



Report on the Industrial Economics Status
in Q2/2023 and Outlook for Q3/2023



สำนักงาน | OFFICE
เศรษฐกิจอุตสาหกรรม | OF INDUSTRIAL ECONOMICS

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Executive Summary

Summary of Thai Industrial Economic Status in Q2/2023

The industrial economic status in Q2/2023, when considered from the Manufacturing Production Index (MPI), contracted by 5.6 percent, a continued decline from Q1/2023, which saw a contraction of 3.7 percent. The shrinkage was partly due to the contraction of production for exports in many sectors. However, many tourism-related industries continued to grow, especially the food and beverage sector. Key industries that contracted in Q2/2023 included **Hard Disk Drive industry** from the global economic situation, which remains fragile and affects investment and consumers' purchasing power. **The iron and steel industry** contracted from reduced customer orders from waiting to see the trend of steel prices. Additionally, the consumption demand for various types of downstream steel products in downstream industries shrunk in line with the economies of trading partners. **Other non-tire rubber products industry** contracted due to uncertainty in the recovery of the world economy. As a result, customers' purchasing power decreased, especially in China, which is an important trading partner for Thailand. **Industries that showed good growth in Q2/2023** included the **automobile industry** from export markets that expanded in all types of cars. However, the domestic market slowed down due to tougher approvals from financial institutions for loans, coupled with increased interest rates. **Manufacture of sugar** also increased due to increasing demand following the economic recovery. Additionally, the amount of crushed sugarcane exceeded last year.

Key Industries Outlook for Q3/2023



Iron and Steel: The MPI is expected to contract slightly from last year due to the downward trend of raw material prices in the world market, causing consumers to delay orders to monitor price trends, which may affect the demand for steel. However, if the construction of infrastructure and the government's industry support measures continue, it is expected to be a factor supporting the growth of the country's steel industry.



Electrical Appliances Industry: The MPI is expected to grow by approximately 2.5 percent and the value of exports by 3.0 percent as the COVID-19 situation and inflation has eased. Furthermore, the global economic conditions in Thailand's main export markets improved, which has a positive impact on the electrical appliances industry's growth. However, issues that may have a negative effect on production and exports that must be monitored include policies that prioritize environmental issues in many countries globally, which may affect the production process in industrial factories.



Electronics Industry: The MPI is expected to contract by approximately 5.0 to 10.0 percent as business operators bear the burden of production costs and the shortage of raw materials used to produce Semiconductor integrated circuits and electronic components, causing the inability to produce enough. In addition, some types of electronic products, such as ICs, still have inventory that has yet to be sold to the market. However, electronic components are still necessary for the development of information technology systems and IT infrastructure products, which continue to drive demand for electronic products in the global market. Meanwhile, the value of exports is forecasted to increase by approximately 1.0 to 3.0 percent as essential products such as integrated circuits continue to grow. However, there are still issues that need to be monitored, including the relationship between the US, China, and Taiwan, that may affect the production supply chain in the electronics industry, such as the US's measures controlling the export of IC technology, strategy changes, and China's adjustments to the semiconductors industry proportions.

↔ Automobile: It is estimated that over 490,000 units will be produced in the Q3/2023, with approximately 50-55 percent for domestic sales and 45-50 percent for export.

↓ Motorcycle: It is estimated that over 440,000 units are expected to be manufactured in Q3/2023, with around 80-85 percent for domestic sales and 15-20 percent for export.

↔ Pulp, Paper, and Print Media: Anticipated growth is forecasted for paper and paper products utilized in manufacturing packaging boxes, aligning with domestic consumption patterns and increasing demand for packaging diverse products. Pulp exports are expected to grow, especially to China, a continuous growth since the beginning of the year. Print media is expected to continue to slow down.

↔ Wood and Furniture: The production and sale volume of wooden furniture in the country is expected to remain sluggish based on data from the past year, which was at a high level, and the consistent demand from consumers in the country. Wood and wooden product exports are expected to grow, especially in the wood and wooden sheet products, in which demand is beginning to trend upward.

↔ Rubber and Rubber Products: The production volume of processed rubber products in primary forms (sheet rubber, block rubber, and concentrated latex) is forecasted to continue slowing down, following the decreasing demand for products in the international market. However, in terms of quantity, the production of automobile tires and rubber gloves is expected to increase to meet both domestic and overseas market demand. Rubber glove production is expected to grow after a four-quarter decline.

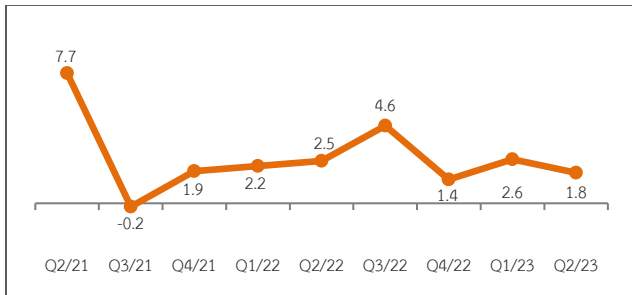
↓ Gems and Jewelry: The overall production and export of gems and jewelry is expected to slow down from the contraction in demand of trading partners, which is still under pressure from the global economic slowdown. The economic conditions are affected by energy prices in the Eurozone, high inflation and interest rates, and intensifying geopolitical conflicts, which may result in decreased product exports and industrial production. Although the consumption of gems and jewelry in key markets globally remains uncertain, daily-wear jewelry and environmentally friendly products that consumers have shown a growing interest in can still grow. There are also supporting factors from the tourism sector, gems and jewelry exhibitions, and the weakening value of the Thai Baht, which will improve the competitiveness of exporters and may be a factor driving increased export production.

↓ Food: The overall Manufacturing Production Index and export value are expected to contract compared to the same quarter last year, aligning with the slowdown in the economies of trading partners. Despite this, the tourism sector continues to exhibit positive signs, including the demand for imported products from foreign markets and sugar imports are still likely to increase.

Part 1 Thailand Economic and Industrial Overview for Q2/2023

Thailand's Economic and Industrial Overview for Q2/2023

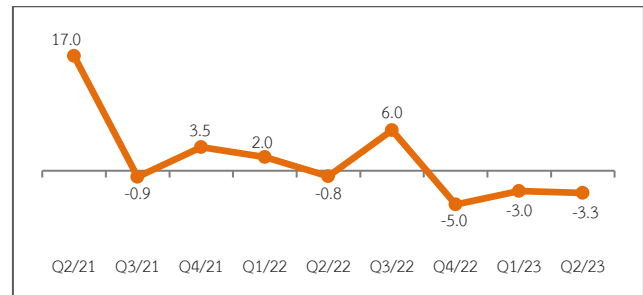
Gross domestic product
increased by 1.8 percent (%YoY)



Source: Office of the National Economic and Social Development Council

The Gross Domestic Product (GDP) in Q2/2023 expanded by 1.8 percent, expanding at a slower rate than the previous quarter, which grew by 2.6 percent. The growth rate was also lower compared to the same period last year, which grew by 2.5 percent.

Industrial sector GDP
decreased by 3.3 percent (%YoY)



Source: Office of the National Economic and Social Development Council

The GDP of the industrial sector in Q2/2023 contracted by 3.3 percent, a drop from the previous quarter, which shrank by 3.0 percent and 0.8 percent compared to the same period last year (2022).

Key factors of GDP growth



Agricultural production increased by 0.5 percent.



Industrial production decreased by 3.3 percent.



The service sector increased by 4.1 percent.



Private consumption and expenditure increased by 7.8 percent.



Total investment increased by 0.4 percent.



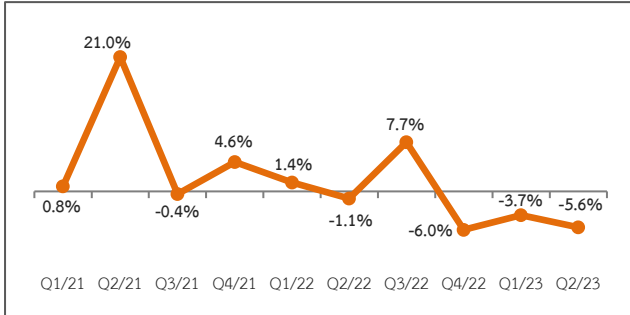
Exports of goods and services increased by 0.7 percent.

The GDP of the industrial sector in Q2/2023 decreased by 3.3 percent as a result of decreased production, especially industrial products for export that were affected by the economic slowdown of key trading partners, such as the manufacture of computers and peripherals, basic iron and steel, and apparel.

Key Industrial Index

Manufacturing Production Index

decreased by 5.6 percent (%YoY)



Source: The Office of Industrial Economics

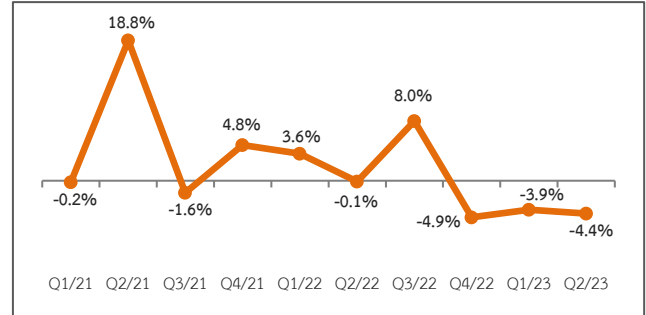
In Q2/2023, the Manufacturing Production Index (MPI) stood at 90.14 points, a decrease of 11.05 percent from the previous quarter (101.33 points) and a decrease of 5.6 percent from the same quarter of 2022 (95.47 points).

Industries contributing to the decrease of the MPI from the previous quarter were the manufacture of sugar, automobiles, and other rubber products, for example.

Industries contributing to the decrease of the MPI from the same quarter last year were the manufacture of computers and peripheral equipment, basic iron and steel, and other rubber products, for example.

Shipment Index

decreased by 4.4 percent (%YoY)



Source: The Office of Industrial Economics

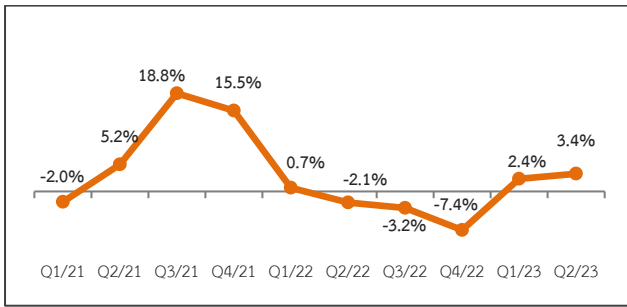
In Q2/2023, the Shipment Index stood at 93.37 points, a decrease of 6.45 percent from the previous quarter (99.80 points) and a decrease of 4.4 percent from the same quarter of 2022 (97.65 points).

Industries contributing to the decrease in the Shipment Index from the previous quarter were the manufacture of computers and peripheral equipment, automobiles, other rubber products, and palm oil, for example.

Industries contributing to the decrease of the shipment index from the same quarter last year were the manufacture of computers and peripheral equipment, other rubber products, and basic iron and steel, for example.

Finished Goods Inventory Index

increased by 3.4 percent. (%YoY)



Source: The Office of Industrial Economics

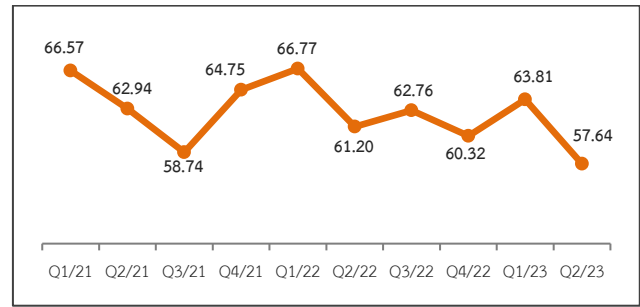
In Q2/2023, the finished goods inventory index stood at 137.66 points, a decrease of 2.08 percent from the previous quarter (140.58 points) but an increase of 3.4 percent from the same quarter of 2022 (133.12 points).

