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OF INDUSTRIAL ECONOMICS

# Public Relations News

## THE OFFICE OF INDUSTRIAL ECONOMICS

Ministry of Industry reports that October's MPI increased by 0.45 percent from last month; the industrial sector's MPI and GDP are expected to return to positive growth next year.

The Ministry of Industry reported that the Manufacturing Production Index (MPI) in October 2020 grew by 0.45 percent compared to the previous month, showing growth for the sixth consecutive month, in line with the export of industrial products (excluding gold) that gradually recovered to normal levels. The trend reflected that the industrial sector rose close to levels before the Covid-19 situation. The growth was supported by measures to stimulate consumption to enhance economic activity. As a result, the MPI returned to increase again. The OIE estimates that the industrial economy and MPI in 2021 will grow at 4.0-5.0 percent, while the gross product (GDP) in the industrial sector will expand at 4.0-5.0 percent.

The Minister of Industry, Mr. Suriya Jungrungreangkit, reported that the Ministry of Industry had assigned the Office of Industrial Economics (OIE) to prepare the Manufacturing Production Index (MPI). The MPI in October 2020 grew by 0.45 percent compared to the previous month, showing six months of consecutive growth, in line with the export of industrial production (excluding gold) that gradually recovered to normal levels. The trend reflected that the industrial sector rose close to levels before the Covid-19 situation. The MPI grew significantly in the consumer products industry, such as the food industry (excluding sugar) and many others that grew well. Likewise, the pharmaceutical sector expanded for the ninth consecutive month.

"The manufacturing sector recovered to a similar level before the Covid-19 situation. The implementation of government policies supported the growth to stimulate domestic consumption, such as the half-half co-payment scheme to increase purchasing power for people with state benefits cards, and the "shop with returns" project to boost economic circulation in the country at the end of the year. As a result, domestic economic activity gradually returned close to the pre-COVID-19 period and will continue to grow. The OIE estimates that the industrial economy and MPI in 2021 will grow at 4.0-5.0 percent, while the gross product (GDP) in the industrial sector will expand at 4.0-5.0 percent," said Mr. Suriya.

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OIE Director-General Mr. Thongchai Chawalitpichaet said that effective control measures for the pandemic and government stimulus measures resulted in the country's economic activity gradually returning to the pre-COVID-19 period. Improvements were especially in the domestic tourism sector from government measures to stimulate domestic travel. This positive effect was reflected by the MPI of significant industries, such as the oil refining industry, which grew 8.45 percent from the same period last year. Likewise, the automotive sector increased production. The MPI contracted by 2.24 percent from the same period the previous year, whereby the shrinkage continues to decrease. This was consistent with the import of raw materials and semi-finished products (excluding gold) in October 2020 that contracted by 1.63 percent from the same period last year. The contraction is likely to decline from 22.44 percent in May 2020, reflecting a similar production increase from the previous year. As a result, the MPI in October contracted 0.54 percent from the same period last year. It is expected that the rise in imports of raw materials for production will increase the MPI in November. As a result, the industrial economy will return to growth again in 2021.

Mr. Thongchai further stated that the primary industries that had growth were consumer product industries such as the food industry (excluding sugar) that grew by 1.10 percent from the same period of last year. The electrical appliances and electronics industries grew by 4.50 percent from the same period of the previous year, and the rubber gloves industry expanded by 30.28 percent. Meanwhile, significant industries started to recover by growing again, such as the iron and steel industry, which grew by 9.20 percent from the same period of last year following the recovery of downstream industries such as the construction industry and the metal can packaging industry. **The key sectors that continued to expand well in October were:**

**Petroleum** grew by 8.45 percent from the same period last year as many refineries and companies shut down last year. However, this year, there was only maintenance in some refineries, returning to normal production.

**Electronic components and boards** grew by 6.07 percent from the same period last year due to the rising global demand for electronic components. The production and delivery of goods accelerated after uncertainty arising from the coronavirus outbreak.

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**Processed and preserved fruits and vegetables** grew by 19.98 percent from the same period of last year, mainly canned pineapple products as pineapples were produced in many areas and were harvested earlier than the previous year. Furthermore, demand increased in both domestic and international markets.

**Basic iron and steel products** grew by 9.19 percent from the same period of last year, from hot-rolled coiled sheets, wire rods, steel pipes, chromium-coated steel, and tin-coated steel, mainly due to increased demand. In particular, chromium and tin-coated steel sheets grew with the consumption of canned food. On the other hand, demand shrank last year, in line with economic conditions and the impact of cheap imported steel, causing some manufacturers to stop producing.

**Domestic appliances** grew from refrigerators and washing machines that increased by 21.54 percent from the same period of the previous year. The demand for refrigerators increased in both domestic and foreign markets. In addition, business operators moved their production bases from China in June 2020. Meanwhile, washing machines launched promotions to stimulate the market, coupled with increased orders from Malaysia and Japan.

**MPI and Capacity Utilization Rate (monthly)**

Index	2019			2020									
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.*
MPI	96.24	97.20	98.94	103.95	100.90	103.68	78.08	79.68	82.88	87.24	95.30	95.30	95.72
Change Rate (%MOM)	-1.18	0.99	1.80	5.06	-2.93	2.75	-24.69	2.05	4.01	5.26	5.15	3.89	0.45
Change Rate (%YOY)	-7.98	-8.02	-4.37	-4.02	-4.24	-10.48	-18.22	-23.80	-17.80	-12.93	-9.05	-2.15	-0.54
Capacity Utilization Rate	62.79	63.19	64.02	66.75	66.06	67.78	51.27	52.34	55.07	57.58	60.86	63.46	63.20

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 27 November 2020

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