

Report on the Industrial Economics Status

Q2/2024
and Outlook for Q3/2024



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Executive Summary

Summary of Thai Industrial Economic Status in Q2/2024

In Q2/2024, Thailand's industrial economy, when considered from the Manufacturing Production Index (MPI), stood at 94.76, down 0.24 percent compared to the same quarter of the previous year. The decline was slower compared to the last quarter, which was a result of the domestic economy. The high level of household debt limited domestic demand, affecting domestic purchasing power, as well as higher production and transportation costs. **The major industries that slowed down in Q2/2024** included **the automotive industry**, particularly pickup trucks, and compact cars, following the slowdown of the domestic market, high level of household debt, and stricter lending practices by financial institutions. **Electronic component and boards** contracted following the downturn of the electronic export market and the impact of rapidly changing technology in related industries, such as the automotive industry. **The production of concrete, cement, and plaster products** followed the slowdown of the real estate sector, along with government projects that started later compared to the same period last year due to delayed budgets. On the other hand, **the industries that expanded in Q2/2024** included **palm oil**, mainly from crude palm oil and refined palm oil, following a large number of palm fruits, both naturally ripe and sun-ripened. **Prepared animal feed** grew from processed pet food, chicken feed, and pig feed, grew as a result of an expanding international customer base. **Other general machinery**, such as air conditioners as the main product, grew in line with the increasing demand from the higher temperatures globally. This growth was further supported by manufacturers enhancing product quality to better meet consumer needs.

Key Industries Outlook for Q3/2024

 **Iron and Steel:** The production is expected to be stable compared to the same period last year. Important issues to monitor include the volume of steel imports from abroad, the implementation of foreign economic and trade policies, such as the U.S. tariff wall on Chinese products, and the implementation of various government construction projects that have resumed operations in line with government budget disbursements. These factors will affect Thai steel production and consumption.

 **Electrical Appliances:** The MPI is expected to grow by approximately 15.4 percent due to the demand for new innovative products from technology developments such as air conditioners, refrigerators, and smart electronics products, including the growing trend of Smart Cities. Meanwhile, the export value is expected to decrease slightly by 0.7 percent due to the uncertain global economy and the overcapacity situation in China, which must be monitored and may affect market share and the search for new distribution sources for entrepreneurs.

↓ Electronics: The MPI is expected to decline by approximately 4.1 percent due to higher production costs and uncertainties in the global economy and trading partners such as China and the USA. The export value is expected to continue growing by approximately 13.5 percent because of international market demand for products such as smartphones, computers, and electronic components. Another issue that needs to be closely monitored is China's overcapacity situation, which may affect global market mechanisms and retaliation from major trading partners such as the EU and the USA, which must closely monitor the situation, including investment promotion in the domestic upstream electronics industry.

↑ Automobiles: According to forecasts by the Office of Industrial Economics, automobile production in Q3/2024 is estimated to exceed 400,000 units, a slight increase from Q2/2024. This is expected due to the potential government support measures. Of the total production, 40-45 percent is projected for domestic sales, while around 55-60 percent will be produced for export.

↑ Motorcycles: According to forecasts by the Office of Industrial Economics, motorcycle production in Q3/2024 is estimated to exceed 500,000 units, a slight increase from Q2/2024. This is expected due to the potential government support measures. Of the total production, 80-85 percent is projected for domestic sales, while around 15-20 percent will be produced for export.

↑ Pulp, Paper, and Printing materials: Pulp, paper, and products used in packaging production are expected to increase in order to meet domestic demand and will grow across the entire supply chain. Pulp exports to China, a major export market, have been steadily increasing since the beginning of the year. However, the book and printed media segment is expected to decline due to reduced demand in key import markets such as Hong Kong and the USA.

↑ Wood and Furniture: The production of wooden furniture is expected to increase in volume, mainly to meet the demand of foreign markets, while the domestic sales of wooden furniture will decrease due to slowing demand. Wood and wood product exports are expected to continue growing due to the rising demand for products in the wood and wood panel products group from Q1/2023.

↑ Rubber and Rubber Products: The production volume of processed rubber in primary forms (rubber sheets, rubber blocks, and concentrated latex), tires, and rubber gloves is expected to increase. Processed rubber in primary forms and rubber gloves are projected to grow due to increasing demand in both domestic and international markets. Meanwhile, the production of tires will primarily expand to meet the demand in the domestic REM (Replacement Equipment Manufacturing) market.

↓ Gems and Jewelry: The industry is expected to slow down slightly as consumers are concerned about the economic slowdown. Energy and raw material prices are rising, increasing production costs and causing consumers to delay spending. However, it is still necessary to monitor the economic situation both domestically and internationally, which will affect the global economic recovery and the purchasing power of domestic consumers.

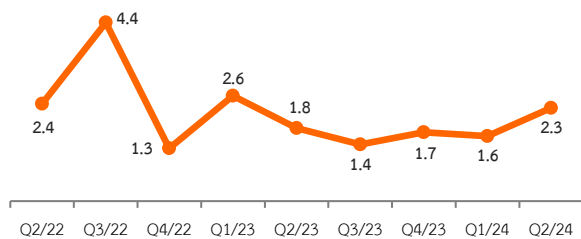
↓ Food: The overall MPI and export value are expected to contract compared to the same quarter of the previous year, due to the economic slowdown in trading partner countries. However, the global economic situation, which remains sluggish, and unresolved geopolitical conflicts will continue to be closely monitored.

Part 1 Thailand Economic and Industrial Overview for Q2/2024

Thailand's Economic and Industrial Overview for Q2/2024

GDP

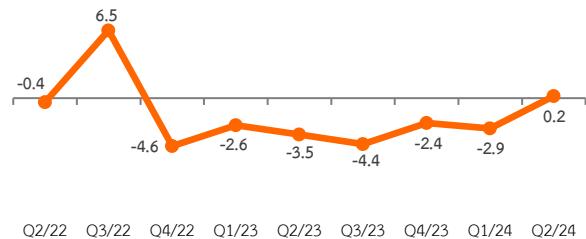
increased by 2.3 percent (%YoY)



Source: Office of the National Economic and Social Development Council

Industrial sector GDP

increased by 0.2 percent (%YoY)



Source: Office of the National Economic and Social Development Council

The Gross Domestic Product (GDP) in Q2/2024 expanded by 2.3 percent, showing an increase from the previous quarter's expansion of 1.6 percent and 1.8 percent compared to the same period last year (2023).

The industrial sector's GDP increased by 0.2 percent in Q2/2024, a further increase from the previous quarter's contraction of 2.9 percent and a further increase compared to the same period last year (2023), which contracted by 3.5 percent.

Key factors of GDP growth



Agricultural production decreased by 1.1%.



Industrial production increased by 0.2%.



The service sector increased by 3.1%.



Private consumption and expenditure increased by 4.0%.



Total investment decreased by 6.2%.



Exports of goods and services increased by 4.8%.

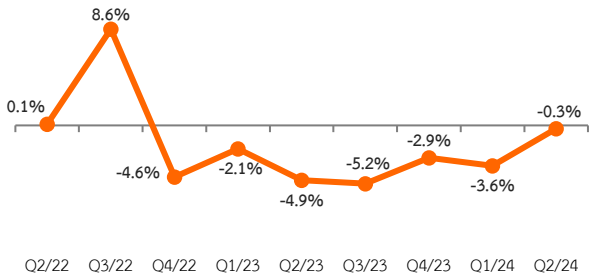
In Q2/2024, the industrial sector's gross output grew by 0.2 percent, marking its first expansion in six quarters. This growth was mainly driven by production for domestic consumption, including the production of palm oil, prepared animal feed, and air conditioners.

In Q2/2024, agricultural production contracted by 1.1 percent, industrial production increased by 0.2 percent, and the service sector expanded by 3.1 percent. Private consumption expenditure expanded by 4.0 percent, total investment contracted by 6.2 percent, but exports of goods and services expanded by 4.8 percent.

Key Industrial Index

Manufacturing Production Index

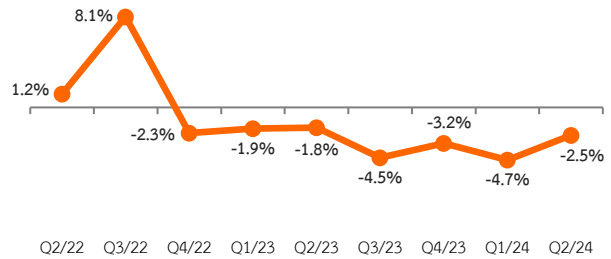
decreased by 0.3 percent (%YoY)



Source: The Office of Industrial Economics

Shipment Index

decreased by 2.5 percent (%YoY)



Source: The Office of Industrial Economics

In Q2/2024, the Manufacturing Production Index (MPI) stood at 94.74, a decrease of 6.1 percent from the previous quarter (100.93) and a decrease of 0.3 percent from the same quarter of 2023 (94.99).

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

Industries contributing to the decrease of the MPI from the same quarter last year were the manufacture of automobiles, electronic components and boards, and articles of concrete, cement and plaster.

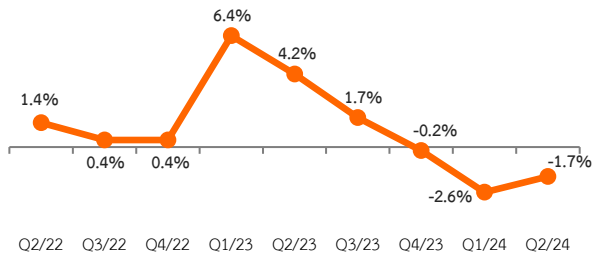
In Q2/2024, the Shipment Index stood at 96.92, a decrease of 2.2 percent from the previous quarter (99.13) and a decrease of 2.5 percent from the same quarter of 2023 (97.94).

Industries contributing to the decrease in the Shipment Index from the previous quarter were the manufacture of automobiles, other rubber products, and sugar.

Industries contributing to the decrease of the shipment index from the same quarter last year were the manufacture of tobacco products, automobiles, and electronic components and boards.

Finished Goods Inventory Index

increased by 1.7 percent. (%YoY)



Source: The Office of Industrial Economics

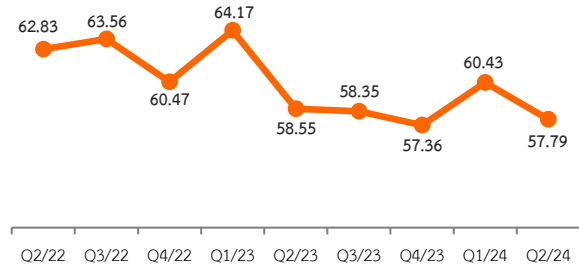
In Q2/2024, the finished goods inventory index stood at 103.93, a decrease of 1.0 percent from the previous quarter (104.93) and a decrease of 1.7 percent from the same quarter of 2023 (105.77).

Industries that contributing to the decrease of finished goods inventory index from the previous quarter were the manufacture of automobiles, sugar, non-alcoholic beverage, and mineral waters and other bottled waters.

Industries contributing to the decrease of the finished goods inventory index from the same quarter last year (2023) were the manufacture of plastic articles for the packing of goods, automobiles, and computers and peripheral equipment.

Capacity Utilization Rate

stood at 57.79 percent.



Source: The Office of Industrial Economics

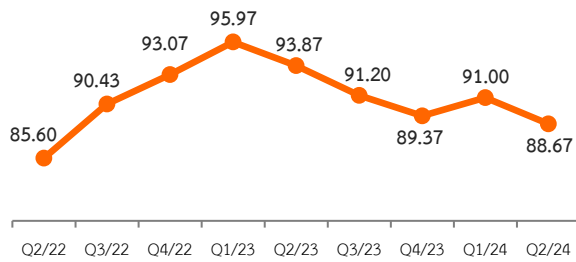
In Q2/2024, the capacity utilization rate stood at 57.79 percent, decreasing from the previous quarter (60.43%) and decreasing from the same quarter of 2023 (58.55%).

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

Industries that contributed to the decrease of capacity utilization rate from the same quarter last year were the manufacture of automobiles, electronic components and boards, and manufacture of medical and dental instruments and supplies.