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

Industries contributing to the increase of the finished goods inventory index from the same quarter last year (2022) were the manufacture of automobiles, non-alcoholic beverage, bottled mineral and drinking water, and basic chemical products, for example.

Capacity Utilization Rate

stood at 57.64 percent.



Source: The Office of Industrial Economics

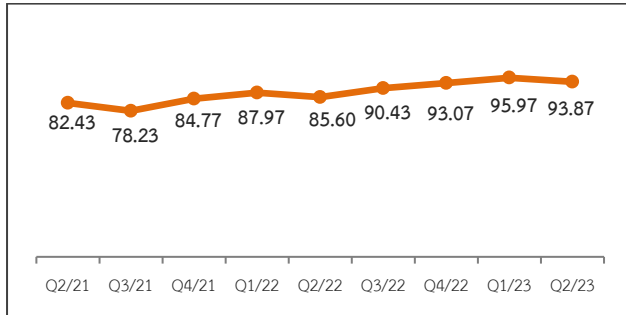
In Q2/2023, the capacity utilization rate stood at 57.64 percent, a decrease of 63.81 percent from the previous quarter and a decrease of 61.20 percent from the same quarter of 2022.

Industries that contributed to the increase of capacity utilization rate from the previous quarter were the manufacture of automobiles, sugar, and other rubber products, for example.

Industries that contributed to the decrease of capacity utilization rate from the same quarter last year were the manufacture of computers and peripheral equipment, electronics components and boards, and basic iron and steel, for example.

Industrial Sentiment Index

in Q2 stood at 93.87 points.



Source: The Federation of Thai Industries

In Q2/2023, the industry sentiment index was 93.87 points, decreasing from last quarter (95.97 points) but increasing from the same quarter last year (85.60 points). Meanwhile, the three-month forecast for the sentiment index was at 103.80 points, increasing from the same quarter last year (96.70 points).

The decline in industrial confidence in Q2/2023 was influenced by several factors, primarily arising from the export sector, which slowed down due to the uncertain global economic situation. This led to reduced demand from key trading partners, especially China, the US, Japan, ASEAN, and Europe. The condition was also worsened by elevated inflation levels, and loan interest rates were in an upward direction. These resulted in increased financial costs for entrepreneurs. Despite these challenges, the expansion of the tourism sector serves as a supporting factor, driving increased demand for industrial products. Moreover, the recovery of the Chinese economy had a positive impact on the export sector.

Thailand's International Trade

"Thailand's international trade in Q2/2023 contracted by 6.53 percent compared to the same period last year (%YoY) due to the global economic slowdown, ongoing geopolitical conflicts, and the impact of tight monetary policies in several countries, high-interest rates, and high inflation rates. Nevertheless, Thailand's trade partners' economies will grow following the recovery of global demand and continued support from the tourism sector."

Thailand's international trade in Q2/2023 reached a total value of 145,043.70 million USD, with exports valued at 70,890.18 million USD, decreasing by 6.21 percent (%YoY) compared to the same period last year, and imports valued at 74,153.52 million USD, decreasing by 6.90 percent (%YoY) compared to the same period last year. The trade balance in Q2/2023 was in a deficit of 3,263.34 million USD.

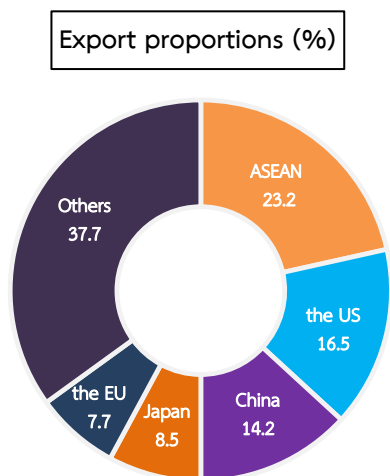
Export Structure



Source: Ministry of Commerce

In Q2/2023, Thailand's exports were valued at 70,890.18 million USD, a decrease of 6.21 percent compared to the same period last year (%YoY). The main product categories that changed were agricultural products, with an export value of 7,984.74 million USD, a decrease of 5.47 percent (%YoY), and agro-industrial products, with an export value of 5,815.23 million USD, a decrease of 7.49 percent (%YoY). The export value of industrial goods was 54,278.40 million USD, a decrease of 4.67 percent (%YoY). Minerals and fuel products reached an export value of 2,811.81 million USD, a decrease of 28.16 percent (%YoY).

Export Markets

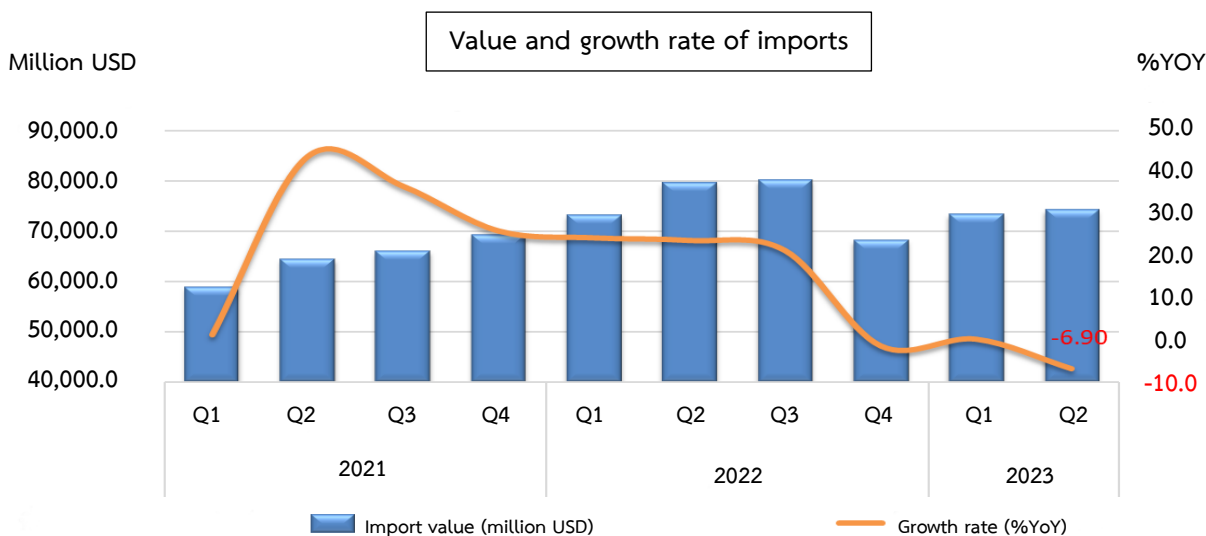


Source: Ministry of Commerce

In Q2/2023, Thailand's proportion of exports to five major trading partners, including ASEAN, the US, China, Japan, and the EU (27 countries), accounted for 62.34 percent of total exports. The remaining 37.66 percent of exports were destined for other markets. However, exports to key trading partners contracted from the same period last year (%YoY) as the following details:

- The proportion of export value to ASEAN, the US, China, the EU (27 countries), and Japan were 23.2, 16.5, 14.2, 8.5, and 7.7 percent, respectively.
- Thailand's export value was 70,890.18 million USD, a decrease of 6.21 percent compared to the same period last year (%YoY). Among the major trading partners, exports to the EU experienced the most significant contraction (-16.34%), followed by ASEAN (-15.24%), the US (-3.28%), Japan (-2.29%), and China (-0.64%).

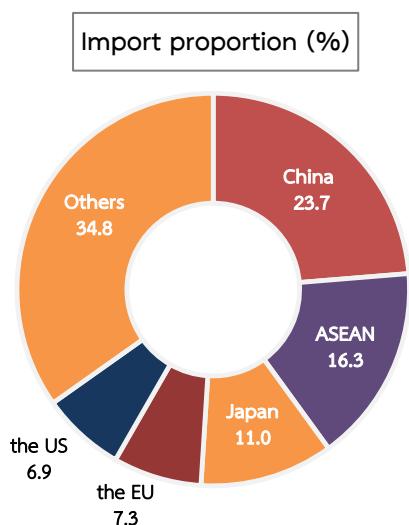
Import Structure



Source: Ministry of Commerce

In Q2/2023, Thailand's imports of goods reached a value of 74,153.52 million USD, decreasing by 6.90 percent compare to the same period last year (%YoY). Key product categories with changes in import were fuel products with an import value of 14,493.58 million USD, decreasing by 12.89 percent (%YoY); capital goods with an import value of 17,541.22 million USD, increasing by 1.88 percent (%YoY); raw materials and semi-finished goods with an import value of 29,685.81 million USD, decreasing by 12.50 percent (%YoY); consumer goods with an import value of 7,841.93 million USD, decreasing by 2.66 percent (%YoY); vehicles and transport equipment with an import value of 3,675.11 million USD, increasing by 26.30 percent (%YoY); weapons, military supplies, and other goods with an import value of 942.75 million USD, increasing by 0.97 percent (%YoY).

Import markets



Source: Ministry of Commerce

In Q2/2023, Thailand's proportion of imports from five major trading partners, including China, ASEAN, Japan, the EU (27 countries), and the US, accounted for 65.18 percent of total imports, and imports from other markets account for 34.82 percent of total imports. Among the key import markets, those that exhibited growth compared to the same period last year (%YoY) included the EU (27 countries), which expanded by 15.13 percent, and the US, which saw a growth of 11.38 percent. On the other hand, the key import markets that experienced declines compared to the same period last year (%YoY) were ASEAN, Japan, and China, which contracted by 14.09, 10.82, and 4.33 percent, respectively, with details as follows.

- Thailand's imports from China, ASEAN, Japan, the EU (27 countries), and the US accounted for 23.7 percent, 16.3, 11.0, 7.3, and 6.9 percent, respectively.
- Thailand's imports amounted to 74,153.52 million USD, a decline of 6.90 percent (%YoY) compared to the same period last year (%YoY). Imports from ASEAN decreased the most by 14.09 percent, followed by imports from Japan and China, which decreased by 10.82 and 4.33 percent, respectively. In contrast, imports from the EU (27 countries) expanded the most at 15.13 percent, followed by the US, which grew by 11.38 percent.

Global Economy in Q2/2023

In Q2/ 2023, the global economy continued to expand in line with the domestic consumption growth and the recovery of the service and tourism sectors. The slowing down of inflationary pressures and easing supply chain constraints have contributed to major central banks maintaining and slowing down their interest rate policies. However, escalating tensions between the US and China have increased, impacting China's manufacturing and export sectors as a result of US trade restrictions. Furthermore, exports of ASEAN countries decreased in line with the slowdown of the economies of trading partners. As a result, recovery remained limited.

Summary of Key Economic Indicators in Q2/2023

Quarterly Growth (%YoY)

	GDP	Inflation	MPI	Export	Unemp. Rate	Policy Rate
the US	↑ 2.6	↑ 4.1	↓ -0.1	↓ -6.6	At 3.6	At 5.00-5.25
China	↑ 6.3	↑ 0.1	↑ 4.5	↓ -5.4	At 5.2	At 3.55
Japan	↑ 2.0	↑ 3.4	↑ 1.1	↓ -4.0	At 2.6	At -0.10
Malaysia	↑ 2.9	↑ 3.7	↓ -0.2	↓ -14.6	At 3.5	At 3.0
Vietnam	↑ 4.1	↑ 2.4	↓ -0.03	↓ -12.2	At 2.3	At 3.0
Thailand	↑ 1.8	↑ 1.1	↓ -5.6	↓ -6.2	At 1.1	At 2.0

Source: ceicdata, <https://www.nesdc.go.th>, and <https://tradingeconomics.com>

The global economy in 2023 is likely to slow down as a result of pressure on product prices and increased policy interest rates. These factors affect the recovery of domestic demand and global trade, which is still likely to face limitations from geopolitical conflicts, especially conflicts between the US and China, China and Taiwan, and Russia and Ukraine, which remain protracted and uncertain. In addition, there are inflation issues and the consequences of tightening monetary policy in many countries globally. However, the world economy in the second half of the year is expected to trend in a positive direction from the recovery of the tourism service sector, an important economic driver.

