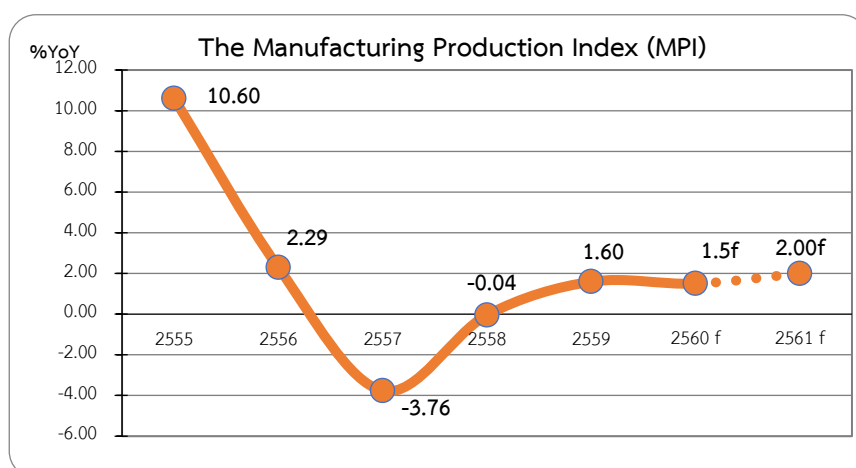


## Domestic Industrial Production Status

### Summary of Thai Industrial Economics in 2017 and Outlooks for 2018

The Manufacturing Production Index (MPI) for the first 10 months of 2017 saw a growth of 1.38 percent; it is expected that for the whole of 2017, there will be an overall growth of 1.5 percent, similar to 2016 which saw a MPI growth of 1.6 percent. Industries with good growth in 2017 include electronics (exports to key markets



increased together with the positive trend on the Internet of things (IoT)), **automotive** (expansion in the domestic market arising from economic growth), **paper** (with growth in pulp, printed paper, cardboard and craft paper segments from last year, mostly manufactured for downstream industrial use), **pharmaceuticals** (increased

from last year in line with both domestic and international market expansions and steady export growth to the ASEAN market) and the **food industry** (from better products, coupled with industry stimulation from growing export demand and domestic consumption).

### Thailand's Industrial Economic Outlook for 2018

The Manufacturing Production Index (MPI) growth rate in 2018 is projected to expand between 1.5 and 2.5 percent, supported the recovering global economy which will encourage continued expansion of exports and driving forces of public investment, in conjunction with development on the Eastern Economic Corridor (EEC).

**↑ Automobiles:** Forecasts of the automobile industry in 2018 are expected to produce approximately 2,000,000 units, increasing by 2.56 percent. This is divided into production for domestic sales of about 880,000 vehicles, an increase of 3.52 percent, and an approximate 1,120,000 vehicles for exports. However, Vietnam's import control measures must be closely monitored as so not to affect the export volume of Thailand.

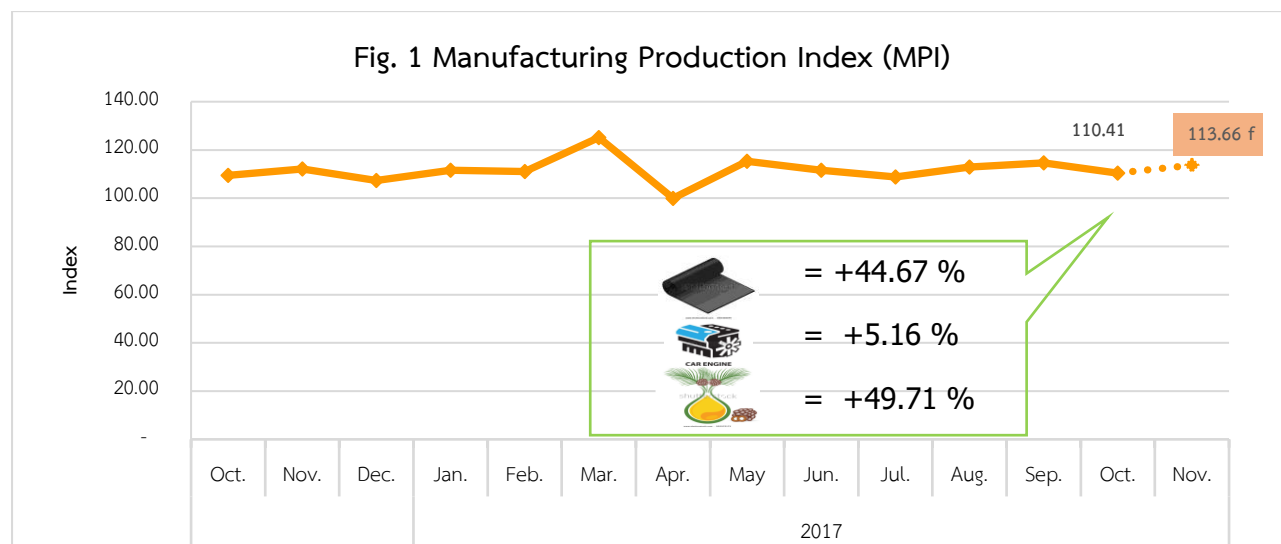
↑ Electrical Appliances: In 2018, the production and export of electrical appliances are expected to be stable with a slight increase of 1 and 2 percent from last year respectively, following the recovery of the domestic market. The main potential export products are washing machines especially in key markets such as the US, Vietnam, and South Korea.

