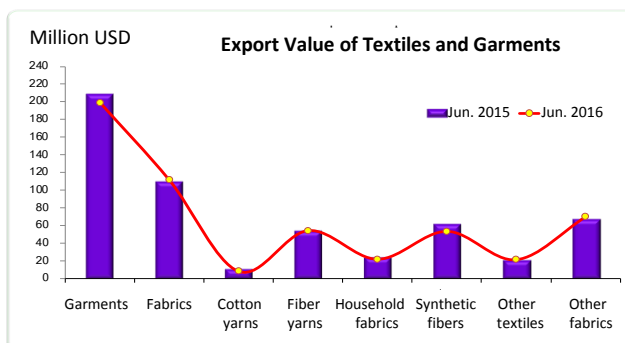
"Manufacturing of textile fibers sector decreased in both synthetic fibers group and yarns group. In garments sector, the production increased in knitted garment, but decreased in woven garment. Imports of fashion readymade garments expanded in line with an increase of demand of consumer."



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 the previous year, the manufacturing of textile fiber products decreased 3.69% in both synthetic fibers group and yarns group, which it was produced for using in weaving factory mostly. The production of fabrics dropped 12.17% according to a decrease of demand in the readymade garments production.

- **Garment sector:** When compared with the same period of the previous year, the manufacturing of readymade garments decreased 7.40% in both knitted garments due to a decrease of orders of domestic and abroad, but increased 4.84% in woven garments, as well as an increase of imports of the readymade garments from China, Cambodia, Vietnam, Bangladesh, and Turkey.

2. Sales

- **Domestic sale:** When compared with the same period of the previous year, the sale volume of Textile fibers products expanded slightly by 0.21%, which it was sold to domestic weaving factory mostly, but fabrics and readymade garments dropped 4.59% and 14.18%, respectively, according to the domestic economy continued to slow.

- **Export value:** When compared with the same period of the previous year, the export value of textile fibers products decreased 14.39%, due to a decrease of demand from partner markets such as Indonesia, Vietnam, China, and Pakistan, but the export value of textile products increased 1.05% in Myanmar, Bangladesh, Cambodia, and China markets. The export value of readymade garments declined 4.64% due to a decrease of order from major markets such as ASEAN and Japan, by 11.76% and 2.14% respectively, but expanded in Japan and the EU by 1.65% and 8.99% respectively.

3. Trends

Manufacture is forecasted to expand in synthetic fibers group in line with domestic demand, especially fibers used in production of technical textiles for other industries. Meanwhile, production of fabrics and readymade garments are expected to slow continuously from the last month, as well as some operator expanded manufacturing base to other countries in ASEAN. Domestic sales are forecasted to slow down according to the domestic economy. Exports are expected to slow in line with the economy of partner countries that continue to slow down. Imports are forecasted that textile products group will reduce imports of textile fibers and fabrics, but increase imports of readymade garments, especially fashion garments in line with a demand of fashion goods of domestic consumer.



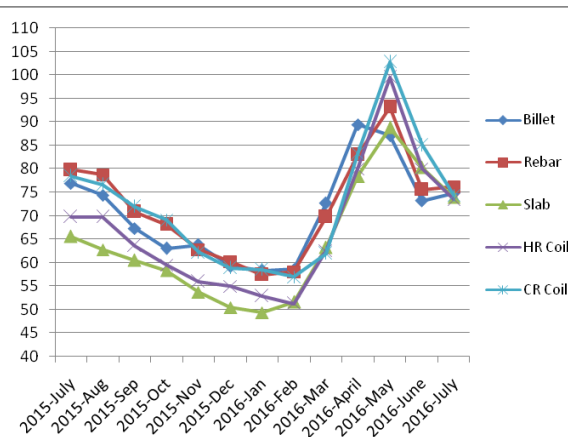
Industrial Economic Status Report

June 2016

III. Iron and Steel Industry

The Construction industry situation in Vietnam grew in expands another. In the first half of this year, Gross Domestic Product in construction industry grew 8.8%, which was the highest since 2010, with a value of 76.1 trillion VND (about 124,200 million baht). The construction in both urban and rural areas followed the target of the government.