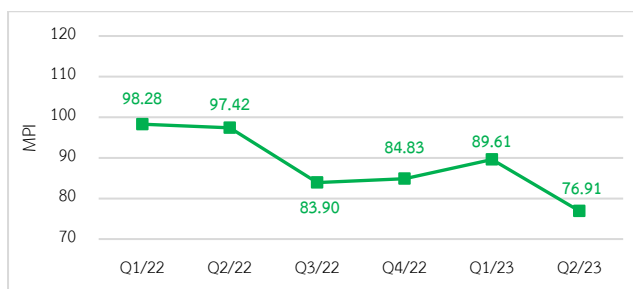
Crude oil prices in the world market decreased when compared to the same period last year and from the previous quarter due to (1) The slowing demand for oil in the world market after the central banks of major economies continued to raise policy interest rates, resulting in increased production costs. (2) The US trade reserves of crude oil increased by 10.5 percent compared to the same period last year, and (3) The Chinese economy, which is the world's largest oil importer, is likely to recover slower than expected.

Part 2 Thai Industrial Economic Sectors in Q2/2023 and the
Outlook for Q3/2023

Iron and Steel Industry

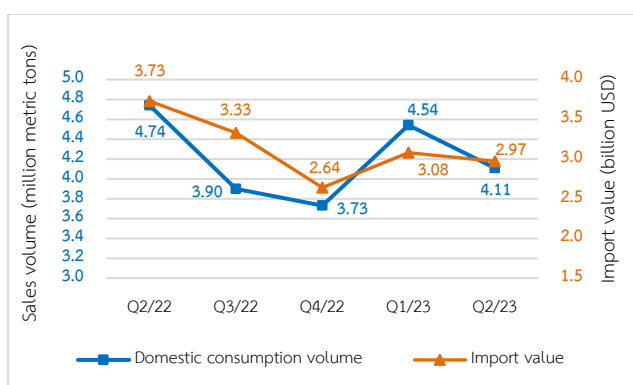
The iron and steel industry's MPI in Q2/2023 contracted compared to the same quarter of 2022 from the production of long and flat products such as hot-rolled coils, wire rods, round bars, hot-rolled structural steel sections, and cold-rolled sheets.

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 Q2/2023, the industrial production index was 76.9 points, a decrease of 21.1 percent (%YoY) from the same quarter last year and a decrease of 14.2 percent (%QoQ) compared to the previous quarter. The production of flat products, compared to the same quarter last year, decreased by 22.6 percent. The product with the highest decreased production was hot-rolled coils (-40.9%), followed by cold-rolled sheets (-22.8%) and tinplate (-21.1%). The production of long products also decreased by 24.7 percent, with the highest contraction in wire rods (-31.9%), followed by round bars (-37.4%) and hot-rolled structural steel sections (-36.9%).

Domestic consumption: In Q2/2023, domestic consumption in Thailand reached 4.1 million metric tons, a decrease of 13.2 percent (%YoY) from the same period last year and a decrease of 9.4 percent (%QoQ) compared to the previous quarter. Consumption of flat products, compared to the same quarter last year, decreased by 14.9 percent with the highest consumption in hot-rolled plates (-37.5%), followed by Chromium-coated sheet (-15.0%) and hot-rolled sheets (-12.5%). Furthermore, the consumption of long products decreased by 10.5 percent mainly from the consumption of wire rods, including rebars (-10.8%) and structural steel sections (-7.3%).

Imports: In Q2/2023 were valued at 2.97 billion USD, a decrease of 20.3 percent (%YoY) from the same quarter last year and a decrease of 3.6 percent (%QoQ) from the previous quarter. Imports of flat products, compared to the same quarter last year, decreased by 24.4 percent, with the highest contraction in hot-rolled alloy steel plate (-72.7%) (key sources of imports being China, and Japan). This was followed by Chromium-coated sheet (60.6%), cold-rolled carbon steel sheets (-39.9%). Imports of long products also decreased by 6.9 percent. Long product experiencing the highest decrease in imports was stainless steel structure sections (-88.2%) (key sources of imports being China and Malaysia). This was followed by stainless-steel wire rods (-39.9%) and stainless-steel wire rebars (-37.3%).

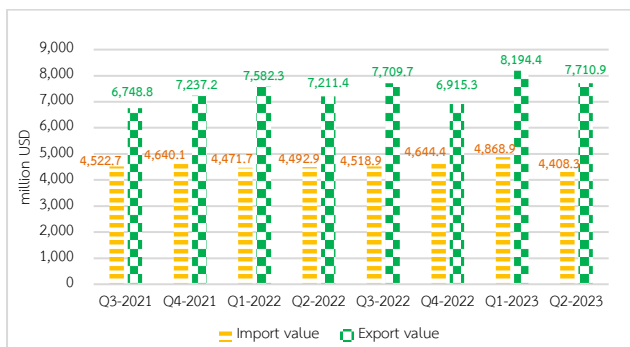
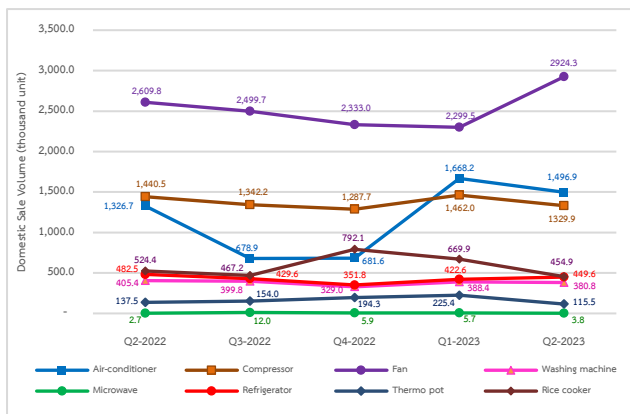
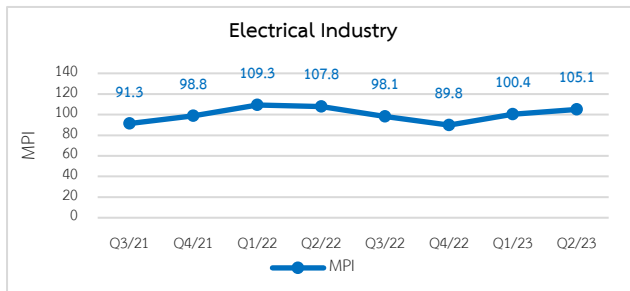
Iron and Steel Industry Outlook for Q3/2023

In Q3/2023, the iron and steel industry is expected to contract slightly compared to the same period last year as the price of raw materials in the world market decreases. This causes consumers to delay orders to observe price trends, which may affect the demand for steel. However, if infrastructure construction and the government's supporting policies continue, it is expected to be a factor supporting the growth of the domestic steel industry.

Electrical appliance Industry

The production of electrical appliances in Q2/2023 decreased by 2.4 percent compared to the same quarter of the previous year, as inflation rates remained high worldwide and production costs increased. Products that saw a decline in production were electric motors, refrigerators, thermo pots, power cables, rice cookers, household fans, compressors, microwave ovens, and transformers. Exports increased in Europe, the US, ASEAN, and Japan markets.

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



Source: The Office of Industrial Economics, Ministry of Commerce, and Electrical and Electronics Institute

Electrical Appliance Industry Outlook for Q3/2023

In Q3/2023, The MPI of the electrical appliances industry in Q3/2023 is expected to grow by approximately 2.5 percent, while exports are expected to grow by 3.0 percent. The growth is a result of the easing of the COVID-19 situation and inflection, including the improving economic climates in Thailand's key export markets, which has a positive effect on the growth of the electrical appliance industry. However, there are still issues that may have a negative impact on production and exports, such as many countries' policies that give more importance to environmental issues, which may affect the production process in industrial plants.

Production of electrical appliances: In Q2/2023, the MPI stood at 105.1 points, an increase of 4.7 percent from the previous quarter (%QoQ) but a decrease of 2.4 percent compared to the same quarter last year (%YoY). Products with a decrease in production included electric motors (-35.2%), refrigerators (-17.7%), thermo pots (-15.8%), power cable (-14.1%), rice cookers (-11.2%), household fans (-11.1%), compressors (-10.0%), microwave ovens (-9.4%), and transformers (-0.8%). The decrease was due to persistent global inflation and rising production costs. On the other hand, there was an increase in the production of cables (20.4%), washing machines (16.5%), and air conditioners (10.7%).

Domestic sales: In Q2/2023, the products that decreased in sales compared to the same quarter last year were thermo pots (-16.0%), rice cookers (-13.3%), compressors (-7.7%), refrigerators (-6.8%), and washing machines (-6.1%). On the other hand, microwave ovens, air conditioners, and fans increased in sales by 41.4%, 12.9%, 12.1%, respectively.

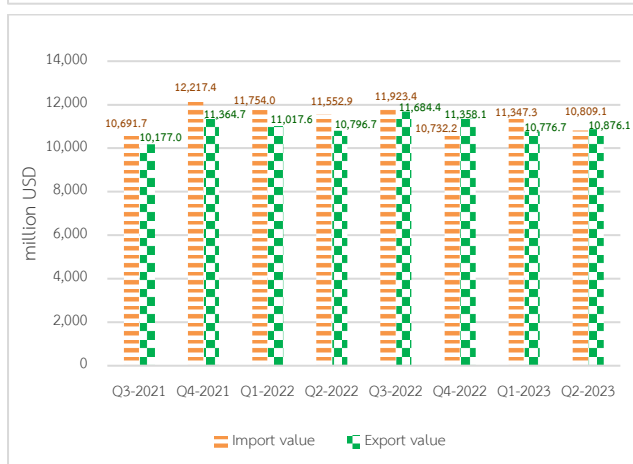
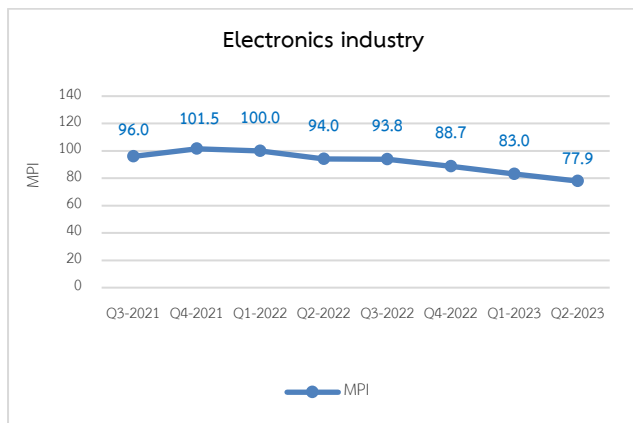
Imports of electrical appliances: In Q2/2023, imports of electrical appliances were valued at 4,408.3 million USD, a decrease of 9.5 percent compared to the previous quarter (%QoQ) and a decrease of 1.3 percent compared to the same quarter of the previous year (%YoY). The main products that experienced an increase in imports were washing machines (-11.7%), fans (-10.4%), and electrical motors (-6.3%).

Exports of electrical appliances: In Q2/2023, exports of electrical appliances were valued at 7,710.9 million USD, a decrease of 5.9 percent compared to the previous quarter (%QoQ) but an increase of 6.9 percent from the same quarter last year (%YoY). Exports to Europe, the US, ASEAN, and Japan markets increased by 42.7, 36.9, 3.0, and 1.1 percent, respectively. Among products that experienced an increase in exports were transformers (57.9%), washing machines (17.6%), switch boards and control panels (13.8%), and fans (2.2%).

Electronics Industry

In Q2/2023, the production of electronic products experienced a decline of 17.2 percent compared to the same quarter of the previous year. This decrease was attributed to reduced demand for products both domestically and internationally. Among the products witnessing a decline in production were HDDs, Semiconductor devices (transistors), Printed Wiring Boards (PWBs), printers, Integrated Circuits (ICs), and Printed Circuit Board Assembly (PCBAs). Despite this, there was an increase in the export value in the ASEAN market.