↑ Electronics: Expected to increase 5 percent from the previous year, whereby export value to primary markets is forecasted to grow by 4 percent. Products with potential to grow include ICs due to the demand for ICs, which is an important component in the development of high-tech products such as smart phones and tablets where demand is on the rise.

↑ Textiles and Garments: Overall, the production of textile fibers, fabrics, and garments is projected to expand in line with export trends that are likely to grow with the economic climate of trading partners such as China, Japan and Vietnam, where demand for fibers and fabrics is increasing for production of garments to be exported to the world market. Furthermore, domestic production is likely to expand to support growing domestic sales due to additional investment in the manufacturing sector, especially the SME sector.

↑ Food: Production and exports in the overall food industry in 2018 are expected to grow from the previous year because of the global economic recovery particularly in Thailand's key trade partners such as the US, the EU, China, Japan, and CLMV where there is demand for ready-to-eat foods. Moreover, production costs are likely to drop with the lowered price of materials; this will result in growing exports among livestock processed products, seafood, fruits and vegetables, sugar, grain, cereals and flour, in addition to domestic consumption which has improved due to the continued improvement in the overall economy.

In summary, industrial production situation is currently on a rise which is expected to continue as it has improved continuously since July 2017, as shown in Figure 1. Recent data as of October 2017 showed that the MPI continued to grow at a rate of 0.5 percent and is expected to continue until the end of 2017.



Source: Ministry of Industry

\* f = Forecasts by Office of Industrial Economics

### *Manufacturing Production Index for October 2017*

↑ **Industrial Index Overview:** Production increased by 0.5 percent compared to the same period last year. The rise is constant from September which also saw a 4.9 percent increase; this is the fourth consecutive month with positive growth.

↑ **Non-Tire Rubber Products Industry:** Production of rubber sheets and bars grew as there was severe flooding in the Southern provinces last year leading to the inability to collect latex, resulting in lessened supply. Moreover, this year, the market has expanded to China, which is still in high demand for Thai products.

↑ **Auto-Parts Industry:** Production of mainly diesel engines increased in line with growing domestic sales and export volumes.

↑ **Plant-Based Oil Production Industry:** Production increased from crude palm oil products as the consistent rainy climate promoted high palm yield, whereas last year's floods in the South challenged the harvest. Furthermore, the government has initiated measures to stabilize the price of palm oil by adjusting the proportional use of biodiesel from B5 to B7, resulting in an increase of 12,000 tons of crude palm oil for biodiesel production per month, effective from May 8, 2017.

↑ **Fruit and Vegetable Processing Industry:** Production increased mainly from canned pineapple products. The rain all year round in 2017 resulted in high yields of pineapple, whereas the floods in the 3<sup>rd</sup> quarter of last year meant there was yield to the market less than normal.

### *Industrial Economic Status Forecasts for November 2017*

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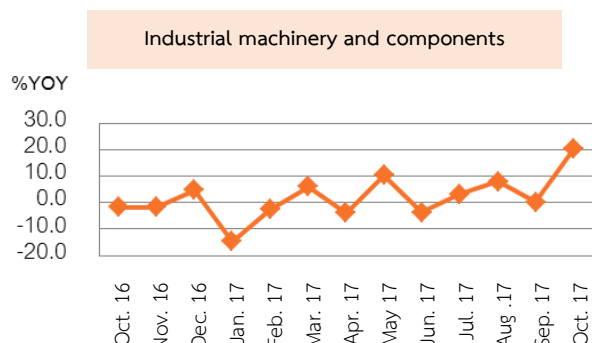
↑ The Manufacturing Production Index (MPI) for November 2017 is forecasted to hit 113.6 points, a growth rate in the 1.0-1.5 percent range from the same period last year, and a 0.5 percent growth from this October. Key industries with forecasted growth include **non-tire rubber products** (from low latex prices leading to purchase for initial processed products and latex gloves as added inventory), **automobiles** (from increased demand arising from releases of 2 new car models over the past 2-3 months, coupled with growing purchase orders from abroad for the last quarter of the year and consistent growth in domestic consumption, leading to increased production and MPI) and **automobile parts** (following growing exports to the Philippines and Indonesia).