Oversea Metal Price Index *



* CIS Black Sea

1. Production

The manufacturing situation of iron industry in June 2016 increased YoY, which the MPI in this month stood at 129.08 points with an increase of 1.78% YoY, due to following reasons.

- The MPI of flat steel products decreased 2.42% YoY, which hot rolled steel coil declined 41.01%, Tin plated steel and Chromed plated steel drooped 21.39% and 15.32% 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 1,011,828 tons with an increase of 9.3%, which Cold rolled thin steel, Tin plated steel, and other plated steel increased 37.2%, 16.5%, and 13.9%, respectively. Imports of flat steel products increased 28.0%, which Cold formed structural steel, hot rolled stainless steel, and hot rolled carbon steel expanded 1,536.5%, 95.2%, and 90.2%, respectively. Exports of flat steel products dropped 3.7%, which Hot rolled thick Alloy steel and Cold rolled carbon sheet P&O decreased 92.1% and 69.2% respectively.

- The MPI of long-steel products increased 7.19% YoY, which round bars and wire rod increased 49.89% and 32.74%, respectively. According to the data from the Iron and Steel Institute of Thailand, it found that the domestic demand in long steel products increased 42.1%, which rebar and structural steel expanded 48.9%, and wire rod increased 35.1%. Imports increased 31.8%, which Hot rolled structural steel expanded and alloy steel rebar 131.3% and 85.1% respectively. Exports increased 8.6%, which hot rolled structural alloy steel expanded 64.4%.

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 July 2016 when compared with the same period of the previous year, the products with increased steel price included that the price of slab increased 12.76% from \$65.58 USD to \$73.95 USD per ton, the prices of Hot rolled steel sheet increased 5.29%, from \$69.74 USD to \$73.43 USD per ton. The products with decreased steel price included that the price of billet steel bar decreased 2.76%, from \$76.94 USD to \$74.82 USD per ton, the price of wire rod declined 4.52% from \$79.78 USD to \$76.17 USD per ton, and the price of Cold rolled steel sheets dropped 5.24% from \$78.5 USD to \$74.39 USD per ton.

3. Trends

Thailand's iron production situation in July 2016 is expected that total iron production will be stable, but the wire rod is forecasted to drop due to inventory is still available while a demand of construction industry is stable. The flat-steel products are forecasted to increase slightly, in line with the forecast of downstream industries such as automobile increased.



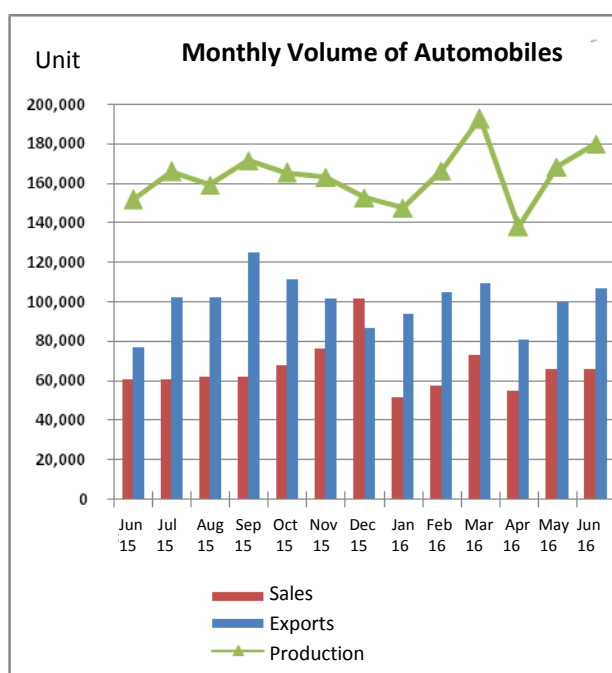
Industrial Economic Status Report

June 2016

IV. Automotive Industry

Automobiles

The automotive industry in June 2016 expanded when compared to the same period of 2015, which it was increasing in both domestic and export market due to some operators have expanded export market.



1. Production

Manufacturing volume of automobile in June 2016 was 179,875 units, which increased 18.57% from June 2015 which produced 151,698 units, due to an increase of production of passenger cars, 1 ton pickup trucks and its derivatives, and commercial cars.

2. Sales

Sales volume of automobile in June 2016 was 66,049 units, which decreased 9.49% from June 2015 which sold 60,322 units, due to an increase of sales of passenger cars, Pickup Passenger Vehicle (PPV), and Sport Utility Vehicle (SUV).