MPI, Import and Export Value of Electronics



Source: The Office of Industrial Economics, Ministry of Commerce, and Electrical and Electronics Institute

The electronics production in Q2/2023 reached an MPI of 77.9 points, a decrease of 6.1 percent compared to the previous quarter (%QoQ) and a decrease of 17.2 percent compared to the same period last year (%YoY). Especially, electronic products such as Hard Disk Drives (HDDs), semiconductor devices (transistor), Printed Wired Boards (PWBs), printers, Integrated Circuits (ICs), and Printed Circuit Board Assembly (PCBAs) declined in production by 36.9, 25.9, 22.8, 13.6, 7.6, and 1.9 percent, respectively. The primary reason for this decline is attributed to reduced demand for these products both domestically and internationally.

Imports of electronics products in Q2/2023 were valued at 10,809.1 million USD, a decrease of 4.7 percent (%QoQ) from the previous quarter and a decrease of 6.4 percent (%YoY) compared to the same quarter last year. Key products decreasing in import were Printed Circuit Board Assembly (-25.1%), printers (-5.7%), and Integrated Circuits (-4.7%).

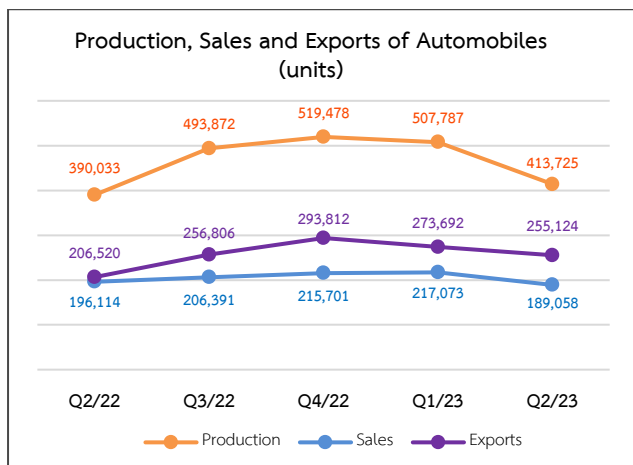
Exports of electronics products in Q2/2023 were valued at 10,876.1 million USD, an increase of 0.9 percent from the previous quarter (%QoQ) and a slight increase of 0.7 percent (%YoY) from the same quarter last year. In particular, exports to ASEAN markets experienced a growth of 0.2 percent, with an increase in the export of key products, particularly Integrated Circuits (IC), which increased by 4.0 percent.

Electronics Industry Outlook for Q3/2023

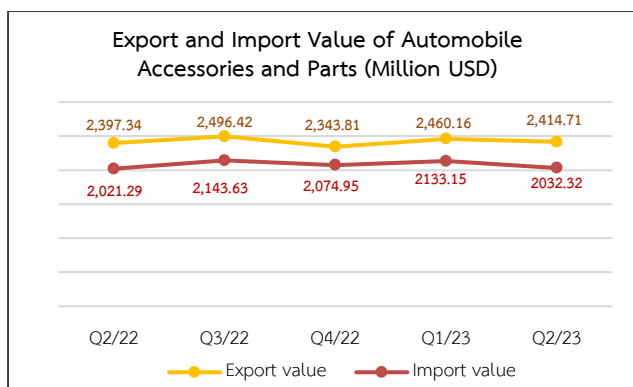
The electronics industry is expected to contract by 5.0 to 10.0 percent, as business operators must bear the burden of production costs and the shortage of raw materials used to produce semiconductor integrated circuits and electronic components, causing an inability to produce enough. In addition, some types of electronic products, such as ICs, still have inventory that has yet to be sold to the market. However, electronic components are still necessary for the development of information technology systems and products for IT infrastructure; thus, there is continued demand for electronic products in the world market. Meanwhile, the value of exports is forecasted to grow by approximately 1.0 to 3.0 percent, as important main products such as integrated circuits are still increasing. However, there are still issues to monitor, including the relationship between the US, China, and Taiwan, that may affect the production supply chain in the electronics industry, such as the US's measures controlling the export of IC technology, strategy changes, and China's adjustments to the semiconductors industry proportions.

Automotive and Part Industry

The automobile production volume in Q2/2023 expanded compared to the previous year's period. However, the domestic market experienced a slowdown due to the strict approval process for financial institution loans, coupled with an increase in interest rates. As for exports, there was an expansion in the export market for all types of vehicles.



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, Ministry of Commerce in collaboration with Customs Department.

Automotive Industry Outlook for Q3/2023

According to the Office of Industrial Economics (OIE) estimates, in Q3/2023, over 490,000 units of automobiles will be manufactured. Of those, 50-55 percent will be for domestic sales, and 45-50 percent will be for exports.

Automotive Production

In Q2/2023, automotive production decreased by 18.52 percent (%QoQ) from Q1/2023 to 413,725 units but increased by 6.07 percent (%YoY) from the same quarter last year. The production proportion consisted of passenger cars (34%), 1-ton pickup trucks and derivatives (64%), and other commercial vehicles (2%).

Domestic Sales of Automobiles

In Q2/2023, domestic sales decreased by 12.91 percent (%QoQ) from Q1/2023 to 189,058 units and decreased by 3.59 percent (%YoY) from the same quarter last year.

Automotive Exports

In Q2/2023, automobile exports decreased by 6.78 percent (%QoQ) from Q1/2023 to 255,124 units but increased by 23.53 percent (%YoY) from the same quarter last year. The export proportion consisted of passenger cars (31%), 1-ton pickup trucks (58%), and PPVs (11%).

Export Value of Automotive Parts and Accessories

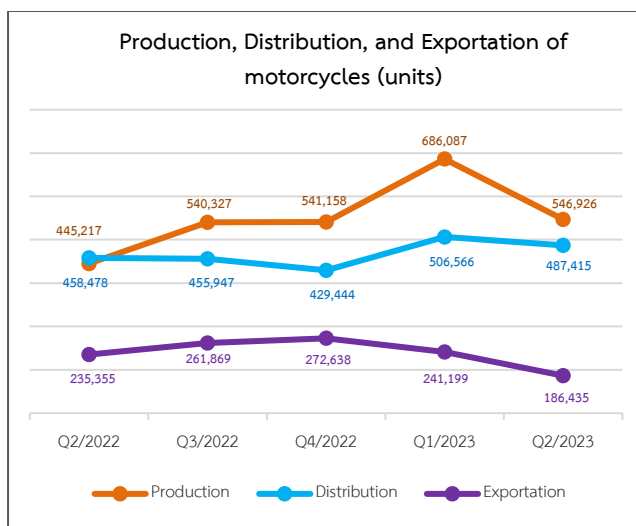
In Q2/2023, exports value decreased by 1.85 percent (%QoQ) from Q1/2023 to 2,414.71 million USD but increased by 0.72 percent (%YoY) from the same quarter last year. Key export markets for automotive parts and accessories were the US, Japan, and Malaysia.

Import Value of Automotive Parts and Accessories

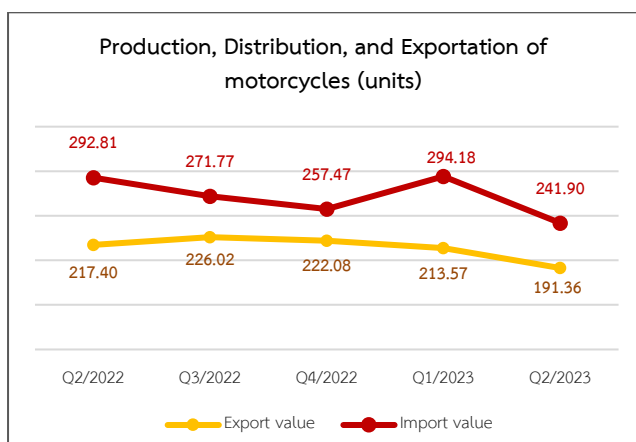
In Q2/2023, imports decreased by 4.73 percent (%QoQ) from Q1/2023 to 2,032.32 million USD but increased by 0.55 percent (%YoY) from the same quarter last year. Key import markets for automotive parts and accessories were Japan, China, and the US.

Motorcycle and Part Industry

In Q2/2023, the production and sales of motorcycles in the country showed growth compared to the corresponding period of the previous year. This growth was distributed across the production of 80 percent commuter motorcycles and 20 percent sport motorcycles. Nevertheless, motorcycle exports experienced a decline, particularly in the export of Completely Knocked Down (CKD) parts.



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 Q2/2023, motorcycle production decreased by 20.28 percent (%QoQ) from Q1/2023 to 549,926 units, but increased by 23.52 percent (%YoY) from the same quarter last year.

Domestic Sales of Motorcycles

In Q2/2023, domestic sales decreased by 3.78 percent (%QoQ) from Q1/2023 to 487,415 units but increased by 6.31 percent (%YoY) from the same quarter last year.

Motorcycle Exports

In Q2/2023, motorcycle exports amounted to 186,435 units a decrease of 22.70 percent (%QoQ) from Q1/2023 and a decrease of 20.79 percent (%YoY) compared to the same quarter last year. Exports as completely built units (CBU), amounted to 112,751 units, an increase of 40.17 percent. However, exported as completely knocked down sets (CKD) was 73,684 sets, a decrease of 53.92 percent compared to same quarter last year.

Export Value of Motorcycle Parts

In Q2/2023, exports value decreased from Q1/2023 by 10.40 percent (%QoQ) to 191.36 million USD and decreased from the same quarter last year by 11.98 percent (%YoY). Key export markets were Brazil, Japan, and Cambodia.

Import Value of Motorcycles Parts and Accessories

In Q2/2023, imports of motorcycle parts and accessories decreased from Q1/2023 by 17.77 percent (%QoQ) to 241.90 million USD and decreased by 17.39 percent (%YoY) from the same quarter last year. Key import markets of motorcycle parts and accessories were the US, China, and Japan.

Motorcycle Industry Outlook for Q3/2023

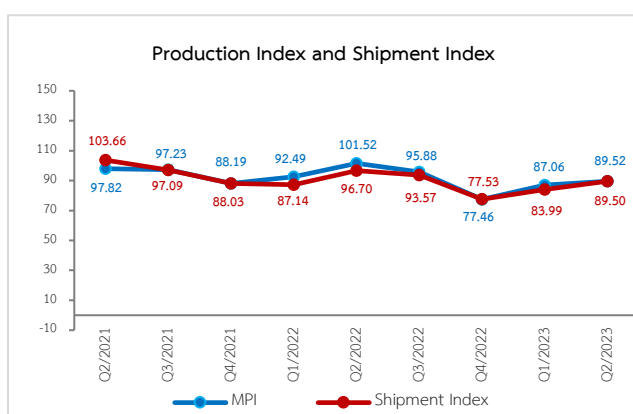
According to the Office of Industrial Economics (OIE) estimates, in Q3/2023, over 440,000 units of motorcycles will be manufactured. Of those, 80-85 percent will be for domestic sales, and 15-20 percent will be for exports.

Chemical Industry

In Q2/2023, the chemical industry experienced a contraction in both export and import values compared to the same quarter of the previous year. This contraction resulted from fluctuating crude oil prices and global economic uncertainties. Manufacturers responded by slowing down production and focusing on order-based manufacturing. Regarding export-oriented products related to oil, such as plastic pellets and chemical products, there was a reduction in volume, particularly from key markets such as India, Vietnam, and Malaysia.