# Other Industrial Economic Indicators

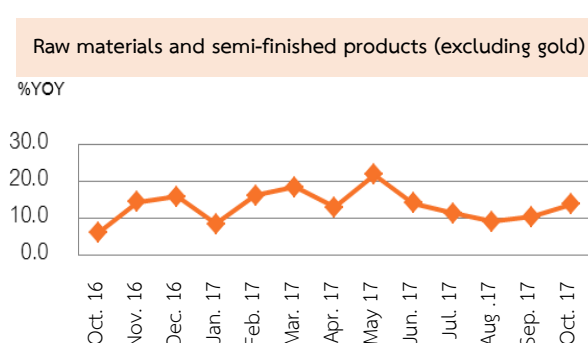
## in October 2017

## Other Industrial Economics Indicators in October 2017

### ■ Thailand's Importation of Industrial Sector



Source: Ministry of Commerce

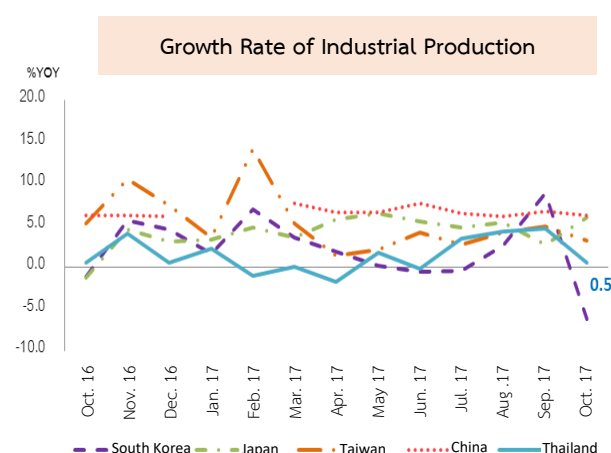


Source: Ministry of Commerce

😊 The import value of industrial machinery and components in October 2017 was USD 1,601.9 million which grew by 20.5 percent compared to the same month last year, from increased imports on engine, drive shaft and components; steam turbines and parts; and construction machinery and parts.

😊 The import value of raw material and semi-finished product (excluding gold) in October 2017 was USD 6,926.8 million which grew by 13.8 percent compared to the same month last year, in line with import growth of chemicals; iron, steel and products; equipment and parts of electrical appliances and electronics.

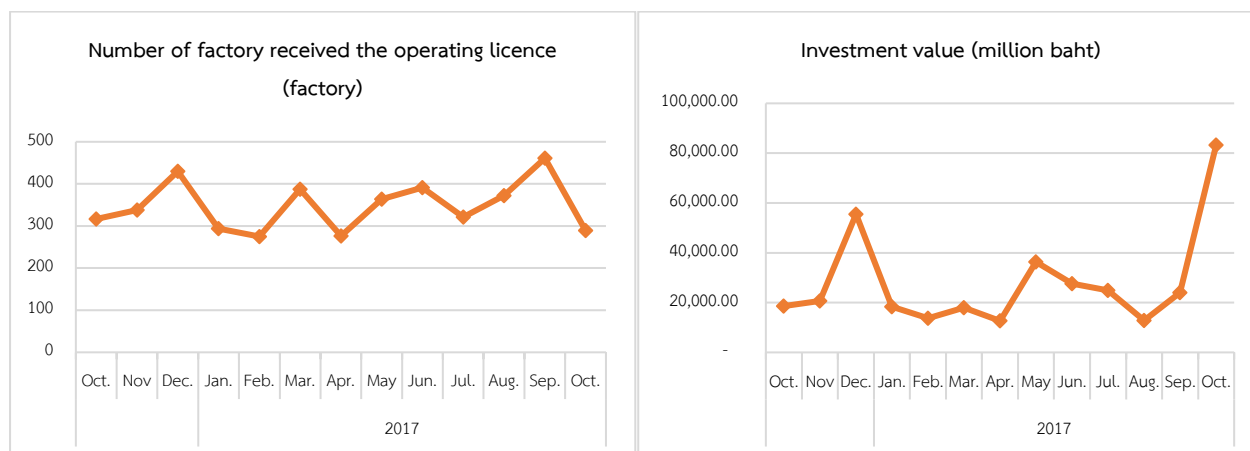
### ■ Thailand's Industrial Production Growth Compared with Major Countries in Asia



Source: Data collection by the Office of Industrial Economics

😊 Thailand's industrial production grew by 0.5 percent in October 2017 compared to the same month last year, but still slower than the previous month. This was the same with China and Taiwan which also experienced slower production from the month before, whereby growing 6.2 percent and 3.1 percent respectively. Industrial production in South Korea dropped 6.2 percent, whereas Japan rose 5.9 percent from last month.

