



Report on the Industrial Economics Status in Q1/2020 and Outlook for Q2/2020



Table of contents

	Page
Executive Summary	3
Part 1 Thailand Economic and Industrial Overview in Q1/2020	6
Part 2 Thai Industrial Economic Sectors in Q1/2020 and Outlook for Q2/2020	15
2.1 Iron and Steel Industry	16
2.2 Electrical Appliance Industry	17
2.3 Electronics Industry	18
2.4 Automobile and Part Industry	19
2.5 Motorcycle and Part Industry	20
2.6 Chemical Industry	21
2.7 Plastics Industry	22
2.8 Petrochemical Industry	23
2.9 Pulp, Paper and Print Media Industry	24
2.10 Ceramics Industry	25
2.11 Cement Industry	26
2.12 Textile and Wearing Apparel Industry	27
2.13 Wood and Wooden Furniture Industry	28
2.14 Pharmaceutical Industry	29
2.15 Rubber and Rubber Product Industry	30
2.16 Footwear and Leather Product Industry	31
2.17 Gems and Jewelry Industry	32
2.18 Food Industry	33

Executive Summary

Summary of Thai Industrial Economic Status in Q1/2020

The industrial economic status in **Q1/2020**, when considered from the **Manufacturing Production Index (MPI)**, **contracted by 6.6 percent**; a significant factor is partly from the global economic slowdown, including the effects of the COVID-19 virus outbreak. **Key industries that contracted in Q1/2020** were **(i) Manufacture of automobiles**, whereby production decreased in almost all products. The main factor was the slowdown of the domestic economy and exports, including the impact of the COVID-19 pandemic. This caused the Motor Show in April to postpone, which subsequently affected domestic sales; **(ii) Manufacture of sugar** as this year; factories concluded production sooner. Farmers reduced cultivation areas, and unfavorable weather conditions resulted in a decrease in average sugarcane production per rai. **(iii) Manufacture of palm oil** decreased due to the economic slowdown since last year, which protracted further. **Industries with good growth in Q1/2020** were **(i) Manufacture of air-conditioners** from increased domestic sales of inverter air conditioner products with the ability to filter dust and germs or contaminants in the air. This was coupled with hot weather throughout the country, and an increased volume of orders for export from the ASEAN countries and Australia due to the forest fires; **(ii) Manufacture of Hard Disk Drives** increased due to positive factors after the closure of production bases in Malaysia and relocations from the Philippines.

Key Industries Outlook for Q2/2020



Iron and Steel: Production is expected to contract slightly compared to the same period last year from the world economic situation, the outbreak of the COVID-19 virus, and steel imports from China. Factors that are expected to affect the recovery of the iron and steel industry are government structural construction projects.



Electrical Appliances: Production and the export value are expected to contract by 4.5 percent and 4.7 percent respectively, compared to the same quarter last year. The contraction is due to the COVID-19 pandemic in Japan, Europe, and the United States, continuously increasing, causing the electrical appliances industry to slow down and create uncertainty in the long-term demand. However, China is likely to control the outbreak well, causing the manufacturing sector to resume operations. This may promote the Thai industry's recovery, which is a manufacturing chain in the production of electrical appliances.



Electronics: Production and exports are expected to contract by 1.1 percent and 2.4 percent compared to the same quarter last year, as many Asian countries can control the COVID-19 virus outbreak, resulting in the resumption of production. Furthermore, the majority of the population worked from home and educational institutions provided distance learning technology, therefore increased the demand for Hard Disk Drives and electronic data storage devices to support continuously increasing demand on the Cloud and Data Centers.

↓ Automobile: In Q2/2020, production is estimated to reach over 200,000 units. Production is divided into domestic sales of 50-55 percent and exports of 40-45 percent.

↓ Motorcycle: In Q2/2020, production is estimated to reach over 400,000 units. Production is divided into domestic sales of 80-85 percent and exports of 15-20 percent.

↑ Petrochemicals: Production and the shipping index are expected to grow by 1-3 percent compared to the same period last year, due to the demand for petrochemicals as raw materials to produce medical products. The demand occurred from the situation COVID-19 pandemic in products such as masks, cleaning products, and various protective equipment.

↔ Pulp, Paper, and Print Media: Production is expected to benefit from the outbreak of the COVID-19 virus and the Emergency Decree that allows agencies and sectors to work from home to reduce the outbreak. Such measures are expected to result in more online ordering food through delivery systems, resulting in increased packaging products. Production of books and publications will continue to slow.

↓ Ceramics is expected to decrease slightly due to Covid-19 pandemic that occurred in many countries around the world, causing some countries, especially trade partners, to impose lockdown, including to delay orders. Therefore, this directly affects the production capacity and labor in the industrial sector, coupled with problems, complications, and shipping delays. Nevertheless, if the situation returns to normal, trends of production, domestic sales, and exports may gradually expand to meet domestic and international consumer needs. The directions are driven by the world oil price, which continuously decreased, resulting in production costs and the cost of transportation to reduce.

↓ Cement: The production volume and sales compared to the same quarter of last year, is expected to decline due to the economic slowdown, which was further affected by the outbreak of the COVID-19 virus. The situation caused economic activities of business/industry sectors and the people's livelihood not to proceed as usual. In addition, the announcement of the Emergency Decree by the Government since March 26, 2020, resulted in some people being affected by a lack of income and uncertainty in the future economic conditions, therefore delaying the purchase of real estate.

↓ Textiles and Wearing Apparel: Production and exports are expected to slow down as the world economy has not recovered from the outbreak of the virus COVID-19, coupled with slower domestic purchasing power.

↓ Wood and Wooden Furniture: Production and exports are expected to continue to slow down continuously, following the decreasing trend of domestic and foreign purchase orders, caused by the COVID-19 pandemic.

↑ Pharmaceuticals: It is expected to expand from the same quarter of last year by 10.89 percent, following the growth trend of domestic and overseas markets, especially Cambodia, the Philippines, and China.

↔ Rubber and Rubber Products: Production of automotive tires in 2020 is forecasted to contract by 2.58 percent in Q2/2020, following the domestic automotive industry and the global economy. Meanwhile, the production of rubber gloves is expected to grow by 8.99 percent due to the rising demand for medical products. The output of upstream processed rubber is expected to increase by more than 10.00% due to the low base of last year.

↔ Footwear and Leather: Production of tanned and finished leather is forecasted to slow down due to the COVID-19 pandemic, which has affected the factories in the trading partner countries to stop production. Although some factories resumed production, it was unable to proceed wholly, coupled with the contraction in the automotive industry. For luggage and footwear is expected to increase production from the continuation of domestic orders and the weakening Baht factor, which will benefit exporters.

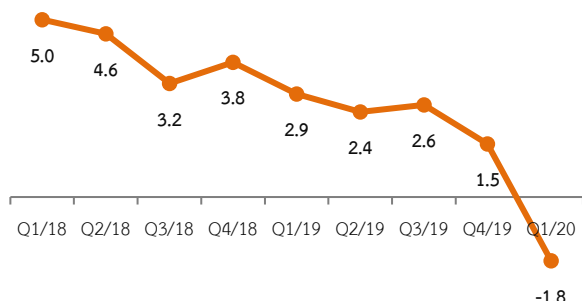
↓ Gems and Jewelry: In Q2/2020, production of gems and jewelry is projected to decrease compared to the same period last year, as a result of the global economic slowdown affected by the outbreak of the COVID-19 virus, whereby the gems and jewelry industry produces up to 80 percent for export. The export trend (excluding unwrought gold) is expected to decrease in production due to the weak Baht, which may benefit exporters. Before the outbreak, exports continuously grew from May 2019 to January 2020.

↔ Food: The overall MPI in Q2/2020 is forecasted to be significantly reduced compared to the same period last year, with negative factors such as decreased agricultural raw materials from drought, in products such as sugarcane, palm oil, pineapple, and cassava. The shortage will cause insufficient supply for factory production. However, Thailand should continue to benefit from the outbreak of the COVID-19 virus, which will help the instant food industry (instant noodles, tuna, and canned sardines), growing in line with the domestic and international market demand, to maintain a level of food security. The value of exports in the second quarter of 2020, maybe stable or grow slightly following the consumption demand and food reserves in foreign countries. But it may be affected by lockdown measures that directly affect food service on essential products, such as (1) Chicken meat that may be affected by the EU which is likely to reduce imports from third countries (Brazil, Thailand, and Ukraine) by 850,000 metric tons due to excess supply problems. (2) Sugar may be affected by large sugar producers such as Brazil, which will use more sugarcane to produce sugar. Production of ethanol is likely to reduce following global demand for oil in 2020 which is expected to contract by about 20-30 percent from 2019, due to reduced transportation and travel systems from lockdown measures, coupled with sugar consumption which may be reduced by over 2 million metric tons per year due to foodservice shutdowns (global consumption is around 175 million metric tons per year).

Part 1 Thailand Economic and Industrial Overview in Q1/2020

Thailand's Economic and Industrial Overview in Q1/2020

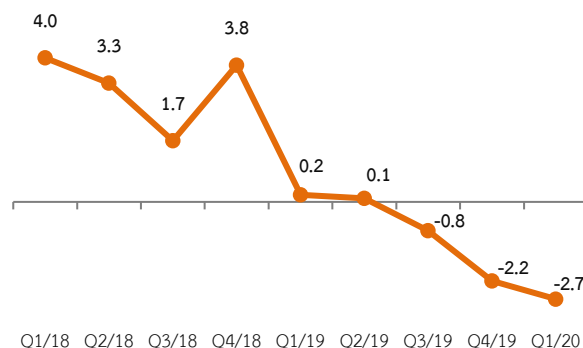
Gross domestic product
decreased 1.8 percent (%YoY)



Source: Office of the National Economic and Social Development Council

Gross domestic product or GDP in Q1/20 was -1.8 percent, decreasing from the same period last year, which increased by 2.9 percent, and dropped from last quarter which increased by 2.6 percent.

Industrial sector GDP
decreased 2.7 percent (%YoY)



Source: Office of the National Economic and Social Development Council

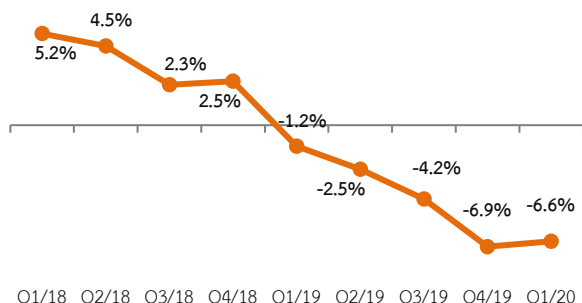
Gross industrial production in Q1/2020 slowed down from the previous quarter and slowed down for three consecutive quarters. The contraction is in line with the decline in exports, affected by the global economic slowdown, especially the automotive industry, which has slowed down significantly, and the impact of the Covid-19 pandemic worldwide, resulting in slowing production and exports.

The industrial sector GDP in Q1/2020 decreased by 2.7 percent from the previous quarter (-2.2 percent) and from the same period last year (0.2 percent). The GDP slowed down as production of goods for exports and domestic consumption decreased, such as the automotive industries.

Key Industrial Index

Manufacturing Production Index

decreased by 6.6 percent (%YoY)



Q1/18 Q2/18 Q3/18 Q4/18 Q1/19 Q2/19 Q3/19 Q4/19 Q1/20

Source: The Office of Industrial Economics

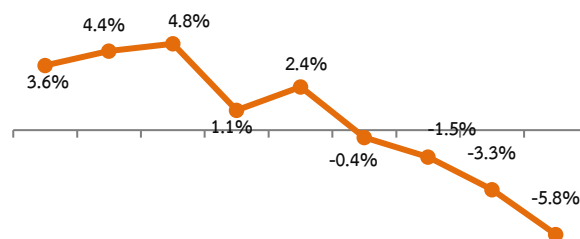
In Q1/2020, the Manufacturing Production Index (MPI) was 102.55 points, an increase of 5.2 percent from the previous quarter (97.46 points) but a decrease of 6.6 percent from the same quarter of 2018 (109.83 points).

Industries that contributed to the increase of the MPI from the previous quarter were the manufacture of sugar, air-conditioners, refined petroleum products, etc.

Industries that contributed to the decrease of the MPI from the same quarter last year were the manufacture of automobiles, sugar, palm oil, etc.