Marketing and sales

MPI and Shipment Index

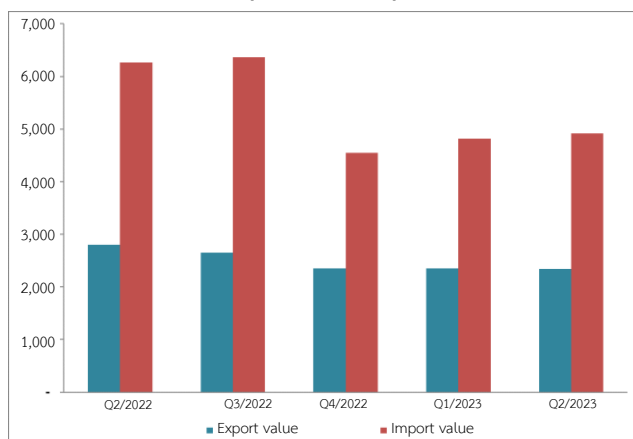


Source: The Office of Industrial Economics

Manufacturing Production Index: In Q2/2023, the MPI increased by 2.83 percent compared to the previous quarter (%QoQ) but decreased by 11.82 percent compared to the same quarter last year (%YoY). Among products that decreased in MPI were chemical fertilizers, cleaning agents, and talcum powder, for example.

Shipment Index: In Q2/2023, the shipment index increased by 6.55 percent from previous quarter (%QoQ) but decreased by 7.45 percent compared to the same quarter last year (%YoY). Among products that decreased in shipment index were cleaning agents, talcum powder, and hydrochloric acid, for example.

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

Exports of chemicals: In Q2/2023, exports were valued at 2,344.40 million USD, a decrease of 16.18 percent compared to the previous quarter (%QoQ) and a decrease of 0.42 percent compared to the same quarter last year (%YoY). Key products contributing to the decrease of export value were organic chemicals, paints, and miscellaneous chemicals, for example.

Import of chemicals: In Q2/2023, imports were valued at 4,921.18 million USD, an increase of 2.18 percent compared to the previous quarter (%QoQ) but a decrease of 21.46 percent from the same quarter last year (%YoY). Key products contributing to the decrease of import value were chemical fertilizers, inorganic chemicals, and organic chemicals, for example.

Chemical Industry Outlook for Q3/2023

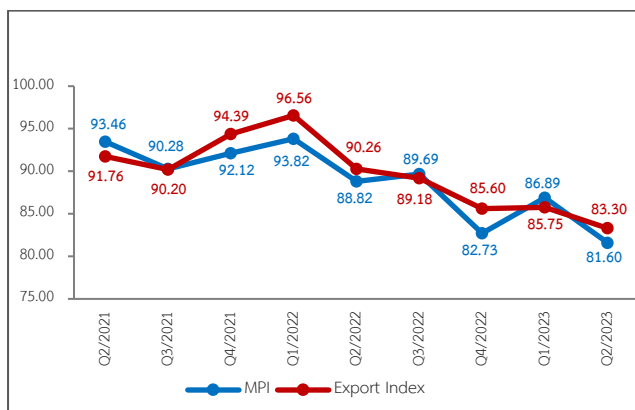
The chemical industry outlook for Q3/2023 is expected to show that exports and imports of chemicals are likely to decline in both exports and imports compared to the same quarter last year. This was due to a decrease in domestic consumption and global economic recession. However, factors still affect the chemical industry's exports, such as the Russia - Ukraine war and fluctuations in the global market's crude oil prices.

Plastics Industry

In Q2/2023, the plastic industry witnessed a contraction in both exports and imports due to reduced demand for plastic products in key trading partners such as Japan, China, and Malaysia. Additionally, the increasing crude oil prices in the global market led to a slowdown in production as manufacturers took a wait-and-see approach to the situation of raw material costs.

Production and Sales

MPI and Shipment Index



Source: The Office of Industrial Economics

Manufacturing Production Index: In Q2/2023, the MPI decreased by 6.10 percent compared to the last quarter (%QoQ) and decreased by 8.13 percent compared to the same quarter last year (%YoY). Products with the most decrease in MPI included plastic film, and plastic sacks.

Shipment Index: In Q2/2023, the shipment index decreased by 2.86 percent compared to the previous quarter (%QoQ) and decreased by 7.71 percent compared to the same quarter of the previous year (%YoY). Products with the most decrease in shipment index included plastic sheets, plastic sacks, and plastic bags.

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 Q2/2023, the value of exports amounted to 984.94 million USD, a decrease of 19.34 percent compared to the same quarter last year (%YoY). The product category with the most decrease in export value was articles for the conveyance or packing of goods.

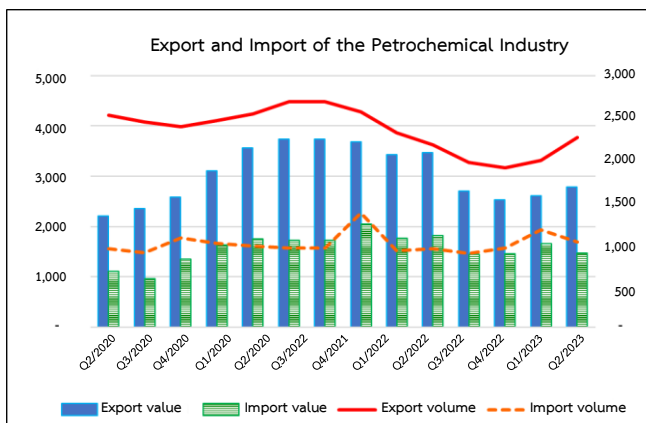
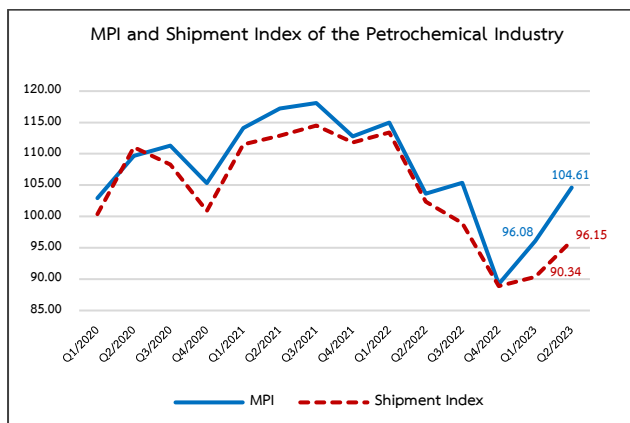
Import Value: In Q2/2023, the value of imports decreased by 8.13 percent compared to the same quarter of the previous year (%YoY). The product category with the most decrease in imports was household articles.

Plastics Industry Outlook for Q3/2023

In Q3/2023, production is anticipated to slow down due to the volatile situation in crude oil prices in the global market. This may impact the cost of raw materials, resulting in a reduction in the production of plastic-related products in response to decreased consumer demand. Additionally, exports are expected to contract in line with major markets such as the US, Japan, Indonesia, and China.

Petrochemical Industry

In Q2/2023, the MPI of the petrochemical Industry increased by 0.94 percent from the same quarter last year. Meanwhile, product shipments decreased by 6.07 percent, and imports and exports decreased by 19.88 percent and 17.38 percent, following the rising oil prices that impacted trade and transportation globally. This was coupled with the strengthening of the US currency and global inflation.



Manufacturing Production Index (MPI): In Q2/2023, the MPI of the petrochemical industry was at 104.61 points, an increase of 0.94 percent from the same quarter last year. Among the basic and downstream petrochemicals that contributed to the rise of MPI in this quarter were ethylene, PP resin, and PE resin. The increase was partly due to the resuming of production after maintenance shutdowns of basic petrochemical production plants.

Shipment index: In Q2/2023, the shipment index was at 96.15 points, a decrease of 6.07 percent from the same quarter last year. Basic and downstream petrochemicals that contributed to the decrease in the shipment index were ethylene, PP resin, and PE resin.

Exports of petrochemicals: In Q2/2023, exports were valued at 2,775.68 million USD, a decrease from the same quarter of the previous year by 19.88 percent, with petrochemical exports to major countries, such as China, Vietnam, and Japan. Downstream petrochemicals that contributed to a decrease in export value were PP and PE resins, and the basic petrochemicals that contributed to the decline in export value, such as Propylene and Toluene.

Imports of petrochemicals: In Q2/2023, imports reached 1,506.39 million USD, decreasing from the same quarter of the previous year by 17.38 percent, with imports of petrochemicals from major countries, such as Japan, China, and the US. Products contributing to a decrease in imports were Propylene and Ethylene Glycol, and the downstream petrochemicals were PS resin and PET resin.

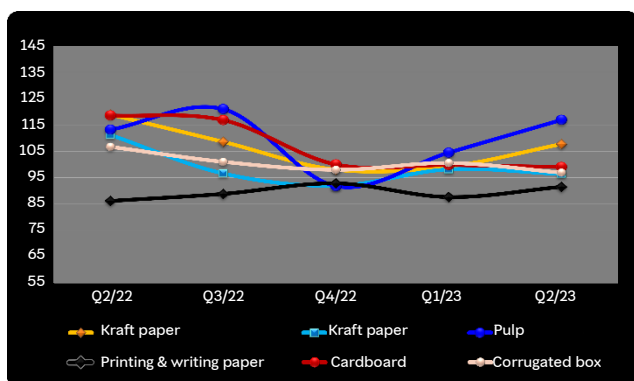
Petrochemical Industry Outlook for Q3/2023

In Q3/2023, the overall petrochemicals industry is expected to contract due to the global inflation situation affected by the protracted Russian-Ukrainian conflict that causes world energy prices to increase, coupled with the slowdown of the economy in many countries. Additionally, the announcement of figures on the US economic situation must be monitored, together with the opening of China, which will affect economic trends globally. Compared to Q3/2022, the petrochemical industry this quarter is projected to decline. Production, shipment, and export of products will contract from a slowdown in orders due to price drops following a decrease in demand.

Pulp, Paper, and Print Media Industry

In Q2/2023, the pulp, paper, and print media industry's MPI increased (+0.75%) compared to the previous quarter (%QoQ) but decreased by 6.09 percent from the same period last year (%YoY). Overall exports decreased (-4.37%) compared to the previous quarter (%QoQ) but increased (+6.07%) compared to the same period last year (%YoY). Regarding overall imports, the value increased (+2.67%) compared to the previous quarter (%QoQ) but decreased (-4.01%) compared to the same period last year (%YoY).

MPI in Pulp, Paper and Print Media Industry



Source: The Office of Industrial Economics

Production

In Q2/2023, the overall MPI of paper and products increased slightly (+0.75%) compared to the same quarter last year (%QoQ). This growth was observed in the paper category of pulp, Kraft paper, corrugated paper, and printing & writing paper. However, compared to the same period last year (%YoY), the index decreased (-6.09%) in all product categories, such as cardboard, Kraft paper, corrugated paper, and corrugated boxes, except for pulp and printing & writing paper, of which the production continued to grow consistently in both domestic and export markets, driven by major orders from China and ASEAN countries.

Export-Import of Pulp, Paper and Print Media



Source: Information and Technology Communication Center, Ministry of Commerce

Exports

In Q2/2023, the total value of pulp and paper product exports amounted to 622.30 million USD, decreasing (-4.37%) compared to the previous quarter (%QoQ). This decline was observed in paper and paper products (-5.67%) and books and printed materials (-23.43%). Nevertheless, compared to the same quarter last year (%YoY), the export value increased (+6.07%) from the pulp (+55.00%), of which 95 percent was exported to China. However, exports of paper and paper products decreased (-6.99%), with key export markets including Vietnam, India, and Indonesia. Exports of books and printed materials also fell (-14.01%), with key export markets including Hong Kong, Myanmar, and the US.

Imports

Imports of pulp and paper products in Q2/2023 valued at 859.14 million USD, an increase of 2.67 percent compared to last quarter (%QoQ), as domestic production decreased, causing the need to import some parts, especially pulp and reusable paper or cardboard. However, compared to last year (%YoY), imports decreased by 4.01 percent; imports of paper and paper products and print media decreased by 13.05 percent and 6.05 percent, respectively. Meanwhile, pulp and paper product imports increased by 7.16 percent.

