



Report on the Industrial Economics Status  
in Q2/2022 and Outlook for Q3/2022



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## Executive Summary


### Summary of Thai Industrial Economic Status for Q2/2022


The industrial economic status in Q2/2022, when considered from the Manufacturing Production Index (MPI), contracted slightly by 0.7 percent, slowing down compared to Q1/2022, which grew by 1.6 percent. The MPI was partly affected by the Russia and Ukraine conflicts. As a result, energy and commodity prices in the world market rose, increasing the cost to producers' and consumers' cost of living. The limitations in the global supply chain also remained unresolved. Key industries that contracted in Q2/2022 included the **Hard Disk Drive industry** due to the shortage of raw materials from strict COVID-19 control measures in China. **Plastic pellets** contracted as manufacturers adjusted their strategic plans following rising production cost, coupled with the shutdown of some manufacturers. **Iron and steel** contracted from declining demand after the price of building materials increased, and customers delayed orders while monitoring the direction of steel prices in the world market. **Key industries that expanded in Q2/2022** were **petroleum refinery** from increased production, following the easing of domestic COVID-19 control measures and the country's reopening to foreign tourists, increasing domestic consumption of refined fuel. **Other non-tire rubber products** grew as the economy began to return to normalcy, and the COVID-19 situation began to ease in many countries, causing trading partner countries to increase demand for products. Additionally, transportation restrictions gradually eased, resulting in more products being delivered.


### Key Industries Outlook in Q3/2022

 **Iron and Steel:** Production is expected to grow slightly compared to the same period last year, as the cost of raw materials has decreased. However, steel prices in the world market decreased, and more steel was imported from Russia into the Asian market. As a result, Thai industrial operators opted to import more steel products over domestic purchases.

 **Electronics:** Production is expected to contract by around 3.0 percent due to inflation, as entrepreneurs have to bear the burden of increasing production costs and the shortage of some raw materials and parts. Meanwhile, the value of exports will continue to grow by about 6.0 percent due to the global chip shortage and the relationship between the US, China, and Taiwan, which may affect the production chain in the electronics industry, causing the inability to produce enough to meet the global demand. As a result, the price of electronic components has increased.

 **Automobile:** It is estimated that in Q3/2022, more than 420,000 automobiles will be manufactured, which is divided into 50-55 percent production for domestic sales and 45-50 percent production for export.

 **Motorcycle:** It is estimated that in Q3/2022, more than 450,000 motorcycles will be manufactured, which is divided into 80-85 percent production for domestic sales and 15-20 percent production for export.

 **Plastics industry:** Production is expected to slow due to the volatility of crude oil prices in the world market, which may affect the cost of raw materials. Furthermore, some entrepreneurs began considering eliminating packaging that is difficult to recycle. As a result, the production of related plastic products decreased.

↑ Pulp, Paper, and Print Media: Paper products used to produce packaging boxes are expected to grow in line with domestic consumption. At the same time, paper packaging will benefit from its use in online shopping. Exports are expected to grow again as China relaxes COVID-19 control measures because China is the main market for Thai pulp exports.

↑ Textiles and wearing apparels: The industry is expected to grow slightly from domestic demand, the recovery of the tourism sector, and the continuous growth of product exports, especially to key trading partners such as the US, Japan, China, and the EU. However, there are still risk factors from the purchasing power of consumers, which is still fragile from high costs of living. In addition, the volatility of raw material and energy prices caused production costs to increase, and inflation may affect the competitiveness of entrepreneurs.

↑ Pharmaceuticals: Production and domestic sales are expected to grow compared to the same quarter of the previous year as the demand for medicines to treat diseases increases. However, exports are expected to slow down due to the economic situation of key markets, especially in ASEAN markets such as Laos and Myanmar.

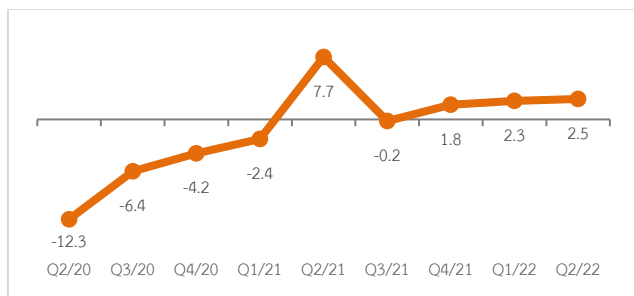
↑ Rubber and Rubber Products: Production of processed rubber in primary forms is expected to grow from production to meet the needs of downstream industries. Tire production is expected to continue to expand from production to meet the needs of both domestic and international markets. Meanwhile, the production of rubber gloves is expected to grow due to the increasing demand for rubber gloves for disease prevention as a result of the new COVID-19 variant spread and trends of monkeypox outbreaks.

↑ Food: Overall production is expected to grow from the country's reopening policy to attract tourists, resulting in increased demand and the gradual recovery of the domestic economy. However, the depreciation of the Baht may affect the cost of production in importing raw materials that would require more in Baht per dollar. This affects industrial costs and results in higher product prices. The export value is expected to contract slightly compared to the same quarter last year due to the slowdown of the global economy and trade from inflation. As a result, orders from trading partners slowed down.

## **Part 1** Thailand Economic and Industrial Overview in Q2/2022

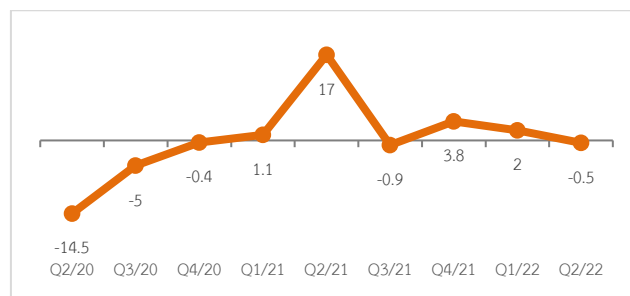
## Thailand's Economic and Industrial Overview in Q2/2022

**Gross domestic product**  
increased by 2.5 percent (%YoY)



Source: Office of the National Economic and Social Development Council

**Industrial sector GDP**  
decreased by 0.5 percent (%YoY)



Source: Office of the National Economic and Social Development Council

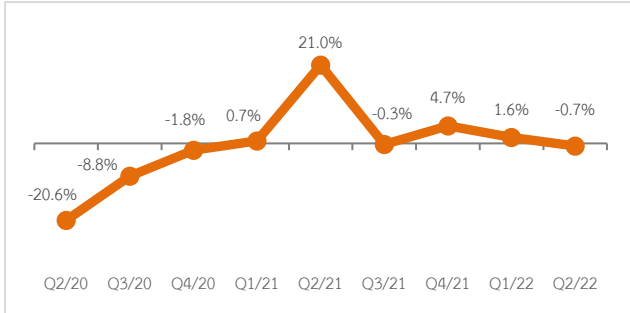
*Gross domestic product or GDP in Q2/2022 grew by 2.5 percent, increasing from the previous quarter's growth of 2.3 percent but decreasing from the same period last year, which grew by 7.7 percent.*

**The GDP of the industrial sector in Q2/2022 contracted by 0.5 percent, decelerating from the previous quarter, which grew by 2.0 percent, and from the same period last year, which grew by 17.0 percent.**

## Key Industrial Index

### Manufacturing Production Index

*decreased by 0.7 percent (%YoY)*



Source: The Office of Industrial Economics

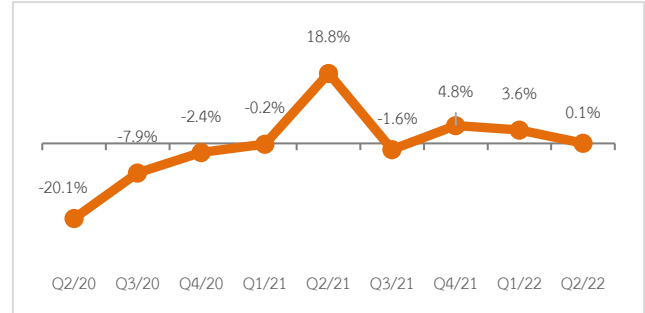
In Q2/2022, the Manufacturing Production Index (MPI) stood at 95.83 points, a decrease of 9.01 percent from the previous quarter (105.36 points) and a decrease of 0.72 percent from the same quarter last year (96.52 points).

Industries contributing to the increase of the MPI from the previous quarter were the manufacture of sugar, automobiles, and computer and peripheral equipment, for example.

Industries contributing to the increase of the MPI from the same quarter last year were the manufacture of computer and peripheral equipment, plastic and synthetic rubber in primary forms, and basic iron and steel, for example.

### Shipment Index

*Sales level of goods increased by 0.1 percent (%YoY)*



Source: The Office of Industrial Economics

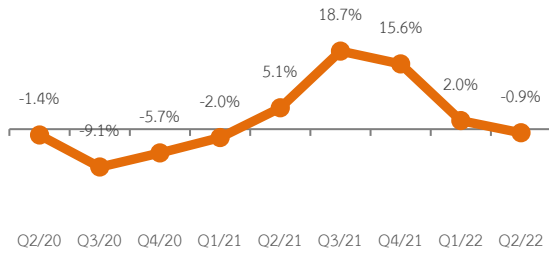
In Q2/2022, the Shipment Index stood at 97.81 points, a decrease of 5.78 percent from last quarter (103.81 points) but an increase of 0.06 percent from the same quarter last year (97.75 points).

Industries that contributed to the decrease of the Shipment Index from last quarter were the manufacture of automobiles, computer and peripheral equipment, and plastic and synthetic rubber in primary forms, for example.

Industries that contributed to the increase of the Shipment Index from the same quarter last year were the manufacture of refined petroleum products, other rubber products, and sugar, for example.

### Finished Goods Inventory Index

decreased by 0.9 percent. (%YoY)



Source: The Office of Industrial Economics

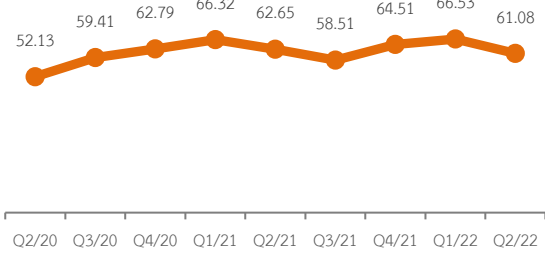
In Q2/2022, the finished goods inventory index stood at 134.58 points, a decrease of 3.08 percent from the previous quarter (138.86 points) and a decrease of 0.95 percent from the same quarter last year (135.87 points).

Industries that contributing to the decrease of finished goods inventory index from the previous quarter were the manufacture of other rubber products, automobiles, and computer and peripheral equipment, for example.

As for industries contributing to the decrease of the finished goods inventory index from the same quarter last year (2021) were the manufacture of automobiles, motorcycles, and other rubber products, for example.

### Capacity Utilization Rate

stood at 61.08 percent.



Source: The Office of Industrial Economics

In Q2/2022, the capacity utilization rate stood at 61.08 percent, decreasing from the previous quarter (66.53%) and from the same quarter last year (62.65%).

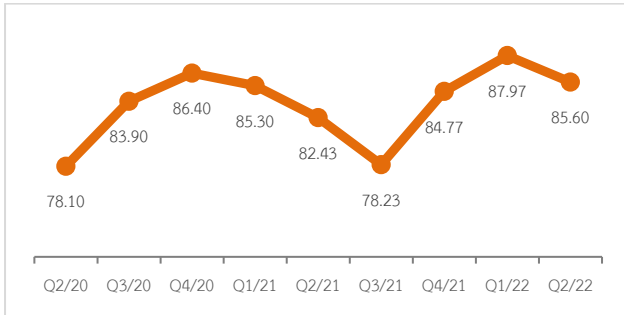
Industries that contributed to the decrease of capacity utilization rate from the previous quarter were the manufacture of automobiles, sugar, and plastic and synthetic rubber in primary forms, for example.

Industries that contributed to the decrease in capacity utilization rate from the same quarter last year (2021) were the manufacture of computer and peripheral equipment, plastic and synthetic rubber in primary forms, and basic iron and steel, for example.



## Industrial Sentiment Index

of Q2 was at 85.60 points.