Shipment Index

Sales level of goods decreased by 5.3 percent (%YoY)



Q4/17 Q1/18 Q2/18 Q3/18 Q4/18 Q1/19 Q2/19 Q3/19 Q4/19

Source: The Office of Industrial Economics

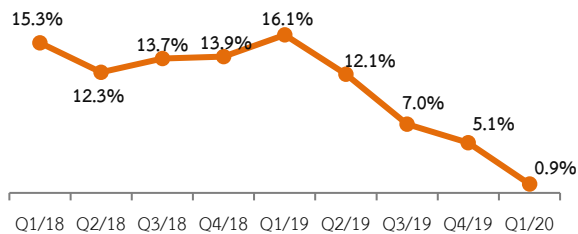
In Q1/2020, the Shipment Index increased by 0.6 percent from last quarter (99.48 points) to 100.07 points but decreased by 5.33 percent from the same quarter last year (105.70 points).

Industries that contributed to the increase of the Shipment Index from last quarter were the manufacture of air-conditioners, refined petroleum products, articles of concrete, cement and plaster, etc.

Industries that contributed to the decrease of the Shipment Index from the same quarter last year were the manufacture of automobiles, palm oil, plastics and synthetic rubber in primary forms, etc.

Finished Goods Inventory Index

Levels of finished goods inventory increased by 0.9 percent. (%YoY)



Source: The Office of Industrial Economics

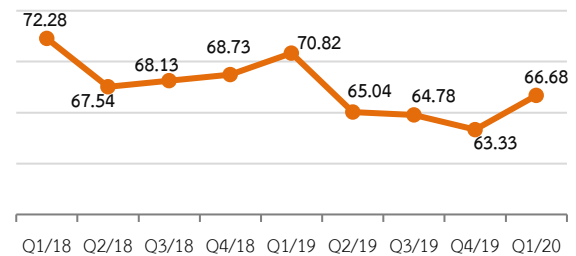
In Q1/2020, the finished goods inventory index increased by 3.57 percent from the previous quarter (135.03 points) to 139.85 points and increased by 0.85 percent from the same quarter of 2019 (138.67 points).

Industries that contributed to the increase of the MPI from the previous quarter were the manufacture of sugar, computers and computer peripherals, other rubber products, etc.

Industries that contributed to the increase of the index from the same quarter last year were the manufacture of automobiles; articles made of wire, chains, springs and screws; production of fresh, chilled or frozen poultry meat, etc.

Capacity Utilization Rate

Capacity Utilization Rate was 63.42 percent.



Source: The Office of Industrial Economics

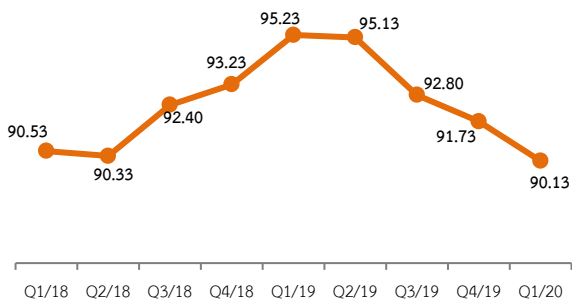
In Q1/2020, the capacity utilization was 66.68 percent, increasing from the previous quarter (63.33 percent) but decreasing from the same quarter last year (70.82 percent).

Industries that contributed to the increase of Capacity Utilization Rate from the previous quarter were manufacture of sugar, refined petroleum products, air-conditioners, etc.

Industries that contributed to the decrease in Capacity Utilization Rate from the same quarter of 2019 were the manufacture of automobiles, sugar, refined petroleum products, etc.

Industrial Sentiment Index

of Q1 was at 90.13



Source: The Federation of Thai Industries

In Q1/2020, the industry confidence index was 90.13 points, decreasing from the previous quarter (91.73 points) and decreasing from the same quarter of 2019 (95.23 points). Meanwhile, the three-month forecast for the sentiment index was at 97.83 points, decreasing from the same quarter of 2019 (104.57 points).

Negative factors that impacted the decline in industrial sentiment in Q1/2020 were also the result of the COVID-19 virus outbreak, together with decreased domestic purchasing power and economic activity from the announcement of the Emergency Decree and strictness to control the outbreak of COVID-19 virus. The business sector experienced reduced production and distribution, including droughts, which resulted in reduced agricultural production. In addition, there was a delay in the Annual Budget Expenditure Act of the Fiscal Year of B.E. 2563 (2020), causing government spending and investment to slow down.

Foreign Trade

“The value of foreign trade in Q1/2020 increased from the same period last year, partly from the export of goods that were affected by the trade war that began to ease in tension, after the USA and China signed the Phase 1 Trade Agreement, resulting in the overall Thai industrial products continuing to increase.”

Foreign trade in the first quarter of 2020 reached a value of 121,410.5 million USD, with an export value of 62,672.1 million USD and import value of 58,738.4 million USD. Compared to the same period last year, the export value increased by 1.1 percent and import value increased by 1.4 percent. The overall trade balance for the first quarter of 2020 was in the surplus of 3,933.7 million USD.

Export Structure



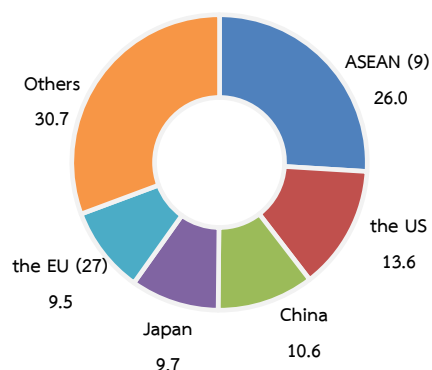
Source: Ministry of Commerce

Exports in the Q1/2020 increased by 1.1 percent compared to the same period last year to a value of 62,672.1 million USD. When considered by product category, it was found that exports of agricultural products valued 5,085.9 million USD, a decrease of 8.7 percent; agro-industrial products valued 4,534.9 million USD, an increase of 4.3 percent; industrial products valued 50,832.7 million USD, an increase of 2.1 percent; exports of ore and fuel products valued 2,218.5 million USD, a decrease of 9.6 percent.

Industrial products that increased in export value were computers, accessories, and parts (4,615.0 million USD, an increase of 8.8 percent); rubber products (2,967.0 million USD, an increase of 6.6 percent); air-conditioners and parts (1,743.4 million USD, an increase of 13.8 percent); iron, steel, and products (1,540.1 million USD, an increase of 4.0 percent); internal combustion piston engines and parts (1066.8 million USD, an increase of 5.2 percent).

Export Markets

Export proportions classified by key export markets



Source: Ministry of Commerce

In Q1/2020, proportion of exports to key markets such as ASEAN (9 countries), the US, China, Japan, and the EU (27 countries) were 26.0 percent, 13.6 percent, 10.6 percent, 9.7 percent, and 9.5 percent, respectively. Altogether, exports to key markets accounted for 69.3 percent of total exports, and exports to other markets accounted for 30.7 percent of total exports. When compared to the same period last year, it was found that exports to ASEAN (9) increased by 4.5 percent which was the highest growth. Meanwhile, exports to Japan, the EU (27), the US, and China decreased by 5.2 percent, 4.1 percent, 2.8 percent, and 0.7 percent, respectively.

Import Structure

Value and growth rate of imports



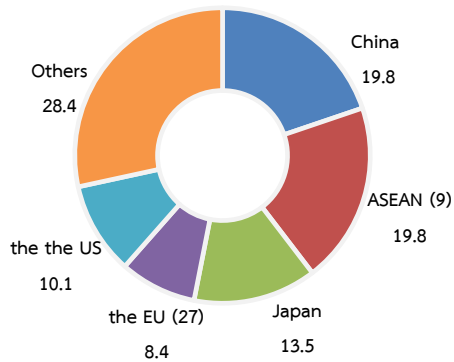
Source: Ministry of Commerce

Imports in Q1/2020 valued 58,738.4 million USD, a decrease of 2.1 percent compared to the same period last year. When categorized the product groups, it was found that the imports of fuel valued 9,993.4 million USD, an increase of 3.7 percent; capital goods valued 14,449.1 million USD, a decrease of 2.6 percent; raw materials and semi-finished products valued 22,367.0 million USD, a decrease of 1.2 percent; consumer goods valued 6,927.9 million USD, an increase of 0.2 percent; vehicles and transport equipment valued 3,452.0 million USD, a decrease of 8.2 percent; and weapons, military supplies, and other products valued 1,549.0 million USD, a decrease of 29.5 percent.



Source of Imports

Import proportions classified by key export markets



Source: Ministry of Commerce

In Q1/2020, Thailand's primary import sources were China, ASEAN (9 countries), Japan, the US and the EU (27 countries), the proportion of imports was 19.8 percent, 19.8 percent, 13.5 percent, 10.1 percent, and 8.4 percent respectively. Altogether, imports from key markets accounted for 71.6 percent and imports from other markets accounted for 28.4 percent of all imports. Compared to the same period last year, it was found that imports from ASEAN (9) increased by 4.6 percent which was the highest growth, followed by imports from the US which increased by 1.9 percent. Meanwhile, imports from Japan, China, and the EU (27) decreased by 7.5 percent, 1.2 percent, and 0.4 percent, respectively.

Global Economy in Q1/2020

"In general, the global economy and trade volume have decreased. The inflation and the unemployment rate in some countries have increased, while the policy rate remained low."

Summary of Key Economic Indicators in Q1/2020

	Quarterly Growth (%YoY)						
	GDP	Inflation	MPI	Export	Import	Unemployment Rate	Policy Rate
the US	↑ 0.5	↑ 2.1	↓ 2.2	↓ 3.1	↓ 4.9	At 4.1	At 0.00-0.25
China	↓ 6.8	↑ 5.0	↓ 1.1	↓ 13.4	↓ 2.3	At 3.6	At 4.35
Japan	↓ 20.	↑ 0.5	↓ 4.5	↓ 4.4	↓ 6.2	At 2.4	At -0.10
South Korea	↑ 1.3	↑ 1.2	↑ 4.9	↓ 1.4	↓ 1.4	At 4.1	At 0.75
Singapore	↓ 2.2	↑ 0.4	↑ 6.6	↓ 3.6	↑ 0.4	At 2.3	At 0.27
Thailand	↓ 1.8	↑ 0.4	↓ 6.6	↑ 1.1	↑ 1.4	At 1.0	At 0.75

Source: collected from CEIC Data

Overall global economic conditions shrank in exports and imports due to the widespread COVID-19 spread throughout the world. As a result, industrial production in significant economies temporarily stopped. Inflation and the unemployment rate increased, whereas the policy rates decreased in the US and South Korea. The Federal Reserve adjusted the policy rate from 1.50-1.75 percent, down to 0.00%-0.25%, to encourage businesses to accelerate economic activities in line with state aid measures. At the same time, most countries maintained the policy rates at the same level.

Global oil prices remained low, whereby Dubai crude oil prices in Q1/2020 averaged at 50.7 USD/barrel, down from 63.6 USD/barrel in Q1/2019. The NYMEX crude oil prices in March were 29.9 USD/barrel. Oil prices tended to be stable at a low level, as the demand for oil in the manufacturing sector slowed down. In addition, some businesses still had limitations and were unable to open for business, and tourists and the general public limited traveling to only that which was necessary.

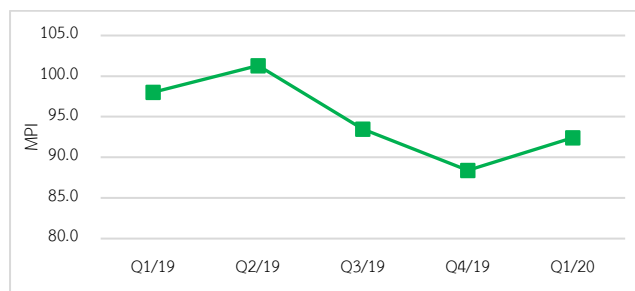
However, there are still issues that need to be monitored, such as the uncertainty of the COVID-19 virus outbreak which causes challenges in forecasting directions and trends. This is coupled with risks of increased outbreaks after many countries gradually open up. Furthermore, trade protectionist measures between the US and China may return again.

Part 2 Thai Industrial Economic Sectors in Q1/2020 and Outlook for Q2/2020

Iron and Steel Industry

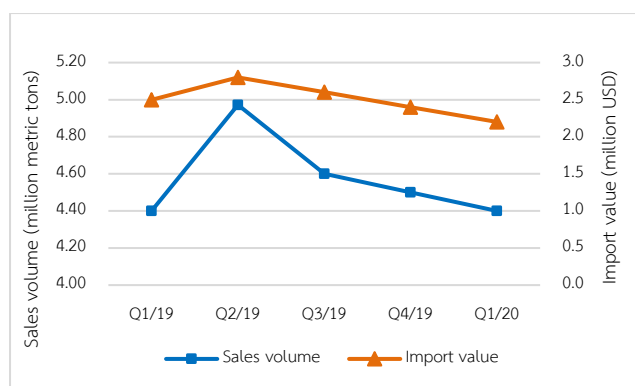
The MPI of Q4/2019 dropped from the same period of 2018 from less production of both long and flat steel products. Long steel products that decreased in production included hot rolled structural steel sections and wire rods and flat steel products that decreased in production included tin plates and chromium-coated sheet.