Industrial Sentiment Index

in Q2 stood at 88.67.



Source: The Federation of Thai Industries

In Q2/2024, the industry sentiment index was 88.67, decreasing from last quarter (91.00) and decreasing from the same quarter last year (93.87). Meanwhile, the three-month forecast for the sentiment index was at 95.80, decreasing from the same quarter of 2023 (103.80).

The decline in industrial confidence during Q2/2024 was influenced by domestic risk factors such as the high cost of living and elevated household debt, which led consumers to be more cautious with their spending. Additionally, businesses, particularly SMEs, were concerned about the increase in minimum wages. Many SMEs faced liquidity issues, lacked sufficient cash flow, and found it increasingly difficult to access credit. However, external factors showed signs of improvement, particularly in food exports, driven by global food shortages and climate changes, such as drought. Furthermore, the implementation of the Free Visa policy for tourists from China, India, and Taiwan contributed to an increase in the number of tourists visiting Thailand.

Thailand's International Trade

“Thailand’s international trade in Q2/2024 grew by 3.25 percent (%YoY), continuing to grow from the previous quarter”, following the recovery of the manufacturing and service sectors of major economies such as the USA and China, resulting in the value of merchandise exports of various countries expanding at a good rate. This was coupled with a downward trend in inflation, resulting in most major central banks easing monetary policies more gradually.

Thailand’s international trade in Q2/2024 reached a total value of 149,356.84 million USD, with exports valued at 74,294.66 million USD, increasing by 4.34 percent (%YoY) compared to the same period last year, and imports valued at 75,062.18 million USD, expanding by 2.19 percent (%YoY) compared to the same period last year. The trade balance in Q2/2024 was in a deficit balance of 767.52 million USD.

Export Structure

Value and growth rate of exports

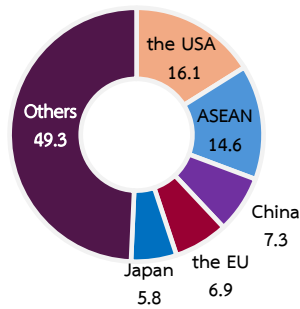


Source: Ministry of Commerce

In Q2/2024, Thailand’s exports were valued at 74,294.66 million USD, an increase of 4.34 percent compared to the same period last year (%YoY). The key product categories saw the following changes: Agricultural products reached an export value of 8,681.55 million USD, an increase of 8.28 percent (%YoY). Agro-industrial products reached an export value of 5,957.75 million USD, an increase of 2.41 percent (%YoY). Industrial goods reached an export value of 56,891.54 million USD, an increase of 4.29 percent (%YoY). Mineral and fuel products showed an export value of 2,763.82 million USD, a decrease of 1.87 percent (%YoY).

Export Markets

Export proportions (%)



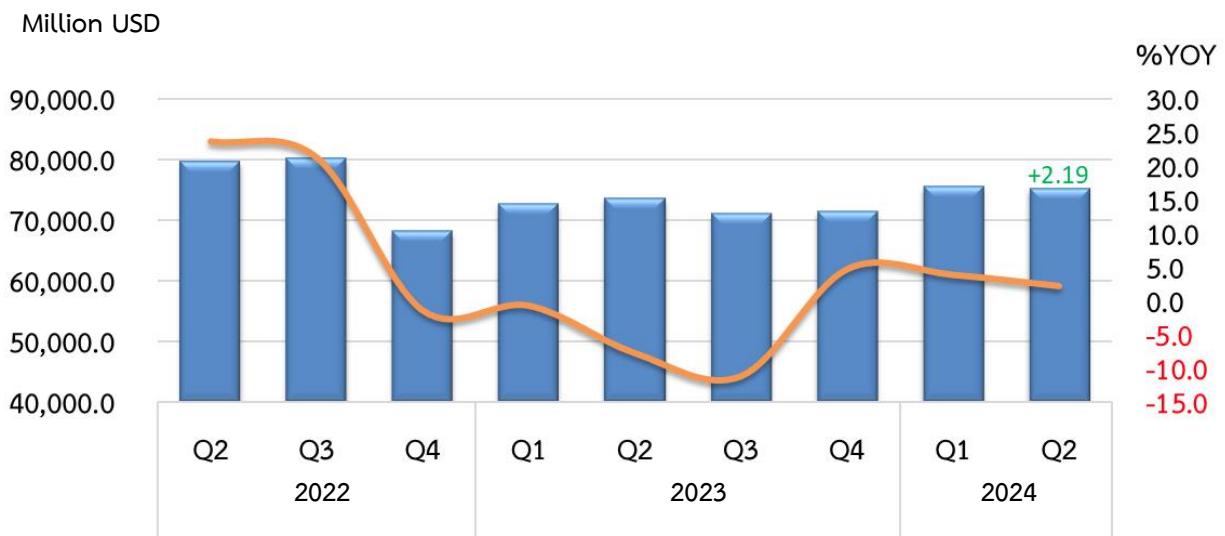
In Q2/2024, Thailand's proportion of exports to five major trading partners, including the USA, ASEAN, the EU (27 countries), China, and Japan accounted for 50.70 percent of total exports and exports to other markets accounted for 49.30 percent of total exports. The details are as follows:

Source: Ministry of Commerce

- The proportion of export value to the USA, ASEAN, China, the EU (27 countries), and Japan were 16.10 percent, 14.60 percent, 7.30 percent, 6.90 percent, and 5.80 percent, respectively.
- Thailand's export value was 74,294.66 million USD, an increase of 4.34 percent compared to the same period last year (%YoY). Among the major trading partners, exports to China experienced the most significant expansion (6.68%), followed by the EU (27 countries) (5.22%) and ASEAN (9) (0.49%). However, exports decreased in Japan (-8.60%)

Import Structure

Value and growth rate of imports



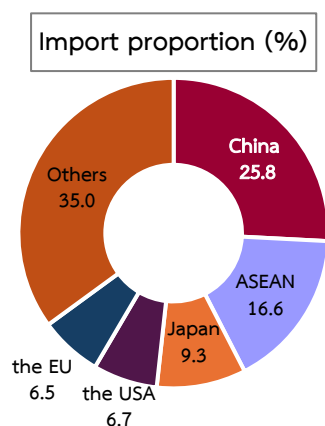
Source: Ministry of Commerce

■ Import value (million USD)

— Growth rate (%YoY)

In Q2/2024, Thailand's goods imports were valued at 75,062.18 million USD, an increase of 2.19 percent compared to the same period last year (%YoY). The changes in key imported products were as follows: Fuel products reached an import value of 12,865.44 million USD, a decrease of 6.69 percent (%YoY). Capital goods reached an import value of 17,862.49 million USD, an increase of 1.85 percent (%YoY). Raw materials and semi-finished products reached an import value of 32,323.89 million USD, an increase of 8.97 percent (%YoY). Consumer goods reached an import value of 8,137.05 million USD, an increase of 3.71 percent (%YoY). Vehicles and transportation equipment reached an import value of 2,874.96 million USD, a decrease of 21.77 percent (%YoY). Weapons, military supplies, and other goods reached an import value of 998.34 million USD, an increase of 6.06 percent (%YoY).

Import markets



In Q2/2024, Thailand's proportion of imports from five major trading partners, including China, ASEAN, Japan, the USA, and the EU (27 countries) accounted for 64.90 percent of total imports, and imports from other markets accounted for 35.10 percent of total imports, with details as follows.

Source: Ministry of Commerce

- The proportion of Thailand's imports from China, ASEAN, Japan, the USA, and the EU (27 countries) were 25.80 percent, 16.60 percent, 9.30 percent, 6.70 percent, and 6.50 percent, respectively.
- Thailand's imports value was 75,062.18 million USD, an increase of 2.19 percent compared to the same period last year (%YoY). Among the major trading partners, imports from China experienced the most significant expansion (10.00%), followed by ASEAN (4.50%) and the USA (1.78%). However, imports from the EU (27 countries) experienced the highest decrease of 9.92 percent, followed by Japan, which experienced a decrease of 9.24 percent.

Global Economy in Q2/2024

In Q2/2024, the global economy continued to grow from the previous quarter, driven by the recovery in the manufacturing and service sectors of major economies like the USA and China. As a result, the value of merchandise exports to various countries expanded at a good rate. This was supported by a downward trend in inflation; as a result, most major central banks gradually eased monetary policies. However, it is still necessary to monitor various pressures, such as geopolitical conflicts, and the Chinese economy, the world's second-largest, experienced a slower growth rate than expected due to a slowdown in domestic investment.

Summary of Key Economic Indicators in Q2/2024

Quarterly Growth (%YoY)

	GDP	Inflation	MPI	Export	Unemployment Rate	Policy Rate
the USA	↑ 3.1	↑ 3.2	↑ 0.4	↑ 3.8	3.8	5.25 - 5.50
China	↑ 4.7	↑ 0.3	↑ 5.9	↑ 5.8	5.0	3.45
Japan	↓ -0.8	↑ 2.7	↓ -3.0	↓ -4.2	2.7	0.10
Malaysia	↑ 5.9	↑ 1.9	↑ 4.5	↑ 1.2	3.3	3.0
Vietnam	↑ 6.9	↑ 4.4	↑ 8.7	↑ 12.2	2.3	3.0
Thailand	↑ 2.3	↑ 0.8	↓ -0.3	↑ 4.5	N.A.	2.5

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

In Q2/2024, crude oil prices in the world market increased from the same period last year and the previous quarter. This was due to (1) The intensification of geopolitical conflicts, especially in the Middle East. (2) The extension of the OPEC+ production cut until the end of 2025. (3) The USA crude oil reserves decreased compared to the same period last year. However, the oil price trend in 2024 remains volatile and uncertain. The US Energy Information Administration (EIA) expects that oil demand will exceed production in late 2023 and continue into 2024, putting pressure on oil prices in 2024 to be high.

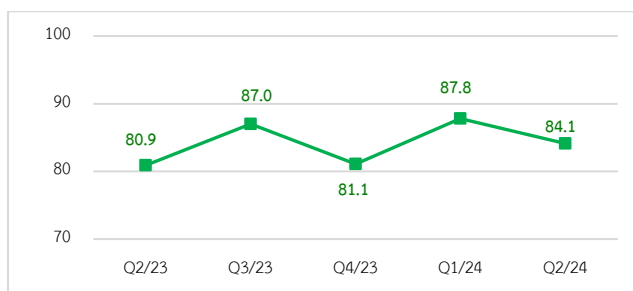
The global economy is projected to grow in 2024 at a rate that is close to the previous year, but still below the 10-year average before the onset of COVID-19. This growth is expected to be dampened by several factors, including the continued decline in private investment in major economies like the USA and a slowdown in domestic investment in the Chinese economy, particularly in the real estate sector. Furthermore, the recovery of global trade is likely to be slower than anticipated, primarily due to geopolitical tensions, the ongoing trade war, and the potential escalation of trade retaliation measures between the USA and China.

Part 2 Thai Industrial Economic Sectors in Q2/2024
and the Outlook for Q3/2024

Iron and Steel Industry

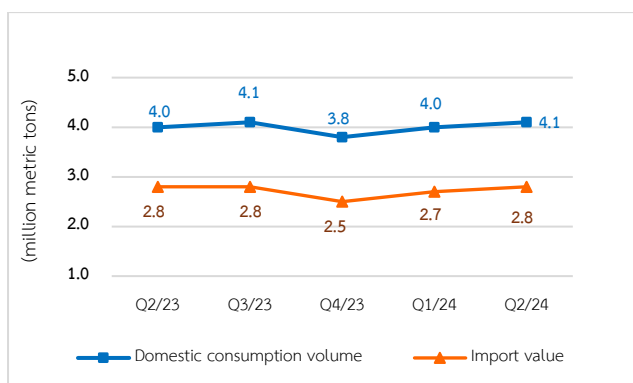
The iron industry's MPI in Q2/2024 grew compared to the same period in 2023, driven by increased production of steel products such as deformed bars, wire rods, and steel pipes. Domestic consumption of steel also expanded, with higher demand for products like wire rods, hot-rolled plates, hot-rolled sheets, and Chromium-coated 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 Q2/2024, the industrial production index was 84.1, an increase of 4.0 percent (%YoY) from the same quarter last year but a decrease of 4.2 percent (%QoQ) compared to the previous quarter. The production of long products, compared to the same quarter last year, increased by 6.1 percent. The product with the highest increased production was deformed bars (13.4%), followed by wire rods (9.0%), cold-rolled structural steel sections (8.7%), and steel pipes (8.1%). The production of flat products decreased by 1.8 percent, with the highest decrease in galvanized sheets (-28.9%) and cold-rolled sheets (-19.3%).