## ■ Status on Industrial Operations



Source: Department of Industrial Works

Source: Department of Industrial Works

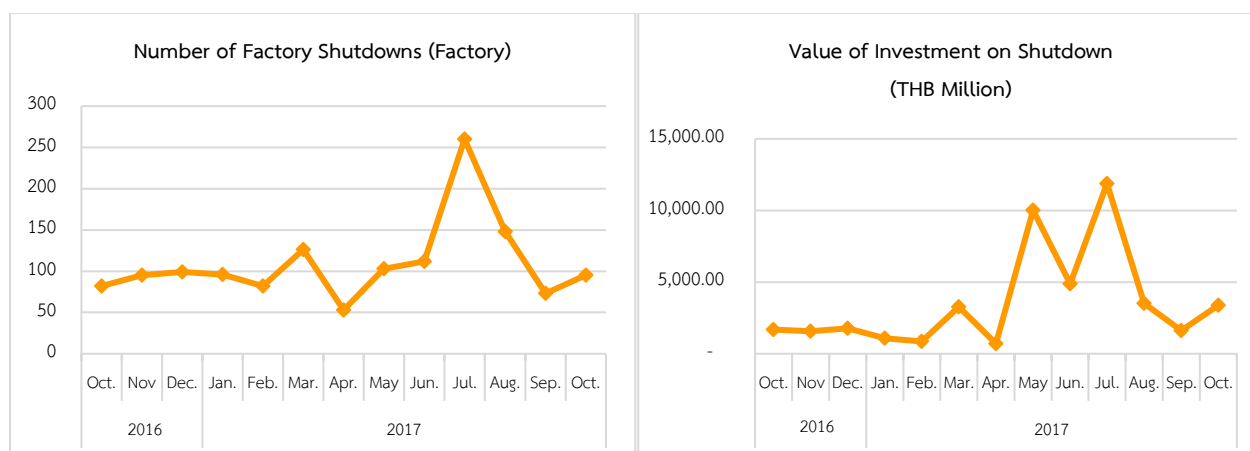
😊 A total of 289 factories obtained licenses to operate in October 2017, a drop of 37.31 percent from September 2017 (%MoM) and a decline of 8.83 percent from the same period last year (%YoY).

😊 The total value of investment from the factories obtained licenses to operate in October 2017 was THB 83,292 million, an increase of 247.81 percent from September 2017 (%MoM) and 346.41 percent from the same month last year (%YoY).

*“In October 2017 the automobile repair and assembly industry had the highest number of new licensed factories for operation with 28 factories, followed by the concrete products and ready-mixed concrete industry (22 factories)”.*

*“The industry with the highest value of investment in October 2017 was thermoelectricity valued at 74,689 million Baht, followed by non-alcoholic beverages valued at USD 1,938 million Baht.”*

## ■ Status on Industrial Operations (cont.)



Source: Department of Industrial Works

Source: Department of Industrial Works

☹️ A total of 95 factories ceased operation in October 2017, an increase from September 2017 by 30.14 (%MoM) and 15.85 percent from the same month last year (%YoY).

☹️ The value of investment lost on cessation of operation equated to THB 3,384 million, an increase from September 2017 by 109.5 percent (%MoM) and 102.12 percent from the same month last year (%YoY).

