

Ministry of Industry reports MPI growth in March 2021 by 4.12%, the highest in 29 months; industrial product exports continued to grow for the fourth consecutive month.

The Ministry of Industry reported that the production in major industries improved. As a result, the overall Manufacturing Production Index (MPI) in March 2021 was at 107.73, an increase of 4.12% compared to the same month of the previous year. This was the highest growth in 29 months (October 2018 to February 2021), after the manufacturing sector was affected by the trade war between China and the United States and the spread of COVID-19. The capacity utilization rate also increased (69.59%) because of government economic stimulus measures and progress in COVID-19 vaccinations internationally and domestically. The measures boosted confidence among producers and consumers. As a result, the export of industrial products excluding gold and special items in March 2021 grew by 25.77%, the fourth consecutive month and the first double-digit growth in 31 months. The return to growth in MPI this month resulted in the overall growth of 0.25% in MPI for Q1/2021.

The Minister of Industry, Mr. Suriname Chuengroongruangkit, reported that the industrial manufacturing sector started showing signs of recovery. As a result, the Manufacturing Production Index (MPI) in March 2021 was at 107.73, an increase of 4.12% compared to the same month last year, returning to growth and the highest expansion in 29 months (October 2018 to February 2021), with the capacity utilization rate at 69.59%. The growth reflects the country's growing trend in the manufacturing sector, following the better global economy. In addition, the government relaxed lockdown measures, and the outbreaks were not among factory workers, so the industrial production sector continued to operate continuously. Furthermore, the government continued to launch economic stimulus measures, such as the Rao Chana, Rao Rak Gun, and phase 3 of the Half Each project. Thailand has started gradually vaccinating the people and plans to distribute vaccines to cover the nation's population by 2021. The efforts boosted confidence in both the production and consumption sectors.

OIE Director-General Mr. Thongchai Chawalitpichaet said that the key industries contributing to MPI's growth include the automotive industry, which saw a 7.53% increase in production due to increased production of all types of vehicles based on growing domestic demand and exports to Asia, Oceania, and Europe. The basic iron and steel industry increased in production by 19.19% due to accelerated production to profit during a 40-60% rise in global steel prices and an adjustment in downstream industries.

Mr. Thongchai continued that the export value of industrial products (excluding gold and special items) grew by 25.77%, expanding by double-digit levels for the first time in 31 months. Imports of raw materials and semi-finished products increased by 26.45%. Products with increased imports were iron, steel and products, electrical equipment, and electronic components. There was continuous growth in the industrial production sector from increased imports of raw materials and semi-finished goods. This reflects that the manufacturing sector in the next month will have a growing trend.

The main industries with growth in MPI in March 2021 compared to the same period last year were:

Automobiles and engines grew by 7.53% from the same period last year from pickup trucks, compact cars, and diesel engines due to domestic demand at the end of March 2021, where there was a motor show. In addition, exports grew to Asia, Oceania, and Europe.

Basic iron and steel products grew by 19.19% from the same period last year, mainly from cold-rolled steel sheets, galvanized steel, wire rods, hot rolled steel, and steel bars, benefiting from a decrease in the quantity of steel in the world market causing world steel prices to rise. Therefore, producers had to accelerate production to profit when there is still a shortage of products.

Sugar increased from the same period of last year by 26.89%, as this year, factories concluded production later than last year. Additionally, the quality of crushed fresh sugar cane was higher than the previous year.

Furniture increased by 42.76% from the same period last year from wooden furniture due to continuous orders from the United States.

Prepared animal feed increased by 15.48% from the same period last year due to the growth of the pet and swine feed market, especially the orders for cat food from the US that continuously increased. In addition, manufacturers have expanded markets through more online channels to meet the needs of consumers living in the new normal.

MPI and Capacity Utilization Rate (Monthly)

Index	2020												2021		
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
MPI	104.75	100.77	103.47	77.57	79.84	83.11	86.95	91.50	94.93	95.22	96.71	96.03	102.63	99.41	107.73
Change Rate (%MOM)	6.01	-3.79	2.67	-25.04	2.94	4.10	4.62	5.23	3.75	0.30	1.56	-0.70	6.88	-3.14	8.36
Change Rate (%YOY)	-3.75	-4.86	-11.06	-19.11	-24.07	-17.86	-13.56	-9.28	-2.56	-1.31	-0.64	-2.81	-2.02	-1.35	4.12
Capacity Utilization Rate	67.58	65.57	67.66	50.90	52.10	55.42	57.25	60.55	63.44	63.35	64.81	63.16	66.60	65.06	69.59

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 28 April 2021

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