Domestic steel consumption in Q2/2024 reached 4.1 million metric tons, expanding by 3.1 percent (%YoY) and 3.4 percent (%QoQ). Compared to the same quarter of the previous year, consumption grew in both long and flat products. Long product consumption increased by 0.2 percent, driven by wire rod demand, while flat product consumption rose by 4.9 percent, supported by increased consumption of hot-rolled plates, galvanized sheets, and chromium-coated sheets.

Imports in Q2/2024 reached the volume of 2.8 million metric tons, contracting by 0.02 percent (%YoY) from the same quarter last year but increasing from the previous quarter by 2.2 percent (%QoQ). Compared to the same quarter last year, imports of long products contracted by 0.7 percent. The product with the largest decrease in imports was alloy steel rebar, which contracted by 30.9 percent (the main countries from which Thailand decreased imports were Japan and China). Following this were seamless steel pipes and carbon steel rebars, which contracted by 25.6 percent and 14.4 percent, respectively. However, imports of flat products expanded by 0.2 percent, with the largest increase in imports being cold-rolled structural steel sections, which increased by 250.2 percent (the main countries from which Thailand increased imports were China and India). This was followed by hot-rolled carbon steel plates and hot dip galvanized sheets, which increased by 198.6 percent and 40.9 percent, respectively.

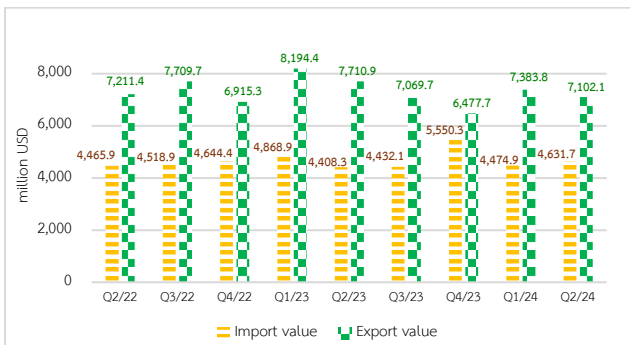
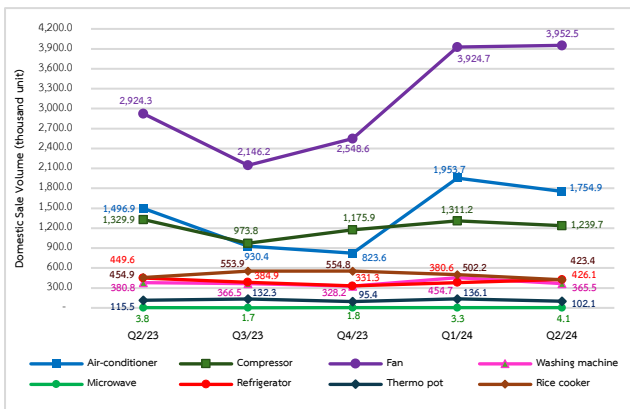
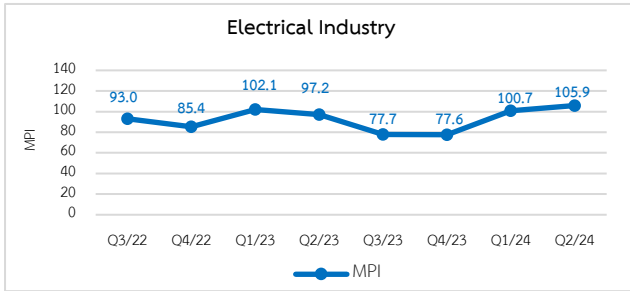
Iron and Steel Industry Outlook for Q3/2024

In Q3/2024, the production is expected to be stable compared to the same period last year. Important issues to monitor include the volume of steel imports from abroad, the implementation of foreign economic and trade policies, such as the U.S. tariff wall on Chinese products, and the implementation of various government construction projects that have resumed operations in line with government budget disbursements. These factors will affect Thai steel production and consumption.

Electrical appliance Industry

In Q2/2024, the production of electrical appliances increased by 9.0 percent compared to the same quarter of the previous year. This growth was driven by rising global demand and higher domestic sales, mainly due to the expansion of electrical wiring and electric motors following infrastructure development in the country. Products that increased in production were electrical wires, transformers, electric motors, washing machines, fans, air conditioners, and refrigerators. However, exports declined in markets such as Europe, Japan, China, the USA, and ASEAN.

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

Production of electrical appliances in Q2/2024, the MPI for electrical appliances stood at 105.9, an increase of 5.2 percent (%QoQ) and 9.0 percent (%YoY). The products with significant growth included electrical wires (58.8%), transformers (25.5%), electric motors (18.5%), washing machines (18.3%), fans (16.0%), air conditioners (13.9%), and refrigerators (10.3%). This growth was driven by increased global demand and higher domestic sales, particularly for electrical wires and motors, which benefited from infrastructure development in the country. On the other hand, some electrical products experienced a decline, including thermo pots (-18.1%), microwave ovens (-13.3%), compressors (-10.7%), rice cookers (-7.9%), and cables (-1.5%) due to reduced demand and orders from overseas markets.

Domestic sales in Q2/2024, the products that increased in demand compared to the same period last year were fans (35.2%), air conditioners (17.2%), and microwave ovens (6.0%). However, sales of thermo pots, rice cookers, compressors, refrigerators, and washing machines declined by 11.6 percent, 6.9 percent, 6.8 percent, 5.2 percent, and 4.0 percent, respectively.

Imports of electrical appliances in Q2/2024 totaled 4,631.7 million USD, an increase of 3.5 percent from the previous quarter (%QoQ) and 5.1 percent from the same quarter last year (%YoY). The main products with increased imports were air conditioners (65.1%), fans (22.4%), electric motors (6.9%), electrical wires (2.9%), and refrigerators (2.8%).

Exports of electrical appliances in Q2/2024 amounted to 7,102.1 million USD, a decrease of 3.8 percent from the previous quarter (%QoQ) and 7.9 percent from the same quarter last year (%YoY). Exports to key markets, including Europe, Japan, China, the USA, and ASEAN, fell by 15.0 percent, 9.5 percent, 8.5 percent, 7.4 percent, and 3.1 percent, respectively. The products with the largest declines in exports were rice cookers (-37.4%), microwave ovens (-17.3%), compressors (-10.3%), electrical wires (-7.8%), and transformers (-3.7%), driven by the global economic slowdown.

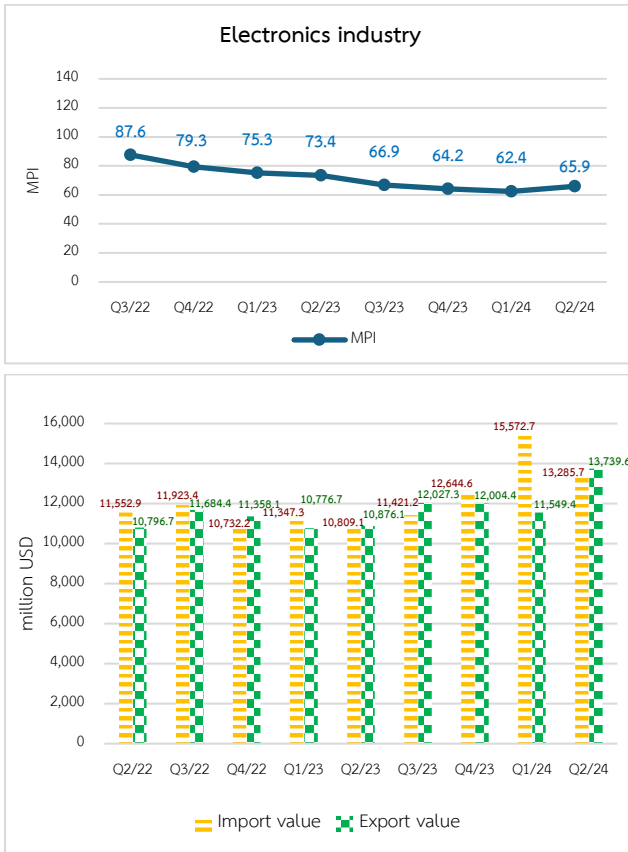
Electrical Appliance Industry Outlook for Q3/2024

In Q3/2024, the MPI of electrical appliance industry is expected to grow by approximately 15.4 percent due to the demand for new innovative products from technology developments such as air conditioners, refrigerators, and smart electronics products, including the growing trend of Smart Cities. Meanwhile, the export value is expected to decrease slightly by 0.7 percent due to the uncertain global economy and the overcapacity situation in China, which must be monitored and may affect market share and the search for new distribution sources for entrepreneurs.

Electronics Industry

In Q2/2024, electronic product production decreased by 10.2 percent compared to the same quarter of the previous year due to a slowdown in the global market for high-tech products. Items with reduced production included integrated circuits (ICs), printed circuit board assemblies (PCBAs), semiconductor devices (transistors), and printed wiring boards (PWBs). However, exports increased in key markets such as Europe, the USA, China, and Japan.

MPI, Import and Export Value of Electronics



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

Electronics product production: In Q2/2024, the MPI was 65.9, an increase of 5.7 percent from the previous quarter (%QoQ) but a decrease of 10.2 percent from the same quarter last year (%YoY). The electronics products that declined in production included integrated circuits (ICs), printed circuit board assemblies (PCBAs), semiconductor devices (transistors), and printed wiring boards (PWBs), which decreased by 22.8 percent, 16.1 percent, 15.8 percent, and 3.3 percent, respectively. This decline was driven by the global slowdown in demand for high-tech products like ICs and PCBAs. However, production of some electronics products increased, such as printers (22.2%) and hard disk drives (HDDs) (2.8%), with the demand for printers growing due to advancements in printing technology and diverse consumer needs, and the demand for HDDs driven by ongoing growth in Data Centers.

Imports of electronics products: In Q2/2024, the import value of electronic products was 13,739.6 million USD, a decrease of 11.8 percent from the previous quarter (%QoQ) but an increase of 27.1 percent from the same quarter last year (%YoY). Key products with increased imports were printed circuits, integrated circuits, semiconductor devices, and printers, copiers, and components, which grew by 54.2 percent, 30.6 percent, 14.8 percent, and 9.1 percent, respectively.

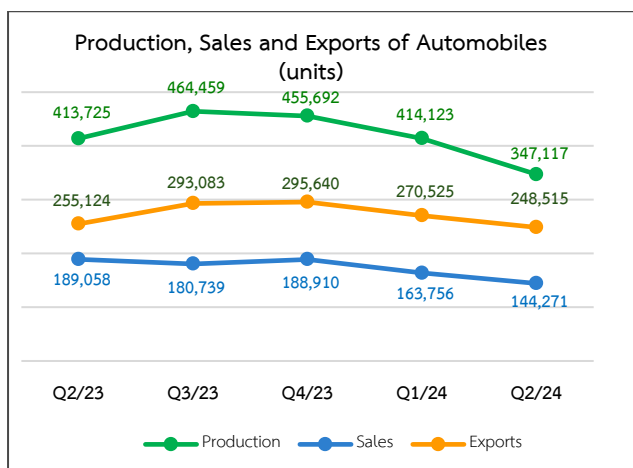
Exports of electronics products: In Q2/2024, the export value of electronic goods was 13,285.7 million USD, an increase of 15.0 percent from the previous quarter (%QoQ) and 22.2 percent from the same quarter last year (%YoY). Exports to Europe, the USA, China, and Japan increased by 39.1 percent, 35.8 percent, 26.8 percent, and 7.7 percent, respectively. Key products with increased exports were HDDs (41.8%), semiconductor devices (11.6%), printers and copiers (6.8%), and printed circuits (0.7%). The demand for HDDs was especially strong due to the growth in data centers, the increased need for large-scale data storage, and advancements in new technologies.

