

OIE Reports November 2024 MPI Contracts by 3.58%; Positive Outlook for 2025 with Government Measures Boosting Domestic Spending and bolstering Tourism Industry to Thrive

The Office of Industrial Economics (OIE) reported that the Manufacturing Production Index (MPI) in November 2024 was at 93.41, a contraction of 3.58 percent compared to the same period last year. As a result, the first eleven months of 2024 contracted by an average of 1.78 percent. It is expected that in 2025, industrial production will pick up again from government spending stimulus measures, industrial product exports, and continuous growth of the tourism sector, resulting in the growth of related industries to become the star industries of next year.

Mr. Passakorn Chairat, the Director General of the Office of Industrial Economics (OIE) reported that the Manufacturing Production Index (MPI) in November 2024 reached 93.41, a contraction of 3.58 percent compared to the same period last year, and the capacity utilization rate was at 57.60 percent. The overall MPI for the first eleven months was 96.25, with an average contraction of 1.78 percent and an average capacity utilization rate of 58.64 percent. The negative factors affecting the manufacturing sector included the automotive industry, which continued to contract following a slowdown in the domestic market. The industry was faced with pressure on consumer purchasing power, high household debt, and the impact of the U.S. elections, with a policy to increase import tariffs on goods from China, which may cause more imports into Thailand and ASEAN. However, there are still positive factors from government spending stimulus measures, such as the 10,000 Baht top-up project, the elderly cash handout project, the farmer assistance project, the export of industrial goods (excluding gold, weapons, tanks, and combat aircraft) which grew by 7.5 percent from last year, and the tourism sector, which continued to grow, resulting in the growth of related industries.

The Early Warning System of Industrial Economic for Thailand in December 2024 sent “preliminary normal” signals. Domestic factors sent initial normal signals due to a growth in the volume of imported goods, improved industrial confidence from the government’s economic stimulus measures, and tourism promotion. Meanwhile, foreign factors sent less watchful signals from the growth of the manufacturing sector in the European Union. The US economy grew, but there were still concerns about future trade policies. Japan’s manufacturing sector remained sluggish.

“In 2025, the thriving industries are expected to grow from three main factors: 1) The continuous growth of tourism; 2) The government’s economic stimulus measures, such as the government’s subsidy for living expenses, the Easy E-Receipt 2.0; and 3) Expanding industrial exports, as reflected in robust export growth. The industries that will benefit include food and beverages, refined petroleum products, and packaging (both plastic, paper, and metal), which are industries linked to the upstream and downstream of production chains. The electrical appliances sector is also expected to grow, especially air conditioners and hard disk drives, which are in demand by consumers, in line with the cyclical structure of products that begin to expire in warranty. In addition, there is an increase in demand for Data Centers, causing increased purchase orders, especially exports to major markets such as the USA. As a result, the overall first 11 months of 2024 saw a growth of over 50 percent compared to the same period last year,” said Mr. Passakorn.

The key industries that had a positive effect on the November 2024 MPI compared to the same period last year were:

Other general-purpose machinery grew by 24.56 percent from the same period of last year, mainly from air-conditioning products, following an increasing global average temperature. In addition, some manufacturers were able to export products that passed the certification standards after having issues in the previous year, along with the development of new products to provide more choices for consumers.

Canned seafood grew by 31.43 percent from the same period of last year, mainly from canned tuna products, in line with the continuous growth of demand from major trading partners such as the USA, Canada, and Australia, as well as the expansion of new markets such as the Middle East, Africa, and Latin America.

Wearing apparel (except tailoring shops) grew by 26.58 percent from the same period of last year, mainly from women's and girls' outerwear and innerwear made from woven fabrics, following the growth of the export market after purchase orders from the USA and Europe increased due to domestic market protection measures from the USA and the EU, coupled with the weakening of Thai Baht.

The key industries that had a negative impact on the November 2024 MPI compared to the same period last year were:

Automobiles contracted by 27.21 percent from the same period last year, mainly from pickup trucks, small passenger cars, and hybrid passenger cars, following the slowdown in the domestic market as financial institutions tightened lending. Meanwhile, exports slowed down due to lower demand from trading partners.

Palm oil contracted by 34.54 percent from the same period of last year from refined palm oil and crude palm oil products due to the decreased volume of palm fruit as a result of droughts. Sales decreased domestically, and exports decreased after the government requested cooperation to reduce the volume of exports and adjust the oil mixing ratio from B7 to B5.

Electronic components and boards contracted by 8.63 percent from the same period of last year, mainly from integrated circuits (IC) and PCBAs, following lower orders due to the economic slowdown.

Monthly Manufacturing Production Index and Capacity Utilization Rate

Index	2023						2024					
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
Manufacturing Production Index	97.75	95.04	96.94	95.80	94.26	96.87	96.16	96.59	95.20	92.76	93.68	93.41
Change Rate (%MoM)	-2.13	-2.78	2.00	-1.17	-1.61	2.77	-2.30	0.44	-1.43	-2.57	1.00	-0.29
Change Rate (%YoY)	-4.20	-3.89	-5.93	-5.88	-2.49	-1.51	-1.63	1.63	-1.79	-3.18	-0.61	-3.58
Capacity Utilization Rate	60.07	58.23	58.61	58.21	57.21	58.95	58.28	58.84	58.56	57.56	57.97	57.60

Source: Division of Information and Industrial Economic Indices, the Office of Industrial Economics (OIE); Data as of 27 December 2024