Source: The Federation of Thai Industries

In Q2/2022, the industry sentiment index was 85.60 points, decreasing from last quarter (87.97 points) but increasing from the same quarter last year (82.43 points). Meanwhile, the three-month forecast for the sentiment index was at 96.70 points, increasing from the same quarter last year (91.80 points).

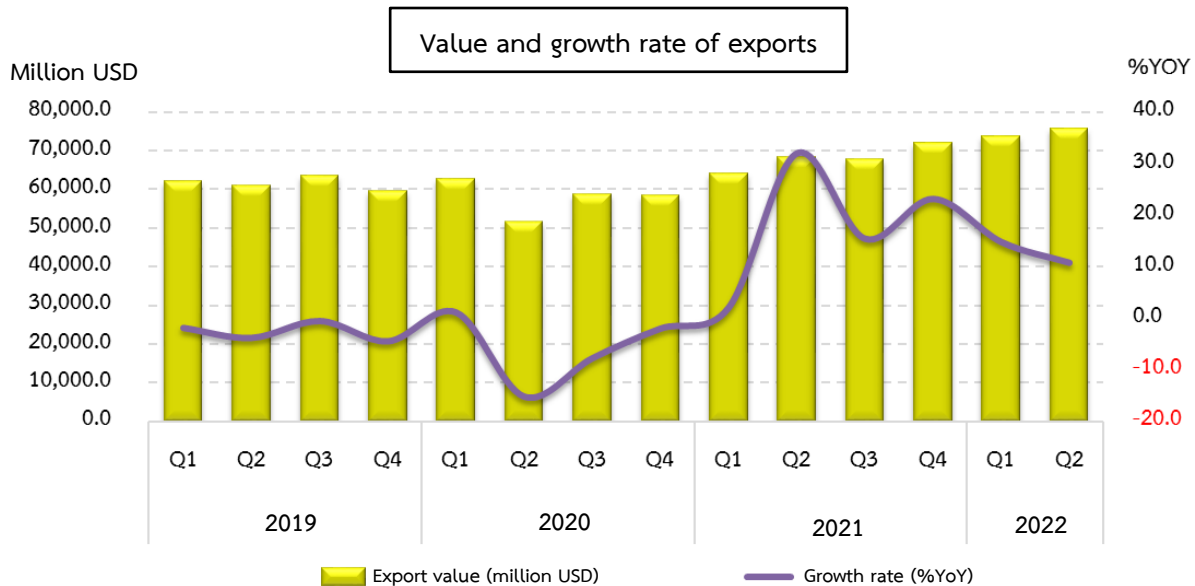
Factors affecting the decline in industrial sentiment in the second quarter of 2022 came from energy prices, especially oil prices in the world market that rose from the ongoing Russia-Ukraine war. Commodity and raw material prices, as well as rising inflation, affected the purchasing power of the people that decreased. In addition, China's city lockdowns resulted in a shortage of raw materials in production, especially semiconductors used in producing automobiles and electronic products.

## Foreign Trade

*"Foreign trade in Q2/2022 continued to expand compared to last year, benefitting from continuous growth in orders from major trading partners. Additionally, the country's reopening, the recovery of the tourism and service sectors, and the normalization of economic activities contributed to supporting consumption. As a result, Thai trade continued to move forward."*

Thailand's international trade in the Q2/2022 was valued at 156,478.8 million USD. The export value was 75,583.4 million USD, increasing by 10.8 percent compared to the same period last year. The import value was 80,895.4 million USD, increasing by 23.4 percent compared to the same period last year. The overall trade balance for Q2/2022 was in deficit of 5,311.9 million USD.

### Export Structure

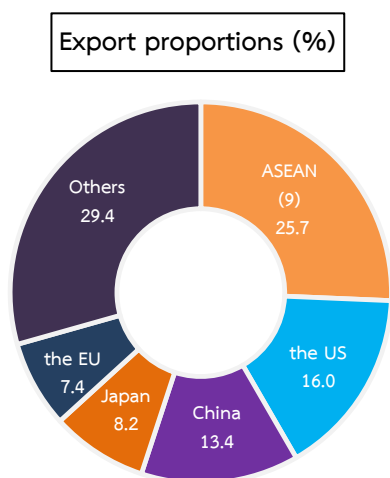


Source: Ministry of Commerce

Exports in Q2/2022 increased by 10.8 percent compared to the same period last year to 75,583.4 million USD. Key products with changes in exports were as follows: agricultural products—export value grew by 15.4 percent to 8,441.2 million USD; agro-industrial products—export value increasing by 28.0 percent to 6,278.7 million USD; industrial products—export value increasing by 6.3 percent to 56,970.1 million USD; mineral ore and fuel products—export value increasing by 59.2 percent to 3,893.4 million USD.

Industrial products that increased in exports were plastic pellets (2,933.3 million USD, rising 4.7%YoY), chemical products (2,615.2 million USD, increasing 3.7%YoY), PCBs (2,344.3 million USD, increasing 9.4%YoY), machinery and components (2,228.5 million USD, increasing 13.8%YoY), and iron, steel, and products (1,985.3 million USD, increasing 21.7%YoY).

## Export Markets

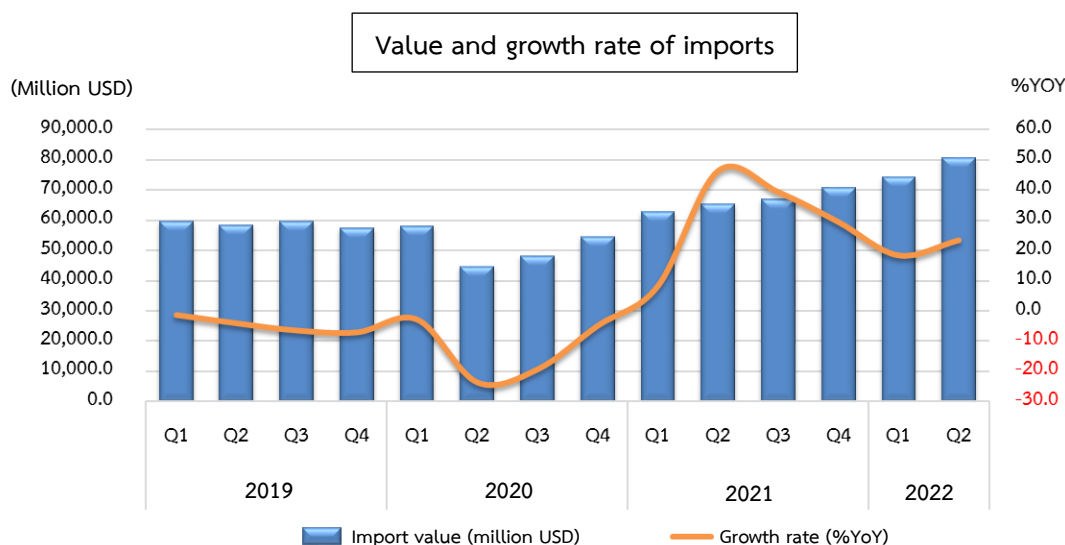


Source: Ministry of Commerce

In Q2/2022, Thailand exported products to major trading partners in five markets, accounting for 70.6 percent, namely ASEAN, the US, China, Japan, and the EU (27 countries). Exports to other markets accounted for 29.4 percent of all exports. Most of the major markets had increased growth rates, including ASEAN, the US, the EU (27 countries), and Japan, with details as follows:

- Thailand accounted for the value of exports to ASEAN, the US, China, Japan, and the EU (27 countries) at 25.7 percent, 16.0 percent, 13.4 percent, 8.2 percent, and 7.4 percent, respectively.
- The growth rate of the export value compared to the same period last year showed that ASEAN had the highest growth at 19.1 percent, followed by the US at 17.8 percent, the EU (27 countries) at 5.7 percent, and Japan at 1.6 percent, while China contracted by 1.85 percent.

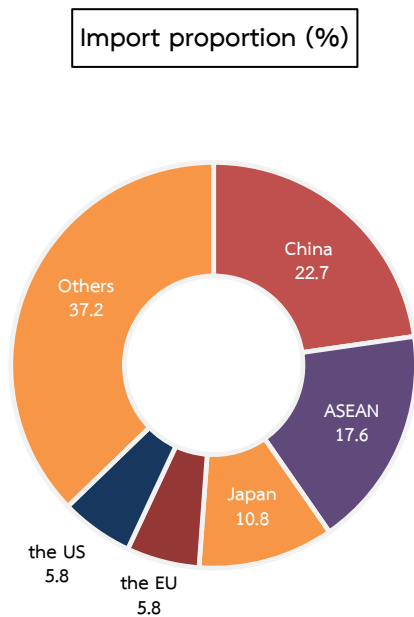
## Import Structure



Source: Ministry of Commerce

Thailand's imports in Q2/2022 valued at 80,895.4 million USD, an increase of 23.4 percent from the same period last year (%YoY). Key product categories with changing in import were fuel products (17,872.8 million USD, an increase of 95.7 percent (%YoY); capital goods (17,223.5 million USD, an increase of 8.1 percent (%YoY); raw materials and semi-finished products (33,890.5 million USD, an increase of 16.2 percent (%YoY); consumer products (8,059.7 million USD), an increase of 8.0 percent (%YoY); vehicles and transportation equipment (2,914.8 million USD), a decrease of 21.4 percent (%YoY); and weapons, military supplies, and other goods (934.05 million USD), an increase of 525.0 percent (%YoY). As for weapons, military supplies, and other goods, imports of weapons, ammunition, explosives, and parts declined, increasing only the other products.

## Source of Imports



Source: Ministry of Commerce

In Q2/2022, Thailand's key import markets grew in all markets, including China, ASEAN, Japan, the EU (27 countries), and the US. Imports from all five markets accounted for 62.8 percent, and imports from other markets accounted for 37.2 percent of total imports. The details of which are as follows:

- Thailand had the proportion of imports from China, ASEAN, and Japan at 22.7 percent, 17.6 percent, and 10.8 percent, respectively, while the EU (27 countries) and the US had the same proportion at 5.8 percent.
- The growth rate of imports grew compared to the same period last year in all major markets. The ASEAN market grew by 23.4 percent, followed by the US by 32.1 percent, China by 10.1 percent, the EU (27 countries) by 2.3 percent, and Japan by 1.3 percent.

## Global Economy in Q2/2022

“The global economy slowed down from the previous quarter. Trade and production of some industries were affected by a shortage in supply and rising inflation in many countries, especially the US, which resulted in raising the policy interest rate to reduce the acceleration of inflation.”

### Summary of Key Economic Indicators in Q2/2022

	Quarterly Growth (%YoY)						
	GDP	Inflation	MPI	Export	Import	Unemp. Rate <sup>b</sup>	Policy Rate
the US	↑ 1.6	↑ 8.6	↑ 5.4 <sup>a</sup>	↑ 22.9	↑ 20.7	At 3.6	At 1.50-1.75
China	↑ 0.4	↑ 2.2	↑ 5.0 <sup>a</sup>	↑ 12.8	↑ 2.4	At 5.5	At 3.70
Japan	↑ 1.1	↑ 2.4	↓ 0.6 <sup>a</sup>	↓ 2.3	↑ 18.8	At 2.6	At -0.10
South Korea	↑ 2.9	↑ 5.4	↑ 4.7 <sup>a</sup>	↑ 13.0	↑ 23.1	At 2.9	At 1.75
Singapore	↑ 4.4	↑ 5.9	↑ 7.1 <sup>a</sup>	↑ 20.9	↑ 27.3	At 2.1	n.a.
Thailand	↑ 2.5	↑ 6.5	↓ 0.7	↑ 10.8	↑ 23.4	At 1.4	At 0.50

Source: Ceicdata, Global Trade Atlas, <https://www.nesdc.go.th>, <http://tradingeconomics.com>

Note: a = figures for Q1/2022, b = estimated figures for Q2/2022, n.a. = not available

The economy slowed as energy prices and inflation accelerated, increasing production costs and the cost of living. Many trades and manufacturing sectors were affected by the shortage of raw materials used in production. The overall unemployment rate decreased from the previous quarter after the service sector, and life gradually returned to normal. Meanwhile, unemployment in China increased due to intense COVID control measures (Zero COVID). The policy interest rate, particularly in the US, rose to 1.50-1.75 percent to slow down inflation.