Manufacturing Production Index (MPI)



Source: The Office of Industrial Economics / Iron and Steel Institute of Thailand

Sales volume and import value



Source: The Office of Industrial Economics / Iron and Steel Institute of Thailand

Production in Q1/2020 reached an MPI of 92.4 points, a decrease of 6.5 percent from the same period last year (%YoY) (declining for sixth consecutive quarters since the fourth quarter of 2018) but increased from Q4/2019 by 4.9 percent (%QoQ). Compared to the same quarter last year, the production of long products decreased by 7.1 percent. Products with the highest decrease in production were round bars (34.5 percent), followed by hot rolled structural steel sections (21.9 percent) and wire rods (18.9 percent). Production of flat products decreased by 5.2 percent. Flat products with the highest decreased in production were cold rolled sheets (17.6 percent), followed by tinplate sheets (17.7 percent) and chromium-coated sheets (16.9 percent). Production in Q1/2020 contracted from the slowdown in production in downstream industries such as the construction and automotive sectors, following the economic downturn in both the Thai and global economies.

Sales in Q1/2020 stood at 4.4 million metric tons, a contraction by 1.3 percent from the same quarter last year (%YoY) (a contraction for three consecutive quarters since Q3/2019), and the Q4/2019 by 1.4 percent (%QoQ) compared to the same quarter last year. Sales of long-formed steel contracted by 3.9 percent due to rebar and hot-rolled structural steel sales, which fell by 4.6 percent and wire rods by 2.6 percent. However, flat-formed steel sales grew by 0.5 percent as sales of zinc-coated steel sheets (both HDG and EG types) increased by 12.1 percent, and other coated steel sheets grew by 4.7 percent.

Imports in Q1/2020 dropped 14.2 percent (%YoY) from the same quarter last year to 2.2 billion USD (decreasing for third consecutive quarters compared to the same period last year) and fell 7.9 percent (%QoQ) from Q4/2019. When compared to the same quarter last year, imports of long products decreased by 17.7 percent. Long products with the highest decrease of imports were alloy steel wire rods which decreased by 31.6 percent (China and Japan were main sources from which imports decreased). This followed by carbon steel bars (31.4%) and hot rolled structural carbon steel sections (26.3%). Imports of flat products decreased by 12.7 percent. Products with the highest decrease of imports were hot-rolled alloy steel plates (71.8 percent) (China and Japan were main sources from which imports decreased), followed by tinplate sheets (40.9 percent) and chromium-coated sheets (34.3%).

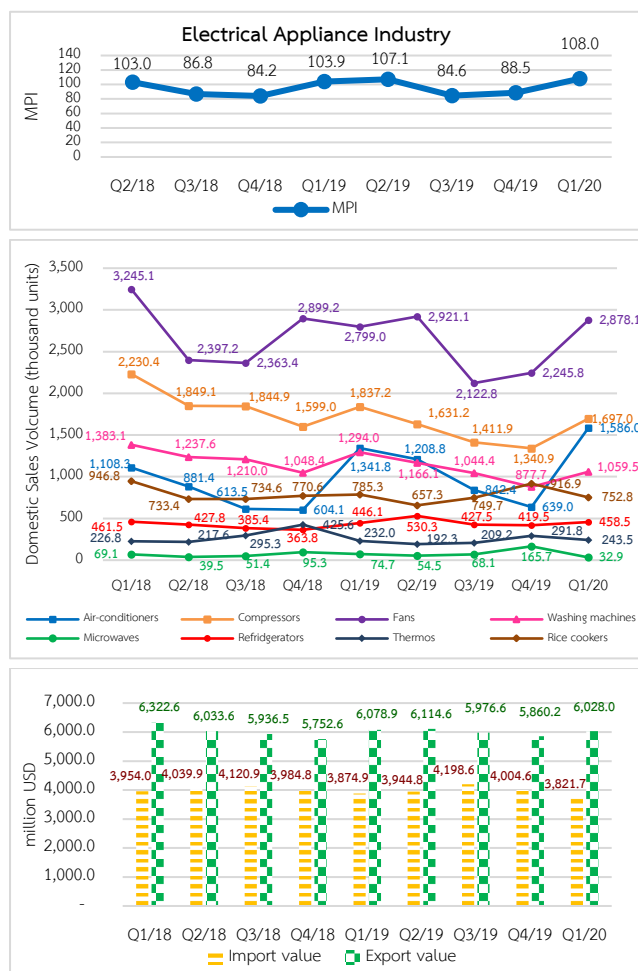
Iron and Steel Industry Outlook for Q2/2020

The trend of the iron and steel industry in Q2/2020 is expected to contract compared to the same period last year, from the global economic situation, coupled with the Covid-19 virus and steel imports from China. Factors that are expected to affect the recovery of the iron and steel industry are government structural construction projects.

Electrical Appliance Industry

Production of electrical appliances in Q1/2020 increased by 3.9 percent compared to the same quarter last year, from the Covid-19 virus pandemic. As a result, production in China and Japan ceased, resulting in foreign markets turning to import more electrical goods from Thailand. The products which increased were air conditioners, cables, transformers, electrical cables, kettles, and refrigerators. Meanwhile, exports increased in core markets such as the US, ASEAN, and China.

MPI, Import and Export Value, and Domestic Sales of Electrical Appliances



Source: The Office of Industrial Economics / Electrical and Electronics Institute

Production of electrical appliances in Q1/2020, the MPI increased by 20.6 percent (%QoQ) from previous quarter last year to 108.0 points and increased by 3.9 percent (%YoY) from the same quarter last year. This was due to the growth of orders from both domestic and overseas markets. Electrical appliances that increased in the production were cables (20.8 percent), transformers (13.3 percent), air-conditioners (11.4%), electrical cables (9.7 percent), thermos (7.2 percent), and refrigerators (2.7 percent). On the other hands, electrical appliances that decreased in the production were washing machines (21.8%), microwaves (10.8%), household fans (9.1%), electrical motors (6.7%), compressors (1.7%), and rice cookers (0.9%).

Domestic sales in Q1/2020, products that increased in sales from the same quarter last year were cables (52.4%), air-conditioners (18.2 percent), electrical cables (5.9 percent), thermos (5.0 percent), fan (2.8 percent), and refrigerators (2.8 percent). Meanwhile, microwaves, washing machines, compressors, electrical motors, rice cooker decreased in sales by 56.0 percent, 18.1 percent, 7.6 percent, 7.4 percent, and 4.1 percent, respectively.

Imports of electrical appliances in the Q1/2020 dropped 4.6 percent (%QoQ) from last quarter to a value of 3,821.7 million USD and decreased by 2.0 percent (%YoY) from the same quarter last year. Key products which decreased in imports were power generators (6.2 percent), electrical motors (3.4 percent), and power circuit breakers and parts (0.6 percent), whereas air-conditioners, small transformers and washing machines increased by 30.1 percent, 29.0 percent, and 14.8 percent.

Export of electrical appliances in Q1/2020 valued 6,028.0 million USD, an increase of 3.0 percent (%QoQ) from last quarter but a slightly decrease of 0.8 percent (%YoY) from the same quarter last year. The decrease resulted from exports to the EU, Japan, China, and ASEAN which dropped 8.5 percent, 7.3 percent, 6.6 percent, and 2.7 percent, respectively. Products that decreased in exports were washing machines (37.0 percent), microwaves (15.8 percent), fans (9.9 percent), rice cookers (6.1 percent), and refrigerators (2.2 percent). On the hand, exports of solar cells, power generators, air-conditioners, transformers, and power circuit breakers and components increased by 72.6 percent, 49.4 percent, 11.6 percent, 7.9 percent, and 1.2 percent, respectively.

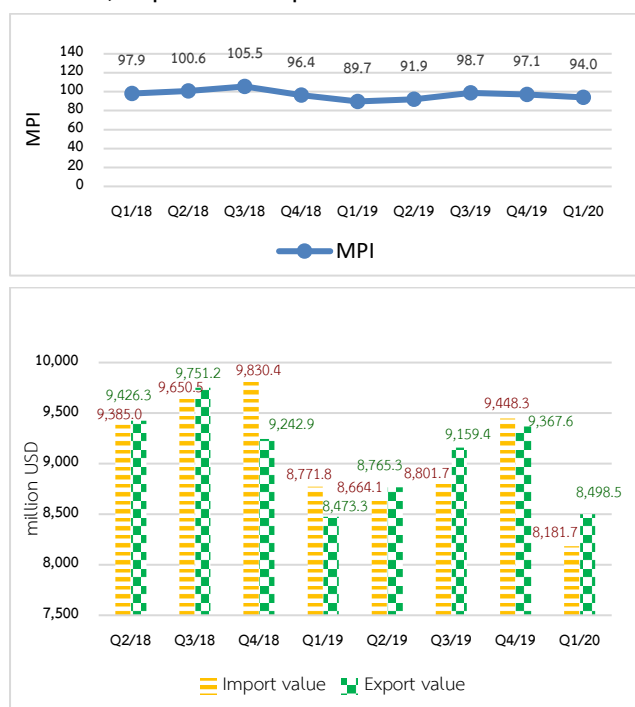
Electrical Appliance Industry Outlook for Q2/2020

Production and exports are expected to decrease by 4.5 and 4.7 percent respectively, compared to the same quarter last year. The contraction is due to the outbreak of the COVID-19 virus in Japan, Europe, and the United States, which continued to spread, which cause the electrical appliances industry to slow down and create uncertainty in the long-term demand. However, China is likely to control the outbreak of the COVID-19 virus, resulting in the resumption of production. This may result in the recovery of Thai industries, a supply chain to produce electrical goods.

Electronics Industry

The production of electronics in Q1/2020 increased by 4.7 percent compared to the same quarter last year, due to the Covid-19 virus situation. As a result, most of the population shifted to work from home, and educational institutions continued with distance education technology. Therefore, this caused the demand for Hard Disk Drives and electronic devices for data storage to increase, to support the increasing demand on the cloud and data centers. Products that increased in production were computer components and parts, and the value of exports to the main markets increased, including to the United States and China.

MPI, Import and Export Value of Electronics



Source: The Office of Industrial Economics / Electrical and Electronics Institute

The production of electronics in Q1/2020 reached an MPI is 94.0, a decrease by 4.2 percent from the previous quarter (%QoQ) but an increase of 4.7 percent (%YoY) compared to the same quarter last year. The electronics sector grew, including semiconductor devices transistors, PWB, HDD, and PCBA, by 12.2 percent, 11.3 percent, 9.4 percent, and 7.6 percent, respectively, due to the shift of orders from closed factories in China to purchase more from factories in Thailand. Meanwhile, the production of printers and integrated circuits (IC) decreased by 21.9 percent and 0.3 percent, respectively, as electronic components were affected, resulting in the inability to import raw materials (supply chain disruption) after many supplier countries announced the lockdown.

Imports of electronic products in Q1/2020 decreased by 13.9 percent (%QoQ) from the previous quarter to 8,181.7 million USD and decreased by 6.5 percent (%YoY) from the same quarter last year. Key products that decreased in imports were computer parts and accessories (31.2 percent), telephone and accessories (19.6 percent), Integrated Circuits (ICs) (0.4 percent), while diodes, transistors, semiconductor, and parts increased by 36.1 percent compared to same quarter last year.