Electronics Industry Outlook for Q3/2024

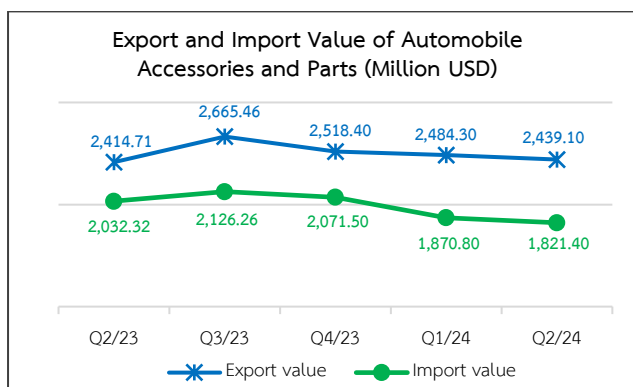
In Q3/2024, the MPI of electronics industry is projected to decline by approximately 4.1 percent due to higher production costs and uncertainties in the global economy and trading partners such as China and the USA. The export value is expected to continue growing by approximately 13.5 percent because of international market demand for products such as smartphones, computers, and electronic components. Another issue that needs to be closely monitored is China's overcapacity situation, which may affect global market mechanisms and retaliation from major trading partners such as the EU and the USA, which must closely monitor the situation, including investment promotion in the domestic upstream electronics industry.

Automobile and Automotive Parts Industry

In Q2/2024, the production volume of automobiles decreased compared to the same period the previous year. This decline was primarily in the domestic market, attributed to the stringent loan approval process by financial institutions. In terms of export markets, there was a slight decrease in total exports for passenger cars and one-ton pickups, but an increase was observed for PPVs.



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 Q3/2024

According to forecasts by the Office of Industrial Economics, automobile production in Q3/2024 is estimated to exceed 400,000 units, a slight increase from Q2/2024. This is expected due to the potential government support measures. Of the total production, 40-45 percent is projected for domestic sales, while around 55-60 percent will be produced for export.

Automobile production in Q2/2024 amounted to 347,117 units, a 16.18 percent decline from Q1/2024 (%QoQ) and a 16.10 percent drop compared to the same quarter of the previous year (%YoY). This decrease was primarily due to a reduction in domestic production. The production consisted of passenger cars (36%), one-ton pickups and derivatives (62%), and other commercial vehicles (1%).

Domestic sales of automobiles in Q2/2024 amounted to 144,271 units, a decrease of 11.90 percent from Q1/2024 (%QoQ) and 23.69 percent from the same quarter of the previous year (%YoY). The decline was attributed to stricter loan approvals by financial institutions and a slowdown in the domestic economy. The sales breakdown was passenger cars (37%), one-ton pickups and derivatives (58%), and other commercial vehicles (5%).

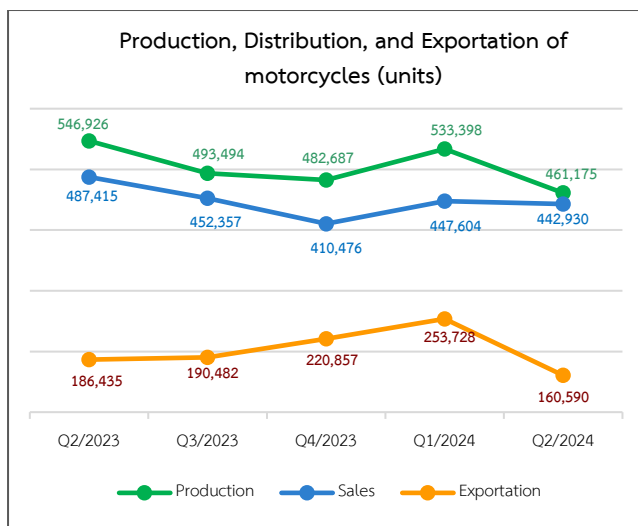
Automobile exports in Q2/2024 reached 248,515 units, a decrease of 8.14 percent from Q1/2024 (%QoQ) and 2.59 percent from the same quarter of the previous year (%YoY). The export proportion included passenger cars (28%), one-ton pickups (59%), and PPVs (13%).

Export value of automotive parts and accessories in Q2/2024 was 2,439.10 million USD, a decrease of 1.82 percent from Q1/2024 but an increase of 1 percent from the same quarter of the previous year. Key export markets included the USA, Japan, Malaysia, and South Africa.

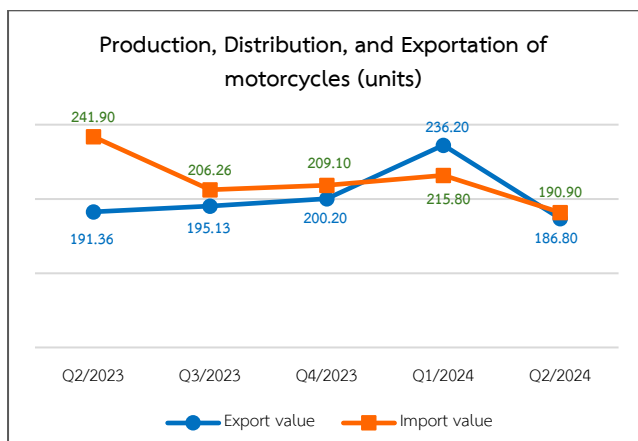
Import value of automotive parts and accessories in Q2/2024 was 1,821.40 million USD, down 2.64 percent from Q1/2024 and 10.38 percent from the same period last year. The major import markets were Japan, China, and the USA.

Motorcycle and Part Industry

In the second quarter of 2024, the production volume of motorcycles decreased compared to the same period the previous year. This decline was primarily in the domestic market, attributed to the stringent loan approval process by financial institutions. In terms of export markets, there was a slight decrease in total exports for passenger cars and one-ton pickups, but an increase was observed for PPVs.



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 Q2/2024 reached 461,175 units, a decrease of 13.54 percent from Q1/2024 (%QoQ) and 15.68 percent from the same quarter of the previous year (%YoY). This decline was driven by a reduction in the production of multipurpose motorcycles and sport motorcycles.

Domestic sales of motorcycles in Q2/2024 reached 442,930 units, a decrease of 1.04 percent from Q1/2024 (%QoQ) and 9.13 percent from the same period last year (%YoY). The decline was primarily in the motorcycle segment, with engines smaller than 125 cc.

Motorcycle exports in Q2/2024 amounted to 160,590 units, comprising 84,355 completely built units (CBUs) and 76,235 completely knocked-down kits (CKDs). Exports dropped by 36.71 percent from Q1/2024 (%QoQ) and 13.86 percent (%YoY) compared to the same quarter of the previous year.

Export value of motorcycle parts in Q2/2024 was 186.80 million USD, down by 26.45 percent from Q1/2024 (%QoQ) and 2.38 percent from the same period last year (%YoY). Key export markets for motorcycle components included Cambodia, Brazil, Japan, and Indonesia.

Import value of motorcycles parts and accessories in Q2/2024 was 190.90 million USD, a decrease of 13.04 percent from Q1/2024 (%QoQ) and 21.08 percent from the same quarter of the previous year (%YoY). Major import markets for these components were the USA, China, Japan, and Vietnam.

Motorcycle Industry Outlook for Q3/2024

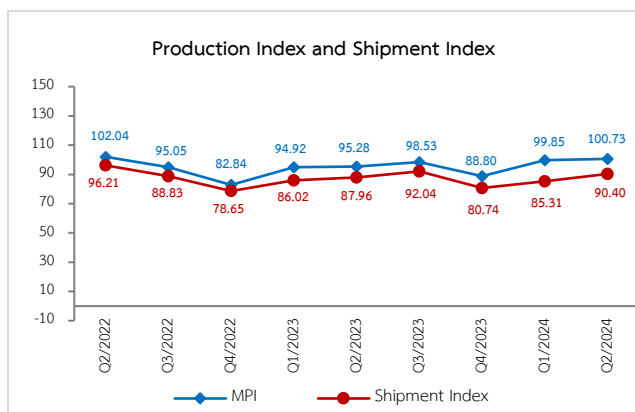
According to forecasts by the Office of Industrial Economics, motorcycle production in Q3/2024 is estimated to exceed 500,000 units, a slight increase from Q2/2024. This is expected due to the potential government support measures. Of the total production, 80-85 percent is projected for domestic sales, while around 15-20 percent will be produced for export.

Chemical Industry

In Q2/2024, the chemical industry is expected to increase in production, driven by growing domestic consumer demand for certain chemical products compared to the same period last year. However, exports have slowed down, particularly in key markets such as Japan, China, and Vietnam.

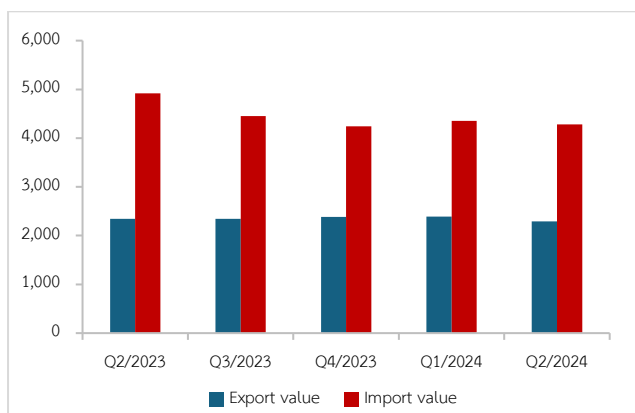
Marketing and sales

MPI and Shipment Index



Source: The Office of Industrial Economics

Export and import value of chemicals products (Million USD)



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

Chemical Industry Outlook for Q3/2024

In Q3/2024, chemical exports and imports are expected to contract compared to the same period last year. This is due to the anticipated rise in crude oil prices, which will increase production costs. However, production is expected to expand, driven by increased domestic consumer demand and rising demand for certain chemical products from key markets such as India, China, Vietnam, and Indonesia.

Manufacturing Production Index in Q2/2024 increased by 0.89 percent compared to the previous quarter (%QoQ) and by 5.72 percent compared to the same quarter last year (%YoY). Products contributing to this growth included talcum, chemical fertilizers, and fabric softeners.

Shipment Index in Q2/2024 grew by 5.96 percent from the previous quarter (%QoQ) and by 2.77 percent compared to the same quarter last year (%YoY). Contributing products included plastic paint, enamel paint, and chemical fertilizers.

Exports of chemical products in Q2/2024 were valued at 2,289.43 million USD, a contraction of 3.53 percent from the previous quarter (%QoQ) and a decrease of 2.34 percent compared to the same quarter last year (%YoY). The decline was mainly driven by miscellaneous chemicals and fertilizers.

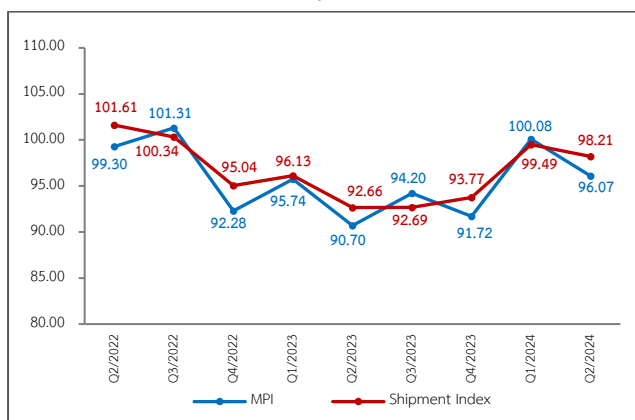
Imports of chemicals in Q2/2024 were valued at 4,281.51 million USD, a decrease of 0.63 percent from the previous quarter (%QoQ) and a drop of 13.00 percent compared to the same quarter last year (%YoY). The decline in import value was primarily due to a reduction in chemical fertilizers, miscellaneous chemicals, and cosmetics.