Global oil prices in the world market increased, due to concerns over the Russia and Ukraine unrest, including a reduced supply of crude oil reserves in the US. Additionally, oil exporters could not produce enough oil to meet global demand, which kept crude oil prices high. The Dubai crude oil prices in Q2/2022 averaged 108.5 USD/barrel, an increase from Q2/2021, which averaged 67.5 USD/barrel. The price of crude oil in NYMEX delivered in July was 100.2 USD/barrel.

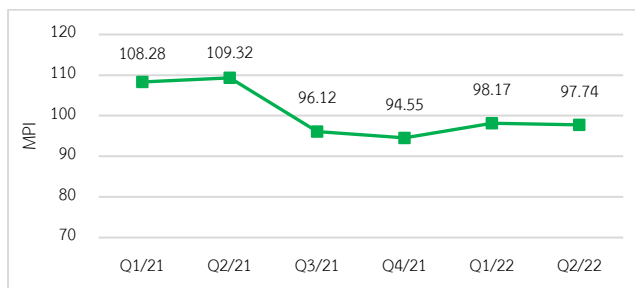
Factors that may affect the global economy include uncertainty from geopolitical conflicts between countries such as Russia and Ukraine and the US, China, and Taiwan, which may aggravate supply chain bottlenecks. In addition, energy prices, inflation, and financial sector volatility may increase the risk of many countries entering a recession. However, the trading atmosphere in Thailand's main trading partners remains favorable, which is a factor that supports growth in the production for export markets, together with the country's reopening and relaxation of lockdown measures in many countries, which can help fuel economic activity.

**Part 2** Thai Industrial Economic Sectors in Q2/2022 and Outlook  
for Q3/2022

## Iron and Steel Industry

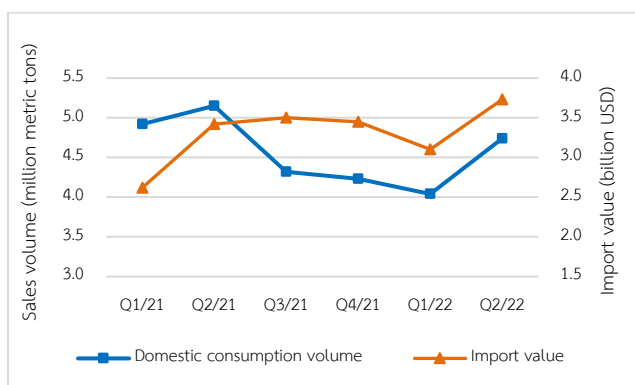
The iron and steel industry's MPI in Q2/2022 contracted compared to the same period in 2021 from the production of flat and long-formed steel products such as chrome-plated steel sheets, cold-rolled steel sheets, wire rods, and cold-rolled structural steel

### Manufacturing Production Index (MPI)



Source: The Office of Industrial Economics

### Domestic consumption and import value



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

**Production** in Q2/2022 reached an MPI of 97.7, a contraction by 10.6 percent from the same quarter last year (%YoY) and by 0.4 percent from the previous quarter (%QoQ) due to the economic slowdown. As a result, the purchasing power of consumers diminished, and steel prices dropped, giving consumers more choices from purchasing foreign steel. Therefore, domestic production decreased. Compared to the same quarter of the previous year, the production of flat-formed steel shrank by 10.8 percent. The biggest contraction was chromium-coated steel sheets which shrank by 28.3 percent, cold-rolled steel sheets by 23.5 percent, and galvanized steel sheets by 23.5 percent. The production of long-formed steel products contracted by 12.4 percent, with the largest contraction being wire rods by 39.7 percent, followed by cold-rolled structural steel by 22.8 percent and deformed steel by 15.5 percent.

**Domestic consumption** in Q2/2022 reached 4.7 million tons, a decrease from the same quarter of the previous year by 8.5 percent (%YoY) but growth from the previous quarter by 17.1 percent (%QoQ). Consumption of flat-formed steel decreased by 13.2 percent, followed by the consumption of other coated steel sheets by 28.4 percent, galvanized steel sheets by 14.4 percent, and hot-rolled steel sheets by 9.9 percent. Long-formed steel grew by 0.8 percent from the consumption of steel bars and hot-rolled structural steel, which grew by 10.0 percent.

**Imports** in Q2/2022 were valued at 3.7 billion USD, a growth of 9.8 percent from the same quarter last year (%YoY) and an increase from the previous quarter by 19.0 percent (%QoQ). Imports of flat-formed steel grew by 8.8 percent. The highest growth in imports was chromium-coated steel sheets. Imports of long-formed steel grew by 113.8 percent (the main country that Thailand imported from was China), followed by thin hot-rolled steel sheets, carbon steel, and stainless steel, with an increase of 27.6 percent and 27.0 percent, respectively. Imports of long-formed steel increased by 13.0 percent. The product that expanded greatly was seamless steel pipes which rose by 73.4 percent (the main country that Thailand imported from was China), followed by carbon steel rods with an increase of 36.2 percent, and stainless-steel wire rods with an increase of 26.5 percent.

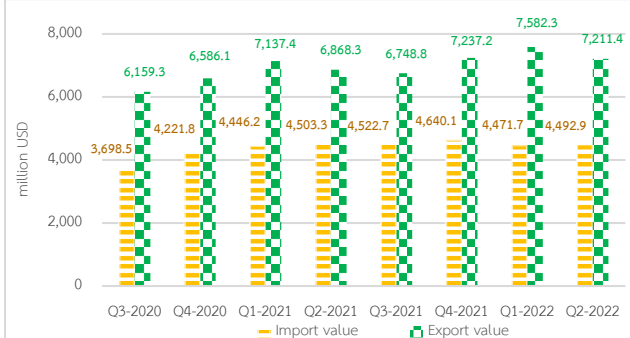
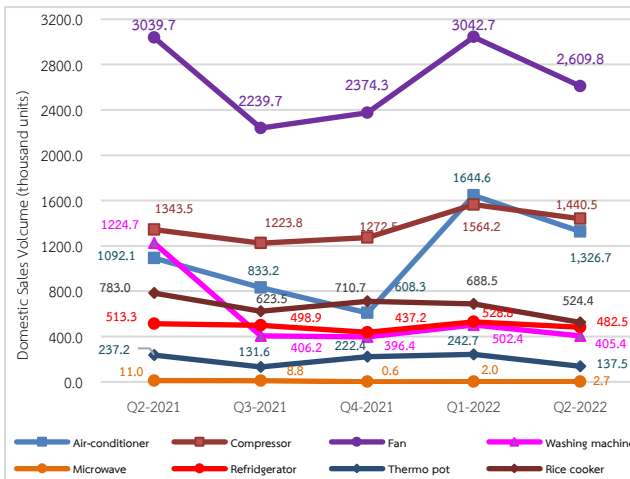
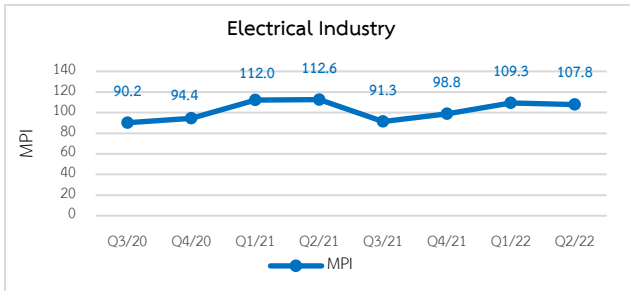
### Iron and Steel Industry Outlook in Q3/2022

In Q3/2022, the iron and steel industry is expected to increase slightly in production compared to the same period last year, from a decrease in the cost of raw materials. Steel prices in the world market are expected to drop, with more steel from Russia entering Asian markets to find alternative markets instead of the European market, causing Thai industry operators to choose imported steel products over buying them locally.

## Electrical Industry

The production of electrical products in Q2/2022 decreased by 4.3 percent compared to the same quarter of the previous year due to the inflationary situation causing operators to bear the burden of increasing production costs. Products that contracted included kettles, cables, microwave ovens, and rice cookers. Exports decreased in the Chinese, European and ASEAN markets.

### 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 Q2/2022 reached an MPI of 107.8, a decrease of 1.4 percent from the previous quarter (%QoQ) and 4.3 percent compared to the same quarter of the previous year (%YoY). The contraction resulted from inflation, causing operators to bear increased production costs, including energy prices that continued to rise. Products that were contracted included kettles, cables, microwave ovens, rice cookers, washing machines, electrical cables, and refrigerators, decreasing by 36.5 percent, 35.6 percent, 28.4 percent, 24.9 percent, 23.4 percent, 21.0 percent, and 6.0 percent, respectively. The products that increased were electric motors, transformers, compressors, and household fans, by 15.4 percent, 3.0 percent, 1.5 percent, and 0.7 percent, respectively.

**Domestic sales** in Q2/2022, compared to the same quarter of the previous year, products that increased in sales were electric motors (20.7%), air-conditioners (8.3%), and compressors (7.4%). Products on the other hand decreased in sales were microwave ovens (-75.3%), water boiler and warmer (-42.0%), electric cable (-38.8%), rice cookers (-33.0%), washing machines (-21.8%), fans (-12.5%), electric wires (-7.0%), and refrigerators (-6.0%).

**Imports of electrical appliances** in Q2/2022 were valued at 4,492.9 million USD, an increase of 0.5 percent (%QoQ) from the previous quarter but a decrease of 0.2 percent (%YoY) from the same quarter last year. Key products that increased in imports included refrigerators (13.1%), fans (8.3%), and air-conditioners (2.1%).

**Exports of electrical appliances** in Q2/2022 were valued at 7,211.4 million USD, a decrease of 4.9 percent from the previous quarter (%QoQ) but an increase of 5.0 percent (%YoY) from the same quarter of the last year. Exports of electrical appliances to ASEAN, China, and Europe markets declined. Products such as fans and air-conditioners and components increased in exports by 4.8 and 4.1 percent, respectively, while exports of washing machines, electrical cables, and refrigerators dropped by 8.2, 5.8, and 1.0 percent, respectively.

### Electrical Appliance Industry Outlook in Q3/2022

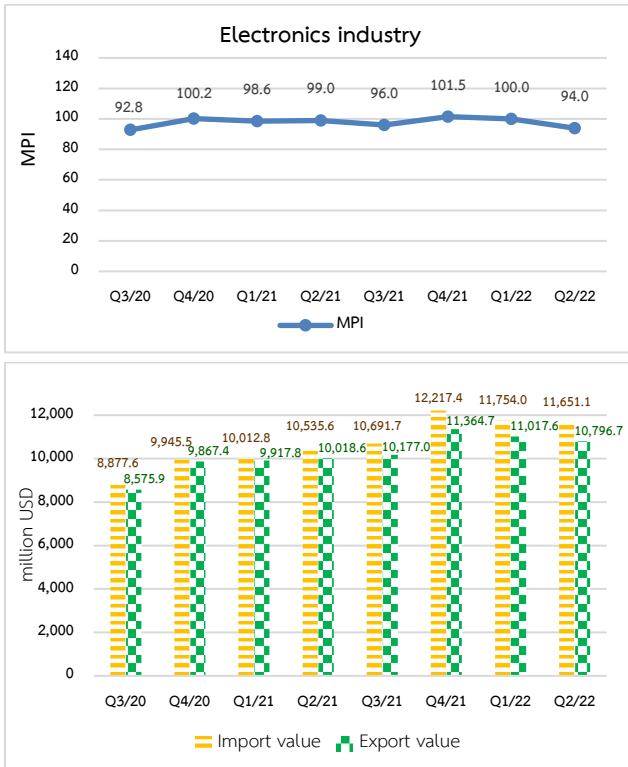
The MPI and export value in the electrical appliance industry are expected to contract by 5.0 percent and 3.0 percent, respectively. Despite the COVID-19 situation beginning to ease in key export markets, there are still factors that negatively affect the electrical appliance industry, such as the impact of inflation and the continuous increase in energy prices, including the Russia-Ukraine conflict.



## Electronics Industry

Production of electronics in Q2/2022 decreased by 5.0 percent compared to the same quarter of the previous year due to the shortage of raw materials used in producing semiconductor chips and electronic components, causing an inability to produce enough to meet the demand for electronics in the world market. Products that saw a drop-in production included HDDs and semiconductor device transistors.