3. Export

Export volume in June 2016 was 107,025 units, which expanded 39.40% from June 2015 which exported 76,774 units, which the export market expanded in Asia, Oceania, and the EU, due to an increase of passenger cars, 1 ton pickup trucks and Pickup Passenger Vehicle (PPV).

4. Trends

The automotive industry in July 2016 is forecasted to slow when compared with July 2015. The production in July 2016 is expected to reach by 35% for domestic sale and by 65% for exports.

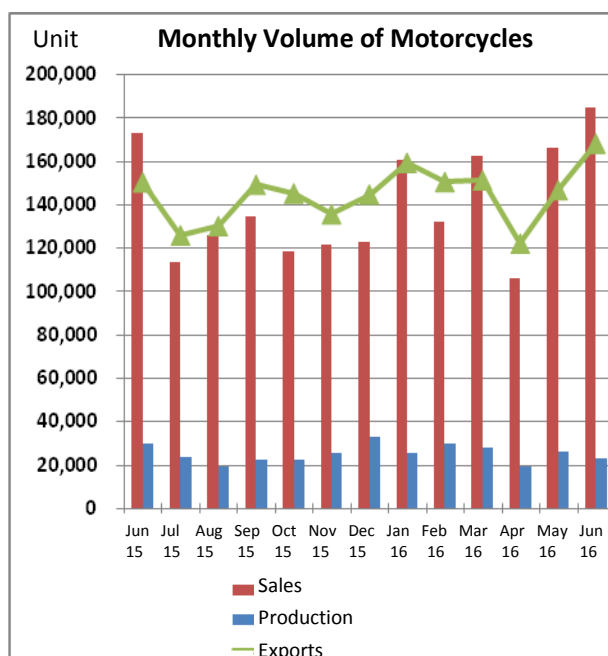


Industrial Economic Status Report

June 2016

Motorcycle

The Motorcycle industry in June 2016 expanded when compared with the same period of 2015, due to an increase of domestic.



1. Production¹

Manufacturing volume of motorcycles in June 2016 was 168,245 units which increased 11.87% from June 2015 which produced 150,389 units, owing to an increase in production of versatile type and sport type motorcycles.

2. Sales²

Sales volume of motorcycles in June 2016 was 184,457 units which expanded 6.92% from June 2015 which sold 172,522 units.

3. Export of finished motorcycles (CBU)

Export volume was 23,176 units in June 2016 which dropped 22.76%, from June 2015 which exported 30,007 units, due to a slowdown of exports market in Netherland, Malaysia, and Indonesia.

4. Trends

The motorcycle industry in July 2016 is expected to slow when compared with July 2015. The production in July 2016 is forecasted by 81% for domestic sales and by 19% for exports.

Note: ¹ Since 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).

² Since March 2016, the motorcycle sales data is revised type of motorcycles from family-type and scooters-type and sport-type to motorcycles is less than or equal to 100 cc, 101-125 cc, 126-150 cc and more or equal to 151 cc. Therefore, it is able to compare the growth rate in overall only.