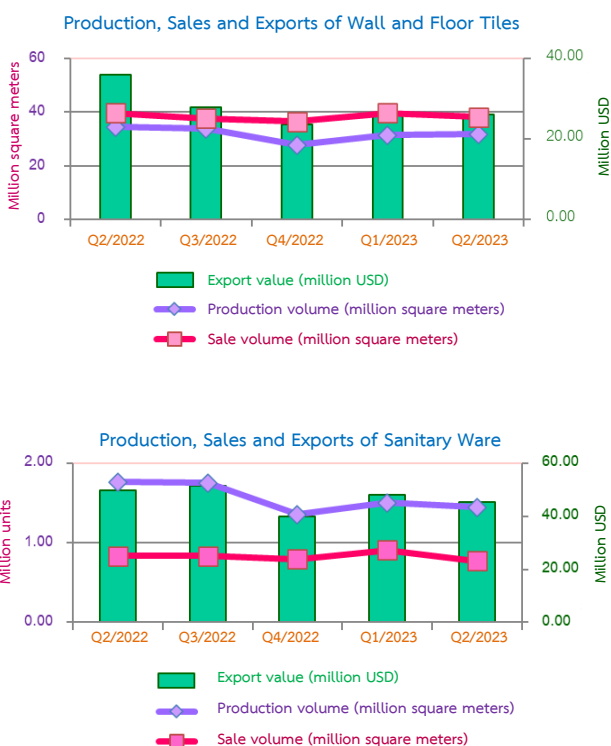
Pulp, Paper, and Print Media Industry Outlook for Q3/2023

In Q3/2023, paper and paper products used to produce packaging boxes are expected to grow in line with domestic consumption and the growing use of packaging for various products. The entire supply chain for pulp exports will expand, especially in exports to China. This has been a continuous growth since the beginning of the year. Print media is expected to continue to slow down.

Ceramic Industry

The volume of production, sales, and exports of floor tiles, wall tiles, and sanitary ware in Q2/2023 declined due to the slowdown of the domestic economy, which was affected by the cost of raw materials and decreased orders from key trading partners, especially the US, China, and Japan.

Production, Sales, and Export of Ceramics



Source: 1. Domestic Production and Sales: Division of Information and Industrial Economic Indices, Office of Industrial Economics
 Note: From the survey of 15 wall and tiling factories and 38 sanitary ware factories
 2. Export Value: Information and Technology Communication Center, Office of the Permanent Secretary, Ministry of Commerce

Production: In Q2/2023, the production of floor and wall tiles reached 31.88 million square meters, contracting by 7.78 percent (%YoY). Similarly, the production of sanitary ware was 1.45 million pieces, a contraction of 17.79 percent (%YoY). This decline was attributed to a slowdown of the domestic market, impacted by rising raw material costs, especially oil prices, electricity costs, and increased living expenses. Furthermore, there is a reduction in export orders.

Sales: In Q2/2023, floor and wall tiles sales reached 38.20 million square meters, contracting by 3.75 percent (%YoY). Sanitary ware had sales of 0.77 million pieces, a contraction of 7.88 percent (%YoY) compared to the same period last year. The decrease was due to the decline in the purchasing power of consumers following the economic situation, which has been affected by many factors, such as the increase in prices of all types of products, private sector market competition, and rising of loan interest rates.

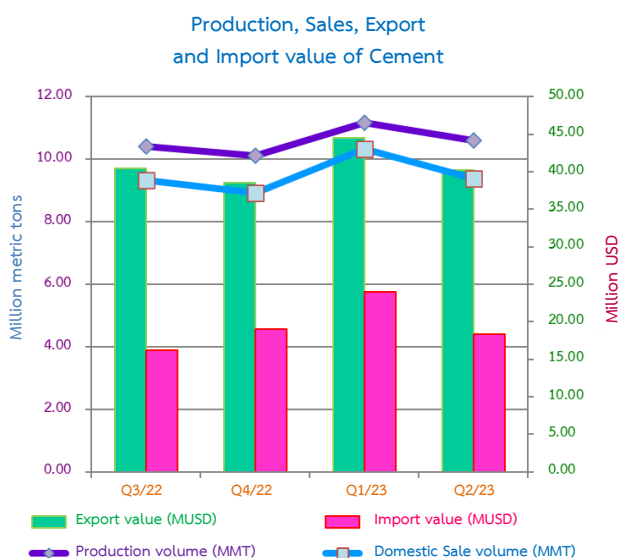
Exports: In Q2/2023, the export value of floor and wall tiles amounted to 26.13 million USD, decreasing by 27.30 percent (%YoY). The export value of sanitary ware was 45.42 million USD, a decline of 8.72 percent compared to the same period last year. This reduction is a result of decreased orders from the US, China, Japan, the Philippines, Malaysia, and the CLMV countries.

Ceramic Industry Outlook for Q3/2023

The production and domestic sale of ceramics in Q3/2023 are expected to grow following domestic consumer demand from the government's economic stimulus measures and marketing promotion by the private sector. Exports are likely to stabilize due to the uncertainty of the global economy. The main export markets are the US, China, Japan, and ASEAN countries. However, important factors must be monitored closely, namely energy prices, raw material prices, inflation rates, and the rising cost of living that may affect production and domestic sales.

Cement Industry

The production and sales in the cement industry in Q2/2023 declined compared to the previous year. The decline was affected by the prolonged Russian-Ukrainian conflict and the delay in government formation. Exports declined in line with the global economic slowdown. However, cement imports increased.



- 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 Q2/2023 reached 10.59 million metric tons, a decrease of 2.44 percent from the same quarter last year (%YoY).

Domestic sales of cement (excluding clinker) in Q2/2023 reached 9.39 million metric tons, a decrease of 3.95 percent from the same quarter last year (%YoY). This decline was attributed to the economic deceleration, aligned with the global economic conditions, and the delay in government formation, which impacted both people's and investors' confidence in consumption.

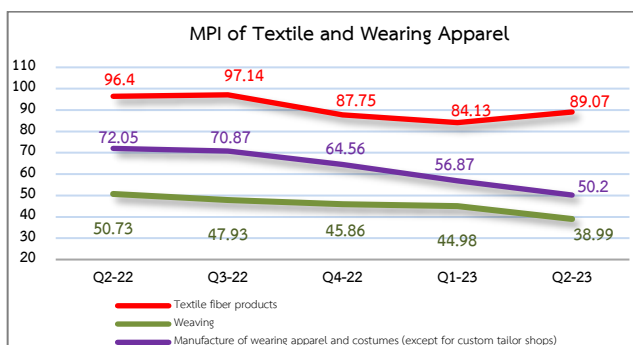
Cement exports and imports (excluding clinker) in Q2/2023 valued 40.24 million USD, a decrease of 27.42 percent compared to the same quarter of the previous year. This decline was attributed to reduced demand from overseas markets, including Cambodia, which experienced decreases of 41.97 percent. As for cement imports (excluding clinker), the import value totaled 16.83 million USD, an increase of 16.83 percent compared to the same quarter last year from imports of low-cost cement from Lao P.D.R and high-quality cement from the Netherlands.

Cement Industry Outlook for Q3/2023

The production and sales of the cement industry (excluding clinker) in Q3/2023 are expected to grow slightly if the government can be successfully formed and the new government has measures to stimulate the economy for consumers and the real estate sector. This will be a factor that builds investor confidence. However, the trend may change because of negative factors outside the country, including the continued Russian-Ukrainian war conflict that impacts the domestic economy. Negative factors within the country include the rainy season in the third quarter, where there is often flooding every year, which will be an obstacle causing construction to halt in flood-prone areas.

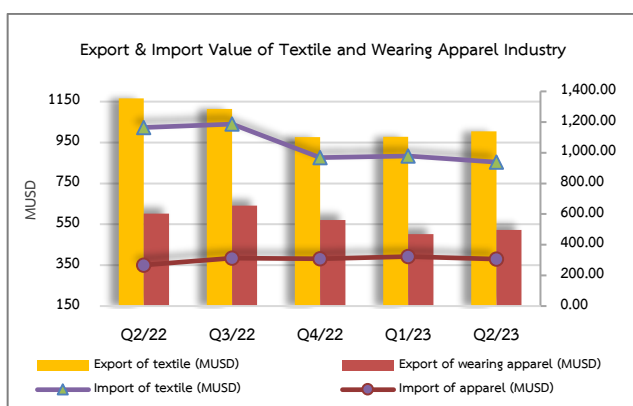
Textile and Wearing Apparel Industry

In Q2/2023, the MPI of the textile and wearing apparel industry, compared to the same period of last year, contracted throughout the supply chain. This contraction resulted from reduced orders from trading partners, leading manufacturers to decrease raw material production from the source to the end of the chain. Compared to the previous quarter, the production index of man-made fiber manufacturing (polyester and other fibers) expanded. Manufacturers began adjusting their production of environmentally friendly raw materials in response to consumer demand trends.



Production

The MPI of textile fiber shrank 7.61 percent (%YoY) from the preparation and spinning of both natural and artificial fibers. Weaving shrank 23.13 percent (%YoY). Clothing and costume shrank 29.80 percent (%YoY) from the manufacture of clothing and knitted apparel as a result of lower orders from key trading partners, such as the US, Japan, and Belgium, causing entrepreneurs to reduce raw material production from upstream to downstream. When compared to Q1/2023 (%QoQ), it was found that the MPI of textile fiber production expanded by 5.87 percent among man-made fiber production (polyester and other fibers). Entrepreneurs began to adjust their production of raw materials that are more environmentally friendly according to consumer demand.



Domestic Sales

Textile fibers shrank 11.38 percent (%YoY) from cotton yarn and man-made fibers. Fabric shrank by 22.28 percent (%YoY) from woven cotton fabric, woven fabric (synthetic fiber), and towels. However, wearing apparel grew by 0.91 percent (%YoY) due to the policy of opening the country after the relaxation of COVID-19 measures, which led to an increase in the number of both domestic and foreign tourists. The growth also resulted from support measures from the government that helped the domestic economy to recover.

Exports-Import

Exports: The overall exports of textiles and wearing apparel contracted across the supply chain, reaching a total value of 1,525.72 million USD, a decline of 13.72 percent (%YoY). Considering product groups, exports of textiles were valued at 1,004.17 million USD, a contraction of 13.91 percent. Similarly, the apparel group was valued at 521.55 million USD, a contraction of 13.34 percent. The contraction was due to reduced orders from major trading partners such as the US, Japan, Belgium, Germany, and Italy, including the ongoing global economic slowdown caused by the implementation of monetary policies in many countries to control inflation, which impacted consumers' purchasing power and economic activities.

Imports: The overall imports of textiles and wearing apparel were valued at 1,244.38 million USD, a decrease of 13.14 percent (%YoY) from threads, fibers, and fabric. As for garments, imports were valued at 305.76 million USD, a growth of 14.30 percent. This was due to a large volume of cheap to moderately priced goods were imported from China for sale by online merchants, and imports of world-famous and regional brand clothing to sell according to the direction of demand. However, the standards of imported products from China should be considered, which may affect consumer health.

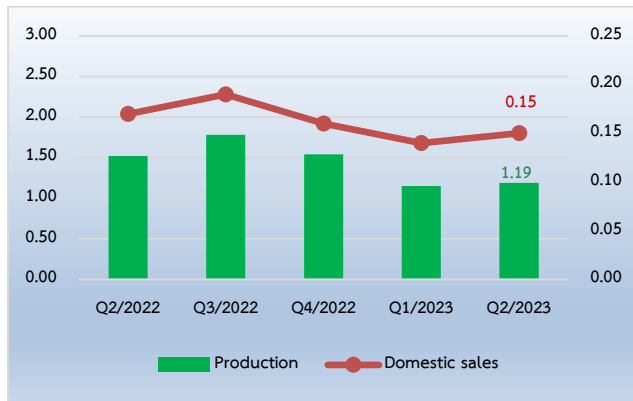
Textile and Wearing Apparel Industry Outlook for Q3/2023

The textile and garments industry is expected to slow down in production, in line with the global economic situation. However, issues that need to be monitored include inflation in many countries around the world, including the continuing geopolitical conflicts, a pressing factor that causes the global economy to slow down. Additionally, fluctuations in energy costs and raising minimum wages will impact production costs and Thailand's competitiveness.