Plastics Industry

In Q2/2024, plastic production expanded due to improvements in the global economy, which led to higher consumer demand. Domestic consumption played a key role in driving production growth compared to the same period last year. Additionally, exports grew, particularly to key trading partners such as the USA, Japan, and Vietnam.

Production and Sales

MPI and Shipment Index

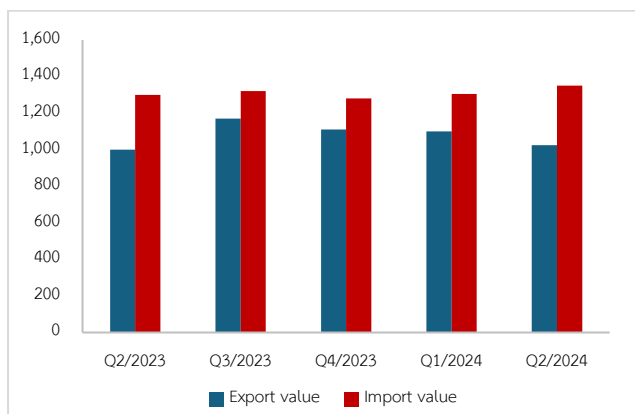


Source: The Office of Industrial Economics

Manufacturing Production Index: In Q2/2024, the production index contracted by 4.01 percent compared to the previous quarter (%QoQ) but expanded by 5.93 percent compared to the same period last year (%YoY). The most significant contractions were in plastic tableware, kitchen and bathroom items, plastic sheets, and plastic films.

Shipment Index: The shipment index for Q2/2024 decreased by 1.29 percent compared to the previous quarter (%QoQ) but grew by 6.00 percent compared to the same period last year (%YoY). Products with the most growth in shipments included plastic tableware, kitchen and bathroom items, plastic sheets, and plastic films.

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: The export value in Q2/2024 was 1,034.13 million USD, a decrease of 6.68 percent compared to the previous quarter (%QoQ) but an increase of 2.61 percent compared to the same period last year (%YoY). The highest export growth was in floor covering of plastics.

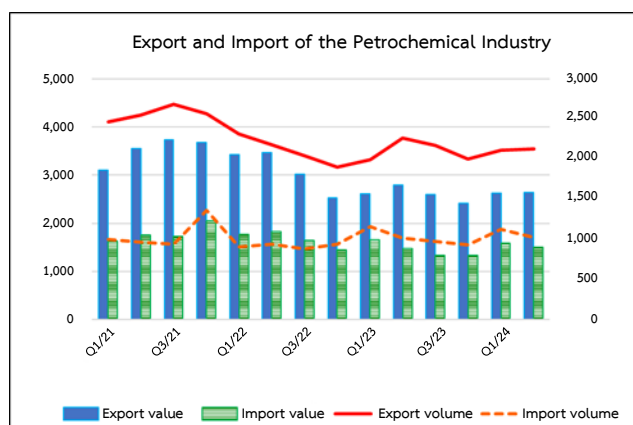
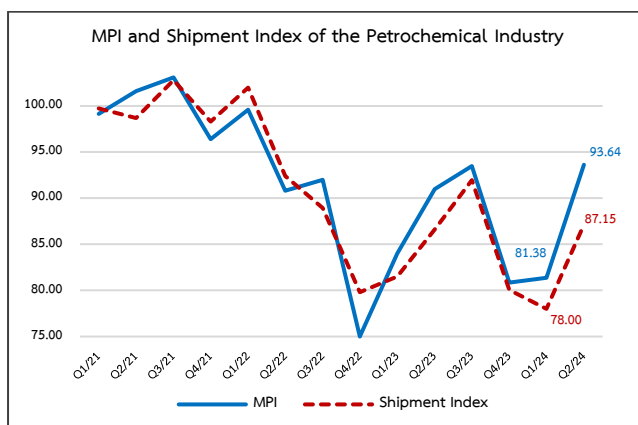
Import Value: The import value for Q2/2024 grew by 3.70 percent compared to the previous quarter (%QoQ) and by 4.16 percent compared to the same period last year (%YoY). The highest import growth was in monofilament products.

Plastic Industry Outlook for Q3/2024

In Q3/2024, production is expected to expand due to increased domestic demand for plastic products compared to the same period last year. Exports are also anticipated to grow, particularly from key trading partners such as the Philippines, Indonesia, and Malaysia.

Petrochemical Industry

In Q2/2024, the petrochemical industry increased by 3.12 percent in production compared to the same period last year. The shipment index also grew by 0.83 percent (%YoY), and the value of imports increased by 1.64 percent (%YoY). However, exports decreased by 5.28 percent (%YoY) compared to the same quarter of the previous year. This decline was in line with rising oil prices, which affected global trade and transportation. Additionally, the strengthening of the U.S. dollar and global inflation contributed to the decrease in petrochemical exports this quarter.



Source: Customs department, Ministry of Finance Note: * predicted by the Office of Industrial Economics

Manufacturing Production Index (MPI): In Q2/2024, the MPI of the petrochemical industry stood at 93.64, an increase of 3.12 percent compared to the same quarter last year. Basic petrochemical products contributing to the increase of the index in this quarter were ethylene and for the downstream petrochemicals were PC and PET resins. The growth was partly due to the resuming of production after maintenance shutdowns of basic petrochemical production plants.

Shipment index: In Q2/2024, the shipment index was at 87.25, an increase of 0.83 percent from the same quarter last year. Among the basic and downstream petrochemicals that contributed to the rise of the shipment index in this quarter were ethylene and PP and PET resins.

Exports of petrochemicals: In Q2/2024, the value of petrochemical exports reached 2,641.730 million USD, a decrease of 5.28 percent compared to the same quarter last year. Major export destinations included China, Vietnam, and Japan. The decline in exports was attributed to reduced shipments of downstream petrochemical products, particularly polypropylene (PP) and polyethylene (PE) resins, as well as basic petrochemicals such as propylene and ethylene.

Imports of petrochemicals: In Q2/2024, petrochemical import value was 1,500.46 million USD, an increase of 1.64 percent compared to the same quarter of the previous year. Major import sources included Japan, China, and the USA. This growth was driven by higher imports of basic petrochemical products such as styrene and benzene, as well as downstream products like polyethylene (PE) and polyethylene terephthalate (PET) resins. The rise in imports was partly due to increased domestic plastic recycling following the approval of using recycled plastic packaging for food contact purposes.

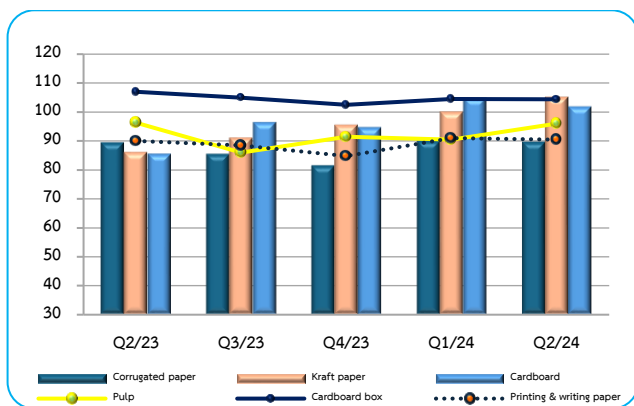
Petrochemical Industry Outlook for Q3/2024

In Q3/2024, the overall industry is expected to contract due to global inflation driven by ongoing geopolitical conflicts in various regions, which have led to rising energy prices. Additionally, the economies of many countries have slowed down. Key factors to monitor include the announcement of economic figures from the USA and China's low national growth, both of which will influence the global economic trend. Compared to the second quarter of 2024, the petrochemical industry is likely to remain stable. Production, product shipment, and exports are expected to slow down due to a decrease in orders and price levels following reduced demand.

Pulp, Paper, and Printed Matter Industry

In Q2/2024, the overall MPI of the pulp, paper, and printed matter industry grew by 8.24 percent compared to the same quarter last year. The export values also increased by 3.09 percent (%YoY), reaching a total of 641.33 million USD. Import values rose by 1.57 percent (%YoY). It is anticipated that the industry will see further improvement in Q3/2024, supported by increased domestic spending and mid-year market stimulation across various sectors.

MPI in Pulp, Paper and Print Media Industry

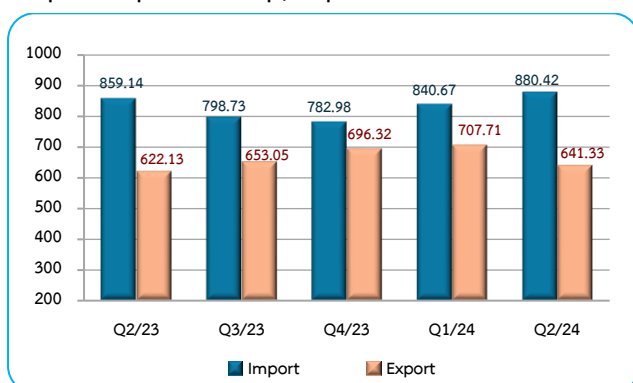


Source: The Office of Industrial Economics

Production: In Q2/2024, the overall production of paper and paper products increased by 8.24 percent (%YoY) across all paper products, including cardboard (19.43%), Kraft paper (22.97%), pulp (0.11%), and corrugated paper (0.52%). The increase in production was seen in both domestic and export markets, with China and ASEAN countries being the primary markets. However, there were contractions in the production of pulp (-0.90%) and printing/writing paper (-3.42%), primarily for domestic consumption.

Exports: In Q2/2024, the export value of pulp and paper products reached 641.33 million USD, an increase of 3.09 percent compared to the same quarter last year (%YoY). The exports of paper and paper products grew by 6.04 percent, with key export markets including Vietnam, India, and Indonesia. However, there was a decrease of 2.83 percent in pulp exports, with over 99.0 percent of pulp being exported to China. Additionally, exports of books and printed matters declined by 2.36 percent compared to the same quarter last year (%YoY), with major export markets being Hong Kong, Myanmar, and the USA.

Export-Import of Pulp, Paper and Printed Materials



Source: Information and Technology Communication Center, Ministry of Commerce

Imports: In Q2/2024, the total value of pulp and paper product imports was 880.42 million USD, expanding by 2.48 percent compared to the same period last year (%YOY). The imports of paper and paper products, as well as books and printed matters, continued to grow by 5.65 percent and 7.41 percent, respectively. Meanwhile, the imports of pulp and waste paper decreased by 7.90 percent due to high production volumes in the previous months and rising product costs. On the other hand, the imports of tissue paper, packaging paper, and paper products continued to increase.

Pulp, Paper, and Printed Matter Industry Outlook for Q3/2024

In Q3/2024, It is projected that pulp, paper, and products used in packaging production will increase to meet domestic demand and will grow across the entire supply chain. Pulp exports to China, a major export market, have been steadily increasing since the beginning of the year. However, the book and print media segment is expected to decline due to reduced demand in key import markets such as Hong Kong and the USA.

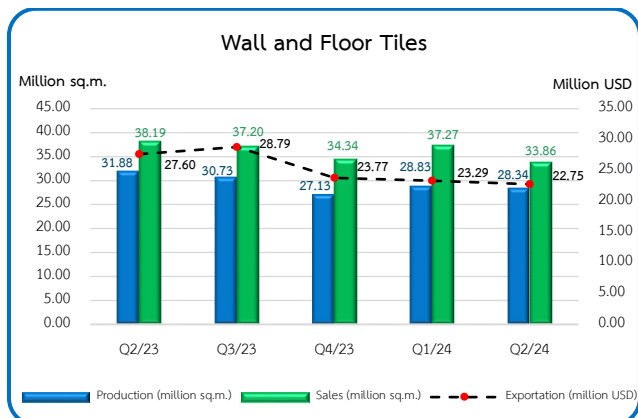
Related Government Policies

Products controlled by standards that will be enforced by 2024 by the Thai Industrial Standards Institute (TISI) include food contact paper that is cooked with heat, paper covers used for cooking food that is subjected to heat, such as paper used in hot air ovens, tea bags, coffee filter paper, and baking paper. The paper must be made from virgin pulp or pure pulp mixed with synthetic fibers that do not contain dyes and used to filter hot liquids, heat food, or cook food at a temperature not exceeding 220°C. The standard has requirements to control contamination of heavy metals that are harmful to health, such as lead, cadmium, chromium, and mercury. When the paper is heated, the contamination must not exceed the standard criteria and must not contain bleach and antimicrobial substances that are harmful to the body.