### MPI, Import and Export Value of Electronics



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

**The production of electronics** in Q2/2022 reached an MPI of 94.0, a decrease of 5.9 percent from the previous quarter (%QoQ) and 5.0 percent from the same quarter of the previous year (%YoY). Electronic products that contracted included HDDs and semiconductor device transistors, by 23.4 percent and 3.7 percent, respectively. Meanwhile, electronic products, which grew, included printed wiring boards (PWB),

printed circuit boards (PCBA), integrated circuits (IC), and printers, by 8.1 percent, 5.9 percent, 4.8 percent, and 3.3 percent, respectively. There was a shortage of raw materials used in producing semiconductor chips and electronic components, resulting in insufficient production to meet the demand for electronic products in the world market. However, electronic components are still necessary for developing 5G technology systems, data centers, and products for Information Technology (IT) infrastructure, resulting in continued demand for electronic products in the global market.

**Imports of electrical appliances** in Q2/2022 were valued at 11,651.1 million USD, a decrease of 0.9 percent from the previous quarter (%QoQ) but an increase of 10.6 percent (%YoY) from the same quarter last year. The key products that grew were printed wiring boards, integrated circuits (IC), printers, duplicators and diodes, transistors, semiconductors, and components, which increased by 26.8, 23.1, 21.2, and 11.0 percent, respectively

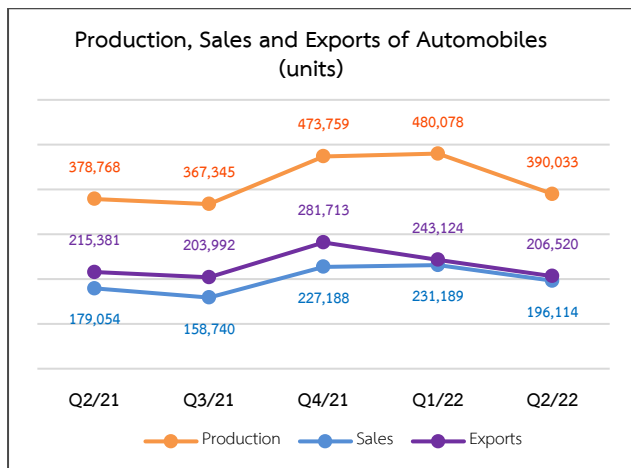
**Exports of electrical appliances** in Q2/2022 were valued at 10,796.7 million USD, a decrease of 2.0 percent from the previous quarter (%QoQ) but an increase by 7.8 percent (%YoY) from the same quarter last year, with increased exports to the US market. The main products that increased were diodes, transistors, semiconductors and components, and integrated circuits (IC), which increased by 2.1 percent, and 0.6 percent, respectively. Meanwhile, electrolytic capacitors, printed circuit boards (PCBA), and HDDs contracted by 9.9 percent, 8.4 percent, and 1.9 percent, respectively.

### Electronics Industry Outlook in Q3/2022

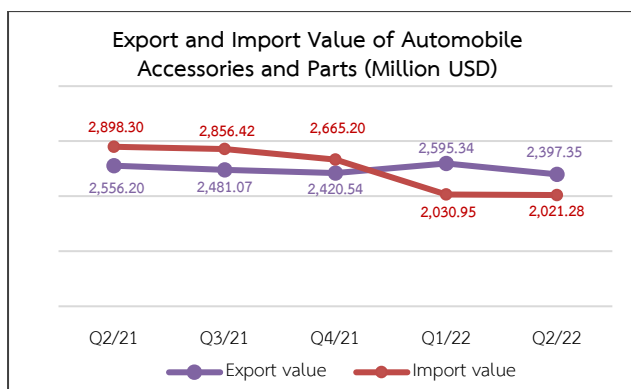
*“The MPI of the electronics industry in Q3/2022 is expected to contract by about 3.0 percent due to the inflationary situation that causes entrepreneurs to bear the burden of increasing production costs. This is coupled with the shortage of raw materials used in producing semiconductor chips and electronic components, making the industry unable to produce enough to meet the demand for electronic products in the world market. Meanwhile, the value of exports will continue to grow by about 6.0 percent due to the global zipper shortage and the relationship between the US, China, and Taiwan, which may affect the production supply chain in the electronics industry, causing insufficient supply to meet global demand, making electronic components more expensive.”*

## Automotive and Part Industry

Automobile production in Q2/2022 increased compared to last year. The increase is in the domestic market from the government's economic stimulus measures and improvements in the agricultural production index. However, there were still concerns about rising oil prices and the depreciation of the Baht, causing the cost of many products to increase. Additionally, the export market slowed down due to decreased exports of passenger and PPV cars that still faced parts shortages.



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 Automotive Industry in Q3/2022

The Office of Industrial Economics forecasts that in Q2/2022 over 420,000 units of automobile will be manufactured, of which 50-55 percent will be for domestic sales and 45-50 percent for exports.

### Automotive Production

In Q2/2022, automotive production decreased by 18.76 percent (%QoQ) from Q1/2022 to 390,033 units but increased by 2.97 percent (%YoY) from the same quarter last year. The production consisted of passenger cars (31%), 1-ton pickup trucks and derivatives (67%), and other commercial vehicles (2%).

### Domestic Sales of Automobiles

In Q2/2022, domestic sales decreased by 15.17 percent (%QoQ) from Q1/2022 to 196,114 units but increased by 9.53 percent (%YoY) from the same quarter last year.

### Automotive Exports

In Q2/2022, exports decreased by 15.06 percent (%QoQ) from Q1/2022 to 206,520 units and decreased by 4.11 percent (%YoY) from the same quarter last year. The exports consisted of passenger cars (25%), 1-ton pickup trucks (67%), and PPVs (8%).

### Export Value of Automotive Parts and Accessories

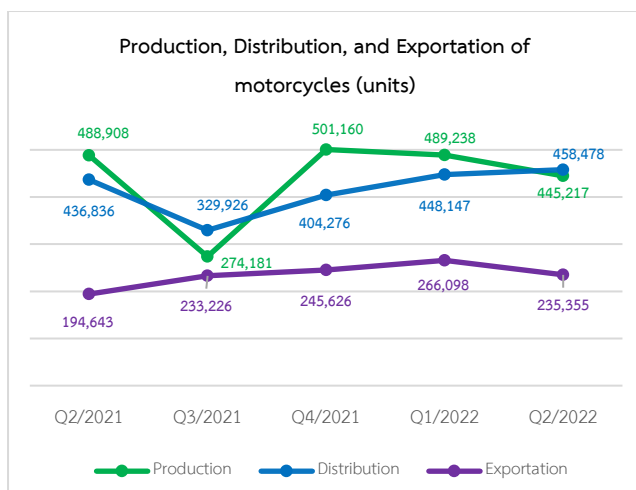
In Q2/2022, exports value decreased by 7.63 percent (%QoQ) from Q1/2022 to 2,397.35 million USD and decreased by 6.21 percent (%YoY) from the same quarter last year. Key export markets for automotive parts and accessories were the US, Japan, and South Africa.

### Import Value of Automotive Parts and Accessories

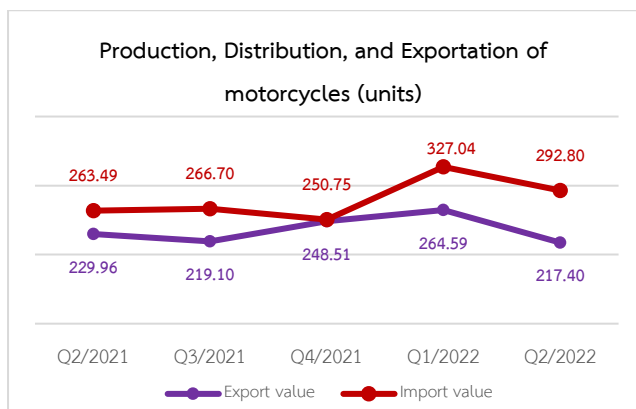
In Q2/2022, imports decreased by 0.48 percent (%QoQ) from Q1/2022 to 2,021.28 million USD and decreased by 30.26 percent (%YoY) from the same quarter last year. Key import markets for automotive parts and accessories were Japan, China, and the US.

## Motorcycle and Part Industry

The production volume of motorcycle in Q2/2022 declined compared to the same period last year. However, the export and domestic markets expanded due to the government's economic stimulus measures, including an improved agricultural production index and growing demand from trading partners.



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 Q2/2022, production of motorcycles decreased by 9.00 percent (%QoQ) from Q1/2022 to 445,217 units and decreased by 8.94 percent (%YoY) from the same quarter last year.

### Domestic Sales of Motorcycles

In Q2/2022, domestic sales grew by 2.31 percent (%QoQ) from Q1/2022 to 458,478 units and increased by 4.95 percent (%YoY) from the same quarter last year.

### Motorcycle Exports

In Q2/2022, exports reached 235,355 units (exported as CBU 80,441 units and CKD 154,914 sets), a decrease of 11.55 percent (%QoQ) from Q1/2022 but an increase of 20.92 percent (%YoY) from the same quarter last year.

### Export Value of Motorcycle Parts

In Q2/2022, exports value decreased by 17.84 percent (%QoQ) from Q1/2022 to 217.40 million USD and decreased by 2.49 percent (%YoY) from the same quarter last year. Key export markets were Cambodia, Brazil, and Vietnam.

### Import Value of Motorcycles Parts and Accessories

In Q2/2022, imports of motorcycle parts and accessories decreased by 10.47 percent (%QoQ) from Q1/2022 to 292.80 million USD but increased by 11.12 percent (%YoY) from the same quarter last year. Key import markets for motorcycle parts and accessories were the Japan, the US, and China.

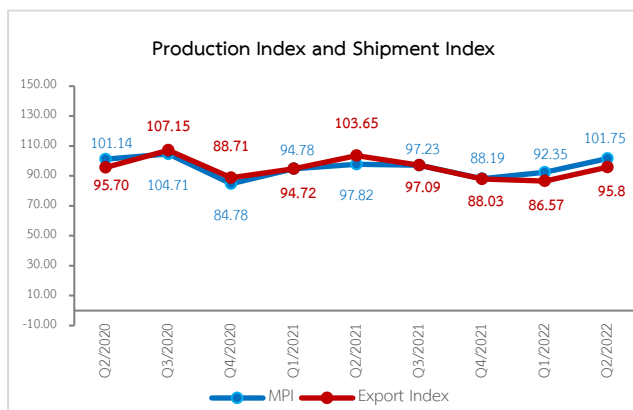
### Outlook for Motorcycle Industry for Q3/2022

Office of Industrial Economics (OIE) estimates that in Q3/2022 over 450,000 units of motorcycles will be manufactured, 80-85 percent of which will be for domestic sales and 15-20 percent for exports.

## Chemical Industry

The value of exports and imports in the chemical industry in Q2/2022 grew compared to the same quarter of the previous year from the relaxation of COVID-19 control measures. As a result, some chemical industries expanded, such as inorganic chemicals, cosmetics, and miscellaneous chemicals.

### MPI and Shipment Index

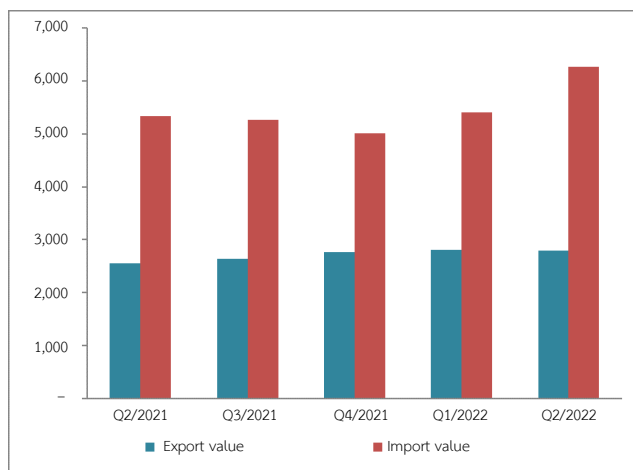


Source: The Office of Industrial Economics

*The MPI* in Q2/2022 increased by 10.18 percent (%QoQ) compared to the previous quarter and increased by 4.02 percent (%YoY) compared to the same quarter last year. Products that increased in MPI were Ethanol, cleaning agents, and dish washing liquids.

*The shipment index* in Q2/2022 grew by 10.66 percent (%QoQ) compared to the previous quarter but dropped 7.59 percent (%YoY) compared to the same quarter last year. Products that decreased in shipment index included chemical fertilizers and loose powders.