Wood and Wooden Furniture Industry

Compared to the same quarter of the previous year, the volume of wooden furniture production in Q2/2023 decreased due to the drop in domestic and foreign orders. The overall export value of wood and wooden board products decreased from a slowdown in the export value of furniture and parts and wooden product.

Domestic Production and Sales of Wooden Furniture (million pieces)

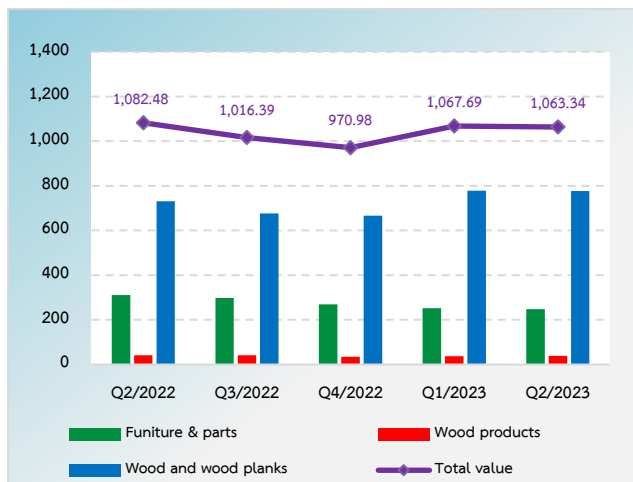


Source: The Office of Industrial Economics

Production of wooden furniture in Q2/2023 reached 1.19 million pieces, an increase of 3.48 percent from last quarter but a decrease of 21.71 percent from the same quarter last year. The decrease was due to a decline in both domestic and international orders.

Domestic sales of wooden furniture in Q2/2023 reached 0.15 million pieces, an increase of 7.14 percent from the previous quarter but a decrease of 11.76 percent compared to the same quarter last year. The decrease was due to the recent increase in the cost of living; consumers have become more cautious in spending on products that can be delayed purchases.

Export Value of Wood and Wooden Products (million USD)



Source: Office of the Permanent Secretary, Ministry of Commerce

Exports value of wood and wooden products in Q2/2023 reached 1,063.34 million USD, a decrease of 0.41 percent from the previous quarter and 1.77 percent compared to the same quarter last year. The export breakdown by category included furniture and parts valued at 247.90 million USD, wooden products at 38.80 million USD, and wood and wooden boards at 776.64 million USD. When compared to the same quarter of the previous year, the export value of furniture and parts decreased by 20.14 percent and wooden products by 5.09 percent; nevertheless, the value of exports of wood and wooden boards increased by 6.22 percent. Overall, the export value of wood and wooden products has declined for four consecutive quarters due to declining demand for wooden furniture from major trading partners, particularly in the US and Japan markets.

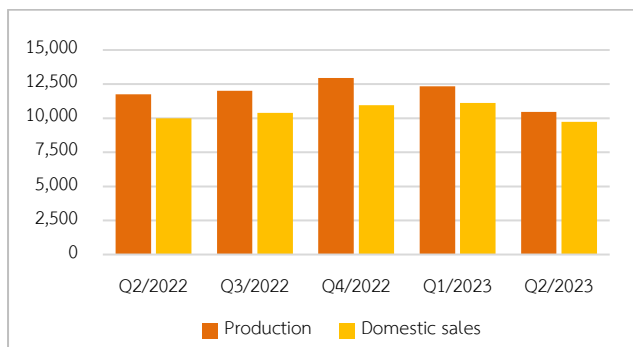
Wood and Wooden Furniture Industry Outlook for Q3/2023

In Q3/2023, the production and domestic sales of wooden furniture are expected to slow down from last year's high figure base and stable domestic consumer demand. Exports of wood and wooden products are expected to return to growth, especially products in the wood and wooden products groups, as demand increases.

Pharmaceutical Industry

In Q2/2023, pharmaceutical production volumes are likely to decrease. Meanwhile, domestic pharmaceutical sales are expected to remain stable compared to the same quarter last year. This trend is in line with the volume of orders and demand for medicines to treat diseases. Exports are forecasted to increase slightly.

Domestic Production and Sales (metric tons)



Source: The Office of Industrial Economics

Note: The survey data framework has been updated from 2022

Pharmaceutical Import-Export Value (Million USD)



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

Note: Import-Export database adjustment using HS3001, 3002, 3003, and 3004

Pharmaceutical production in Q2/2023 amounted to 10,460.06 metric tons, a decrease of 10.58 percent compared to the same quarter last year. This reduction is attributed to a contraction in the production of liquid, powder, injection, and tablet medicines, with decreases of 22.18, 18.79, 2.43, and 0.10 percent, respectively, due to decreased orders from pharmacies and hospitals that have adjusted downward.

Pharmaceutical sales in Q2/2023 amounted to 9,733.46 metric tons, a slight increase of 0.03 percent compared to the same quarter of the previous year. This increase is due to the expansion in the sales of cream, tablet, and capsule medicines, with increases of 18.28, 10.67, and 5.41 percent, respectively. Meanwhile, the distribution of powder, injection, and liquid medicines decreased by 17.95, 17.68, and 7.56 percent, respectively. The decrease was aligned with the demand for medicines for disease treatment.

Exports of pharmaceuticals in Q2/2023 amounted to 119.86 million USD, an increase of 1.18 percent compared to the same quarter of the previous year. This increase is driven by the growing demand in key markets such as Hong Kong, China, the US, and neighboring countries such as the Philippines and Laos.

Pharmaceutical imports in Q2/2023 amounted to 765.07 million USD, a decrease of 13.51 percent compared to the same quarter of the previous year. This decline was attributed, in part, to the evolving COVID-19 situation, which tended to be less severe.

Pharmaceutical Industry Outlook for Q3/2023

In Q3/2023, the production and domestic sales of pharmaceuticals are expected to grow compared to the same quarter last year, as demand for medicines to treat diseases such as influenza and dengue fever increases and to support epidemics during the rainy season. Exports are expected to grow from demand in key markets, especially the ASEAN and Asian markets such as China and Hong Kong.

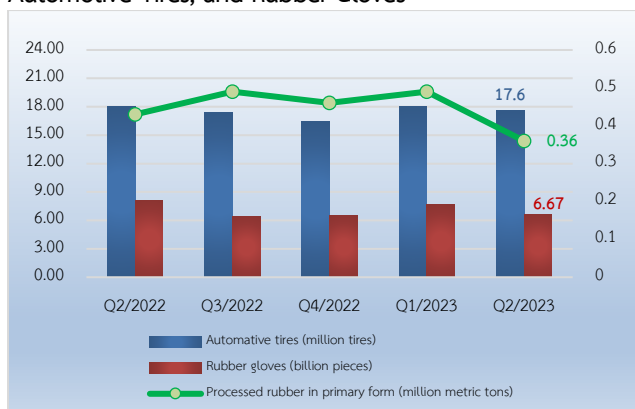
Government Policies Relevant to the Pharmaceuticals Industry

On June 29, 2023, the Ministry of Commerce has released Announcement No. 9 of 2023 from the Central Committee, regarding the determination of controlled goods and services. This announcement outlines 46 controlled goods and 5 controlled services, covering the categories of medicines and medical supplies related to disease treatment to take care of and prevent the determination of purchasing prices, selling prices or setting conditions, and unfair trade practices.

Rubber and Rubber Product Industry

In Q2/2023, the production of processed rubber in primary forms, automotive tires, and rubber gloves all experienced a decrease in quantity as the global market's demand decreased. The export value of processed rubber in primary forms declined due to a slowdown in markets such as Japan, South Korea, and Malaysia. Similarly, the export value of automotive tires and rubber gloves declined primarily due to reduced demand in the US market.

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

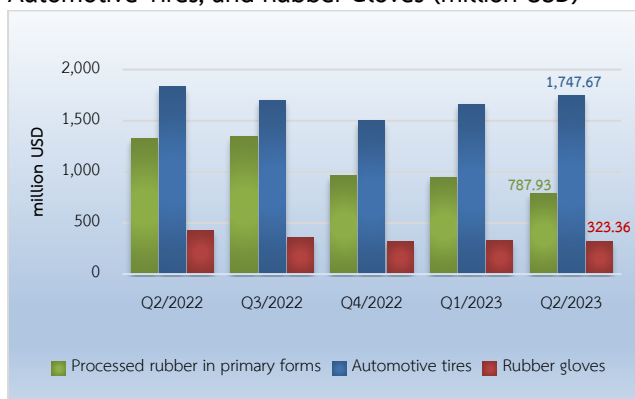


Source: The Office of Industrial Economics

Production of processed rubber in primary forms, automotive tires, and rubber gloves in Q2/2023 amounted to 0.36 million metric tons, 17.60 million pieces, and 6,666.34 million pieces, respectively. Compared to the same quarter last year, the production of processed rubber in primary forms decreased by 17.26 percent, mainly due to a decline in sheet rubber, block rubber and concentrated latex production. The production of automotive tires decreased by 2.45 percent due to reduced production of tires for pickup trucks, trucks and bus, and tractors. Additionally, the production of rubber gloves decreased by 17.40 percent due to decreased demand for rubber gloves in the global markets.

Sales of processed rubber in primary forms, automotive tires, and rubber gloves in Q2/2023 reached 0.10 million metric tons, 10.14 million tires, and 580.29 million pieces, respectively. Compared to the same quarter of the previous year, the sales of processed rubber in primary forms decreased in volume by 5.58 percent from the continuous decline of demand for sheet and block rubber in the downstream industry. The sales of automotive tires decreased by 9.11 percent, in line with the slowdown of the Replacement Equipment Manufacturing (REM) market. On the other hand, the domestic sales of rubber gloves increased by 1.32 percent from the growing demand for medical rubber gloves.

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 Q2/2023 were valued at 787.93, 1,747.67, and 323.36 million USD, respectively. Compared to the same quarter last year, the export of processed rubber in primary forms, automotive tires, and rubber gloves decreased by 39.88, 4.87, and 24.29 percent, respectively, as demand for these products in the global market has dropped.

Rubber and Rubber Products Industry Outlook for Q3/2023

In Q3/2023, the production of upstream processed rubber (rubber sheets, rubber blocks, and latex) will continue to slow down slightly with the declining demand for such products in the international market. The production volume of automobile tires and rubber gloves is expected to grow to meet the needs of both domestic and international markets. The production of rubber gloves is expected to return to growth after declining for four consecutive quarters.

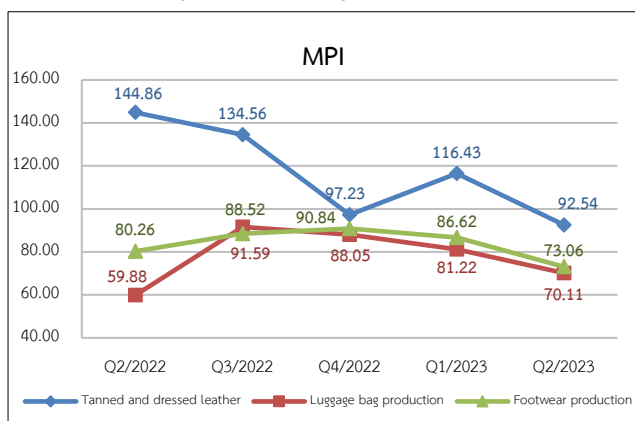
Government Policies Relevant to the Rubber and Rubber Products Industry

On June 14, 2023, the Rubber Authority of Thailand (RAOT), C.C.I.C.(Thailand) Co., Ltd., and the Association of Southeast Asian Nations Small and Medium Enterprises (SMEs ASEAN) signed a memorandum of understanding (MOU) for collaboration in the rubber and rubberwood industry to develop standard production systems and product certifications. This initiative aims to empower rubber plantation farmers, institutes, and rubber business operators in Thailand to manufacture and enhance the quality of rubber and rubberwood products in accordance with international standards.

