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OF INDUSTRIAL ECONOMICS

Public Relations News

THE OFFICE OF INDUSTRIAL ECONOMICS

OIE reports COVID-19 driving food industry to support MPI in February which contracted by 5.19 percent; manufacturers prepare to monitor the situation

The Office of Industrial Economics (OIE) reported that the Manufacturing Production Index (MPI) in February 2020 contracted by 5.19 percent from the same period last year, an effect from the global economic slowdown and droughts. However, the COVID-19 virus situation has caused some industries to expand, especially the food industry in almost every category except sugar and tapioca starch that lacked raw materials for production. Meanwhile, producers in key industrial groups slowed down production to monitor the situation and wait for increasing purchase orders.

OIE Director-General Mr. Thongchai Chawalitpichaet reported that the Manufacturing Production Index (MPI) in February 2020 contracted by 5.19 percent from the same period last year, a result of the impact of the slowing global economy and droughts. Meanwhile, the capacity utilization rate was 65.33 percent. The COVID-19 virus outbreak resulted in the growth of some industrial sector groups, coupled with increased utilization of labour in the industrial sector. The labour index increased slightly from 102.08 to 102.63, an increase of 1.88 percent from the same period last year. There was growth in almost all food industry sectors that had increased production, except for the sugar industry that was affected by droughts; therefore, the quantity of sugarcane entering factories reduced. The MPI declined by 36.56 percent from the same period last year. Furthermore, the flour industry lacked raw materials for production as a result of the pandemic.

Mr. Thongchai said that the main industries that harmed the MPI in February 2020 were automobiles and engines from the effects of the trade war and sugar that was affected by droughts. The main industries that continued to grow well in February were:

Pharmaceuticals and medicinal chemical increased by 40.37 percent from the same period last year from almost all product groups (except for powdered drugs). The growth was because some manufacturers lacked raw materials for production in the previous month; therefore, production accelerated for delivery to customers this month. Furthermore, the past year faced machinery failure and water quality problems resulting in less production last year.

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Frozen seafood increased by 26.55 percent from the same period last year, in all product groups due to increased domestic demand in this period. Demand increased notably for frozen fish and minced fish meat from concerns about the COVID-19 virus, causing consumers to have more demand and reserve products.

Electronic parts and circuits grew by 5.60 percent from the same period last year due to the global demand for electronic components, which increased from the previous year, after many years of a slowdown in the industry. Demand increased especially for printed circuit boards (PCBA / PWB), in which the electronic components industry has started to improve.

Beer increased by 15.29 percent from the same period last year due to the acceleration of production to plan products and to support orders from more agents. This was coupled with the COVID-19 virus situation, causing some business operators to accelerate production before the possible inability to provide in the future.

Prepared animal feeds grew by 7.35 percent from the same period last year due to the increase in sales channels of manufacturers, as well as an expansion in customer base from small-scale farmers to large farms, including the growing export market.

The COVID-19 virus has resulted in increased product sales. The shipping index rose from January, which stood at 95.05, to grow to 99.80 in February. The growth caused inventory to decrease, whereby the finished goods inventory index dropped from January, which stood at 145.51, to fall to 136.80 in February. Overall, exports of industrial products (excluding gold, weapons, and aircraft) declined slightly by 2.10 percent from the same period last year. The contraction was less than the total exports that contracted from the same period of the year by 4.47 percent. At this time, producers have slowed down production to wait and monitor the situation. However, there is still enough production capacity to support the demand for the products, if there is an increase, **concluded Mr. Thongchai.**

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MPI and Capacity Utilization Rate (Monthly)

Index	2019											2020	
	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec	Jan.	Feb.*
MPI	105.37	115.82	95.47	104.57	100.82	100.19	100.78	97.39	96.24	97.20	98.94	103.95	99.90
Change Rate (%MOM)	-2.70	9.91	-17.57	9.53	-3.58	-0.63	0.59	-3.37	-1.18	0.99	1.80	5.06	-3.89
Change Rate (%YOY)	-1.41	-2.54	1.50	-3.21	-5.14	-3.32	-4.43	-4.97	-7.98	-8.02	-4.37	-4.02	-5.19
Capacity Utilization Rate	68.56	73.93	63.12	67.38	64.62	65.05	65.65	63.63	62.79	63.19	64.02	66.75	65.33

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 25 March 2020

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