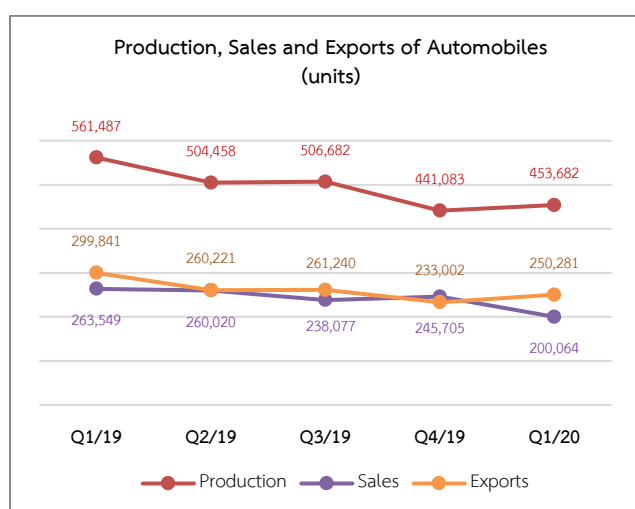
Exports of electronics in Q1/2020 valued 8,498.5 million USD, a decrease of 9.3 percent (%QoQ) from the previous quarter but a slightly increase of 0.3 percent (%YoY) from the same quarter last year. The growth came from increased exports to the key markets, including the US and China, which grew by 24.6 percent, and 13.3 percent, respectively, compared to the same quarter last year due to the increase of export value of computer parts and accessories (10.5 percent). HDDs are still in demand in both domestic and foreign markets to support demands for uses on Cloud and Data Center. As a result, the global demand for electronic products increased. Meanwhile, ICs decreased by 9.7 percent, and telephone and accessories decreased by 46.2 percent compared to the same quarter last year.

Electronics Industry Outlook for Q2/2020

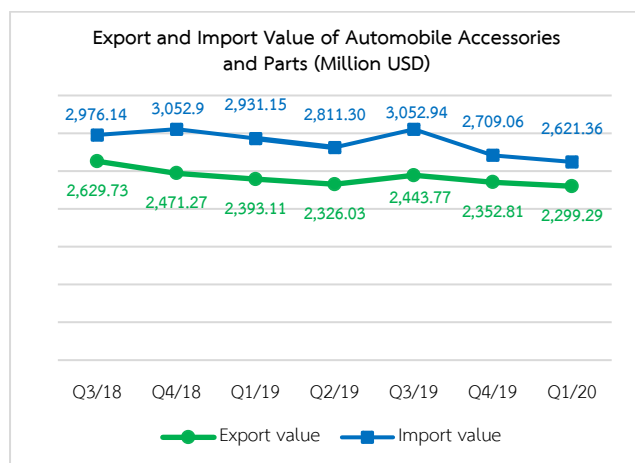
"The electronics industry in Q2/2020 is expected to see production and exports increase by 1.1 percent and 2.4 percent compared to the same quarter last year, as many countries can control the outbreak of COVID-19, resulting in the resumption of production. Furthermore, the majority of the population shifted to work from home, and educational institutions provided education over distance education technology. Therefore, this will cause the demand for Hard Disk Drives and electronic data storage devices to increase, to support the continuously increasing demand on the cloud and data centers."

Automobile and Part Industry

The volume of automobile production in Q1/2020 decreased compared to the same period last year, due to the slowdown in domestic and export markets because of the Covid-19 virus outbreak in many countries. In the domestic market, production was temporarily stopped following measures to reduce the spread of the virus. This was coupled with droughts and the domestic economy that slowed down.



Source: The Office of Industrial Economics; data gathered from the Automotive Industry Club, The Federation of Thai Industries



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department.

Outlook for Automobile Industry in Q2/2020

The Office of Industrial Economics forecasts that in Q2/2020 over 200,000 units of automobile will be produced, of which 50-55 percent will be for domestic sales and 45-50 percent for exports.

Automobile Production

In Q1/2020, production of automobile grew 2.86 percent (%QoQ) from Q4/2019 to 453,682 units but dropped 19.20 percent (%YoY) from the same quarter last year. The production consisted of passenger cars (38 percent), 1-ton pickup trucks and derivatives (60 percent), and other commercial vehicles (2 percent).

Domestic Automobile Sales

In Q1/2020, domestic sales decreased 18.54 percent (%QoQ) from Q4/2019 to 200,064 units and decreased 24.09 percent (%YoY) from the same quarter last year. The sales consisted of passenger cars (39 percent), 1-ton pickup trucks and derivatives (44 percent), PPV and SUV (12 percent), and other commercial vehicles (5 percent).

Automobile Exports

In Q1/2020, exports increased 7.42 percent (%QoQ) from Q4/2019 to 250,281 units but decreased 16.53 percent (%YoY) from the same quarter last year. The exports consisted of passenger cars (35 percent), 1-ton pickup trucks (55 percent), and PPVs (10 percent).

Export Value of Automobile Parts and Accessories

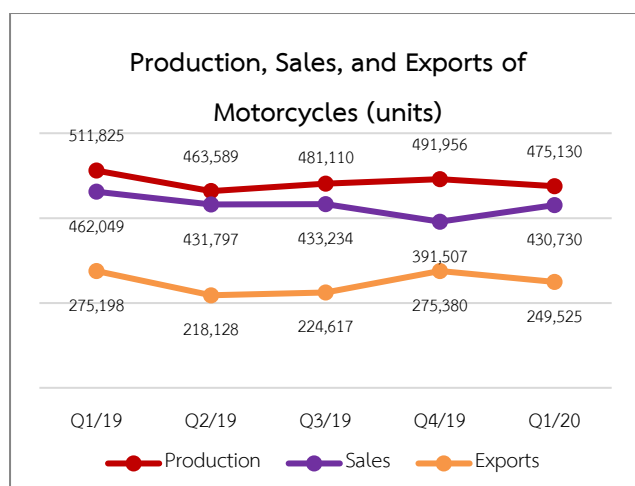
In Q1/2020, exports value decreased 2.27 percent (%QoQ) from Q4/2019 to 2,299.29 million USD and decreased 3.90 percent (%YoY) from the same quarter last year. Key export markets for automobile parts and accessories were Japan, Indonesia, and the US.

Import Value of Automobile Parts and Accessories

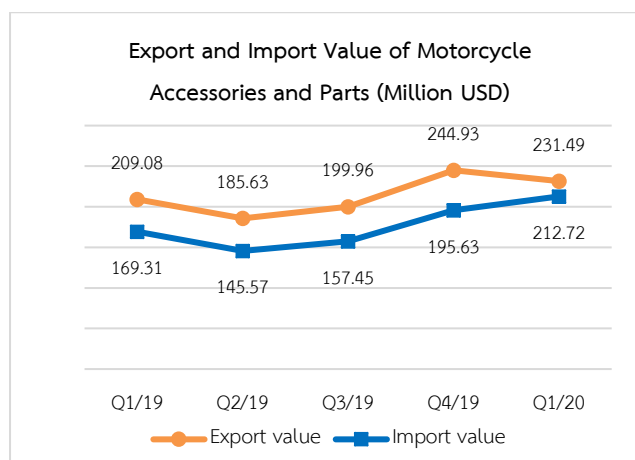
In Q1/2020, imports decreased 3.24 percent (%QoQ) from Q4/2019 to 2,621.36 million USD and decreased 10.57 percent (%YoY) from the same quarter last year. Key import markets for automobile parts and accessories were Japan, China, and the US.

Motorcycle and Part Industry

The production volume of motorcycles in Q1/2020 slowed down in production compared to the same period last year. The contraction was a slowdown in the domestic and export markets. The domestic economy slowed down, together with the effects of the Covid-19 virus spread in many countries around the world.



Source: The Office of Industrial Economics; data gathered from the Automotive Industry Club, The Federation of Thai Industries



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

Motorcycle Production

In Q1/2020, production of motorcycles decreased 3.42 percent (%QoQ) from Q4/2019 to 475,130 units and decreased by 7.17 percent (%YoY) from the same quarter last year.

Domestic Sales of Motorcycles

In Q1/2020, domestic sales dropped 10.02 percent (%QoQ) from Q4/2019 to 430,730 units and decreased by 6.78 percent (%YoY) from the same quarter last year.

Motorcycle Exports

In Q1/2020, exports reached 249,525 units (exported as CBU 104,753 units and CKD 144,772 units), a decrease of 9.39 percent (%QoQ) from Q4/2019 and a decrease of 5.00 percent (%YoY) from the same quarter last year.

Export Value of Motorcycle Parts

In Q1/2020, exports of motorcycle parts and accessories decreased by 5.49 percent (%QoQ) from Q4/2019 to 231.49 million USD but increased by 10.72 percent (%YoY) from the same quarter last year. Key export markets were Cambodia, Brazil, and Japan.

Import Value of Motorcycles Parts and Accessories

In Q1/2020, imports of motorcycle parts and accessories increased 8.74 percent (%QoQ) from Q4/2019 to 212.72 million USD and increased by 32.35 percent (%YoY) from the same quarter last year. Key import markets for motorcycle parts and accessories were the US, Japan and China.

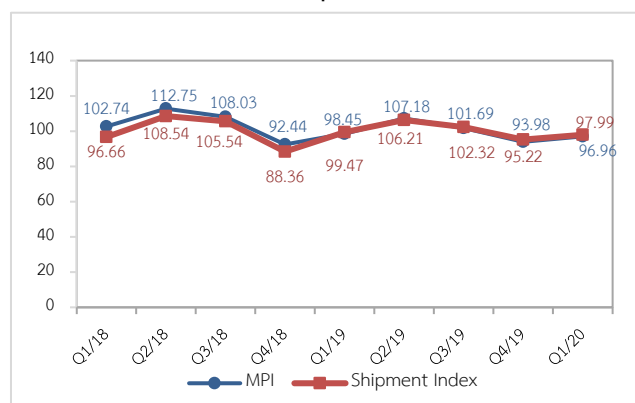
Outlook for Motorcycle Industry in Q2/2020

Forecasted by Office of Industrial Economics (OIE), it is estimated that in the Q2/2020 over 400,000 units of motorcycles will be manufactured, of which 80-85 percent will be for domestic sales and 15-20 percent for exports.

Chemical Industry

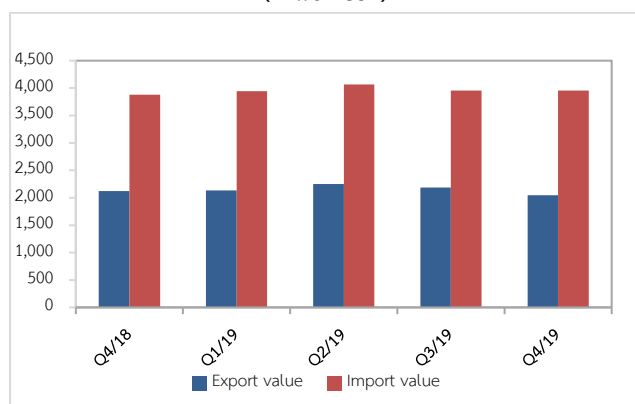
The chemical industry in Q1/2020 contracted in the value of exports and imports compared to the same quarter of last year. The contraction was a result of the Covid-19 virus outbreak, which caused the industry to continue to slow, causing the demand of both domestic and international markets to decrease.

MPI and Shipment Index



Source: The Office of Industrial Economics

Export and import value of chemicals products
(million USD)



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

The MPI in Q1/2020 grew by 3.17 percent (%QoQ) compared to the previous quarter but dropped by 1.52 percent (%YoY) compared to the same quarter last year. The MPI increased in products such as chemical fertilizers and paints.

The shipment index in Q1/2020 increased by 2.91 percent (%QoQ) compared to the previous quarter but decreased by 1.49 percent (%YoY) compared to the same quarter of the previous year. Products that increased in the shipment index included chemical fertilizers and paints.

Chemical exports in Q1/2020 valued 1,974 million USD, a decrease of 3.46 percent (%QoQ) from last quarter and a decrease of 4.90 percent (%YoY) from the same quarter last year. Key products which contributed to the decrease of exports were chemical fertilizers, organic-chemicals, and inorganic-chemicals. Exports contracted in key markets such as China, Indonesia, and India.

Chemical imports in Q1/2020 increased by 6.55 percent (%QoQ) compared to the previous quarter to a total value of 3,813 million USD but decreased by 3.35 percent (%YoY) from the same quarter last year. The contraction was due to drought and a slowdown in related industries resulting in the decrease of imports of raw materials such as chemical fertilizers and inorganic chemicals.

Outlook for Chemical Industry in Q2/2020

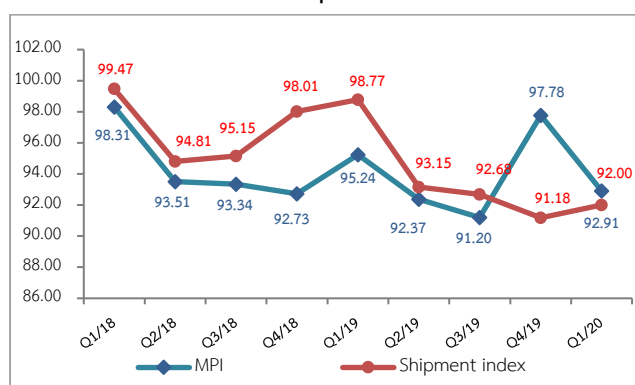
The chemical industry in Q2/2020 is expected to contract in both the exports and imports of chemicals compared to the same quarter last year. The contraction is due to the COVID-19 virus pandemic that affects the recovery of the world economy. As a result, the demand for both the domestic and international markets reduced. However, there are still factors that affect the exports of the chemical industry, such as the global price of crude oil in the world market and the situation of the spread of the COVID-19 virus.

