

**MPI DECLINES 5.0% IN Q2 2014  
AND THE CAPACITY UTILIZATION RATE STANDS AT 59.5%**

The Office of Industrial Economics (OIE) revealed that the manufacturing production index (MPI) recorded a decrease of 6.6% in June 2014, mainly stemming from a contraction in motor vehicles, hard disk drives (HDDs), gems and jewelry, and air conditioners. Meanwhile, the capacity utilization rate registered 60.61%. The latter half of 2014 should improve following an easing of domestic political tensions and the restoration of confidence in investment and consumption. Expediting spending of the government's budget was a factor that raised the country's economic performance.

Dr. Witoon Simachokedee, Permanent Secretary at the Ministry of Industry, said the MPI slumped 5.0% in Q2 2014, while the capacity utilization rate stood at 59.5%, due to an output drop off regarding motor vehicles, HDDs, wearing apparel, gems and jewelry, and air conditioners.

Dr. Somchai Harnhirun, Director General of the OIE, stated the MPI went down 6.6%, with the capacity utilization rate reaching 60.61% in June 2014. He also highlighted details of particular industrial sectors in June 2014 as follows:

Motor Vehicles: The industry contracted y-o-y in June 2014, mainly resulting from termination of the first-time car buyer scheme during the previous year, which led to a decrease in demand. The car output dropped 26.10% y-o-y in June 2014, totaling 160,452 units. Production revolved around passenger cars (37%), 1-ton pickups and PPVs (62%), and commercial cars (1%). Furthermore, production is expected to decrease 10.46% from the previous year, with an output of 2,200,000 units. Total output is expected to be 1,000,000 units for the domestic market, a decrease of 24.59%, and 1,200,000 units for overseas markets, or an increase of 6.37%, offsetting a sales slowdown in the country.

Electrical Appliances and Electronics: The MPI of the industry dropped 1.73% y-o-y in June 2014. The MPI of electrical appliances declined 8.73% y-o-y in June 2014, due to decreases of air conditioners, refrigerators, and fans that resulted from lower consumer spending in the country. Meanwhile, television sets climbed y-o-y in preparation for the upcoming launch of the country's digital TV system. The electronics sector was slightly down by 0.05%. Output of HDDs slumped 4.11%, owing to a decline in exports to the China market. However, semiconductors and

monolithic integrated circuits and other integrated circuits surged 6.02%, 24.34%, and 16.22%, respectively. These items have been used as components for communications systems, such as Bluetooth and touch screens, and other consumer electronics that have registered consistent growth.

Textiles and Garments: Production of textile fibers decreased y-o-y in June 2014, owing to a decline of purchase orders from both domestic and international markets. The MPI of ready-to-wear clothes contracted after the 2014 FIFA World Cup in Brazil ended. Meanwhile, the production of fabrics grew from the previous year, stemming from improved consumption figures in the country as well as from an increase of overseas purchase orders.

Food: The overall production of the food industry surged 15.3% y-o-y in June 2014, resulting from increases of livestock, fruits, and vegetables. However, the raw materials of some major products experienced drops in output due to natural disasters and epidemics. After the end of the country's political turmoil, Government spending was back on track and confidence in consumption and investment improved. Exports slipped 6.2%, due to an economic contraction in major trading markets.

### Manufacturing production index and capacity utilization rate

Index	2012									2013					
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
MPI	162.98	179.25	180.94	174.27	173.86	172.76	171.26	171.94	168.32	170.53	166.01	178.52	156.24	172.0	169.02
M-o-M Change (%)	-18.3	10.0	0.9	-3.7	-0.2	-0.6	-0.9	0.4	-2.1	1.3	-2.6	7.5	-12.4	10.1	-1.7
Y-o-Y Change (%)	-3.9	-7.5	-3.2	-4.9	-2.8	-2.9	-4.0	-10.7	-6.3	-5.5	-4.6	-10.5	-4.1	-4.0	-6.6
Capacity Utilization Rate (%)	60.37	66.85	64.93	64.54	63.50	63.58	63.46	63.07	59.90	62.12	58.91	64.46	56.40	61.56	60.61

Source: Office of Industrial Economics

30 July 2014