*“In October 2017, the door frame, window sills, windows and doors making industry had the highest number of factory shutdowns (5 factories) which was equal to the furniture factories or wooden home decorations (5 factories).”*

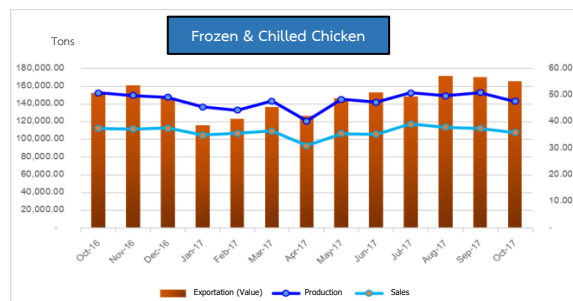
*“The industry with the highest value of investment with factory shutdowns in October 2017 was the production, modification or repair of radio receivers and TV tuners industry with 668 million Baht, followed by the non-plastic bag and gunny-bag production industry with 593 million Baht.”*



## Industrial Economics Status for October 2017 by Industry

### 1. Food Industry

#### ■ Frozen & Chilled Chicken Meat



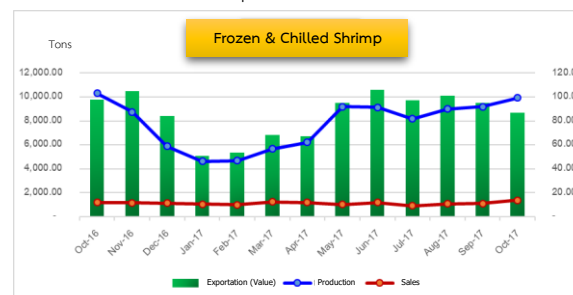
😊 The production and export value of food products, excluding sugar, increased from last year due to an increase in supply of raw materials and a drive in exports resulting from continuous growth in consumption. Domestic consumption also increased from the positive trend of economic recovery.

😊 Production of food (excluding sugar) in October 2017 saw an increase of 2.8 percent from the same month last year. The details are:

1) Export-orientated Products: Production of canned pineapples increased by 53.4 percent from the same month last year to support increasing supply of raw materials and purchase orders from foreign buyers which grew consistently. This was a result of a price drop in pineapple products in line with lower pineapple prices.

2) Domestic-orientated Products: Production of palm oil and animal (chicken) feed increased by 21.1 percent, and 4.0 percent from the same month last year respectively; a result of a continuous rise in consumption.

#### ■ Frozen & Chilled Shrimp

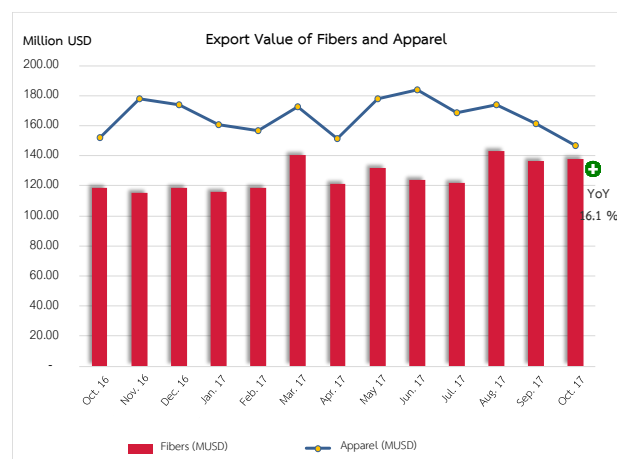
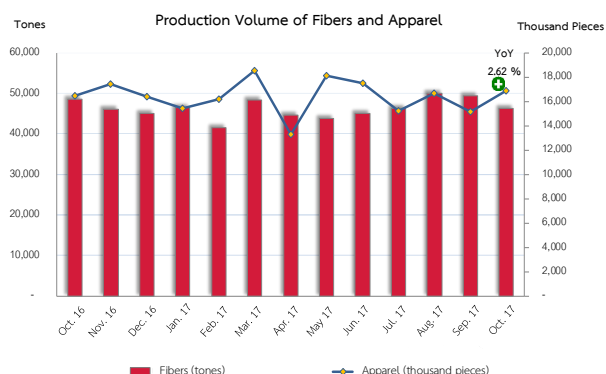


😊 **Domestic Market:** Domestic sales volumes for food products (excluding sugar) increased by 10.7 percent in October 2017 compared to the same month last year, resulting from a positive economic trend motivating consumption.

😊 **Foreign Market:** The total export of food products (excluding sugar) in October 2017 increased by 8.1 percent from the same month last year. Key products included tapioca products, processed chicken, chilled/frozen chicken meat, instant noodles and rice products which increased by 15.6 percent, 10.9 percent, 8.7 percent, 7.3 percent and 5.6 percent respectively, in response to increased purchase orders from importers.

Production and export of food products in November 2017 are expected to increase from the same period last year, as a result of positive factors motivating production of key products such as poultry (frozen/ chilled/ processed chicken meat) which has seen a constant growth as a result of an outbreak of bird influenza in trade partner countries (Japan, Europe and South Korea) and a loss of confidence in product quality among other exporting markets like Brazil. Furthermore, demand for canned pineapples have increased as pineapples have become cheaper. Rice products (white rice and jasmine rice) have also seen increasing demand from trade partners, coupled with a stable domestic economy and recovering world economy.