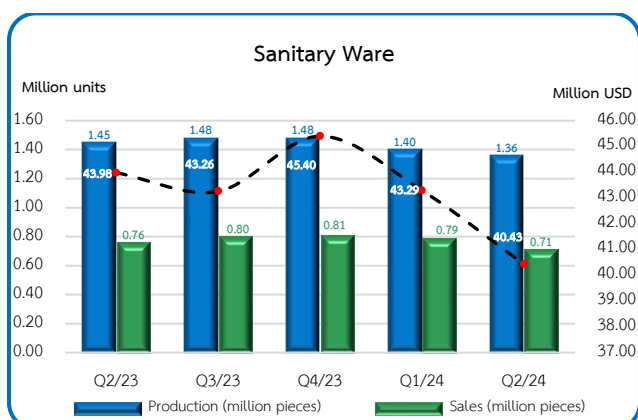
Ceramic Industry

In Q2/2024, the production and sales volume of floor and wall tiles contracted, driven by the economic downturn and rising raw material costs. Similarly, the production, sales, and export volume of sanitary ware also declined. This was due to reduced domestic demand from the residential and condominium construction sectors, as well as a drop in orders from the CLMV market.

Production, Sales, and Exports of Ceramics



Production: In Q2/2024, the production volume of floor and wall tiles decreased by 11.10 percent compared to the same period last year, amounting to 28.34 million square meters. This decline was influenced by a slowdown in the domestic market, which was affected by increased living costs and decreased orders from major export markets. Additionally, the production volume of sanitary ware decreased by 6.29 percent (%YoY) to 1.36 million pieces, with reductions in both domestic and export markets.



Sales: In Q2/2024, the sales volume of floor and wall tiles was 33.86 million square meters, a decline of 11.35 percent (%YoY). This decline was due to decreased consumer purchasing power, influenced by several economic factors such as rising prices, particularly for materials and construction labor. The sales volume of sanitary ware was 0.71 million pieces, a decrease of 7.29 percent (%YoY) due to reduced demand in the residential and condominium construction sector.

Exports: In Q2/2024, the export value of floor and wall tiles reached 22.75 million USD, a decrease of 12.95 percent (%YoY) compared to the same period last year. Similarly, the export value of sanitary ware totaled 40.43 million USD, a decrease of 10.98 percent (%YoY) attributed to decreased orders from key markets such as the USA, China, Japan, Malaysia, and the CLMV countries.

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



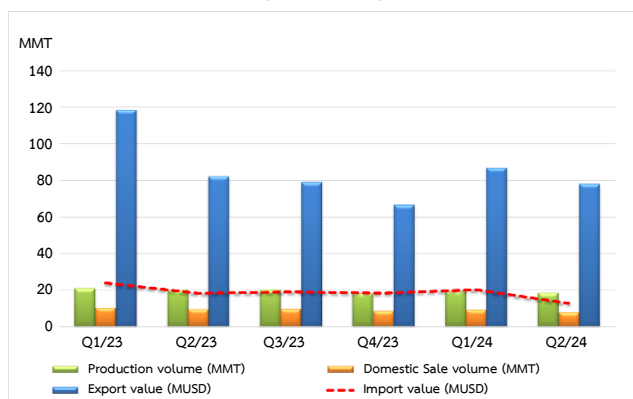
Ceramic Industry Outlook for Q3/2024

The production and domestic sales of ceramics in Q3/2024 are expected to grow from measures to stimulate the economy according to government policy by reducing loan interest by 0.25 percent, effective from 1 May 2024, for a period of 6 months. This measure will support small customers and vulnerable groups, according to government policy, to have enough savings to live their lives and have a better quality of life. Exports of both tile and sanitary ware are projected to expand. The export markets include Myanmar, Lao PDR, the USA, and Japan. However, important factors that must be closely monitored including the price of energy, raw materials, inflation, and the rising cost of living that may affect production and domestic sales.

Cement Industry

In Q2/2024, both production and domestic sales volumes of cement decreased compared to the same quarter last year. This decline was due to a slowdown in government construction projects and real estate development. Additionally, exports declined in line with the global economic downturn. As for the cement industry outlook for Q3/2024, the industry is expected to expand, driven by government infrastructure construction and private real estate development from market stimulation efforts such as reductions in loan interest rates.

Production, Sales, Export and Import value of Cement



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 Q2/2024 reached 9.86 million metric tons, a contraction of 7.41 percent (%YoY) compared to the same quarter of last year due to decreased demand in the domestic market and from key trading partners.

Domestic sales of cement (excluding clinker) in Q2/2024 reached 7.98 million metric tons, a contraction by 16.94 percent (%YoY) compared to the same quarter of last year. The decline was due to a slowdown in government construction projects and private real estate development such as residential houses and condominiums.

Cement exports (excluding clinker) in Q2/2024 reached an export value of 32.55 million USD, a contraction of 19.13 percent (%YoY) compared to the same quarter of last year due to the slowdown of the world economy. As a result, orders decreased in key markets such as CLMV countries and Bangladesh.

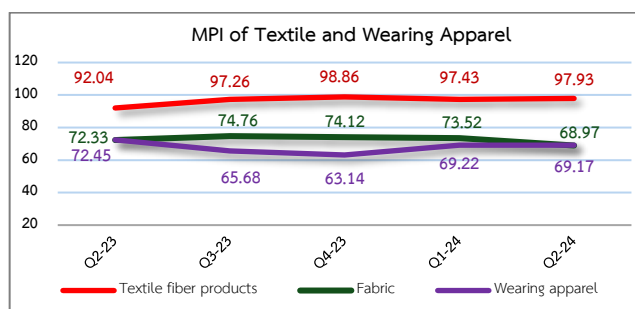
Cement imports (excluding clinker): In Q2/2024, exports were valued at 12.76 million USD, a decrease of 30.31 percent compared to the same quarter last year. This decline was attributed to reduced demand in markets such as Lao PDR, China, and Bangladesh.

Cement Industry Outlook for Q3/2024

The cement industry (excluding clinker) in Q3/2024 is expected to see a continued slowdown in production and sales volumes compared to the same quarter of the previous year, primarily due to reduced domestic demand. This is influenced by the construction sector, including both infrastructure projects and real estate developments, particularly large-scale construction projects, road expansions, and residential projects along new railway lines and transportation routes. However, exports are likely to expand, driven by increasing development demand in key trading partner countries, especially within the CLMV countries. In contrast, imports are expected to decline due to reduced demand for high-quality cement from the Netherlands.

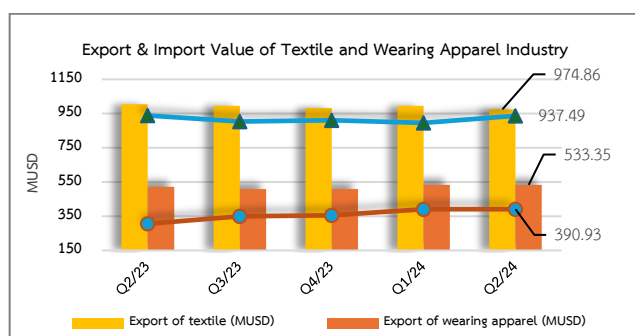
Textile and Wearing Apparel Industry

In Q2/2024, the production index and sales for textile fibers expanded compared to the same period last year. This growth was driven by the increased production of man-made fibers (polyester and other fibers) due to increased orders both domestically and internationally. These fibers are used as raw materials in the production of a diverse range of products with unique properties. However, the production index for fabrics and clothing continued to decline due to reduced orders from trading partner countries. The industry is expected to grow slightly in Q3/2024, supported by government economic stimulus measures and the recovery of the tourism sector.



Production

The Textile Fiber Production Index grew by 6.40 percent (%YoY) compared to the same quarter last year, driven by the production of man-made fibers, particularly polyester fibers and other artificial fibers such as rayon. This growth was due to increased orders both domestically and internationally, as these fibers are used as raw materials in a wide range of products. Their special properties make them suitable for manufacturing sportswear, home textiles, and automotive parts. Meanwhile, fabric production contracted by 4.66 percent, and apparel production fell by 4.54 percent, primarily due to reduced orders for men's and women's underwear and knitted and crocheted garments from trading partners.



Domestic Sales: Textile fiber sales expanded by 10.03 percent compared to the same quarter last year (%YoY), particularly in polyester, other synthetic fibers, and cotton yarns. Fabric sales, however, declined by 1.22 percent, especially in woven cotton, synthetic fabrics, and dyed fabrics and yarns. Apparel sales dropped by 5.88 percent, both in woven and knitted garments, due to reduced production capacity and slower consumer demand. Consumers have also shifted towards purchasing cheaper products, primarily from China.

Exports-Import

Exports: The overall export value of textile and wearing apparel was 1,508.20 million USD, contracting by 1.15 percent compared to the same quarter last year. When considered by each product group, textile exports amounted to 974.86 million USD, a decrease of 2.92 percent, mainly due to reduced fabric orders from trading partners such as Vietnam, Cambodia, and Bangladesh, as well as the slowdown of the global economy, which affected the purchasing power and economic activities of consumers. The export value of textile fibers dropped by 1.74 percent, while apparel exports grew by 2.26 percent, reaching 533.35 million USD, driven by increased exports of garments to key trading partners such as the USA, Japan, and Belgium.

Imports: The total import value of textile and wearing apparel was 1,279.27 million USD, expanding by 2.80 percent from the same quarter last year. When considered by each product group, textile imports totaled 937.49 million USD, slightly contracting by 0.12 percent, particularly in yarns and fibers. Meanwhile, apparel imports amounted to 341.78 million USD, growing by 11.78 percent, mainly due to an influx of low to mid-priced goods from China purchased by online retailers. Consumers have adapted to the sluggish economy by reducing luxury purchases to cut daily expenses.

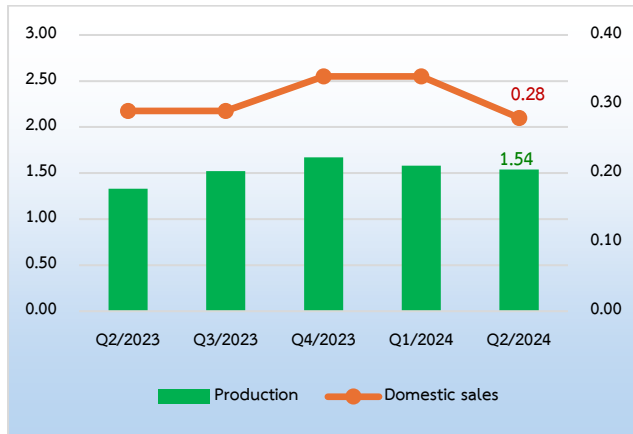
Textile and Wearing Apparel Industry Outlook for Q3/2024

Textile and garment production and exports are expected to expand slightly from the government's economic stimulus measures, the recovery of the tourism sector, and the economic recovery of trading partners. In particular, the production of textile fibers (man-made fibers) tends to expand continuously to support the production of textiles with special properties, new technologies, and innovations in line with the changing structure of the global industrial sector. However, it is still necessary to monitor production costs, including the increase in electricity prices and wages, which will continue to affect Thailand's competitiveness. Textile and wearing apparel entrepreneurs need to prepare for changes and adapt to cope with such uncertain situations that will affect the textile and wearing apparel industry.

Wood and Wooden Furniture Industry

In Q2/2024, wooden furniture production increased in volume compared to the same period last year to meet demand in foreign markets. Additionally, the overall export value of wood and wood panel products rose due to heightened demand for furniture, parts, and wood panel products from key trading partners.

