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OIE reports MPI in May declined by 23.19 percent; food and pharmaceutical industries continued to grow. The economy in June is expected to improve as lockdowns ease globally.

The Office of Industrial Economics (OIE) reported the effects of the COVID-19 situation, causing the Manufacturing Production Index (MPI) in May 2020 to contract by 23.19 percent from the same period last year. However, the MPI expanded by 2.86 percent from the previous month, showing a better signal after lockdowns eased. The food (excluding sugar) and pharmaceutical industries continued to grow. It is expected that the economy in June will improve from the economic revolving fund received from the government's remedial measures, coupled with lockdowns easing domestically and internationally.

OIE Deputy Director-General Mr. Ittichai Yotsri reported that the Manufacturing Production Index (MPI) in May 2020 decreased by 23.19 percent from the same period last year, from the COVID-19 virus effects, whereby many countries have implemented intensive preventive measures causing the global economy to slow down. Significant economic activities around the world stopped, including transportation activities. In addition, operators have reduced working days, such as the automotive industry. The capacity utilization rate was 26.86 percent, resulting in May's overall capacity utilization rate to stand at 52.84 percent. However, the situation started to improve after the MPI in May increased by 2.86 percent from the previous month due to the easing of the lockdown measures in Thailand. This resulted in growth within some industries in response to consumer demand, such as the food industry (excluding sugar) that continued to grow, such as frozen fish products, canned seafood, processed vegetables, fruits, milk, tapioca starch instant noodles. Likewise, the pharmaceutical industry grew by 10.07 percent from the same period last year, which was two-digit growth for the fourth consecutive month.

Mr. Ittichai explained that the primary industries negatively impacted in MPI in May 2020 were automobiles and engines, petroleum and air conditioners, and parts. The sectors were affected by the measures to control the outbreak of the COVID-19 virus, which caused economic activity to decrease and factory to stop production. People began to work at home and therefore reduced travel. International shipping activities came to a halt, resulting in a shortage of raw materials from foreign countries, and sales channels were closed both domestically and internationally. Meanwhile, the primary industries that continued to grow in May were:

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Chemical fertilizers increased by 24.89 percent from the same period last year. Some manufacturers increased the proportion of their production from the previous year, only focusing on manufacturing according to their marketing plans.

Canned seafood rose by 21.15 percent from the same period last year, resulting in the continuously increasing demand for stored food, including the acceleration of production in line with a large amount of tuna and sardine raw materials this year.

Pharmaceuticals and medicinal chemical product increased by 10.07 percent from the same period last year, from tablets, capsules, and cream products, due to the continuous demand during the outbreak of COVID-19 virus.

Daily products grew by 5.99 percent from the same period last year from ready-to-drink milk products and milk powder. This was due to the increased amount of raw milk, promotions, and rising online distribution channels. Orders also increased from Malaysia, Indonesia, and Myanmar after Malaysian producers temporarily shut down their factories due to the outbreak of COVID-19.

Frozen seafood increased by 5.08 percent from the same period last year, from frozen fish products with increased demand both domestically and internationally.

The Thai economy in June is expected to improve from the receipts of economic revolving funds from financial remedies and support for the people impacted by the COVID-19 pandemic by the government, which has experienced significant progress. The measures include remedial measures of 5,000 Baht, which has successfully helped more than 99 percent of applicants, including the relaxation of some measures and activities which can be resumed in Phase 3 of easing the lockdown on June 1. Phase 4 starting June 15 will result in some economic activities to continue, which will benefit the overall economy, including the industrial sector. Likewise, in many countries where lockdown measures are easing, this will cause international demand for goods to grow again, **concluded Mr. Ittichai.**

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MPI and Capacity Utilization Rate (Monthly)

Index	2019								2020				
	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May*
MPI	104.57	100.82	100.19	100.78	97.39	96.24	97.20	98.94	103.95	100.90	103.68	78.08	80.31
Change Rate (%MOM)	9.53	-3.58	-0.63	0.59	-3.37	-1.18	0.99	1.80	5.06	-2.93	2.75	-24.69	2.86
Change Rate (%YOY)	-3.21	-5.14	-3.32	-4.43	-4.97	-7.98	-8.02	-4.37	-4.02	-4.24	-10.48	-18.22	-23.19
Capacity Utilization Rate	67.38	64.62	65.05	65.65	63.63	62.79	63.19	64.02	66.75	66.06	67.78	51.27	52.84

Source: Division of Industrial Economics Information and Indices, Office of Industrial Economics, data as at 29 June 2020

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