

**OIE REVEALS MPI DECLINE OF 4.4% IN FEBRUARY
AND THE CAPACITY UTILIZATION RATE STANDS AT 59.18%**

The Office of Industrial Economics (OIE) revealed that the manufacturing production index (MPI) recorded a decrease of 4.4% in February 2014, mainly stemming from a contraction in motor vehicles, hard disk drives (HDDs), petroleum products, and domestic appliances. Meanwhile, the capacity utilization rate registered 59.18%.

Dr. Witoon Simachokedee, Permanent Secretary at the Ministry of Industry, said the MPI slumped 4.4% y-o-y, while the capacity utilization rate stood at 59.18% in February 2014, due to an output drop off of motor vehicles, HDDs, petroleum products, domestic appliances, and canned and frozen seafood products.

Dr. Somchai Harnhirun, Director General of the OIE, highlighted details of particular industrial sectors in February 2014 as follows:

Motor Vehicles: The industry contracted y-o-y in February 2014 because manufacturers boosted production to meet the delivery schedule of the first-time car buyer scheme in February 2013. Moreover, consumers were concerned about the country's political turmoil. Accordingly, production was expected to decrease 25.39%, with an output of 171,000 units.

Electrical Appliances and Electronics: The MPI of the industry dropped 1.03% y-o-y in February 2014. The decline stemmed from a 2.12% decrease in the electronics industry, particularly in HDDs (-4.68%). However, semiconductors and monolithic integrated circuits surged because of higher utilization by the smart phone and automotive industries. The MPI of electrical appliances climbed 3.56% y-o-y in February 2014, due to an increase of exports to the ASEAN and the EU markets. Meanwhile, domestic appliances, including refrigerators, rice cookers, and television sets dropped, resulting from a contraction in household expenditures across the country.

Textiles and Garments: Production of textiles and garments decreased y-o-y in February 2014. Output of textile fibers slipped, owing to a decline of purchase orders from both domestic and international markets, especially from the ASEAN region. Moreover, production of fabrics intensified, stemming from an increase in orders from Cambodia, where upstream and mid-stream textile manufacturing is less developed. The MPI of the garment sector expanded due to the recovery of the US economy, as well as signs of economic revitalization in the EU and Japan.

Food: The overall production of food industry surged 9.5% y-o-y in February 2014, while the industry's exports dropped 6.0%. Output of sugar went up but yields of other major products decreased, owing to an insufficiency of raw materials attributed to natural disasters and epidemics. Besides, the US and the EU, Thailand's major trading partners, reduced their order volume due to economic contraction. Exports slipped as product price fluctuations in the world market, long-standing financial and economic issues in the EU, and rising oil prices had an adverse impact upon them.

Iron and Steel: Thailand's steel consumption was 1.56 million tonnes in February 2014, a fall of 3.77% when compared with the previous year. Meanwhile, output dropped 10.89% y-o-y, with a recorded volume of only 0.64 million tonnes. The private sector delayed its investments on real estate as it waited for the political situation to move towards resolution. Even though suspension of the 2-trillion baht loan bill has not affected the industry now, steel manufacturers will be impacted surely in the long-run as demand should decrease.

Manufacturing production index and capacity utilization rate

Index	2012												2013	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
MPI	180.63	174.17	199.55	162.98	179.25	180.94	174.27	173.86	172.76	171.26	171.94	168.32	170.53	166.48
M-o-M Change (%)	0.5	-3.5	14.5	-18.3	9.9	0.9	-3.6	-0.2	-0.6	-0.8	0.4	-2.1	1.3	-2.4
Y-o-Y Change (%)	10.1	-1.2	0.7	-3.9	-7.4	-3.2	-4.9	-2.8	-2.8	-4.0	-10.7	-6.3	-5.6	-4.4
Capacity Utilization Rate (%)	67.15	63.43	71.56	60.40	66.85	64.93	64.54	63.50	63.58	63.46	63.07	59.90	62.12	59.18

Source: Office of Industrial Economics

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