## 2. Textile and Garment Industry



### Production

➖ Production of *textile fibers and fabrics* shrank 4.6 and 5.0 percent, particularly in yarns and woven (cotton) products. On the other hand, the polyester segment expanded from the production of special fibers such as collagen and composite fibers to support exports.

➕ Production of *garments* increased 2.6 percent from last year from the growth in exports of women undergarments to key markets including USA, Japan and France.

### Domestic Sales

➖ *Textile fibers, fabrics and garments* decreased by 10.7 percent, 15.0 percent and 2.9 percent in sales, partially due to this period being the last phase that the public wore mourning colours to pay respect to His Majesty King Rama 9, therefore consumers slowed down in purchasing clothes during this time.

### Exports

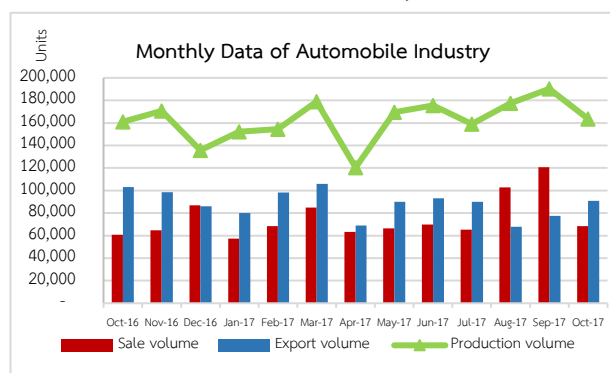
➕ The export value of *textile fibers and fabrics* increased by 16.1 percent and 8.2 percent respectively. Fibers have consistently grown over 12 months from November 2016, with the key export product being specialty fibers and fabrics made from specialty fibers. For these product segments, Thailand still has potential to produce and export to major markets including Vietnam and Japan.

### Forecasts for November

➖ Production of *textile fibers and garments* are expected to slow down as exports are still faced with uncertainty in USA and EU especially, where Thailand is not part of the Generalised scheme of preferences (GSP).

## 3. Automobile Production Industry

### ■ Automobile Production Industry



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

😊 **Automobile production** in October 2017 reached 163,487 units, a drop of 14.08 percent from September 2017 (%MoM) but a 1.48 percent increase from the same month last year (%YoY) from increased production of passenger cars.

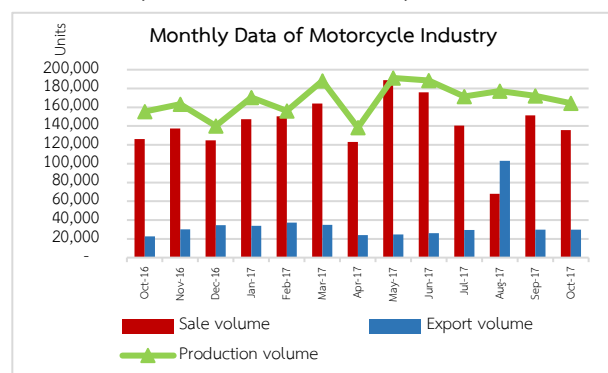
😊 **Domestic sales of automobiles in October 2017** reached 68,551 units, a drop of 11.65 percent from September 2017 (%MoM) but an increase of 13.06 percent from the same period last year (%YoY) because of the introduction of new cars, the consistent inflow of tourists into Thailand, the increased adjustment of agricultural products and recovering private investment.

😊 **Automobile exports** in October 2017 reached 90,838 units, a decrease by 24.71 percent from September 2017 (%MoM) and 11.97 percent from the same period last year (%YoY), due to shrinking exports in almost all markets except Australia and Africa.

*“In November 2017, the trend of the automobile industry is expected to grow compared to November 2016 manufacturers will accelerate production before the extended holidays in December.”*

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

### ■ Motorcycle Production Industry



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

😊 **Motorcycle production** in October 2017 reached 164,175 units, a contraction of 4.60 percent from September 2017 (%MoM) but an increase of 5.59 percent from the same period last year (%YoY), from an increase in multipurpose motorcycle models.

😊 **Domestic sales of motorcycles** in October 2017 reached 135,575, a decrease of 12.83 percent from September 2017 (%MoM) but an increase of 7.44 percent from the same time last year (%YoY).