### 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

*Chemical exports* in Q2/2022 was valued at 2,797.07 million USD, an increase of 9.73 percent compared to the same quarter last year (%YoY). Key products that contributed to an expansion of export value included inorganic chemical, cosmetic, and miscellaneous chemicals. Exports to key markets, e.g., China, Japan, Vietnam, and India, expanded; however, exports decreased by 0.06 percent compared to the same quarter last year (%QoQ).

*Import value of chemicals* in Q2/2022 totaled 6,266.10 million USD, an increase of 17.60 points percent compared to the previous quarter (%QoQ) and an increase of 16.02 percent compared to the same quarter of last year (%YoY). Key products that contributed to an increase in import value were chemical fertilizer, inorganic chemicals, and organic chemicals, for example.

### Outlook for Chemical Industry for Q3/2022

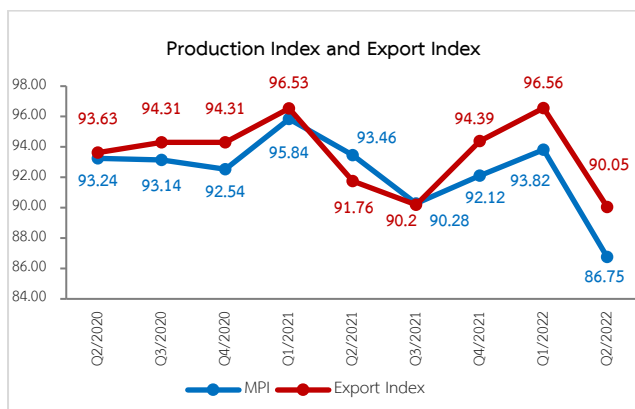
The chemical industry in Q3/2022 expects exports and imports to grow compared to the same quarter last year due to the recovery of domestic consumption and the COVID-19 pandemic, which is easing worldwide. However, factors still affect the chemical industry's export, such as the war between Russia and Ukraine and crude oil prices in the world market.

## Plastics Industry

The production in the plastics industry in Q2/2022 contracted due to rising energy prices, causing the cost of production to increase accordingly. Various products saw prices increase. Product prices are expected to increase, affecting related plastic products gradually.

### Production and Sales

MPI and Shipment Index

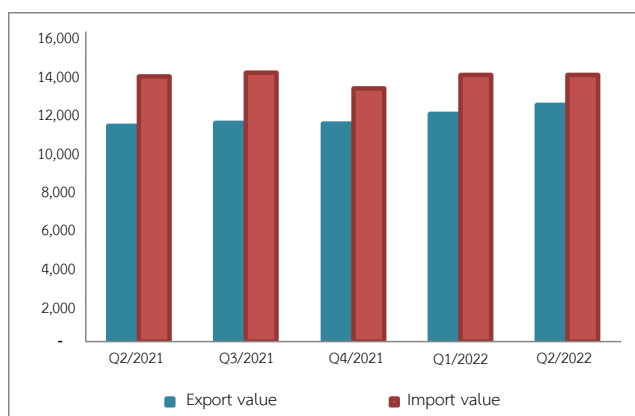


Source: The Office of Industrial Economics

**MPI** in Q2/2022 decreased by 5.41 percent (%QoQ) from last quarter and decreased by 5.04 percent (%YoY) compared to the same quarter last year. Plastic products with the highest decrease in MPI were plastic sacks, plastic pipes and fittings, and packaging of other plastics.

**Shipment index** in Q2/2022 decreased by 6.73 percent (%QoQ) from last quarter and decreased by 1.86 percent (%YoY) from the same quarter last year. Plastic products with the highest decrease in shipment index were plastic sacks, plastic pipes and fittings, and packaging of other plastics.

Export and Import Volume (metric tons)



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

**Export value** in Q2/2022 grew by 3.81 percent (%QoQ) compared to the previous quarter to 1,221.04 million USD and grew by 9.79 percent (%YoY) from the same quarter last year. Product categories with the highest increase in export were plastic sanitary ware.

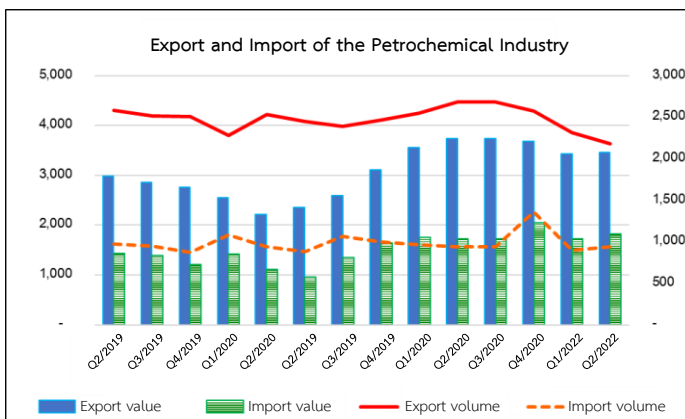
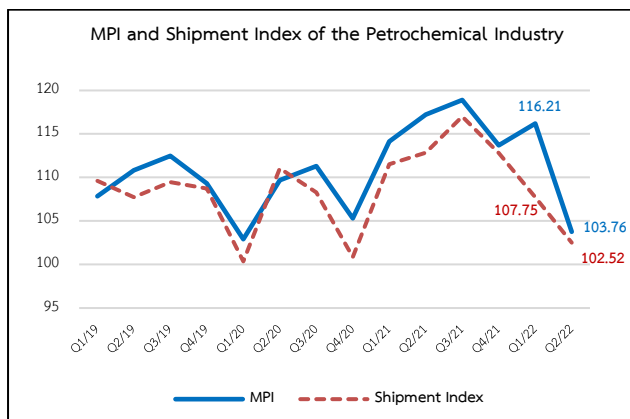
**Import value** in Q2/2022 decreased by 0.05 percent compared to the previous quarter and decreased by 1.86 percent (%YoY) from the same quarter last year.

### Outlook for Plastics Industry for Q3/2022

In Q3/2022, production is expected to slow down from the volatility of crude oil prices in the world market, which may affect the cost of raw materials. Furthermore, some entrepreneurs began to pay attention to eliminating packaging that is difficult to recycle. As a result, the production of related plastic products decreased according to consumer demand.

## Petrochemical Industry

The petrochemical industry in Q2/2022 saw a decrease in production and shipment compared to the same quarter of the previous year by 11.48 percent and 9.46 percent due to higher oil prices caused by the protracted Russian-Ukrainian war, affecting global trade and transportation. Additionally, the industry was impacted by the appreciation of the US currency and global inflation, resulting in decreased production and petrochemical exports this quarter.



**MPI** in Q2/2022 stood at 103.76 points, decreasing from the same quarter last year by 11.48 percent. The product that contributed to the decrease in MPI of upstream petrochemicals was Ethylene. For downstream petrochemicals were EPS and PE resin.

**The shipment index** in Q2/2022 stood at 102.52 points, a decrease of 9.16 percent (%QoQ) compared to the same quarter last year. The product that contributed to the decrease of the shipment index for the upstream petrochemicals was Ethylene; For downstream petrochemicals were EPS and PE resin.

**Exports of petrochemicals** in Q2/2022 decreased by 14.54 percent from the same quarter last year to 3,464.71 million USD. Petrochemicals were exported to major countries such as China, Vietnam, and Japan; products that contributed to the decrease in exports of upstream petrochemicals (1.52%) were PP and PS resins; meanwhile, products contributing to the decrease in exports of downstream petrochemicals (7.18%) were Propylene and Toluene.

**Imports of petrochemicals** in Q2/2022 reached a value of 1,823.30 million USD, increasing 3.79 percent from the same quarter last year. Petrochemicals were imported from major countries such as Japan, China, and the US. Upstream petrochemical products contributing to the increment in imports (21.96%) were Propylene and Ethylene Glycol, for example. However, imports of downstream petrochemicals decreased by 3.48 percent from products such as PS and PET resins.

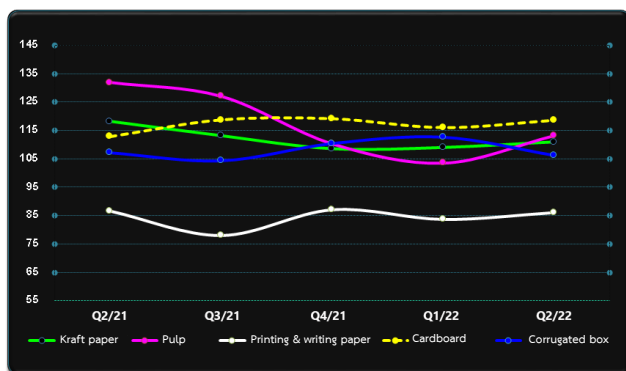
### Outlook for Petrochemical Industry for Q3/2022

In Q3/2022, the overall petrochemical industry is likely to shrink following the global inflation situation due to the protracted Russia-Ukraine conflict that increased global energy prices, along with the price of cereals and foods which increased. This will cause the economic recovery of many countries to slow down. However, the announcement of the US Federal Reserve's interest rate hike must be closely monitored, which will affect international capital movements.

## Pulp, Paper, and Print Media Industry

In Q2/2022, the production of the pulp, paper, and print media industry contracted by 0.64 percent %QoQ and by 4.10 percent %YoY. Exports of paper packaging, boxed packaging, writing, books, and publications paper grew %QoQ and %YoY, while pulp slowed down due following fewer purchase orders from trading partner economies.

### MPI in Pulp, Paper and Print Media Industry

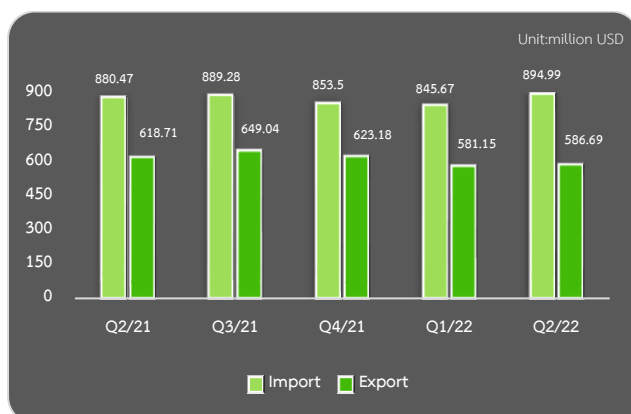


Source: The Office of Industrial Economics

**Production** in Q2/2022, the production of paper and paper products slowed down slightly by 0.64% in the paper box group, the only product group that has decreased in production when comparing %QoQ. Comparing %YoY, paper and paper products decreased by 4.10 percent in all product groups, including pulp, kraft paper, corrugated paper, printing and writing paper, and paper boxes, except for cardboard used for the production of packaging boxes, which increased in production and continued to grow.

**Exports** of pulp and paper products in Q2/2022 reached a total export value of 586.69 million USD, an increase of 0.95% percent compared to the previous quarter (%QoQ) from paper and paper products which grew by 2.73 percent, and books and publications by 7.62%, respectively. Meanwhile, pulp contracted by 5.58 percent, with China being the main trading partner and under lockdown from the COVID-19 epidemic. Compared to the previous year (%YoY), the export value decreased by 5.17 percent from paper pulp which dropped by 24.21, of which over 90.00 percent were exported to China. However, paper and paper products and books and publications increased by 1.53 percent and 9.01 percent, respectively.

### Export-Import of Pulp, Paper and Print Media



Source: Information and Technology Communication Center, Ministry of Commerce

**Imports** of pulp and paper products in Q2/2022 reached a total import value of 894.99 million USD, an increase compared to the previous quarter and year by 5.83 percent and 1.65 percent, respectively. The increase was due to a significant decrease in domestic production. Some parts were still needed and required importation, especially paper or cardboard that can be recycled again, and paper products such as paper packaging and toilet paper, except books and publications, which decreased in imports by 9.82 percent and 23.58 percent, respectively.