Domestic Production and Sales of Wooden Furniture (million pieces)

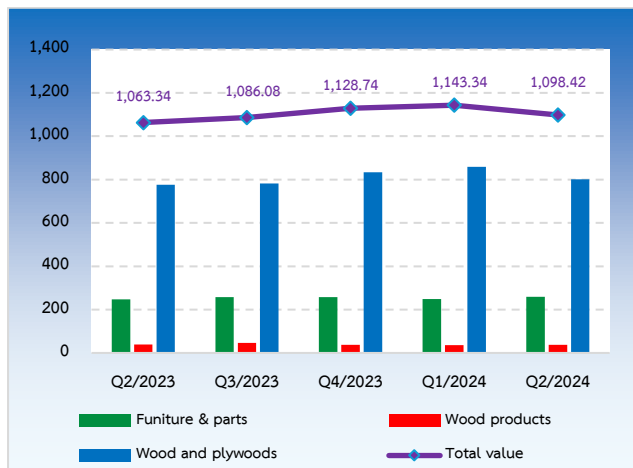


Source: The Office of Industrial Economics

Production of wooden furniture in Q2/2024 reached 1.54 million pieces, a decrease of 2.53 percent from the previous quarter but an increase of 15.79 percent from the same quarter last year. The growth was mainly a result of production to meet domestic demand.

Domestic sales of wooden furniture in Q2/2024 amounted to 0.28 million pieces, a decrease of 17.65 percent from the previous quarter and 3.45 percent compared to the same quarter of the previous year. This decline was attributed to reduced orders from retail stores.

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 Q2/2024, exports of wood and wood products totaled 1,098.42 million USD, a decrease of 3.93 percent from the previous quarter. However, compared to the same period last year, exports increased by 3.30 percent. This can be divided into furniture and parts, wood products, and wood and wood panel products, with export values of 259.81, 37.01, and 801.60 million USD, respectively. Compared to the same quarter last year, the export value of furniture and parts grew by 4.80 percent, wood and wood panel products increased by 3.21 percent, but wood product exports declined by 4.61 percent. Overall, the export value of wood and wood products increased for the fourth consecutive quarter, primarily driven by rising demand for furniture parts in the USA and Japan, and for processed wood in China.

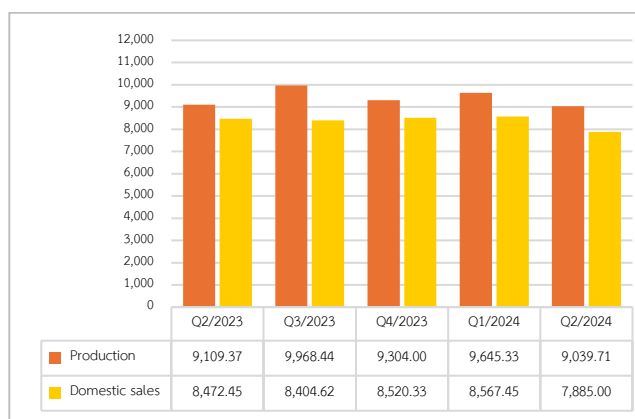
Wood and Wooden Furniture Industry Outlook for Q3/2024

In Q3/2024, the production of wooden furniture is expected to increase in volume, mainly to meet the demand of foreign markets, while the domestic sales of wooden furniture will decrease due to slowing demand. Wood and wood product exports are expected to continue growing due to the rising demand for products in the wood and wood panel products group from Q1/2023.

Pharmaceutical Industry

In Q2 2024, domestic pharmaceutical production and sales decreased compared to the same quarter of the previous year. This trend aligns with the volume of orders and demand for medications to treat both communicable and chronic non-communicable diseases. However, pharmaceutical exports are expected to increase due to growing demand in key Asian markets and other markets, such as the USA.

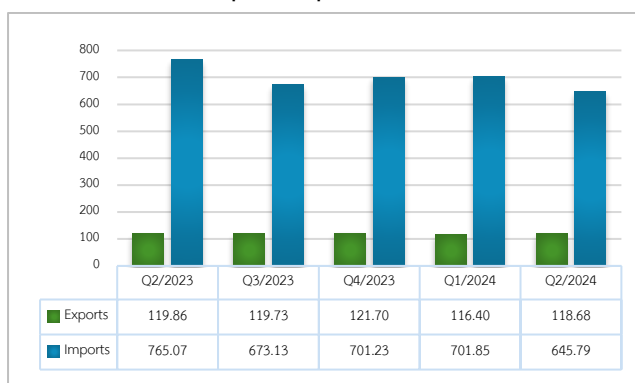
Domestic Production and Sales (metric tons)



Source: The Office of Industrial Economics

Note: The survey data framework has been updated from 2023.

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 Q2/2024, the production amounted to 9,039.71 metric tons, a decrease of 0.76 percent compared to the same quarter of the previous year. This contraction was seen in the production of capsules, injections, creams, powders, and tablets, which decreased by 24.24 percent, 21.48 percent, 7.60 percent, 5.30 percent, and 1.56 percent, respectively. However, the production of liquid medicine increased by 5.34 percent, driven by orders from pharmacies and hospitals.

Domestic sales of pharmaceuticals: In Q2/2024, sales amounted to 7,885 metric tons, a decrease of 6.93 percent compared to the same quarter of the previous year. This decline was seen in the sales of capsules, injections, creams, tablets, and liquid medicine, with reductions of 24.28 percent, 21.42 percent, 15.23 percent, 11.82 percent, and 1.95 percent, respectively. However, sales of powdered medicine grew by 6.13 percent, following the trend of increased demand for medicines used for disease treatment.

Exports of pharmaceuticals: In Q2 2024, exports were valued at 118.68 million USD, a decline of 0.99 percent compared to the same quarter of the previous year. This was in line with decreasing demand in key Asian markets such as Myanmar, Vietnam, and Japan.

Pharmaceutical imports: In Q2/2024, imports were valued at 645.79 million USD, a decline of 15.59 percent compared to the same quarter of the previous year due to reduced domestic demand. The contraction was mainly seen in imports from European, North American, and Asian countries, such as the UK, Belgium, Germany, Denmark, Puerto Rico, and China.

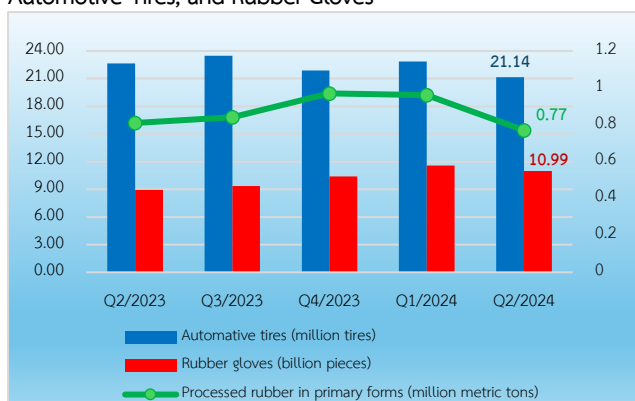
Pharmaceutical Industry Outlook for Q3/2024

In Q3/2024, both the production and domestic sales of pharmaceuticals are projected to increase compared to the same quarter of the previous year. This growth is driven by rising demand for medicines, largely due to the anticipated increase in seasonal epidemics during the rainy season. Conditions during this period are favorable for the spread of respiratory illnesses such as influenza, allergies, and COVID-19, as well as food and water-borne diseases like food poisoning and acute diarrhea. Close monitoring is required, especially for high-risk groups, including the elderly, individuals with chronic illnesses, and infants. Additionally, exports are expected to grow, driven by rising demand from key markets in ASEAN.

Rubber and Rubber Product Industry

In Q2/2024, the production volume of processed rubber in primary forms declined due to a slowdown in the production of rubber sheets and rubber blocks. Additionally, tire production saw a reduction, mainly due to decreased output of tires for passenger cars, trucks, and buses. However, rubber glove production experienced growth, driven by strong demand for medical gloves in both domestic and international markets.

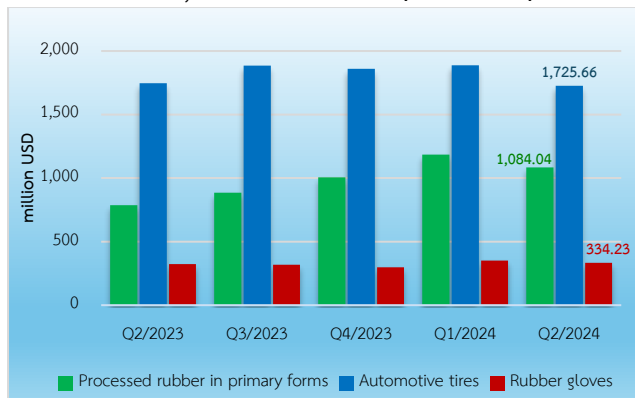
Production Volume of Processed Rubber in Primary Forms, Automotive Tires, and Rubber Gloves



Source: The Office of Industrial Economics

Production of processed rubber in primary forms, automotive tires, and rubber gloves: In Q2/2024, the production volumes amounted to 0.77 million metric tons, 21.14 million tires, and 10,991.52 million pieces, respectively. Compared to the same quarter last year, the production of processed rubber in primary forms decreased by 4.92 percent, driven by a reduction in the production of rubber sheets and rubber blocks. Automotive tire production fell by 6.68 percent due to a decline in the production of passenger car tires and truck and bus tires. In contrast, the production of rubber gloves increased by 22.93 percent, driven by high demand for medical gloves both domestically and internationally.

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



Source: Ministry of Commerce

Domestic sales of processed rubber in primary forms, automotive tires, and rubber gloves: In Q2/2024, the sales volumes amounted to 0.26 million metric tons, 7.90 million units, and 744.94 million pieces, respectively. Compared to the same quarter last year, domestic sales of processed rubber in primary forms dropped by 4.45 percent due to reduced demand from downstream industries. Tire sales, however, increased by 6.21 percent, primarily driven by the demand in the Replacement Equipment Manufacturing (REM) market. Sales of rubber gloves increased by 7.00 percent, supported by the sustained high demand for medical gloves.

Exports of processed rubber in primary forms, automotive tires, and rubber gloves: In Q2/2024, the exports reached 1,084.04 million USD, 1,725.66 million USD, and 334.22 million USD, respectively. Compared to the same quarter last year, exports of processed rubber in primary forms and rubber gloves grew by 37.58 percent and 3.36 percent, respectively, due to strong demand from key markets. However, tire exports declined by 1.26 percent, driven by a slowdown in exports to the U.S., South Korea, and Australia markets.

Rubber and Rubber Products Industry Outlook for Q3/2024

In Q3/2024, the production volume of processed rubber in primary forms (rubber sheets, rubber blocks, and concentrated latex), tires, and rubber gloves is projected to increase. Processed rubber in primary forms and rubber gloves are projected to grow due to increasing demand in both domestic and international markets. Meanwhile, the production of tires will primarily expand to meet the demand in the domestic REM (Replacement Equipment Manufacturing) market.

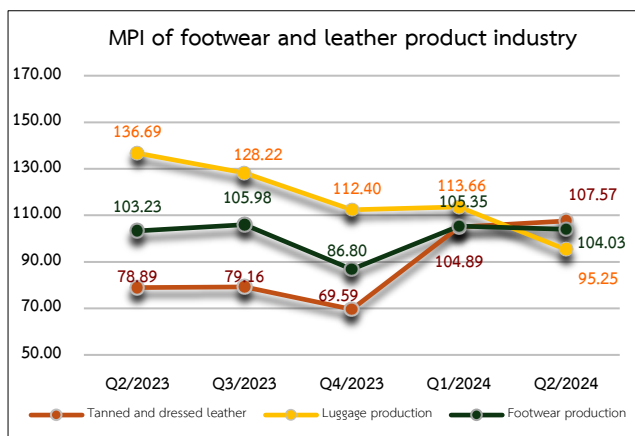
Government Policies Related to the Rubber and Rubber Products Industry

On 12 June 2024, the Rubber Authority of Thailand (RAOT) and Thailand Futures Exchange Public Company Limited (TFEX) signed a Memorandum of Understanding on the development of a rubber reference price to develop Thailand's rubber reference price, which will benefit business operators in the rubber industry and related industries.