Plastics Industry

The plastic industry in Q1/2020 increased in export volume compared to the same quarter last year. The expansion was in line with the demand of major partner countries such as the United States, Vietnam, and Indonesia. In addition, the global crude oil prices declined compared to the same quarter last year, causing the cost of raw materials to reduce. The situation of the Covid-19 virus spread resulted in increased demand for certain types of plastics.

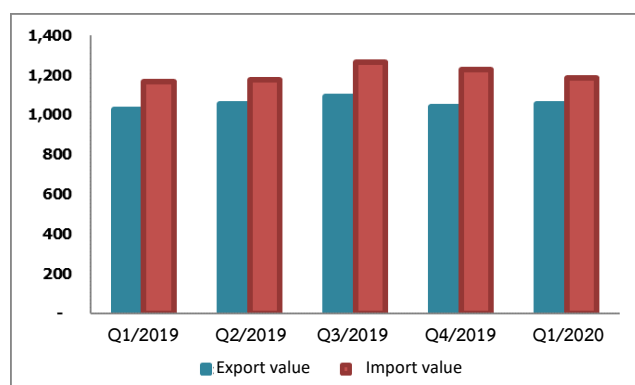
Production and Sales

MPI and Shipment Index



Source: The Office of Industrial Economics

Export and Import Volume (metric tons)



Source: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce in collaboration with Customs Department

MPI in Q1/2020 increased by 5.02 percent (%QoQ) from the last quarter but decreased by 3.21 percent (%YoY) compared to the same quarter of last year. Product with the highest decrease in MPI was plastic film.

Shipment index in Q1/2020 increased by 0.90 percent (%QoQ) from last quarter but decreased by 6.86 percent (%YoY) from the same quarter last year. Products with the highest decrease in shipment index was plastic film.

Export value in Q1/2020 increased by 1.62 percent (%QoQ) compared to the previous quarter to 1,054 million USD and increased by 2.76 percent (%YoY) from the same quarter last year. Product with the highest decrease in export was floor coverings of plastics (HS 3918).

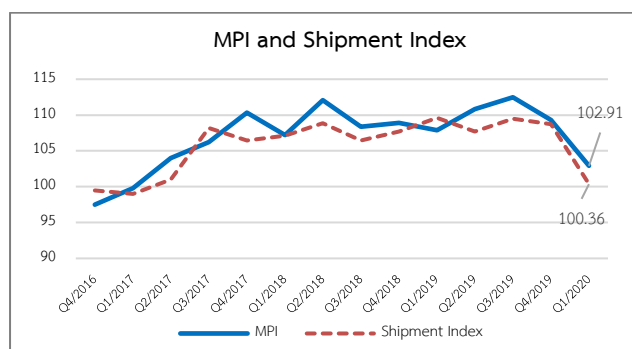
Import value in Q1/2020 decreased by 3.72 percent compared to the previous quarter to 1,182 million USD and increased by 1.65 percent (%YoY) percent from the same quarter last year. Product with the highest growth of import was tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics. (HS 3917).

Outlook for Plastics Industry in Q2/2020

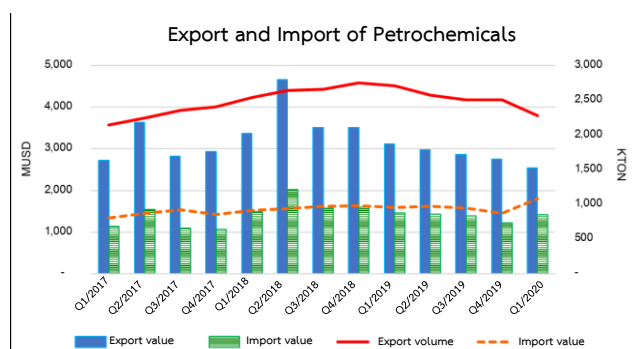
In Q2/2020, exports and imports are expected to grow from the demand for plastic products among main trading partners countries that continued to grow. However, the industry must consider the factors affecting the industry, including the impact of the Covid-19 virus outbreak and the situation of crude oil prices in the world market that is declining.

Petrochemical Industry

The petrochemical industry in Q1/2020 decreased in production and exports from the previous quarter by 5-8 percent (%QoQ) due to the Covid-19 pandemic, which has a major trading market like China, which is the epicenter of the virus, causing many factories in China to temporarily close. This affected the manufacturing sector in various industries that rely on raw materials from China, which caused production to stop. Furthermore, the virus spread around the world, causing the global economy to slow continuously in the first quarter of 2020.



Source: The Office of Industrial Economics



Source: Customs Department, Ministry of Finance

MPI in Q1/2020 was at 102.91 points decreasing by 4.69 percent compared to the same quarter last year. Products that contributed to the decrease in MPI of basic petrochemicals were Ethylene (-10.83 percent), Propylene (-8.51 percent), and Benzene (-6.10 percent). While products that contributed to the decrease in MPI of downstream petrochemicals were PS resin (-5.60 percent), EPS resin (-4.97%), PE resin (-4.49 percent), PP resin (-1.87 percent), and PET resin (-1.32 percent).

Shipment index in Q1/2020 was at 100.36 points, a decrease of 8.55 percent (%QoQ) compared to the same quarter last year. Products that contributed to the decrease in shipment index of basic petrochemicals were propylene (-11.39%), benzene (-8.66%), ethylene (-8.14%), whereas products of downstream petrochemicals that resulted in the decrease of shipment index were ABS resin (-14.80%), PE resin (-11.08%), PP resin (-8.50%), PS resin (-7.52%), and EPS resin (-3.19%).

Export of petrochemicals in Q1/2020 decreased 18.35 percent from the same quarter last year to 2,547.02 million USD. Petrochemicals were exported to key countries such as China (31.87%), Indonesia (10.76%), India (10.09%), Japan (8.02%), and Vietnam (7.81%). Products that contributed to the decrease of exports of basic petrochemicals (-29.77%) were Para-Xylene (-35.34%), Terephthalic Acid (-44.49%), Methyl oxirane (-51.59%), Vinyl chloride (-16.63%), and Ethylene (-75.55%). Products that contributed to the decrease of exports of downstream petrochemicals (-14.36%) were PE resin (-26.04%), PP resin (-16.56%), PC resin (-18.51%), PVC Resin (-21.26%), and PET resin (-38.14%).

Import of petrochemicals in Q1/2020 decreased 2.78 percent from the same quarter last year to 1,416.98 million USD. Petrochemicals were imported from key countries such as Japan (15.12%), South Korea (13.78%), China (13.64%), Singapore (10.81%), the US (10.23%), etc. Products of downstream petrochemicals that contributed to the decrease of import (-6.85%) were PE resin (-15.08%), PP resin (-13.60%), Nylon resin (-22.86%), PMMA resin (-1.54%), PES resin (-6.30%), etc. Basic petrochemicals of which imports increased (17.23%) were styrene (16.53%), ethylene (10.67%), propylene (5.06%), acetic acid (5.06%), etc.

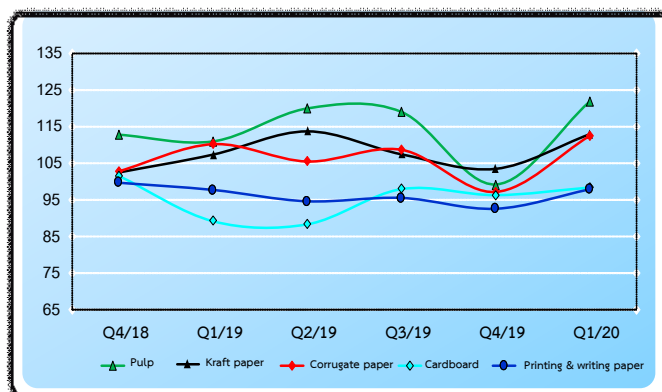
Outlook for Petrochemical Industry in Q2/2020

The petrochemical industry in Q2/2020 is expected to improve overall. The MPI and shipping index is forecasted to increase by 1-3 percent and imports by 12 percent compared to the same period last year. The increase is from the demand for petrochemicals as raw materials for the production of medical products, which occurred from the spread of the Covid 19 virus in products such as masks, cleaning products, and protective equipment. Exports are expected to continue to slow down to the volatility of crude oil prices in the world market.

Pulp, Paper, and Print Media Industry

The pulp, paper, and print media industry in Q1/2020 increased in MPI from last quarter (%QoQ) and year (%YoY). Pulp, cardboard, craft paper, corrugated paper, and printing, and writing paper products grew. Meanwhile, exports decreased in value compared to last quarter (%QoQ) and year (%YoY). For imports, the total value increased compared to last quarter (%QoQ) but decreased from last year (%YoY).

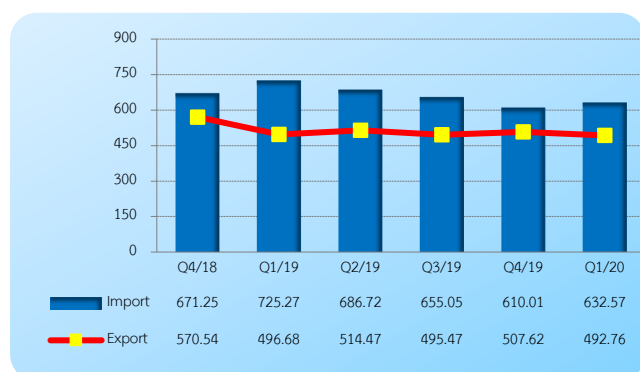
MPI in Pulp, Paper and Print Media Industry



Source: The Office of Industrial Economics

Pulp and paper production in Q1/2020 compared to last quarter (%QoQ), increased in MPI within all product groups, including pulp, cardboard, craft paper, corrugated paper, and writing paper, by 22.88 percent, 2.12 percent, 9.18 percent, 15.69 percent, and 5.81 percent, respectively. When compared to the previous year (%YoY), the MPI increased by 9.88 percent, 10.21 percent, 5.24 percent, 2.06 percent, and 0.17 percent, respectively. The increase was a result of the production of paper boxes for packaging and in response to market demand, following the growth of relevant industries. This included the demand for paper boxes for packaging in particular, as online commerce continued to expand from the changing consumer behavior, especially as people stayed home more, following government recommendations.

Export-Import of Pulp, Paper and Print Media



Unit: million USD

Source: Information and Technology Communication Center, Ministry of Commerce

Exports of pulp, paper and print media in Q1/2020 valued 492.76 million USD, down 2.93 percent (%QoQ) from the paper and paper product groups, including books and publications. However, exports increased in the pulp group by 12.56 percent. But compared to last year (%YoY), the total export value decreased by 0.79 percent in the pulp, paper, and print media. However, paper and products also increased exports in papercraft, cardboard, and paper packaging. The main export markets were Vietnam, Indonesia, and South Korea.

Imports of pulp, paper, and print media in Q1/2020 totaled 675.38 million USD, an increase of 10.72 percent (%QoQ) in the paper and paper products sectors. Compared to last year (%YoY), imports decreased by 6.88 percent, which was affected by the outbreak of the COVID-19 virus. Imports decreased in both pulp, paper waste, and paper products. In this quarter, even though domestic production will increase, but imports of most major raw materials were impacted by the COVID-19 pandemic, resulting in fewer imports.

Outlook for Q2/2020

The trend of the pulp and paper products production industry is expected to benefit from the outbreak of COVID-19 and the Emergency Decree that allows agencies and other sectors to work from home to reduce the outbreak. The measures have resulted in increased online orders and ordering food through delivery systems, resulting in an increase in the supply chain of this industry. Production of books and publications will continue to slow.