### Outlook for Q3/2022

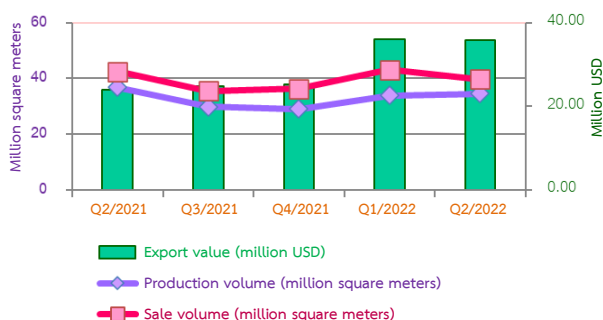
In Q3/2022, paper products used to produce packaging boxes (cardboard and craft paper) are expected to increase in line with domestic consumption. At the same time, paper packaging will benefit from its use in online shopping, with some imported. As for exports, the pulp is expected to turn positive once China eases lockdowns from the COVID-19 pandemic. China is the main market for Thai pulp exports.

## Ceramic Industry

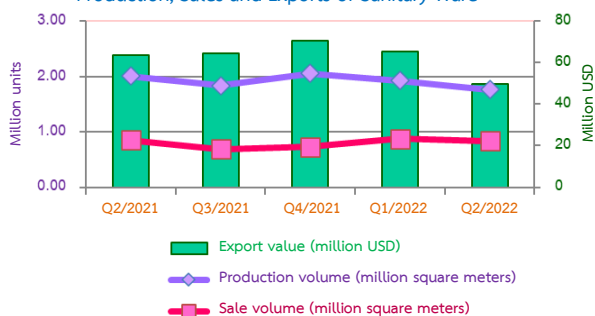
The production and domestic sales of tiles, floor tiles, wall tiles, and sanitary ware in Q2/2022 decreased due to the economic and domestic market slowdown due to rising living costs and inflation. Meanwhile, exports increased due to the demand of trading partner countries.

### Production, Sales, and Export of Ceramics

Production, Sales and Exports of Wall and Floor Tiles



Production, Sales and Exports of Sanitary Ware



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 35 sanitary ware factories

2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

**Production** in Q2/2022 for floor and wall tiles reached a production volume of 34.57 million square meters, an increase of 2.13 percent from Q1/2022 (%QoQ) but a decrease of 6.29 percent from the same quarter of the previous year (%YoY). The production of sanitary ware reached a volume of 1.76 million units, a decrease of 8.64 percent from Q1/2022 and by 12.23 percent from the same quarter of the previous year, as a result of fewer orders from the domestic market and trading partners in some countries such as the US, China, and the Philippines.

**Sales** in Q2/2022 for floor and wall tiles reached a sales volume of 39.69 million square meters, a decrease from Q1/2022 by 8.06 percent (%QoQ) and from the same quarter of the previous year by 6.53 percent (%YoY). The sales of sanitary ware reached 0.84 million units, a decrease from Q1/2022 by 4.24 percent and by 1.52 percent from the same quarter of the previous year, due to economic conditions and a slowdown in the domestic market from rising costs of living and inflation, including concerns about the spread of the COVID-19 variant.

**Exports** in Q2/2022 of floor and wall tiles valued at 35.95 million USD, a drop of 0.05 percent from Q1/2022 but an increase of 49.53 percent from the same quarter of the previous year. The growth resulted from increased orders from Japan and ASEAN countries such as Cambodia, Myanmar, Lao PDR, and Vietnam. Sanitary ware exports were valued at 49.76 million USD, a 23.78 percent decrease from Q1/2022 and a 21.95 percent decrease from the same quarter last year.

### Outlook for Ceramic Industry for Q3/2022

Production and domestic sales of ceramics in Q3/2022 are expected to expand further from the recovery of the domestic market and partner countries. Exports will likely continue to grow as the COVID-19 pandemic in countries eases, increasing the demand for trading partner countries. However, there are still key factors that must be closely monitored, namely inflation, rising energy prices, oil prices, the Baht exchange rate, rising costs of living, and the cost of materials, which may affect the price of the product and consumer purchasing power, hindering the economic recovery.

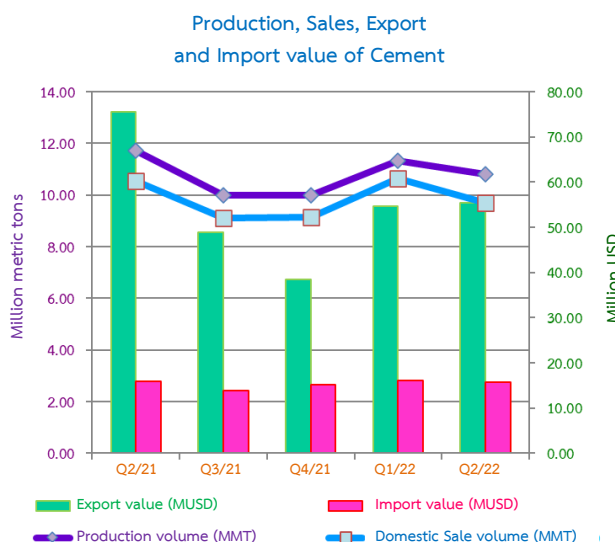
### Government Policies Related to the Ceramic Industry

The Department of Science Services from the Ministry of Higher Education, Science, Research and Innovation announced specific requirements for quality assurance of ceramic products used for food to ensure methods, forms, and requirements used as guidelines for accreditation are clear and comply with national and international standards. It is also to be used as a guideline for assessing applicants or certified persons and evaluating products before and after product quality certification. The announcement was made on 22 June 2022.



## Cement Industry

The cement industry in Q2/2022, compared to the same quarter last year, contracted in production, sales, exports, and imports, as the global economy was affected by inflation. Energy and product costs also rose from the protracted Russian-Ukrainian conflict.



- Source:
1. Domestic Production and Sales: Division of Industrial Economics Information and Indices, Office of Industrial Economics
  2. Export-Import Value: Information and Technology Communication Center, Office of the Permanent Secretary of Commerce

**Cement production** (excluding clinker) in Q2/2022 reached 10.82 million tons, a decrease of 4.41 percent from Q1/2022 (%QoQ) and by 7.65 percent from the same quarter of the previous year (%YoY).

**Domestic sales of cement** (excluding clinker) in Q2/2022 reached 9.68 million tons, a decrease of 8.99 percent from Q1/2022 and by 8.25 percent from the same quarter of the previous year (%YoY). The contraction was due to domestic demand being affected by inflation, and product prices rose in line with energy prices, an impact of the conflict between Russia and Ukraine.

**Cement exports-imports** (excluding clinker) in Q2/2022 valued at 55.45 million USD in exports, an increase of 1.41 percent (%QoQ) compared to Q1/2022. But compared to the same quarter last year, the export value decreased by 26.56 percent from markets in Bangladesh, Myanmar, Cambodia, and the Philippines. Despite key export markets starting to recover from the COVID-19 pandemic, the economies of key export markets were affected by the conflict between Russia and Ukraine, making them unable to recover as quickly as they should have. Cement imports (excluding clinker) were valued at 15.67 million USD, a decrease of 2.61 percent from Q1/2022 and a decrease of 0.96 percent from the same quarter of the previous year.

### Outlook for Cement Industry for Q3/2022

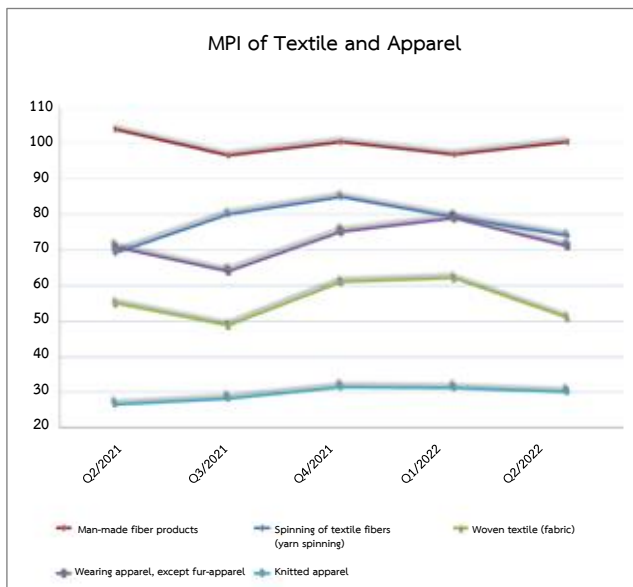
Production and sales volumes for the cement industry (excluding clinker) in Q3/2022 are expected to slow down compared to the same quarter of the previous year. Despite supporting factors from the government, such as government assistance measures, a continuation of large construction projects, and demand for housing among consumers who still have purchasing power in the middle price range, the economic situation is still at risk from the impact of the COVID-19 virus, the Russia-Ukraine conflict and entering the rainy season or flooding which usually starts in this quarter every year.

### Government Policies Related to the Cement Industry

The Ministry of Interior announced the Government Gazette on 24 June 2022, extending the deadline for collecting land and building tax for 2022 for another three months from the original deadline in April 2022 to July 2022. The measure aimed to reduce the impact and alleviate taxpayers' burden from the COVID-19 pandemic.

## Textile and Wearing Apparel Industry

In Q2/2022, the MPI of wearing apparel grew when compared to the same period last year from key export markets that continued to grow, especially the US, Hong Kong, and the United Kingdom. This was coupled with the relaxation of control measures and the country's reopening policy. Meanwhile, the MPI of textiles and clothing decreased compared to the previous quarter, as inflation caused rising living costs and people became more cautious with their spending.



### Production

The MPI of clothing grew by 0.68 percent (%YoY) from exports of sportswear, workout clothes, and suits or uniforms, which grew in key markets such as the US, Hong Kong, and the UK. The MPI of textile fibers and fabrics dropped by 0.33 percent and 7.54 percent (%YoY) as a result of a slowdown in domestic consumption. The MPI of textile fibers contracted from man-made fibers (polyester fibers), while the MPI of fabrics slowed down from the woven fabric group (cotton). Compared to Q1/2022, the MPI of textile fibers in the man-made fiber group grew by 3.69 percent (%QoQ), while fabrics and clothing decelerated by 18.02 percent and 9.93 percent due to a slowdown in domestic purchasing power from the impact of rising costs of living, despite the recovery of the export market.

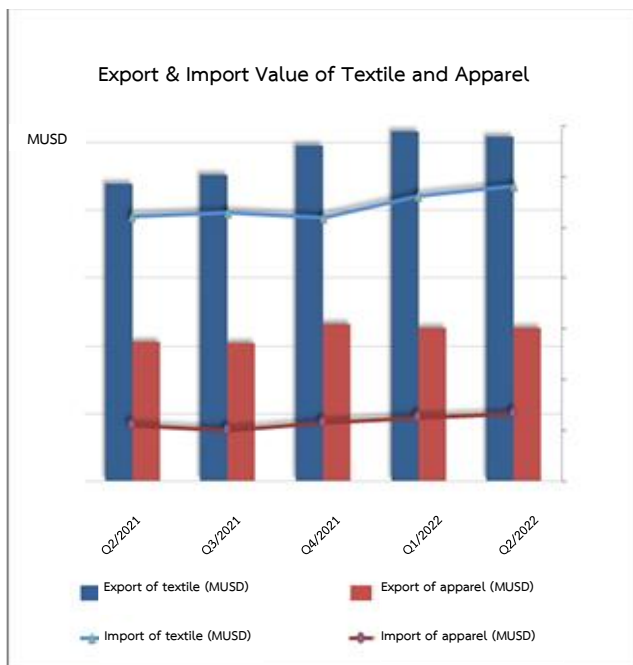
### Domestic Sales

Textile fibers, fabrics, and clothing contracted by 2.97 percent, 0.33 percent, and 9.65 percent (%YoY) from a slowdown in the purchasing power of domestic consumers, due to the impact of rising costs of living, energy, and food prices, resulting in cautious spending in the luxury goods group. However, compared to Q1/2022, the clothing segment grew by 6.70 percent from the relaxation of restrictions on foreign tourists, stimulating Thailand's tourism.

### Exports-Import

**Exports:** Overall, textile and wearing apparel exports grew throughout the supply chain, valued at 1,768.35 million USD, growing 11.04 percent (%YoY). Considering product groups, textiles were valued at 1,166.48 million USD, increasing 13.34 percent, while wearing apparel were valued at 601.87 million USD, increasing 6.83 percent. Key partner countries continually recovered, and as a result, the demand for textiles and wearing apparel increased in key markets such as the US, India, Myanmar, and Cambodia. Compared to Q1/2022 (%QoQ), exports of textile fibers and ready-made garments continued to grow.