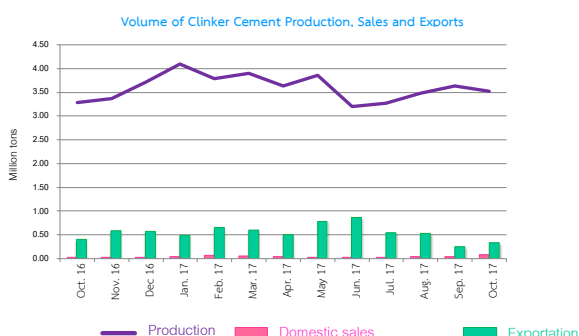
😊 **Exports of motorcycles** in October 2017 reached 29,839 units, dropping 0.25 percent from last month (%MoM) and climbing 31.55 percent from the same period last year (%YoY). Export markets which expanded included the UK, Japan and Myanmar.

*“In November 2017, the trend of the motorcycle industry is expected to slow down compared to November 2016.”*

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

## 4. Cement Industry

### ■ Clinker Cement Industry



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

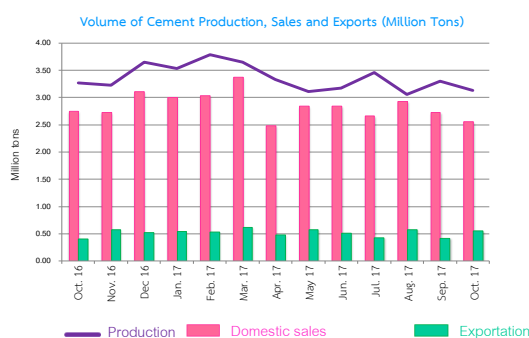
😊 **Clinker cement production** in October 2017 reached 3,514,694 tons, a drop of 3.14 percent from September 2017 (%MoM) but an increase of 7.26 percent from the same month last year (%YoY).

😊 **Domestic clinker cement sales** in October 2017 reached 74,203 tons, an increase of 85.51 percent from September 2017 (%MoM) and 209.18 percent from the same month last year (%YoY).

😊 **Export of clinker cement** in October 2017 reached 327,187 tons, an increase of 32.63 percent from September 2017 (%MoM) but dropping 17.92 percent from the same month last year (%YoY), due to main export markets in Asia remaining sluggish. Furthermore, Thai businesses that have invested in production bases in Myanmar and Laos commenced operations which has had significant impact on Thailand's exports to these markets.

😊 *In November 2017, the clinker cement industry is expected to have a good recovery compared to the same month last year.*

### ■ Cement Industry



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

😊 **Cement production** in October 2017 hit 3,139,513 tons, a decrease of 5.16 percent from September 2017 (%MoM) and 4.11 percent from the same month in 2016 (%YoY).

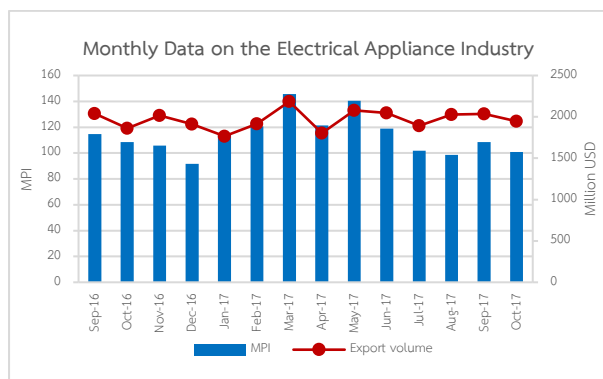
😞 **Domestic cement sales** in October 2017 reached 2,564,249 tons, a drop of 6.14 percent from September 2016 (%MoM) and 6.98 percent from the same month last year (%YoY).

😊 **Export of cement** in October 2017 reached 557,796 tons, an increase of 30.13 percent from September 2017 (%MoM) and an increase of 33.50 percent from last year (%YoY), as a result of lessened exports to Myanmar and Laos. However, at the same time, other markets saw an increase.

😊 *In November 2017, the cement industry is expected to grow slightly from export markets with positive signals and government investments as a key stimulus.*