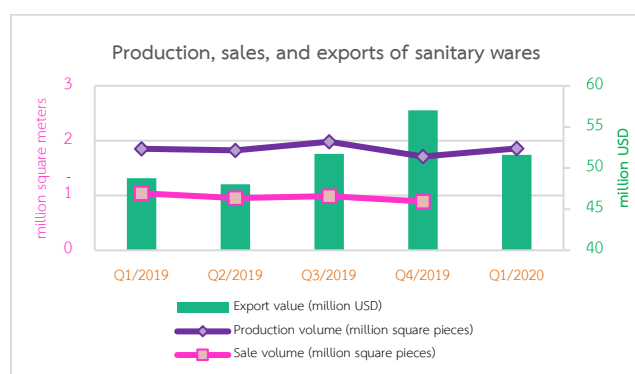
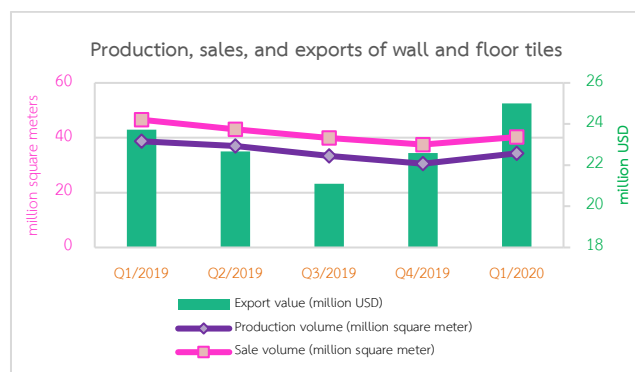
Related government policies

The Central Committee on the Price of Goods and Services issued an announcement to oversee products and services in the control list for 2019, including 52 goods and services, combined with the announcement of Kor.Kor.Ror. 1 for 2020, on February 4, 2020, which requires additional controlled products. This includes paper scraps and recycled paper, which will benefit the environment and domestic paper producers. However, some domestic paper producers still have a need to import waste and used paper due to lower prices, but the said product regulations should set fair measures for all parties.

Ceramics Industry

The volume of production and sales of ceramics in Q1/2020, when compared to the same period last year, floor tiles, wall tiles, and sanitary ware decreased in volume while exports increased following orders from core markets. The trend in Q2/2020 forecasts that production and sales will shrink slightly from the outbreak of the Covid-19 virus that has spread to countries and export markets around the world.

Ceramics Production, Sales, and Exports



Source: 1. Domestic Production and Sales: Division of Industrial Economics Information and Indices, Office of Industrial Economics
 Note: From the survey of 13 wall and tiling factories and 34 sanitary ware factories
 2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

Production: In Q1/2020, wall and floor tiles reached a production volume of 34.36 million square meters, an increase of 12.49 percent from the Q4/2019 (% QoQ), but 11.23 percent lower than the same period last year (%YoY). The production volume was 1.86 million units, a slight decrease from Q4/2019 by 0.01 percent and from the same quarter of the previous year by 6.23 percent due to the slowdown in domestic sales.

Sales: In Q1/2020, wall and floor tiles reached a sales volume of 40.22 million square meters, an increase of 7.20 percent from Q4/2019 (%QoQ), but a decrease by 13.61 percent from the same period last year (%YoY). Meanwhile, the sales of sanitary ware reached 0.84 million units, a decrease from Q4/2019 by 6.28 percent in 2019 and 19.80 percent in the same quarter of last year due to economic conditions and the outbreak of the virus.

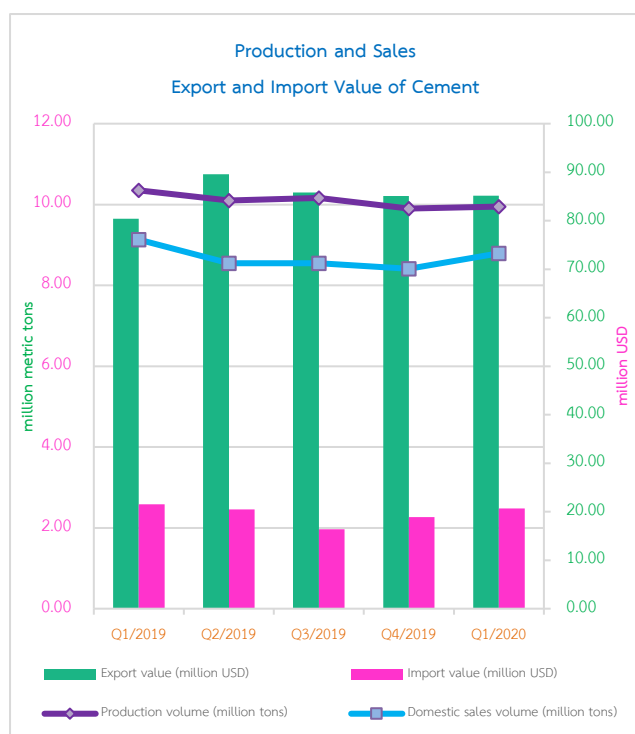
Exports: In Q1/2020, exports of wall and floor tiles valued 25.01 million USD, an increase from Q4/2019 by 10.71 percent, and by 5.44 percent from the same quarter last year. Meanwhile, sanitary ware valued 51.62 million USD, a decrease from Q4/2019 by 9.45 percent, but an increase from the same quarter of the previous year by 5.89 percent, as core export markets such as Japan, the United States, and Cambodia continuously increased orders since January 2020.

Outlook for Ceramics Industry in Q2/2020

Production and domestic sales of ceramics in Q2/2020 are expected to shrink slightly from the outbreak of the COVID-19 virus in countries and export markets around the world. The virus has caused some countries, especially trade partners, to impose lockdown, including delaying orders. Therefore, the virus has directly affected the production and labor capacity in the industrial sector. This was coupled with problems, complications, and delays in shipping. Nevertheless, if the situation returns to normal, the trend of production, sales and exports may gradually expand to meet the needs of both domestic and international consumption. The industry is also driven by global oil prices, which has continuously decreased, resulting in reduced production and transportation costs.

Cement Industry

The cement industry in Q1/ 2020 compared to the same quarter last year, production and sales declined due to the economic downturn from the past trade war and the outbreak of the Covid-19 virus. Exports in this quarter could expand slightly, with the impact on this industry remaining unclear compared to other industries.



Source: 1. Domestic Production and Sales: Division of Industrial Economics Information and Indices, Office of Industrial Economics
 Note: From the survey of 13 wall and tiling factories and 34 sanitary ware factories
 2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

Cement production (excluding clinker) in Q1/2020 was 9.95 million metric tons, a decrease from Q4/2019 by 0.50 percent (%QoQ) and by 5.61 percent from the same quarter last year (%YoY), resulting from the economic slowdown from the past trade war between the United States and China. Furthermore, there is still a lot of remaining stock in real estate, causing the investment in new projects to slow down.

Domestic sales of cement (excluding clinker) in Q1/2020 reached 8.79 million metric tons, an increase of 4.80 percent (%QoQ) from Q4/2019, but a decrease of 4.57 percent (%YoY) from the same quarter last year.

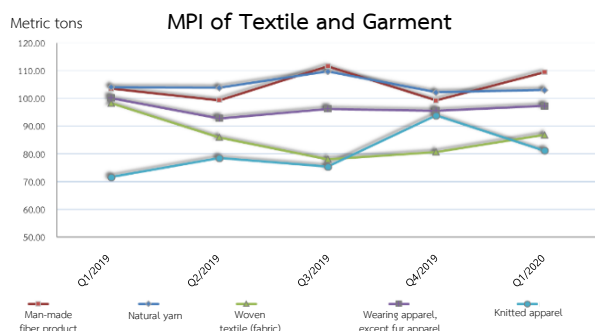
Cement exports-imports (excluding clinker) in Q1/2020 valued 85.16 million USD, an increase of 0.12 percent from Q4/2019 (%QoQ), and an increase of 5.92 percent from the same quarter last year (%YoY). The growth came from increased orders from Myanmar (42.69%) and Cambodia (9.59%). Imports of cement (excluding clinker) increased by 9.50 percent from Q4/2020 to 20.69 million USD, decreased by 3.78 percent from the same quarter of the previous year, from decreased imports from Laos PDR by 4.58 percent.

Outlook for Cement Industry in Q2/2020

The cement industry (excluding clinker) in Q2/2020 when compared to the same quarter of the previous year, production volume and sales are expected to continue to decline due to the economic slowdown and is further affected by the spread of COVID-19 causing economic activities of businesses/industries, and the livelihood of the people to not be as normal. The announcement of the Emergency Decree by the Government on March 26, 2020, caused some people to be affected by lack of income, and caused uncertainty in future economic conditions, therefore delaying the purchase of real estate.

Textile and Wearing Apparel Industry

In Q1/2020, the production of artificial fibers grew from use as raw materials for the production of sanitary masks and PPE covers by medical personnel. Fabrics and apparel contracted in production declined due to the slowdown in foreign pre-orders from the outbreak of Covid-19.

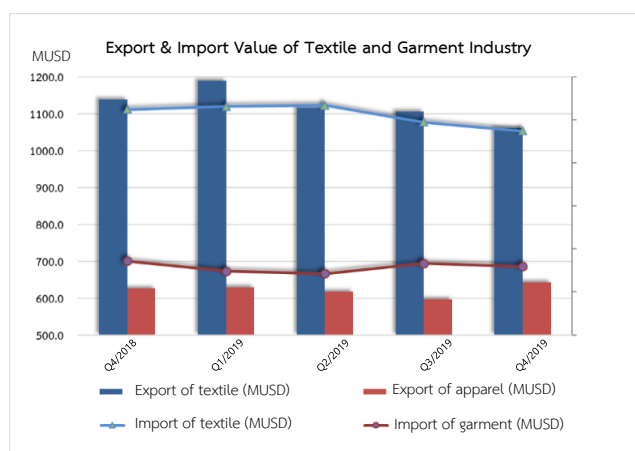


Production and Domestic Sales

The MPI of Man-made fibers increased in MPI by 5.73 percent due to the preparation of raw materials to produce medical masks and PPE covers for medical personnel, which grew due to the outbreak of COVID-19.

Fabrics and apparel decreased in MPI by 7.23 percent and 2.89 percent (%YoY) due to the slowdown in the purchasing power of domestic consumers. In addition, there were no orders for new apparel to be delivered in Q2/2020, thus causing operators to reduce the production of upstream raw materials that will be in stock.

The domestic sales index decreased by 1.39 percent, 7.01 percent, and 8.35 percent due to decreased demand for raw materials for exports. Furthermore, the purchasing power of domestic consumers slowed down due to the impact of the COVID-19 outbreak.



Exports-Imports

Total exports of *textiles and wearing apparel* were 1,685.30 million USD, a decrease of 5.18 percent (%YoY). If considering the product groups, it was found that:

Textile products was valued at 1,044.60 million USD, a decrease of 11.22 percent, especially to the largest market like China. The outbreak of COVID-19 caused many textile and garment factories to close, resulting in reduced overall textile exports.

The *apparel sector* was valued at 610.70 million USD, a growth by 1.65 percent, with garments exported to the EU market and the United States which were not yet affected by national lockdown measures to control the outbreak of COVID-19 during the first two months of the first quarter; this resulted in overall export expansion.

Overall imports of *textiles and apparel* was valued 1,269.75 million USD, a decrease of 6.56 percent (%YoY) due to the slowdown in international purchase orders from the spread of COVID-19, coupled with a slowdown in domestic purchasing power. Therefore, the purchase of raw materials into stock reduced, together with reduced demand for apparel that Thailand imports from China.

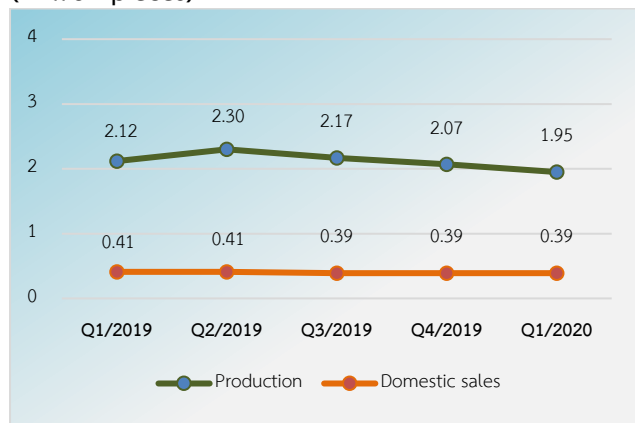
Outlook for Textile and Wearing Apparel Industry in Q2/2020

Production and exports of textiles and garments are expected to slow down as the world economy has not recovered from the impact of the COVID-19 outbreak, and purchasing power in the country is still slow.

Wood and Wooden Furniture Industry

Production and domestic sales of wooden furniture in Q1/2020 decreased from the same quarter of the previous year, following the decreased volume of domestic orders. Exports of wood and wooden products decreased in value from the same quarter last year, due to less demand from key export markets.