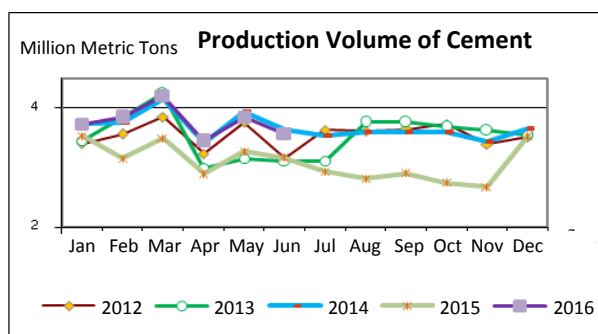


Industrial Economic Status Report

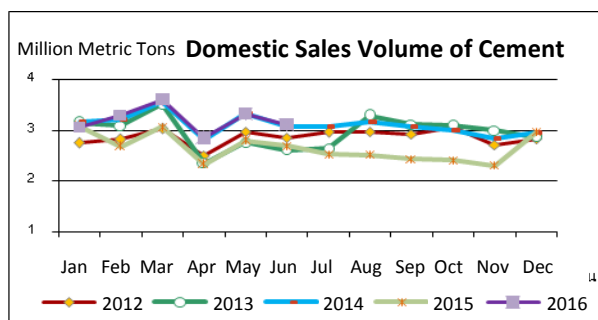
June 2016

V. Cement Industry

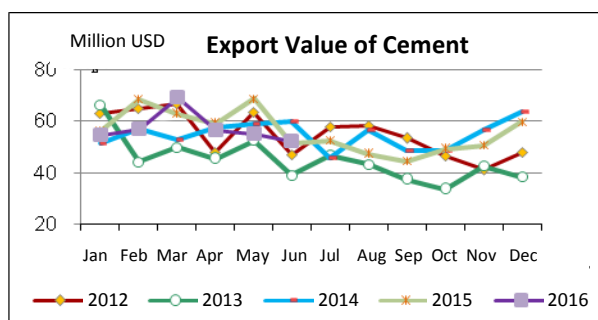
"Cement industry in June 2016 continued to expand as well, which production and domestic sales increased due to a rising construction sector, especially large infrastructure projects of the government which was a key factor to make private sector to have more confidence in the investments in the next phase. Export value improved as well, due to an increase of order from Vietnam, Bangladesh, Australia, and the Philippines."



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 the previous year, Production and sales volume of cements (excluding clinker) in June 2016 increased 12.93% and 15.24%, respectively.

Cement industry continued to improve as well, in both of production and domestic sales. Referring to the violet line in the left graphs, it demonstrated that the cement industry has grown as well through the past 6 months stemming from government economic stimulus measures, especially the large infrastructure projects of the government including construction project of the motorway between the cities of Pattaya, Rayong, Bang Pa-Korat route and Bang Yai Kanchanaburi route, construction project of Double track railway of distance of Road Jira Junction Khon Kaen and distance of Chachoengsao Khlong 19, Kaeng Khoi, construction project of the coastal ports of Laem Chabang (Port A), Development project of Single Rail Transfer Operator (SRTO) Laem Chabang Port, construction projects of Betong and Mae Sot airports and the 2nd phase of Suvarnabhumi airport. Therefore, the demand of cement in the country and production increased.

2. Export

Export value of cement in June 2016 contracted 2.42% YoY, due to Vietnam, Bangladesh, Australia, and the Philippines increased orders cement from Thailand which could cover a decrease of order from the major partner countries such as Myanmar and Cambodia. In addition, a cement demand in the country with upward trend due to accelerated construction projects of the government is one factor that manufacturers reserve more the cement for using the country and cut down export volume.

3. Trends

Domestic production and sales of cement industry are likely to drop due to July is rainy season of Thailand and there is heavy rain continuously in many areas throughout the month, so it make that construction sector in the country will slow down.

Export value is forecasted to decline YoY, due to the construction sector in the country is likely to slow, as well as neighbouring countries of Thailand that is major export markets are also in rainy season, so trends of cement demand from Thailand will decrease. It makes the manufactures plan to cut down the production plan.



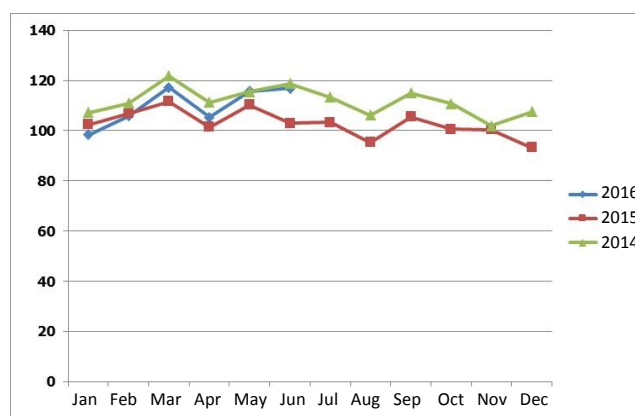
Industrial Economic Status Report

June 2016

VI. Electrical and Electronics Industry

Overall manufacturing of electrical and electronics industry in June 2016 improved 13.57% YoY. The electrical industry increased 29.08% YoY, due to a quiet of expansion of air conditioners. The electronics industry increased 2.98% YoY, stemming to an increase of production of Monolithic ICs and Other ICs.

