

OIE reports MPI growth by 5.12 percent in July 2021 for the fifth consecutive month of growth, from exports to key trading partner countries, valued over 700 Bn Baht in July 2021.

The Ministry of Industry reported that overall industrial production in July 2021 grew for the fifth consecutive month. The Manufacturing Production Index (MPI) was at 91.41, an increase of 5.12 percent compared to the same month last year. Supporting factors were from major trading partners' economies which continued to recover, coupled with the acceleration of COVID-19 vaccinations in the country and measures to prevent and control specific areas or the Bubble & Seal and Factory Sandbox projects to reduce the risk of COVID-19 spreading in industrial plants.

The Minister of Industry, Mr. Suriya Juangroongruangkit, reported that the situation of most manufacturing sectors has improved. The Manufacturing Production Index (MPI) in July 2021 expanded for the fifth consecutive month due to the economic recovery of key trading partners, such as the US, China, Japan, and the EU, which had an increasing demand for products. Manufacturing sectors are therefore benefited and can increase production for exports. Exports continued to expand for the fifth month, valued at over 700 Bn Baht. However, the COVID-19 outbreak in industrial clusters is still a factor to monitor. Currently, the COVID-19 situation and infection of workers in the workplace have not impacted overall employment and industrial production. This can be overseen from Industrial Labor Index in July 2021, which continued to grow by 3.41 percent compared to the same month last year, indicating an increase in working hours.

The Ministry of Industry continues to closely monitor the control of the pandemic in the workplace. It has collaborated with relevant agencies to implement specific area control measures, or Bubble & Seal, and has established a pilot project to prevent and control the pandemic in industrial plants, or Factory-Sandbox, with establishments. The projects target Thailand's key export industries, namely the automotive, electronic components, food, and medical equipment industries so that the manufacturing sector can continuously drive the country's economy, Mr. Suriya concluded.

OIE Director-General Mr. Thongchai Chawalitpichaet said that the Manufacturing Production Index (MPI) in July 2021 was at 91.41, an increase of 5.12 percent compared to the same month last year. The key industries that contributed to growth in MPI were automobiles and engines, electronic components and boards, and other rubber products due to the continuous demand following increased purchase orders. Exports of industrial products (excluding gold, weapons, tanks, and aircraft) valued at 541,763.15 million Baht, an increase of 28.67 percent. The import of capital goods increased by 35.40 percent, comprising machinery and components, electrical machinery and parts, including raw materials and semi-finished goods (excluding gold) grew as high as 50.11 percent. Products that expanded included chemicals, iron, and steel,

and products. The import figures above indicated that operators are also likely to increase production in the next month. There are also supporting factors such as the economic recovery of key trading partners, causing exports of industrial products to grow. Furthermore, there were both financial and treasury domestic economic stimulus measures, the acceleration of COVID-19 vaccinations, and plans to open the country in the second half of the year. However, issues such as the COVID-19 outbreak should be monitored, especially industrial clusters, chip and container shortages, and the number of tourists being less than expected.

Key industries contributing to the MPI growth in July 2021 were:

Automobiles and engines. The MPI grew by 31.49 percent compared to the same month last year, from all product items and mainly from the export market due to the low base effect and the increasing demand from foreign consumers. The trend was in line with the economic conditions of trading partner countries that have recovered from controlling the pandemic well and the high level of vaccination distributions to cover the population.

Electronic components and boards. The MPI increased by 19.02 percent from the same month last year, in line with the continuously growing demand of the electronic component market. The demand is expected to increase in the long run because the industry will use more chips.

Other rubber products. The MPI grew 18.55 percent from the same month last year, mainly from block rubber and rubber sheet. Furthermore, the COVID-19 situation among key trading partners, such as China, the US, and Europe, has improved and returned to order more products. Additionally, this year's continuous rain caused rubber trees to produce more latex.

Plastic pellets. The MPI grew by 10.61 percent from the same month last year due to increased production in several products, and key manufacturers stopped for maintenance in the previous year. In addition, this year there is an increase in demand in the market. Producers, therefore, accelerated and expanded production capacity.

Sugar. The MPI increased by 93.73 percent compared to the same month last year, mainly from white sugar and refined sugar. After the shutdown of the milling process, raw sugar was processed into sugar continuously.

MPI and Capacity Utilization Rate (Monthly)

Index	2020						2021						
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.
MPI	86.95	91.50	94.93	95.22	96.71	96.03	102.63	99.41	109.56	91.50	100.39	98.30	91.41
Change Rate (%MOM)	4.62	5.23	3.75	0.30	1.56	-0.70	6.88	-3.14	10.21	-16.49	9.71	-2.08	-7.01
Change Rate (%YOY)	13.56	-9.28	-2.56	-1.31	-0.64	-2.81	-2.02	-1.35	5.89	17.97	25.73	18.27	5.12
Capacity Utilization Rate	57.25	60.55	63.44	63.35	64.81	63.16	66.60	65.06	70.65	59.94	65.76	62.50	58.12

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 30 August 2021