Domestic Production and Sales of Wooden Furniture (million pieces)

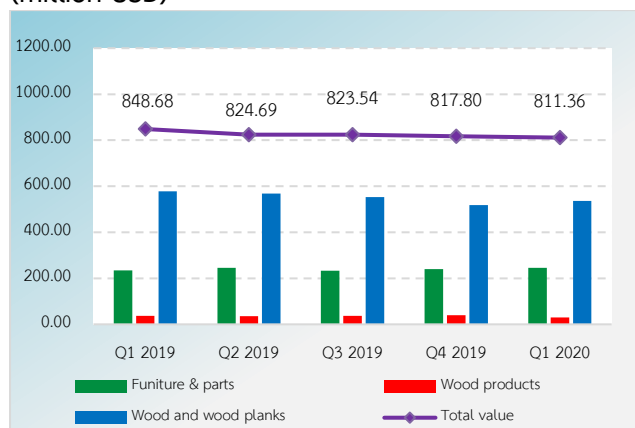


Source: The Office of Industrial Economics

Production of wooden furniture in Q1/2020 contracted 5.80 percent from the previous quarter to 1.95 million pieces and contracted 8.02 percent from the same quarter of the previous year. The decrease was due to the slowdown of both domestic and international markets.

Domestic sales of wooden furniture in Q1/2020 amounted to 0.39 million pieces, which was in a stable condition compared to the previous quarter. However, when compared to the same quarter of last year, the volume decreased by 4.88 percent due to the slowdown of the domestic economy.

Export Value of Wood and Wooden Products (million USD)



Source: Ministry of Commerce

Export of wood and wooden products in Q1/2020 valued 811.36 million USD, down 0.79 percent, and 4.40 percent from the previous quarter and the same quarter of the previous year, respectively. Categorized into furniture and parts, wood, and wooden products, the value reached 245.19 million USD, 29.82 million USD, and 536.35 million USD, respectively. Compared to the same quarter of last year, furniture and parts grew by 4.77 percent while wooden products, wood, and wooden planks fell by 19.45 percent and 7.15 percent, respectively from the decrease in the export value of wooden construction equipment and frames to the US market and the export of sawn timber to the China market.

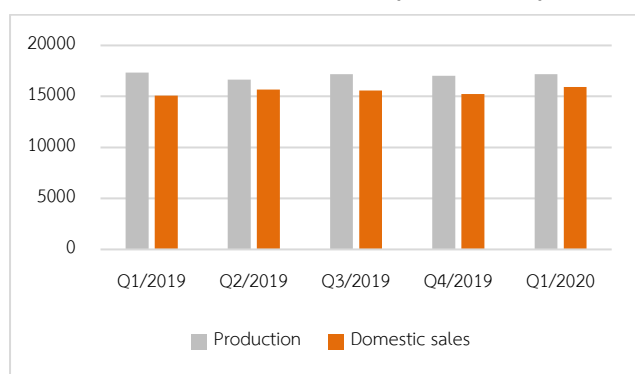
Outlook for Wood and Wooden Furniture Industry in Q2/2020

Production and sales of wooden furniture in Q2/2020 are expected to continue to slow down, similar to the direction of exports of wood and wooden products following the decreasing trend of domestic and foreign purchase orders caused by the outbreak of the COVID-19 virus in many countries around the world.

Pharmaceutical Industry

The production and domestic sales of pharmaceuticals in Q1/2020 increased from the same quarter of the previous year due to the increased demand for medicines both domestically and abroad from the Covid-19 pandemic. Exports expanded well in Vietnam, Hong Kong, and Myanmar, respectively.

Domestic Production and Sales (metric tons)

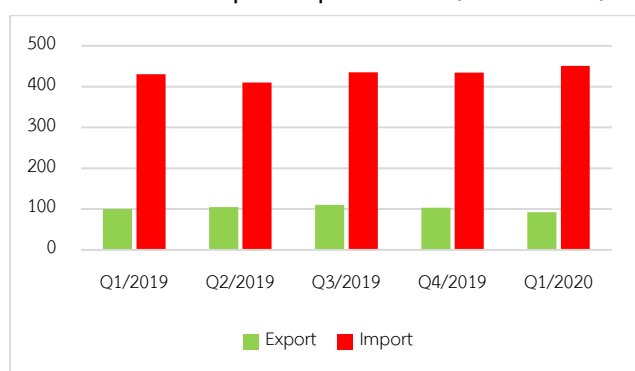


Source: The Office of Industrial Economics

Production of pharmaceuticals in Q1/2020 reached 17,195.35 metric tons, an increase of 8.52 percent from the same quarter of the previous year, which was an increase in the production of tablets, liquid pills, capsules, injections and creams following increasing demand of medicines in both domestic and foreign countries due to the outbreak of the COVID-19 virus.

Sales of pharmaceuticals in Q1/2020 amounted to 15,909.97 metric tons, an increase of 11.89 percent from the same quarter of the previous year, due to the growth of the sales of tablets, liquid pills, injections, creams and powders due to higher demand.

Pharmaceutical Import-Export Value (Million USD)



Source: Ministry of Commerce

Exports of pharmaceuticals in Q1/2020 decrease 7.73 percent from the same quarter last year to 92.78 million USD. Overall, the export of pharmaceuticals contracted following the slowdown of Vietnam, Hong Kong, and Myanmar, markets, which declined by 17.18 percent, 37.74 percent, and 11.92 percent, respectively. Imports of pharmaceuticals reached 451.30 million USD, an increase of 4.89 percent from the same quarter last year, with imports of drugs from Puerto Rico, Spain, China, France, and India increasing. This resulted in increased imports of generic drugs from India and China by a total of 5.56 million USD or 11.75 percent of the value of all imported medicines from Thailand.

Outlook for Pharmaceutical Industry in Q2/2020

Production pharmaceuticals in Q2/2020 are expected to grow 10.89 percent from the same quarter last year, following the growing trend of domestic and overseas markets. As for export markets, it is expected that exports to Cambodia, the Philippines, and China will increase.

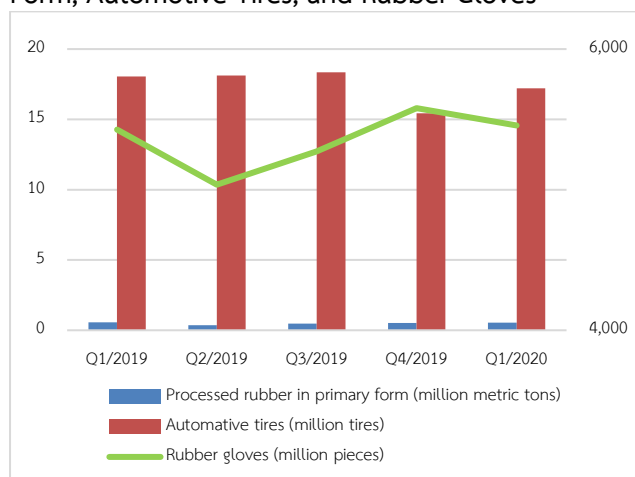
Government Policies Related to the Pharmaceutical Industry

The National OECD GLP Compliance Monitoring Authority (CMA) of Thailand has been recognized for both the audit team and the mutual acceptance of data from the audit team in network member countries of the OECD GLP. It is now in the process of proposing the Cabinet to sign for official results. When there is mutual acceptance of data, Thai pharmaceutical products will not need to be tested repeatedly in the destination country. This will help domestic operators save costs on testing and allow for more convenient exports of pharmaceutical products.

Rubber and Rubber Products Industry

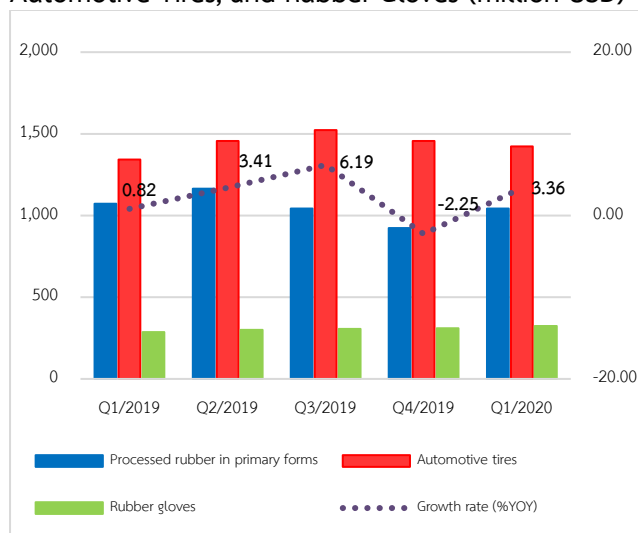
The volume of rubber gloves production in Q1/2020 increased following the expansion of both domestic and international markets. Tire production declined following the slowdown in the domestic automobile industry, and the replacement market for upstream processed rubber production declined as exports to China and Malaysia decreased.

Production Volume of Processed Rubber in Primary Form, Automotive Tires, and Rubber Gloves



Source: The Office of Industrial Economics

Export Value of Processed Rubber in Primary Forms, Automotive Tires, and Rubber Gloves (million USD)



Source: Ministry of Commerce

Production of processed rubber in primary forms, automotive tires and rubber gloves in Q1/2020 totaled 0.54 million metric tons, 17.21 million tires, and 5,456.82 million pieces, respectively, compared to the same quarter of last year. The production of upstream processed rubber and tires decreased by 4.65 percent and 5.59 percent, respectively, due to the slowdown in foreign markets and the contraction of the domestic automotive industry and the replacement market. Meanwhile, the production of rubber gloves increased by 0.54 percent due to higher demand from both domestic and foreign markets.

Sales of processed rubber in primary forms, automotive tires and rubber gloves in Q1/2020 totaled 0.12 million metric tons, 10.72 million tires, and 1,036.76 million pieces, respectively, compared to the same quarter last year. The domestic sales of upstream processed rubber and rubber gloves increased by 8.42 percent and 28.41 percent, respectively, due to higher demand. Sales of tires decreased by 2.36 percent due to the contraction of the domestic automotive industry and the replacement market.

Exports of processed rubber in primary forms, automotive tires and rubber gloves in Q1/2020 were valued at 1,043.08 million USD, 1,423.37 million USD, and 323.86 million USD, respectively. The export of automotive tires and rubber gloves increased by 6.13 percent from the same quarter last year and by 12.94 percent, respectively. Meanwhile, exports of processed rubber in primary forms decreased by 2.66 percent due to the closure of factories, ports, and the closure of China and Malaysia.

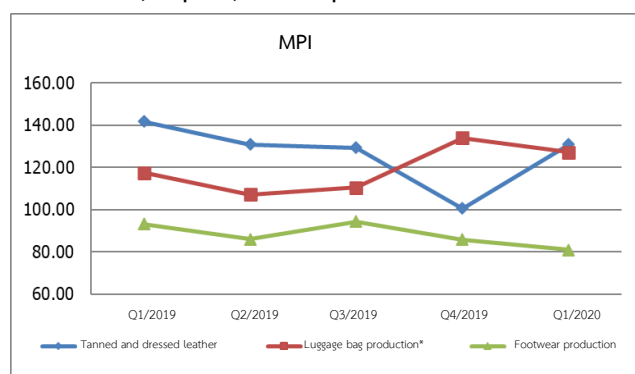
Outlook for Rubber and Rubber Products Industry in Q2/2020

Production of tires in Q2/2020 is expected to contract by 2.58 percent, following the domestic automotive industry and the global economy. The production of rubber gloves is expected to grow by 8.99 percent due to the rising demand for medical products. The production of upstream processed rubber is expected to increase by more than 10.00 percent due to the low base from last year.

Footwear and Leather Product Industry

In Q1/2020, tanning and dressing of leather products decreased by 7.67 percent due to decreased production for exports and the contraction of the automotive industry. Likewise, the production of footwear products decreased by 13.10 percent from the contraction of domestic orders. Production of luggage products* increased by 8.20 percent from the continuation of accumulated domestic orders.