**Imports:** Overall textile and wearing apparel imports grew throughout the supply chain, valued at 1,432.57 million USD, increasing 13.42 percent (%YoY) in threads and fibers, fabrics and ready-made garments, partially for use in the production of goods for exports, in line with increasing demand.



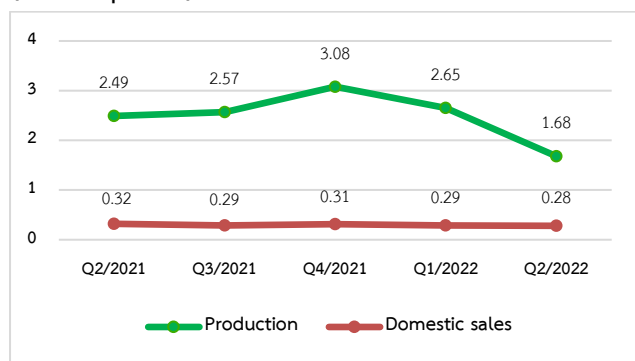
### Outlook for Q3/2022

The textile and wearing apparel manufacturing industry is expected to grow slightly from domestic demand from the recovery of the tourism sector, along with continued growth throughout the supply chain of merchandise exports, especially to important trading partners such as the US, Japan, China, and the EU. Fluctuations in raw material and energy prices will cause production costs to increase, and the inflation rate may affect the competitiveness of entrepreneurs.

## Wood and Wooden Furniture Industry

Compared to the same quarter of the previous year, the production of wooden furniture in Q2/2022 decreased due to the drop in domestic and foreign orders. Overall, exports of wood and wooden board products increased in value from the increase in the exports of wood products and wood and board products.

### Domestic Production and Sales of Wooden Furniture (million pieces)

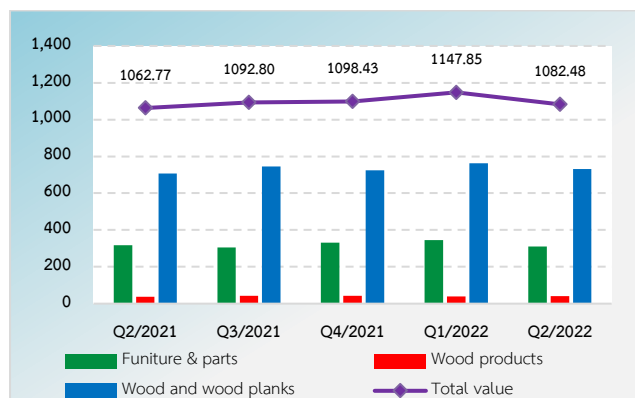


Source: The Office of Industrial Economics

*Production of wooden furniture* in Q2/2022 reached 1.68 million pieces, a decrease of 36.60 percent and 32.53 percent from the previous quarter and the same quarter of the previous year, respectively. This was a result of lower domestic and foreign orders.

*Domestic sales of wooden furniture* in Q2/2022 reached 0.28 million pieces, a decrease of 3.45 percent and 12.50 percent from the previous quarter and the same quarter of the previous year, respectively, due to the slowdown in the domestic economy, inflation, and rising cost of living. As a result, consumers' ability to spend was reduced.

### Export Value of Wood and Wooden Products (million USD)



Source: Ministry of Commerce

*Exports value of wood and wooden products* in Q2/2022 were valued at 1,082.48 million USD, down 5.69 percent from the previous quarter. But compared to the same quarter of the previous year, exports increased by 1.85 percent, divided into furniture and parts, wood products and parts, and wood products, with a value of 310.42 million USD, 40.88 million USD, and 731.18 million USD, respectively. The previous year's export value of furniture and parts decreased by 2.32 percent. The export value of wooden products increased by 7.78 percent, and the export value of wood and wooden board products increased by 3.41 percent. Exports of wood and wood products increased for eight consecutive quarters.

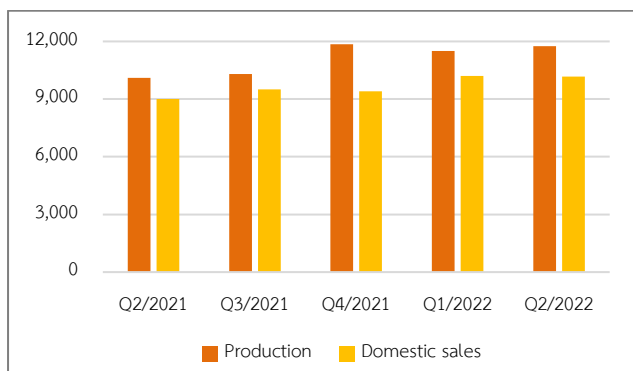
### Wood and Wooden Furniture Industry Outlook for Q3/2022

In Q3/2022, wooden furniture production is expected to return to growth production to meet international demand, which is likely to recover from lower freight rates. The domestic sales volume of wooden furniture is expected to slow down due to economic issues. Exports of wood and wooden products are expected to increase in value as the demand for major trading partners remains high.

## Pharmaceutical Industry

Production and domestic sales in Q2/2022 increased from the same quarter of the previous year due to increased orders and demand for medicinal drugs, especially among the elderly and the increasing number of non-communicable diseases (NCD) patients. Meanwhile, the export sector had good growth in Vietnam, Cambodia, and Malaysia.

### Domestic Production and Sales (metric tons)



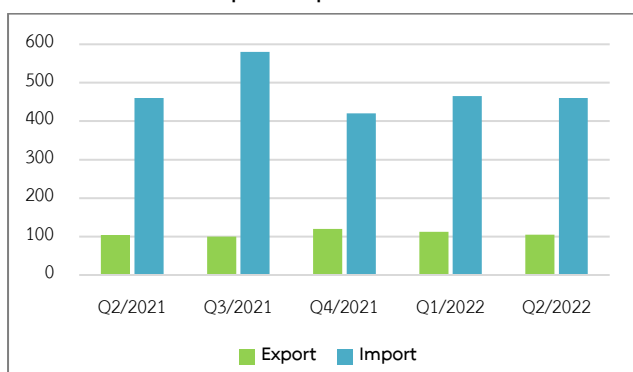
Source: The Office of Industrial Economics

Note: The survey data framework has been updated from 2021

**Pharmaceutical production** in Q2/2022 reached 11,744.65 tons, an increase of 17.78 percent compared to the same quarter of the previous year from the production growth of tablets, liquids, capsules, and creams, which increased by 41.87 percent, 10.78 percent, 11.24 percent, and 17.21 percent, respectively, following orders from drug stores which increased sales.

**Pharmaceutical sales** in Q2/2022 reached 10,166.86 tons, an increase of 13.56 percent compared to the same quarter of the previous year from the sales growth of tablets, liquids, capsules, creams, and powders, which increased in volume by 30.52 percent, 6.98 percent, 2.52 percent, 12.62 percent, and 16.79 percent, respectively. The increase followed the need for medication to treat diseases, especially among the elderly and the increasing number of patients with non-communicable diseases (NCDs).

### Pharmaceutical Import-Export Value (Million USD)



Source: Ministry of Commerce with the cooperation of the Customs Department

**Exports of pharmaceuticals** in Q2/2022 were valued at 107.26 million USD, an increase of 4.19 percent compared to the same quarter of the previous year, from good growth in Vietnam, Cambodia, and Malaysia. Pharmaceutical imports were valued at 458.06 million USD, a slight decrease of 0.65 percent from the same quarter last year.

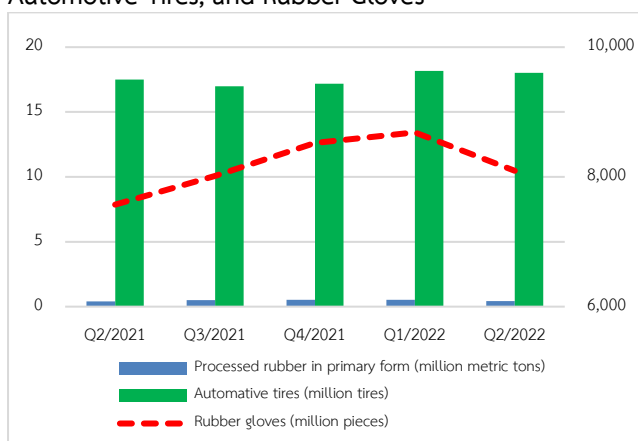
### Pharmaceutical Industry Outlook for Q3/2022

In Q3/2022, the production and domestic sales of pharmaceuticals are expected to increase compared to the same quarter of the previous year, following the increased demand for medicines to treat diseases. Exports are expected to slow down due to the economic situation of the main markets, especially in ASEAN markets, such as Laos and Myanmar.

## Rubber and Rubber Product Industry

The production of processed rubber in primary forms, tires, and rubber gloves in Q2/2022 increased production, mainly to meet the needs of foreign markets. Domestic sales of processed rubber in primary forms remained stable, while the volume of tires and rubber gloves decreased in line with declining domestic demand.

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



Source: The Office of Industrial Economics

*Production of processed rubber in primary forms, automotive tires, and rubber gloves* in Q2/2022 reached 0.43 million tons, 18.01 million tires, and 8,096.93 million units, respectively. Compared to the same quarter last year, the production of processed rubber in primary forms increased by 4.88 percent from the increase in the production of rubber blocks. The production of car tires increased by 2.86 percent from growth in the production of passenger car tires, pick-up truck tires, truck and bus tires, and tractor tires. The production of rubber gloves increased by 6.93 percent, mainly from production to meet the needs of foreign markets.

*Sales of processed rubber in primary forms, automotive tires, and rubber gloves* in Q2/2022 reached 0.11 million tons, 11.16 million tires, and 572.74 million units, respectively. Compared to the same quarter last year, sales of processed rubber in primary forms remained stable. Meanwhile, sales of tires and rubber gloves decreased by 0.09 percent and 18.36 percent, respectively, in line with a decline in domestic demand.

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



Source: Ministry of Commerce

*Exports of processed rubber in primary forms, automotive tires, and rubber gloves* in Q2/2022 were valued at 1,326.64 million USD, 1,837.00 million USD, and 427.11 million USD, respectively. Compared to the same quarter of the previous year, exports of processed rubber in primary forms and automotive tires increased by 3.05 percent and 15.02 percent, respectively, due to the good growth of major export markets. Meanwhile, the export of rubber gloves decreased by 50.80 percent from the price of rubber gloves in the past period.

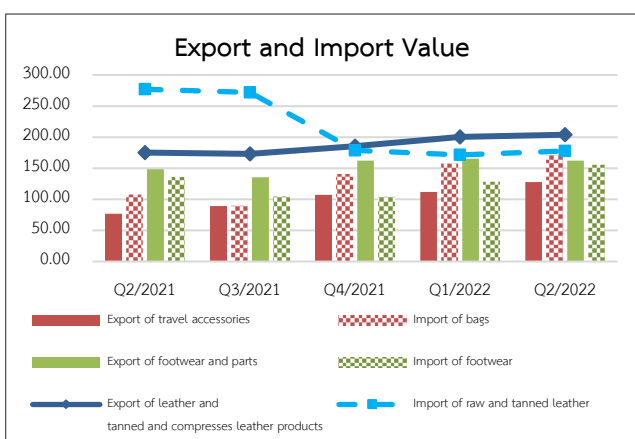
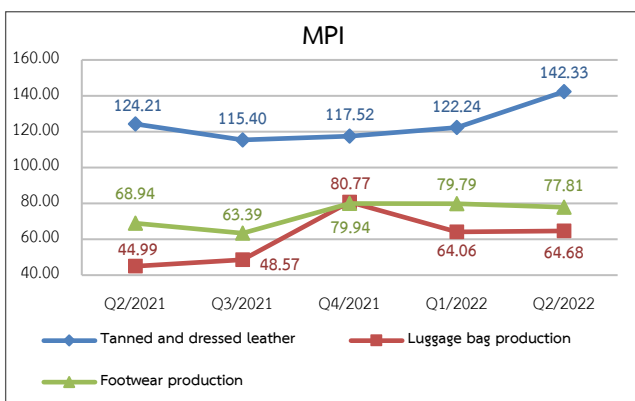
### Rubber and Rubber Products Industry Outlook for Q3/2022

In Q3/2022, the production of processed rubber in primary forms is expected to grow from production to meet the needs of downstream industries. The production volume of tires is expected to grow continuously from production to meet market demand both domestically and internationally. The production of rubber gloves is expected to grow from the increasing demand for rubber gloves for disease prevention due to the spread of the new COVID-19 new variant and monkeypox outbreaks.