MPI of Electrical Appliances and Electronics Industry



Source: The Office of Industrial Economics

Remark: MPI is adjusted the production base year to year 2011.

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

Electrical / Electronic Products	Value (Million USD)	%YOY
Computer components	1,392.14	-0.34
Integrated circuits	673.25	7.23
Air conditioners	384.24	16.84
VDO cameras & Digital cameras	223.97	10.54
Total of electrical / electronic product	4,504.74	1.03

Source: The Electrical and Electronics Institute

1. Production

In overall manufacturing situation of the electrical and electronics industry in **June 2016**, the MPI stood at 116.92 points with an increase of 13.57% YoY. The MPI of electrical industry sector stood at 140.50 points with an increase of 29.08% YoY. Almost electrical appliances expanded, which split-type air conditioner's condensing unit, split-type air conditioner's evaporator unit, compressors, fan, refrigerator, washing machine, microwave oven, rice cooker, electrical wire, and television increased 52.23%, 50.13%, 5.36%, 9.19%, 7.27%, 2.23%, 17.69%, 5.70%, 3.63%, and 21.93% YoY, respectively, due to an increase of air conditioners exports to the EU and Vietnam markets quite significantly.

The MPI of the electronics industry sector in June 2016 stood at 102.23 points with an increase of 2.98% YoY, which Monolithic ICs and other ICs expanded 17.64% and 5.28% YoY, respectively, which are important parts in product development with the use of more advanced technology. The expanded major markets included ASEAN, the EU, China, and the US, except the exports to Japan were declined.



Industrial Economic Status Report

June 2016

VI. Electrical and Electronics Industry (Continue)

2. Export

Total export of the electrical appliances and electronics industry in June 2016 valued \$4,504.74 million USD, with an increase of 1.03% YoY.

Electrical products had export value by \$1,910.93 million USD, with an increase of 1.87% YoY, due to a an increase of export to almost major markets such as the EU, China, the US, and Japan with an increase of 5.72%, 0.04%, 1.28%, and 1.03% YoY, respectively, except the exports to ASEAN decreased 2.65% YoY. The products with largest export value was air conditioners with export amount of \$384.24 million USD, with an increase of 16.84% YoY due to an increase of exports to ASEAN, the EU, China, the US, and Japan by 22.69%, 69.13%, 144.66%, 28.49%, and 1.25% YoY, respectively. The followed product was electrical equipment for electrical circuit shutting down and protection including keypad and control panel with export amount of \$223.97 million USD with an increase of 10.54% YoY, due to an increase of the exports to the major markets such as ASEAN, the EU, the US, and Japan by 13.46%, 12.53%, 14.30%, and 10.66% YoY, respectively. Meanwhile, the exports of VDO camera and digital camera dropped 40.89% YoY, due to developing new technology (such as Smartphone and Tablet) instead of the digital camera.

Electronics products had export value by \$2,593.82 million USD, with an increase of 0.43% YoY, due to an increase of export to the US market by 10.26% YoY, but the export to other major markets declined such as ASEAN, the EU, China, and Japan by 6.80%, 1.52%, 7.77%, and 16.13% YoY, respectively. The electronics product with largest export value was components of computers with export amount of \$1,392.14 million USD, with a decline of 0.34% YoY, due to a decrease of exports to the major markets such as ASEAN, China, and Japan by 7.15%, 5.70%, and 4.84% YoY, respectively, except the export to the EU and the US expanded 0.80% and 3.78% YoY, respectively. The followed product was ICs with export amount of \$673.25 million USD, with an increase of 7.23% YoY, due to the export to ASEAN, the EU, China, and the US expanded 0.58%, 6.24%, 5.82%, and 12.27% YoY, respectively, except the export to Japan shrank 14.44% YoY.

3. Trends

According to the leading index model conducted by the Electrical and Electronics Institute, overall the electrical and electronics industry production in July 2016 is forecasted to increase 6.28% YoY. The electrical industry is expected to expand 13.45% YoY. Especially, air conditioners and refrigerators, due to air conditioners expand in both domestic and export markets as well as the exports to ASEAN markets will expand well. The electronics industry is expected to contract 0.90% YoY, stemming to exports of HDD and ICs shrink in line with a continual decrease of demand of computers and notebooks.