Footwear and Leather Product Industry

Overall, leather and footwear production and exports in Q2/2024 grew compared to the same quarter of the previous year, especially raw leather and tanned and finished leather used as raw materials for producing products such as car seats and handbags. The imports of finished goods in the bag and shoe group decreased in value due to the slowdown in the domestic economy, including consumer behavior that trended towards other types of lifestyle products.

Production, Exports, and Imports (MUSD)

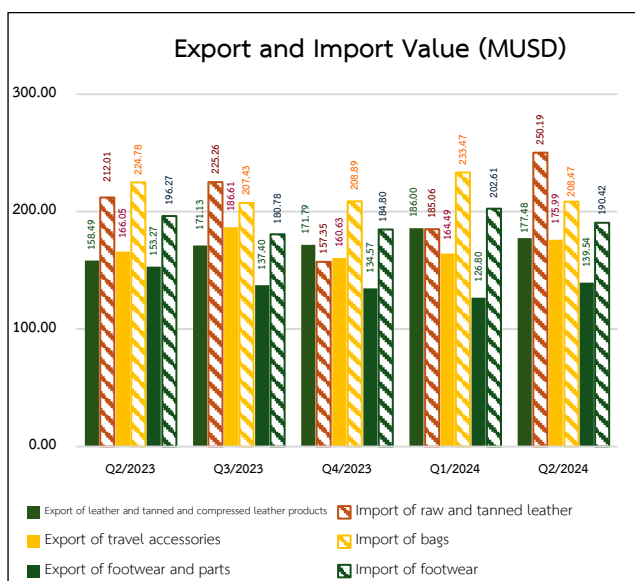


Production

In Q2/2024, compared to the same quarter of the previous year (%YoY), tanning and finished tanned leather production increased by 36.35 percent to support purchase orders from both domestic and international trading partners; in particular, tanned leather used as a raw material to produce car seats. Footwear production increased by 0.78 percent. The production of luggage products decreased by 30.31 percent, with a decrease in both the luggage and small handbag groups, as stock volumes were sufficient for domestic sales and exports.

Exports-Imports

The value of exports of leather, tanned leather, and bonded leather products in Q2/2024 increased by 11.99 percent compared to the same quarter of the previous year (%YoY). Product groups that increased included exports of finished animal skins (after tanning) to important markets such as Vietnam, Indonesia, and Hong Kong. Exports of travel goods increased by 5.98 percent, expanding in the luggage and handbag groups exported to the USA, China, and Japan. Meanwhile, the export value of footwear and parts decreased by 8.96 percent in the leather shoes and sports shoes groups, which were exported to markets in the Asian region (except China).



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

In Q2/2024, compared to the same quarter of the previous year (YoY), the import value of hides and tanned leathers increased by 18.01%, particularly in the category of cow and buffalo hides, which were imported for tanning and finishing to be sold as raw materials for various products. However, the import value of finished goods in the categories of bags and shoes decreased by 9.32 and 6.34 percent, respectively, due to a decline in domestic consumer purchasing power resulting from the economic slowdown, as well as changing consumer preferences toward other types of lifestyle products.

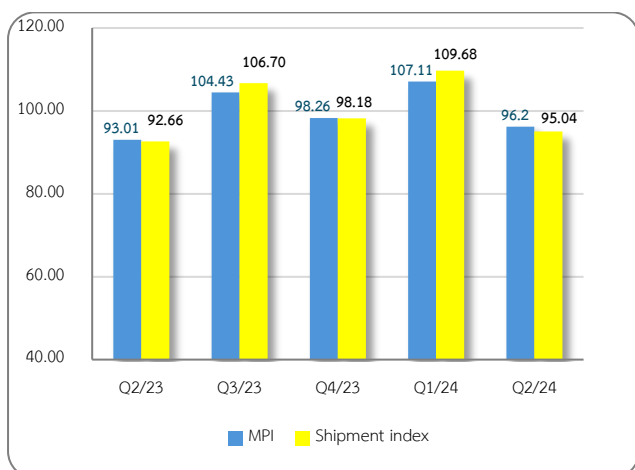
Footwear and Leather Production Industry Outlook for Q3/2024

In Q3/2024, the production of leather goods and footwear is expected to grow compared to the same quarter last year. Growth is anticipated in the production of tanned and finished leather to support other industries, such as car seats. However, the production of handbags and shoes is projected to decline due to reduced exports and increased imports of cheaper alternatives, such as sandals and plastic shoes. Overall, exports of leather goods and footwear are expected to drop, though certain products, like finished leather and handbags/shoulder bags, are likely to see an increase in export value. Several key factors, including geopolitical conflicts, rising interest rates, and inflation, must be closely monitored. These challenges could raise production costs and weaken consumer purchasing power, impacting both the industry and the global economy.

Gems and Jewelry Industry

In Q2/2024, the overall gem and jewelry production, sales, and export index expanded compared to the same quarter of last year. The growth is a result of increasing demand from both domestic and international markets, along with the tourism sector, which continued to grow due to the government's economic stimulus and tourism promotion policies. However, it is still necessary to monitor the economic situation both inside and outside the country, which affects the global economic recovery and the purchasing power of domestic consumers.

Production, Sales, and Exports



Production

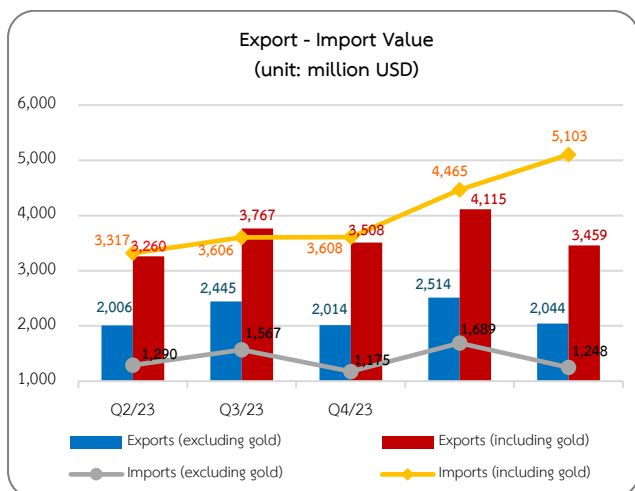
Overall, gem and jewelry production increased by 3.43 percent compared to the same period last year (%YoY). The growth was driven by the production of genuine jewelry and imitation jewelry, which increased by 2.64 percent and 26.09 percent, respectively. The boost in production was fueled by higher export demand from key trading partners such as the USA and Hong Kong, as well as increased domestic sales. However, diamond production declined by 10.26 percent due to weakened demand in the domestic market.

Sales

In Q2/2024, gems and jewelry increased by 2.57 percent compared to the same quarter last year (%YoY), from genuine and imitation jewelry, which increased by 1.79 and 24.82 percent, respectively, because of the continuous growth in the tourism sector. Diamond sales decreased by 16.44 percent due to slowing consumer demand from concerns about the high cost of living and household debt. As a result, consumers turned to less expensive jewelry products.

Exports

Gems and jewelry (excluding unwrought gold) in Q2/2024 increased in export value by 1.87 percent compared to the same quarter of the previous year (%YoY) from the export value of diamonds, real jewelry, and imitation jewelry, which increased by 1.83 percent, 3.99 percent, and 5.21 percent, respectively. The export value of gemstones decreased by 0.16 percent. The overall export value of gems and jewelry was 3,459.49 million USD, an increase of 6.12 percent, exported to major trading partners, namely Cambodia, Hong Kong, the USA, Switzerland, and Singapore, due to the recovery of the trading partners' economies. The export value of unwrought gold was 1,415.76 million USD, an increase of 12.91 percent from the previous year, from exports to major trading partners, namely Switzerland, Singapore, Laos, India, and Japan, which was a result of holding more gold as a safe asset, coupled with the high volatility of gold prices in the world market.



Source: 1. MPI and Shipment Index — the Office of Industrial Economics

2. Export and import value — Ministry of Commerce

Imports. Gems and jewelry (excluding unwrought gold) in Q2/2024 decreased in import value by 3.22 percent compared to the same quarter last year (%YoY) from the value of diamond and gem imports which declined by 14.46 percent and 0.98 percent, respectively. The value of imports of genuine jewelry and imitation jewelry increased by 3.19 percent and 32.66 percent, respectively. The export value of gems and jewelry was 5,102.71 million USD, an increase of 53.85 percent. Gold imports were valued at 3,854.41 million USD, a rise of 90.17 percent from the previous year, which was the import of raw materials for use in jewelry and other industries, along with the increase in the price of gold in the global market.

Gems and Jewelry Industry Outlook for Q3/2024

The overall production and export of gems and jewelry in Q3/2024 are expected to decrease slightly as consumers are concerned about the economic slowdown. Energy and raw material prices are rising, increasing production costs and causing consumers to delay spending. However, it is still necessary to monitor the economic situation both domestically and internationally, which will affect the global economic recovery and the purchasing power of domestic consumers.

Food Industry

The MPI of the food industry in Q2/2024 expanded compared to the same period last year. This growth was driven by a good recovery in the tourism sector. Additionally, the onset of La Niña in the second half of the year (heavy rainfall) is expected to positively impact agricultural production. Government economic stimulus policies also played a supporting role. In terms of exports, products that continued to show strong growth included rice, driven by concerns over food security in various countries.

MPI, Sales, Exports, and Imports of industrial products



Source: The MPI and sales volume data were collected by the Office of Industrial Economics (OIE). Export-import values were collected by the Ministry of Commerce and were organized by the Office of Industrial Economics

The MPI of the food industry in Q2/2024 reached 101.1, an increase of 7.2 percent (%YoY) compared to the same quarter of the previous year. The food products that grew were cassava, which increased by 30.1%, driven by tapioca starch (32.9%), due to the growing demand in the downstream industries of the domestic market (food and beverage industry), including the demand for imports from major trading partners such as China and demand from new markets such as Indonesia. Palm oil production expanded by 25.5% due to the increased volume of palm output entering factories and the rising demand for crude palm oil (31.6%) and refined palm oil (14.7%) both domestically and internationally. Animal feed production increased by 13.5 percent, primarily due to a 24.0 percent rise in the production of prepared pet food, which reflects the ongoing trend of growing pet ownership. Fisheries grew by 4.1 percent, driven by the production of frozen fish (13.98%), minced fish (11.46%), and canned tuna (21.51%) due to heightened consumption demand from both domestic and international markets. Livestock grew by 1.0 percent from chilled and frozen pork, which grew by 12.5 percent due to increased domestic consumer demand. However, some products experienced a decrease in production, including sugar, which declined by 5.3%. This reduction was driven by a decrease in the production of white sugar (-12.5%) and refined white sugar (-2.6%), attributed to drought conditions that led to a decline in sugarcane crushing compared to the previous year. Additionally, processed vegetables and fruits contracted by 0.4%, primarily due to reduced production of frozen vegetables and fruits (-34.8%) and canned vegetables and fruits (-14.7%), resulting from reduced consumption demand both domestically and internationally.

The MPI of beverage increased by 7.5 percent from rice whisky, beer, soft drinks, and fruit flavored drinks.

Domestic sales: In Q2/2024, domestic food sales amounted to 87,098.06 thousand metric tons, a decrease of 1.8 percent (%YoY) compared to the same quarter of the previous year. The products that decreased domestic consumption included chilled and frozen chicken (-4.8%), frozen ready-to-eat meals (-4.8%), canned tuna (-12.2%), other canned fruit (-23.3%), and dried fruit and vegetable (-27.9%).

Exports: In Q2/2024, exports were valued at 12,061.87 million USD, an increase of 3.9 percent (%YoY) compared to the same quarter of the previous year. This growth was driven by increased export values of products such as rice, milk, and dairy products, as a result of rising import demand from various countries to ensure food security.

Imports: In Q2/2024, imports were valued at 4,586.44 million USD, which is a 12.5 percent decrease compared to the same quarter of the previous year. The products that experienced a slowdown in imports included fresh, chilled, and frozen tuna, oilseeds, oilseed meal, and cocoa.

Food Industry Outlook for Q3/2024

The overall MPI and export value are expected to contract compared to the same quarter of the previous year, due to the economic slowdown in trading partner countries. However, the global economic situation, which remains sluggish, and unresolved geopolitical conflicts will continue to be closely monitored.

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