## 5. Electrical and Electronics Industry

### ■ Electrical Industry



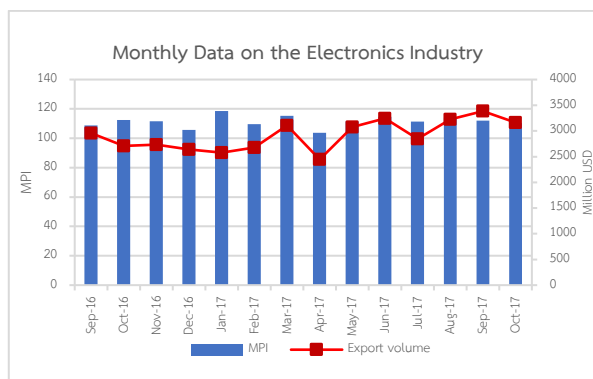
Source: Office of Industrial Economics

☹️ **Production of electrical appliances** reached a production index of 100.84, a contraction of 6.98 percent compared to last year. Most product segments contracted including air conditioners, compressors, fans, refrigerators microwaves and electronic motors which dropped by 23.02 percent, 1.58 percent, 21.10 percent, 10.68 percent, 12.59 percent and 3.88 percent respectively. Lower production arose from less domestic consumption, coupled with slower purchase orders from foreign buyers. On the other hand, production of washing machines, kettles, rice cookers and electric wires rose 10.94 percent, 17.60 percent and 17.58 percent respectively.

😊 **Export of electrical appliances** valued 1,945.81 million USD, an increase of 7.91 percent compared to the same month last year. Exports to key markets rose, including china, Japan, ASEAN, EU and USA with the export of air conditioners, a high-value product rising 10.00 percent to reach 277.16 million USD, followed by washing machines with a 67.21 percent climb from last year valuing 157.34 million USD.

*“The manufacturing production index is forecasted to increase slightly in November 2017, by 0.84 percent compared to the same period last year, as the production of washing machines exported to key markets, particularly USA have increased and because electric wires are important to the expanding domestic infrastructure.”*

### ■ Electronics Industry



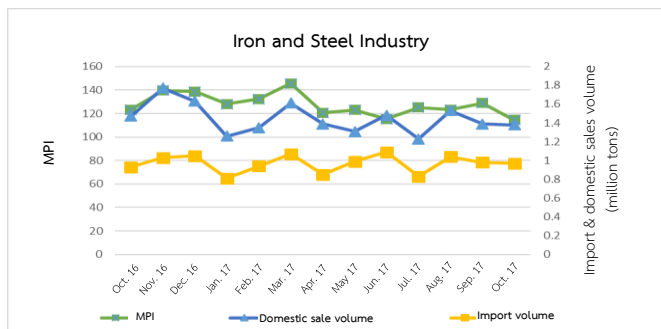
Source: Office of Industrial Economics

😊 **Production of electronics** reached a production index of 110.38, an increase of 0.32 percent compared to the same month last year. Key categories included semiconductors, monolithic IC and HDD grew by 10.94 percent, 17.60 percent and 17.58 percent respectively, resulting from a growth in global electronic products.

😊 **Export of electronics** valued at 3,161.91 million USD, an increase of 8.28 percent compared to the same month last year. Exports to all key markets including China, Japan, ASEAN, EU and USA improved. Electronic products with the highest export value were computer parts with a value of 1,310.84 million USD, an improvement of 13.63 percent compared to last year, followed by ICs valued at 693.67 million USD, an increase of 6.83 percent from last year.

*“The manufacturing production index for electronics in November 2017 is expected to increase by 1.28 percent compared to the same month last year, mainly due to an increase in exports computer equipment and parts.”*

## 6. Iron and Steel Industry



Source: Office of Industrial Economics & Iron and Steel Institute of Thailand

### ☹️ The manufacturing production index in October

2017 reached 113.69, a drop of 7.79 percent compared to the same period last year. Production of long-formed steel decreased by 15.98 percent (round bars dropped 19.15 percent and deformed bars by 18.97 percent) as buyers in flooded areas slowed purchased orders from logistical challenges, in addition to delayed construction by the government. Flat steel decreased by 0.41 percent (chromium coated sheets decreased by 21.54 percent as continuous industry, that is the canned fish sector, reduced production), whereas structural steel products dropped 6.61 percent, with cold rolled steel shrinking 26.13 percent.

### ☹️ Domestic sales volume in October 2017 was 1.32

million tons, a decrease of 9.8 percent compared to last year. Long-formed steel equated to 434,528 tons, a decline by 24.7 percent, whereas flat steel products increased by 0.4 percent reaching 889,296 tons.

### 😊 The import volume in October 2017 was 939,273

tons, increasing 0.8 percent. A total of 234,914 tons of long-formed steel products were imported, an increase of 6.8 percent, whereas 704,359 tons of flat steel was imported, dropping 1.1 percent.

*“The trend for the steel industry in November 2017 is expected to drop by 10.49 percent with long-formed steel decreasing 17.49 percent from a slowdown in public construction and flat formed steel by 5.79 percent. On the other hand, structural steel is expected to grow by 0.47 percent.”*

\*From forecasts by the Office of Industrial Economics