Footwear and Leather Product Industry

In Q2/2023, compared to the same quarter of the previous year, there was a reduction in the production of tanned and finished leather and shoe manufacturing due to decreased exports. However, the production of luggage increased in exports and domestic sales following the return to normalcy, and many countries opened their countries to tourists to stimulate spending and bring the economy back to normal. However, the geopolitical conflicts that affect the economy around the world must be monitored.

Production, Exports, and Imports (MUSD)

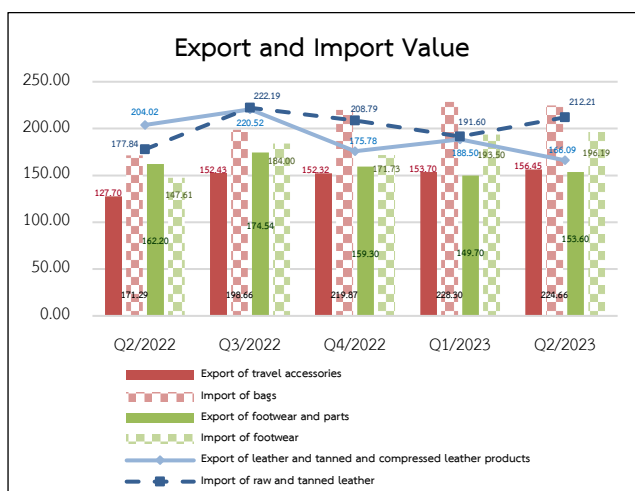


Production

In Q2/2023, the MPI of tanned and dressed tanned leather and the manufacturing of shoes decreased by 36.12 percent and 8.97 percent, respectively, compared to the same quarter last year. This decrease is attributed to reduced domestic sales and exports. On the other hand, the production of luggage saw a notable increase of 17.09 percent, driven by heightened domestic sales and exports.

Exports-Imports

In Q2/2023, compared to the same quarter of the previous year, the export value of leather products, tanned and bonded leather products, and shoes decreased by 22.33 and 5.15 percent, respectively. However, travel-related goods increased by 30.27 percent with an export value of 166.09 million USD. Key export markets for these products included the US, China, Switzerland, Japan, and Singapore. This rise was due to several countries easing restrictions and opening up, instilling confidence in travel among the population, which led to increased tourism spending.



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

In Q2/2023, imports of raw and tanned leather, shoes, and bags increased in value by 19.2, 32.91, and 31.66 percent, respectively, compared to the same quarter of the previous year. Key import markets were Italy, China, France, Spain, and Vietnam as a result of continuous government measures to relieve and stimulate spending to increase purchasing power for consumers in the country.

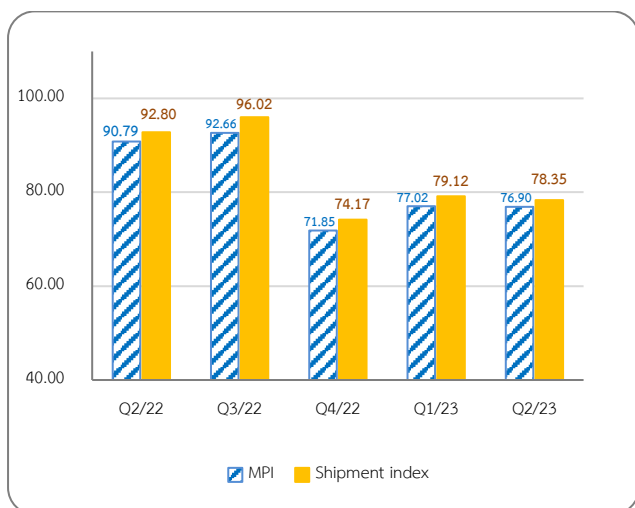
Footwear and Leather Production Industry Outlook for Q3/2023

In Q3/2023, the manufacturing of leather goods and shoes is anticipated to decrease compared to last year. The contraction is expected in all product groups due to the slowdown and decrease in exports, resulting from geopolitical conflicts, such as the Russian-Ukrainian conflict, and US-China tensions affecting the prices of energy, oil, and gas that remain volatile. The price increase impacts production costs. In addition, rising interest rates and higher inflation affect the purchasing power of people and economies around the world.

Gems and Jewelry Industry

In Q2/2023, the overall production and sales of gems and jewelry decreased compared to the same quarter of the previous year due to a slowdown in demand from trading partners from the fluctuations of the world economy, which impacted consumer spending. Factors that need to be monitored include the impact of energy prices in the Eurozone, high levels of inflation and interest rates, as well as increasingly intense geopolitical conflicts, which may result in a decrease in product exports and industrial production.

Production, Sales, and Exports



Production

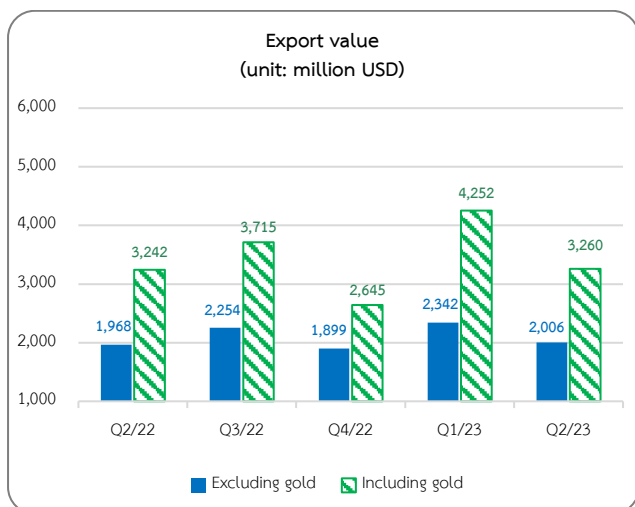
In Q2/2023, the overall production of gems and jewelry decreased by 15.30 percent compared to the same quarter of last year. The shrinkage was in all product groups. The production of diamonds, genuine jewelry, and artificial jewelry decreased by 3.22 percent, 14.36 percent, and 22.20 percent, respectively, due to a slowdown in demand from trading partners and fluctuations in the global economy, which affected consumer spending.

Sales

In Q2/2023, sales of gems and jewelry, when compared to the same quarter last year (%YoY), witnessed an overall decline of 15.57 percent across all product categories. Specifically, sales of diamonds, genuine jewelry, and imitation jewelry experienced reductions of 9.95, 14.97, and 21.57 percent, respectively. This downturn can be attributed to the escalating cost of living, prompting consumers to be more cautious on their spending.

Exports

In Q2/2023, gem and jewelry exports compared to last year's quarter (%YoY) reached a total export value of 2,006.22 million USD, an increase of 1.93 percent. This increase was primarily driven by a rise in gemstone exports, which grew by 79.78 percent. However, exports of diamonds, jewelry, and imitation jewelry experienced declines of 32.83, 2.57, and 14.37 percent, respectively. Considering the overall gem and jewelry exports, the total value amounted to 3,260.10 million USD, an increase of 0.57 percent, particularly in the US, India, Germany, the UK, and Belgium markets. On the other hand, the export of unwrought gold amounted to 1,253.88 million USD, a decrease of 1.53 percent in exports to Switzerland, Singapore, Hong Kong, Cambodia, and Laos.



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

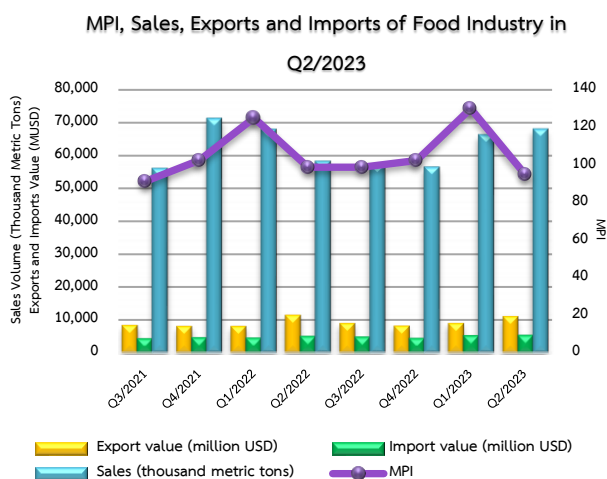
Gems and Jewelry Industry Outlook for Q3/2023

The overall production and export of gems and jewelry in Q3/2023 are expected to slow down due to shrinkage on demand from trading partners who continue to be pressured by the global economic slowdown. It is affected by energy prices in the Eurozone. Other factors also include high inflation and interest rates, including geopolitical conflicts that are becoming more intense. These factors may result in decreased export of products and industrial production. The consumption of gems and jewelry products in key markets around the world remains uncertain. However, there is growth in jewelry that can be worn in everyday life and products that are environmentally friendly that consumers have a preference for. There are also supporting factors from the tourism sector, gem and jewelry exhibitions, and the value of Thai Baht, which has depreciated, which will help boost the competitiveness of exporters and may be a factor pushing for increased exports and product production.

Food Industry

The MPI of the food industry in Q2/2023 decreased compared to the same period last year. This slowdown can be attributed to reduced activity in both the production and export sectors, influenced by a decline in global market demand. However, domestic consumption demand and the tourism sector are likely to continue to improve, including palm oil and sugar, which continue to expand.

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 Q2/2023 stood at 95.0, a decrease of 3.9 percent (%YoY) compared to the same quarter of the previous year. Notably, the decline in food product production was significant in several products, including cassava tubers (-32.8%). This decline resulted from continuous rainfall in the cultivation areas, which led to lower yield and starch content of cassava tubers, resulting in a reduced supply of these products in the market. Processed vegetables and fruits decreased by 16.1%, primarily due to a sharp drop in canned pineapple production (-44.3%). This reduction resulted from reduced consumer demand for these products, both domestically and internationally. Fishery products decreased by 5.8 percent, mainly from decline in canned tuna production (-20.0%). Nonetheless, the MPI of certain products continued to expand. For instance, palm oil production increased by 3.4 percent, mainly from refined palm oil, driven by higher demand in various industries and a greater overall supply of palm oil compared to the same period in the previous year. Sugar production expanded by 19.2 percent, including 43.8 percent growth in white sugar and 19.0 percent in refined white sugar. These increases were driven by rising demand in response to economic expansion, along with an increased sugarcane harvest compared to the previous year. The livestock industry grew by 1.6 percent, driven by an increase of 1.4 percent in the production of frozen and chilled chicken meat. This expansion was attributed to the rising demand in both domestic and international markets.

Domestic sales: In Q2/2023, sales volume amounted to 67,962.54 thousand metric tons, an increase of 8.5 percent (%YoY) compared to the same quarter last year. Among the products that showed an increase in domestic consumption were raw sugar, which increased by 43.6 percent, followed by refined palm oil, crude palm oil, and soft drink, which increased by 17.4 percent, 16.8 percent, and 27.8 percent, respectively.

Exports: In Q2/2023, exports were valued at 11,054.26 million USD, a decrease of 3.3 percent (%YoY) compared to the same quarter last year. This decrease can be attributed to significant products such as cassava products, as the volume of cassava entering the factories has reduced, and palm oil, due to the increased global production of palm oil, resulting in decreased demand for palm oil imports from Thailand. However, exports of some products remained growing, including sugar, with the primary markets being Indonesia and South Korea.

Imports: In Q2/2023, imports were valued at 5,238.6 million USD, a growth of 6.8 percent (%YoY) compared to the same quarter last year from importing oilseeds to be used as raw materials for oil production. The growth was due to higher oil demand, followed by oilseed meals and grains to support the animal feed industry.

Food Industry Outlook for Q3/2023

The overall MPI and export value are expected to contract compared to the same quarter of the previous year, as the economic conditions of trading partners are slowing down. However, the tourism sector still shows good signs, and the demand for imports from foreign markets for sugar is expected to increase.

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