Production, Export, and Import (MUSD)



Production

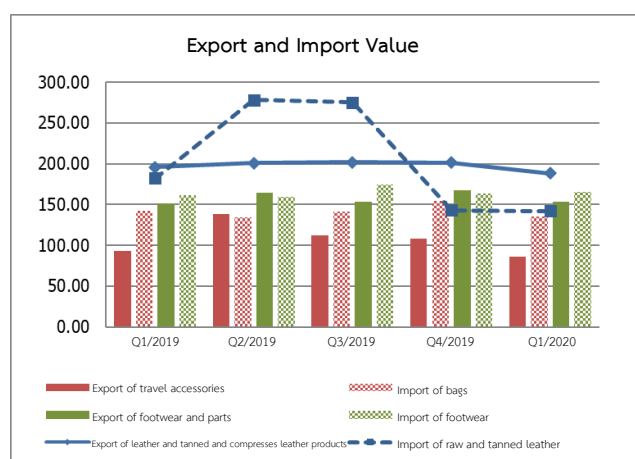
The MPI for tanned and dressed leather decreased by 7.67 percent compared to the same quarter last year as production for exports decreased, together with the contraction of the automotive industry. Likewise, the footwear product group decreased by 13.10 percent due to the decrease in domestic orders.

The production of luggage products* increased by 8.20 percent from continuous accumulation of domestic orders.

Exports-Imports

Exports totaled 427.57 million USD, down 2.89 percent compared to the same quarter last year, a result of the export value of leather and tanned and compressed leather products and traveling equipment, which decreased by 3.78 percent and 7.96 percent respectively. The contraction was a result as almost all of the factories among trading partner countries stopped production. Although some factories resumed production, they were still unable to proceed fully, which resulted in a slowdown in exports.

Imports totaled 443.08 million USD. Compared to the same quarter of last year, imports decreased by 8.83 percent. Tanned leather decreased by 22.03 percent, in line with the tanning and finishing of tanned leather, which had decreased production. Luggage products decreased by 5.09 percent due to a decrease in demand for brand-name products, as a result of the coronary virus (COVID-19), causing consumers to be more cautious in spending.



Source: 1. MPI – The Office of Industrial Economics
2. Export & Import Value – Ministry of Commerce
* including handbags and similar products, saddles, and harnesses

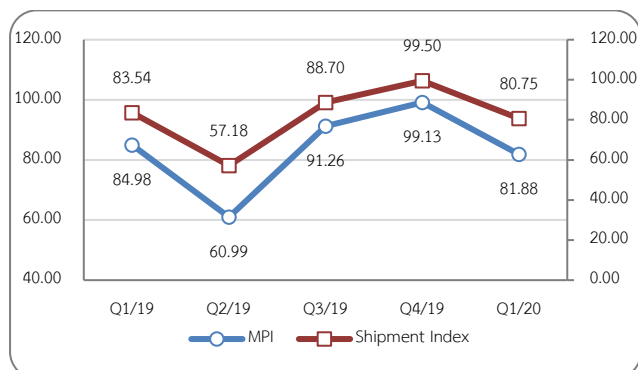
Outlook for Footwear and Leather Production Industry in Q2/2020

Production of footwear and leather in Q2/2020 forecasts that the tanning and dressing of leather will slow down due to COVID-19, which is still affecting factories in partner countries, causing them to cease production. Although some factories resumed production, they were still unable to proceed fully. This was coupled with the contraction of the automotive industry. For luggage and shoe products, production is likely to increase from continued domestic orders and the weakening Baht, which will benefit exporters.

Gems and Jewelry Industry

Production and sales of gems and jewelry in Q1/2020 decreased by 3.65 percent compared to the same quarter last year, due to a contraction in production for exports to foreign markets from the Covid-19 outbreak. The production of diamonds and artificial jewelry decreased by 43.50 percent and 21.81 percent, respectively.

Production, Sales, and Exports



Production

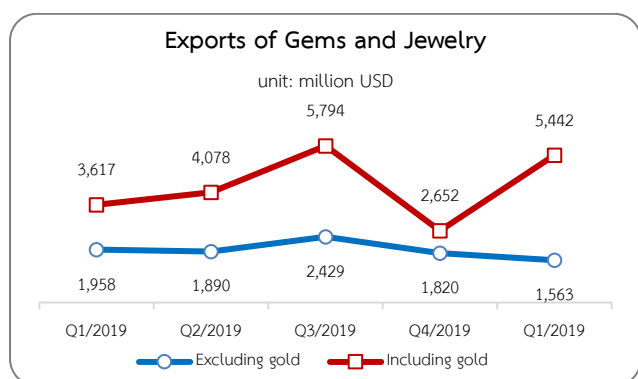
Gems and jewellery in Q1/2020 decelerated by 3.65 percent compared to the same quarter last year, due to the decrease in production for export to foreign markets from the COVID-19 virus outbreak. The production of diamonds and artificial jewellery decreased by 43.50 percent and 21.81 percent, respectively.

Sales

Gems and jewellery in Q1/2020 decreased by 3.34 percent compared to the same quarter last year due to COVID-19, which caused consumers to be more cautious in spending.

Exports

Gems and jewellery (excluding gold) in Q1/2020 totalled 1,563.16 million USD, a decrease of 20.18 percent compared to the same period last year. The value of exports of diamonds, precious stones, genuine jewellery, and imitation jewellery decreased by 25.89 percent, 33.77 percent, 21.11 percent, and 20.92 percent, respectively, with the major export markets such as the United States, Hong Kong, and Germany. The total export of gems and jewellery valued 5,442.44 million USD, an increase of 71.84 percent from exports to gain from price differences, as the price of gold in the world market rose compared to the same period last year.



Source: 1. MPI and Shipment Index — the Office of Industrial Economics
2. Export value — Ministry of Commerce

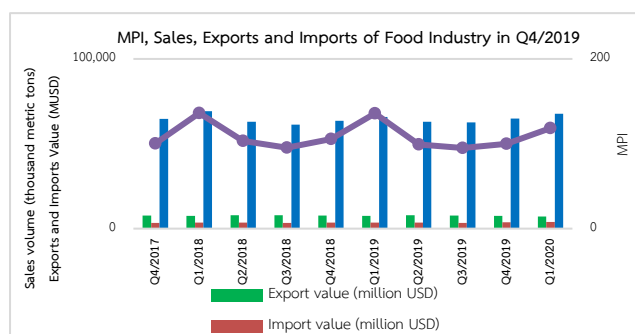
Outlook for Gems and Jewelry Industry in Q2/2020

In Q2/2020, production of gems and jewelry are expected to decrease compared to the same period last year. The contraction is a result of the global economic slowdown affected by COVID-19 in which the gems and jewelry industry produces up to 80 percent of its output for exports.

Exports (excluding unwrought gold), is expected to decrease the following production. However, due to the weak Baht, which may benefit exporters prior to the COVID-19 outbreak, exports continued to expand from May 2019 to January 2020. Imports (excluding unwrought gold), is expected to slow down due to COVID-19, which caused consumers to be more cautious in spending.

Food Industry

The MPI in the food industry in Q1/2020 dropped compared to the same period last year, continuously decreasing since Q1/2019 after continuous expansion in 2017. The contraction was a result of decreasing in raw material volumes due to the effects of drought, coupled with the high base in last year of products such as sugar, tapioca starch, palm oil, and canned pineapple. However, some food products have benefited from the concern over the Covid-19 pandemic, resulting in increased demand for food, for accelerating reserves in both domestic and foreign markets. As a result, the production of chilled and frozen chicken, canned tuna, coconut milk, soybean oil, ready-to-drink milk, instant noodles, and instant animal feed products grew in export value. Exports decreased in the Japanese, Chinese, UK, CLMV and ASEAN markets, due to the decrease in exports of important products such as rice, tapioca flour, chilled and frozen shrimp, processed seafood and canned tuna, including chilled and frozen fruits, as the amount of raw material decreased. This was coupled with negative factors such as the slowing global economy, combined with the lockdown measures of various countries to control the spread of the COVID-19 virus, resulting in obstacles in transportation.



Source: Data for indexing of industries, Office of Industrial Economics, Ministry of Commerce, from the grouping of the Office of Industrial Economics

Note * Preliminary data

The MPI of the food industry in Q1/2020 reached 118.4, up 18.1 percent from Q4/2019 (%QoQ), coupled with more important agricultural raw materials entering the factory. However, when compared to the same quarter of last year, it decreased by 12.8 percent (%YoY) as raw materials decreased from the drought, and the base was relatively high in the previous year, especially for sugar. This caused sugar cane factories to close earlier than the previous year. Furthermore, palm oil, cassava, and pineapples were affected by the drought as well, causing the MPI for sugar, palm oil, cassava flour, and canned pineapples to decrease. However, some food products benefited from concerns over the COVID-19 pandemic, causing demand for food to increase from accelerating reserves in both domestic and foreign markets, resulting in the MPI of chilled and frozen chicken, canned tuna, coconut milk, soybean oil, ready-to-drink milk, instant noodles, and instant animal feed products to grow.

Domestic food sales in Q1/2020 reached 67,703.1 thousand metric tons, an increase of 5.6 percent from the Q4/2019 by 5.6 percent (%QoQ). Compared with the same quarter last year, sales increased by 3.5 percent (%YoY) following the demand for food reserves. Concerns about the spread of the COVID-19 virus led to increased domestic food sales, such as frozen fish, canned sardines, canned tuna, instant noodles, ready-to-drink soy milk, and the production of finished animal feeds.

Exports for Q1/2020 valued 7,085.2 million USD, a decrease from Q4/2019 by 6.3 percent (%QoQ) due to the decrease in exports of important products such as canned tuna, fresh and frozen shrimp, processed seafood, processed chicken and frozen durian. Compared to the same quarter of last year, exports decreased by 5.4 percent (%YoY), especially to Japan, China, the United Kingdom, CLMV and ASEAN markets, due to the decrease in exports of important products such as rice, tapioca flour, chilled and frozen shrimp, processed seafood, canned tuna, including chilled and frozen fruit. The contraction came from a decrease in raw materials, combined with negative factors such as the slowing global economy and lockdown measures of various countries to control the spread of the COVID-19 virus, resulting in obstacles in transportation.

Imports in Q1/2020 valued at 3,901.0 million USD, an increase of 2.3 percent from Q4/2019 (%QoQ). Compared with the same quarter last year, imports increased by 6.5 percent (%YoY) from imports of raw and semi-finished goods (oil seeds) and consumer products (milk and milk products, and food prepared for baby care) to support the expansion of production and consumption of the industry. Soybean oil and ready-made animal feed products for livestock increased in consumption, both domestically and internationally, including the dairy and dairy products industry.

Outlook for Food Industry in Q2/2020

Overall production in the food industry in Q2/2020 is expected to greatly reduce compared to the same period last year, with negative factors such as decreasing agricultural raw materials due to drought, in products such as sugarcane, palm oil, pineapple, and cassava. As a result, supply is insufficient for the factory's production demand. However, Thailand should still benefit from the pandemic, which had a positive effect on the ready-made food industry (instant noodles, tuna, and canned sardines), growing in line with the domestic and international market demand that wants to maintain a level of food security. Furthermore, many countries have begun to relax the COVID-19 spread control measures, signaling improvement. The value of exports in Q2/2020 is expected to remain stable or expand slightly, following the consumption demand and food reserves in foreign countries. However, it may be affected by lockdown measures that directly affect food services in important products such as (1) Chicken that may be affected by the EU that is likely to reduce the import of chicken meat from third countries (Brazil, Thailand, and Ukraine) by 850,000 metric tons due to the excess supply in the country. (2) Sugar may be affected by large sugar producers such as Brazil, which will use more sugar cane to produce sugar and reduce the production of ethanol following to the global demand for oil in 2020 which is expected to decrease by about 20-30 percent from 2019, as a result of reduced transportation and travel systems from lockdown measures. Sugar consumption may be reduced by over two million metric tons per year due to foodservice shutdowns (global consumption is around 175 million metric tons per year).

Prepared by

Title	Coordination Division	Telephone number
• Thailand Economic and Industrial Overview in Q1/2020 and Outlook for Q2/2020	Division of Industrial Economic Research	0-2202-4332
• Sectoral Industry		
• Iron and Steel Industry	Division of Industrial Policy by Sector 1	0-2202-4345
• Electrical Appliance Industry	Division of Industrial Policy by Sector 1	0-2202-4374
• Electronics Industry	Division of Industrial Policy by Sector 1	0-2202-4374
• Automobile and Parts Industry	Division of Industrial Policy by Sector 1	0-2202-4372
• Motorcycle and Parts Industry	Division of Industrial Policy by Sector 1	0-2202-4372
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• Plastics Industry	Division of Industrial Policy by Sector 1	0-2202-4371
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• Footwear and Leather Products Industry	Division of Industrial Policy by Sector 2	0-2202-4385
• Gems and Jewelry Industry	Division of Industrial Policy by Sector 2	0-2202-4385
• Food Industry	Division of Industrial Policy by Sector 2	0-2202-4391

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