## Footwear and Leather Product Industry

In Q2/2022, leather tanning and finishing and the production of footwear increased compared to the same quarter last year, following increased demand for exports, domestic sales, and relaxed measures worldwide from the COVID-19 pandemic. Many countries re-opened their country to tourists to stimulate spending to normalize the economy. However, the Russian-Ukrainian war needs to be monitored. If it is prolonged, it will affect the global economy.

### Production, Export, and Import (MUSD)



Source: 1. MPI – The Office of Industrial Economics      2. Export & Import Value – Ministry of Commerce  
 \* including handbags and similar products, saddles, and harnesses  
 \*\* Year 2021 add the products and adjust the weights

### Production

In Q2/2022, compared to the same quarter of the previous year, the MPI of leather tanning and finishing increased by 14.58 percent. Footwear production increased by 43.77 percent, and luggage increased by 12.62 percent due to domestic sales and exports.

### Exports-Imports

Exports in Q2/2022, compared to the same quarter of the previous year, increased in value across all products. Leather and tanned leather products and bonded leather, travel products, and footwear increased by 16.59 percent, 73.34 percent, and 9.47 percent, respectively. Leather and products are valued at 203.99 million USD in exports, with growth in key export markets, including Vietnam, China, the US, Indonesia, and Hong Kong, as many countries eased COVID-19 measures. As a result, people were more confident and spent more.

Imports in Q2/2022, compared to the same quarter of the previous year, decreased for raw hides and tanned leather by 35.82 percent. Footwear increased by 8.45 percent, and handbags increased by 59.18 percent. Key import sources were Italy, France, China, Spain, and South Korea, resulting from measures to heal and stimulate spending to increase people's purchasing power. Additionally, Thailand's reopening policy began to attract tourists.

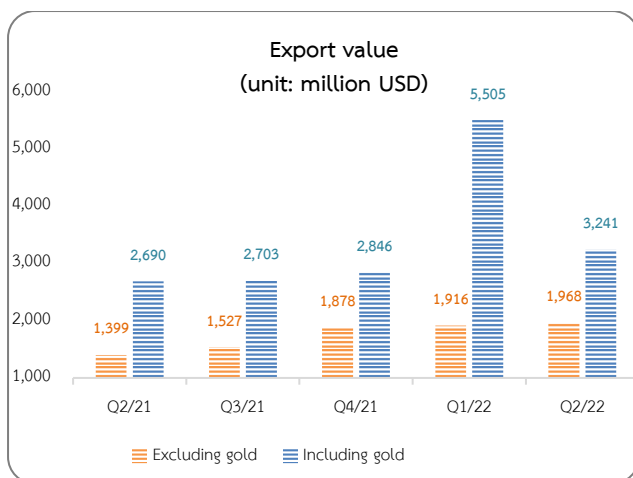
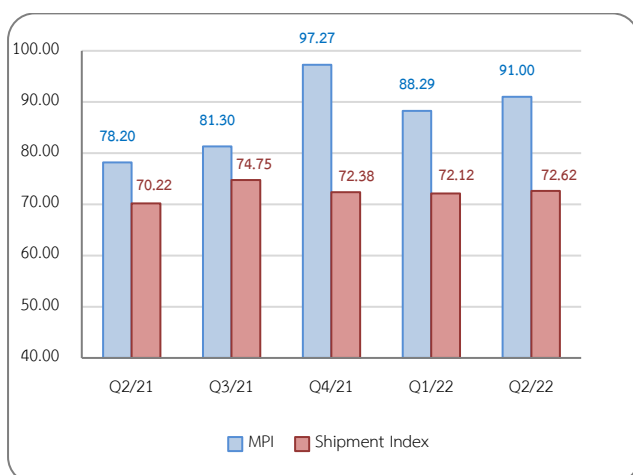
### Outlook for Footwear and Leather Production Industry for Q3/2022

In Q3/2022, for the production of footwear and leather products compared to the same quarter last year, tanned and finished leather products, luggage products, and footwear are expected to improve slightly from increased exports and domestic sales. Compared to the previous quarter, production in all product groups is expected to increase from the relaxation of COVID-19 measures. Many countries are starting and preparing to reopen their countries to normal conditions. However, the protracted Russia-Ukraine war has had a global impact. In particular, oil and gas energy prices have continued to rise. As a result, the price of consumer goods increased, affecting people's purchasing power, causing higher inflation, and impacting global trade.

## Gems and Jewelry Industry

In Q2/2022, compared to the same quarter of the previous year, the overall production and sales of gems and jewelry increased from production for exports (excluding gold) as all countries began to relax lockdown measures and re-open their countries to normal situations. In addition, the government had continuous measures to promote and remedy the people. However, the Russian-Ukrainian war must be monitored. If prolonged, it will affect the global economy.

### Production, Sales, and Exports



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

### Production

Overall gems and jewelry production in Q2/2022 grew by 3.42 percent (%YoY) from the production of genuine and imitation jewelry, which grew by 17.78 percent and 13.21 percent as a result of exports and domestic sales. Diamond production fell by 5.56 percent.

### Sales

Sales of gems and jewelry in Q2/2022, compared to the previous year (%YoY), increased by 3.42 percent from diamonds, genuine jewelry, and imitation jewelry which grew by 8.11 percent, 3.27 percent, and 4.16 percent, as the COVID-19 outbreak has begun to ease around the world, with tourists beginning to travel. Additionally, the government sector had ongoing remedies to support the people to have confidence and increase spending.

### Exports

Gems and jewelry (excluding gold) in Q2/2022 compared with the previous year (%YoY) valued at 1,968.40 million USD, an increase of 40.67 percent, from the export value of diamonds, gemstones, genuine jewelry, and artificial jewelry, which grew by 42.24 percent, 93.91 percent, 34.30 percent, and 29.94 percent, respectively. The value for overall gem and jewelry exports was 3,241.81 million USD, an increase of 20.50 percent. The export value of unwrought gold was 1,273.41 million USD, down 1.37 percent. The US, Hong Kong, France, and Singapore were key export markets.

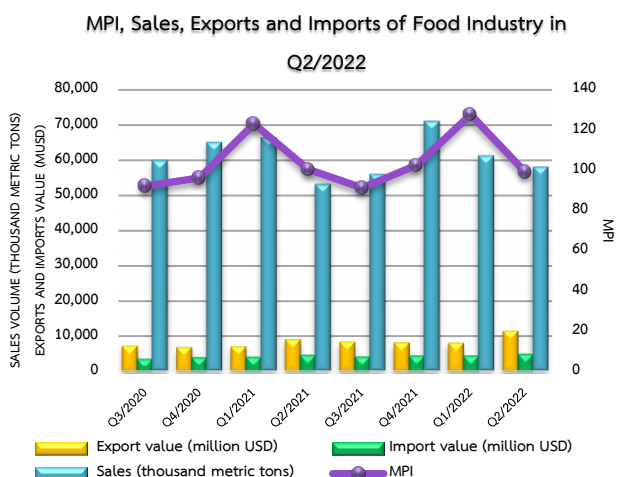
### Gems and Jewelry Industry Outlook for Q3/2022

Overall gem and jewelry production in Q3/2022 is expected to improve slightly, following the direction of the global economy that began to recover and the situation of the Russia-Ukraine war, where there are some relief measures to allow delivery of goods. In addition, the new COVID-19 variant has spread rapidly, but the severity has decreased. However, the impact of energy prices remains to be looked at, along with increased oil and gas prices and inflation in many countries worldwide.

## Food Industry

The MPI of the food industry in Q2/2022 contracted slightly compared to the same period last year due to continuously rising production costs from increased raw material prices, energy prices, and transportation costs. The MPI of food products that were contracted included palm oil, frozen shrimp, ready-to-drink milk, finished pet food, alcoholic beverages, and non-alcoholic beverages. Products that saw an increase in export value included sugar, rice products, cassava, and fresh, chilled, and frozen fruits and vegetables.

### MPI, Sales, Exports, and Imports of industrial products



Source: The MPI and Sales volume collected from the Office of Industrial Economics.  
Export-import value compiled from the Ministry of Commerce by the grouping of the Office of Industrial Economics

**The MPI of the food industry** in Q2/2022 reached 96.0, a slight contraction of 0.6 percent (%YoY) compared to the same quarter last year. Food products that contracted included palm oil by 15.4 percent, and refined palm oil by 18.4 percent, due to a slowdown in industrial demand as raw material prices remained high. Crude palm oil contracted by 12.8 percent due to a decrease in domestic demand for both the consumption and production of biodiesel compared to the same period last year. This was due to heavy rains causing flooding in palm plantation areas. Fish products contracted by 3.8 percent, including frozen shrimp, by 14.9 percent due to a slowdown in consumption in both domestic and international markets. The production of dairy products contracted by 5.8 percent from ready-to-drink milk, which contracted by 8.9 percent. Production of finished animal feed contracted by 2.8 percent from major products, including finished swine feed which dropped by 16.4 percent, and finished pet food which dropped by 2.0 percent due to high raw materials prices such as maize and insufficient quantity for production. As a result, animal feed producers slowed down production. White spirits contracted by 10.2 percent due to production reductions from lower sales. Non-alcoholic beverages contracted by 6.7 percent from major products such as energy drinks which contracted by 19.6 percent, and fruit juice-flavored beverages, which contracted by 18.2 percent, as consumers cut unnecessary expenses in line with inflation.

**Domestic food sales** in Q2/2022 reached 58,181.82 million tons, an increase of 8.5 percent (%YoY) compared to the same quarter of the previous year. Products that saw an increase in domestic sales included canned pineapples by 72.4 percent, followed by other canned fruits by 60.4 percent, ready-to-cook meals by 48.3 percent, and table seasoning by 21.9 percent.

**Exports** in Q2/2022 were valued at 11,380.1 million USD, an increase of 25.1 percent (%YoY) compared to the same quarter in the previous year. The increment was from key commodities such as sugar exported to key export markets such as Indonesia, the Philippines, and Cambodia, followed by rice and cereals from 1) rice—due to the price of Thai rice becoming more competitive; 2) cassava products—China, the key market, imported cassava chips for ethanol production. Additionally, cassava starch was used in the food industry as a replacement when the price of corn starch continued to increase; and fresh, chilled, frozen, canned, and processed vegetables and fruits. Key markets were China.

**Imports** in Q2/2022 were valued at 4,905.89 million USD, a contraction of 8.6 percent (%YoY) compared to the same quarter last year from the import of plants and plant products. A key commodity was grain due to the lack of production. The conflict between Russia and Ukraine resulted in higher production costs. Oilseeds followed this due to the decrease in domestic demand for oil consumption from the high prices of raw materials.

#### **Food Industry Outlook for Q3/2022**

The MPI of the overall food industry is expected to grow from the country's reopening policy that has increased the number of tourists resulting in increased demand, together with the gradually recovering domestic economy. However, the depreciation of the Baht may affect the production cost of importing raw materials that require more Baht per Dollar. This affects industrial costs and results in higher product prices. The value of exports is expected to contract slightly compared to the same quarter last year as the global economy and trade will slow down due to inflation. As a result, orders from trading partners will slow.



Persons who are responsible for the preparation of the report:

Title	Coordination Division	Telephone number
• <b>Thailand Economic and Industrial Overview in Q2/2022 and Outlook for Q3/2022</b>	Division of Industrial Economic Research	0-2430-6806
• <b>Sectoral Industry</b>		
• Iron and Steel Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Electrical Appliance Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Electronics Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Automotive and Parts Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Motorcycle and Parts Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Chemical Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Plastics Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Petrochemical Industry	Division of Industrial Policy by Sector 1	0-2430-6804
• Pulp, Paper and Print Media Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Ceramics Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Cement Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Textile and Garment Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Wood and Wooden Furniture Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Pharmaceutical Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Rubber and Rubber Products Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Footwear and Leather Products Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Gems and Jewelry Industry	Division of Industrial Policy by Sector 2	0-2430-6805
• Food Industry	Division of Industrial Policy by Sector 2	0-2430-6805

Division of Industrial Economics Research

Division of Industrial Policy by Sector 1

Division of Industrial Policy by Sector 2