News Release

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S&P Global Thailand Manufacturing PMI™

Thailand's manufacturing expansion moderates further in November

Key findings

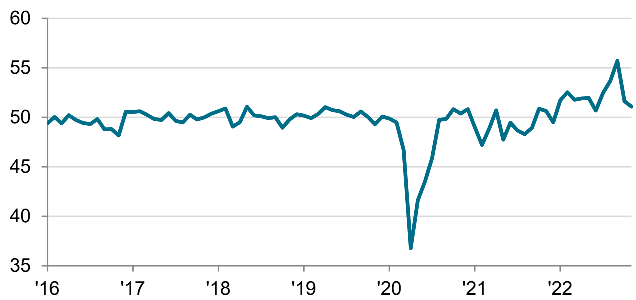
Weak demand leads to record decline in backlogs

Inflationary pressures ease noticeably in November

Confidence weakens amid concerns over economic conditions

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.
Data were collected 11-22 November 2022.

Thailand's manufacturing sector continued to expand in November, supported by sustained growth of manufacturing production. That said, new orders, including foreign demand, deteriorated midway into the fourth quarter, which affected business confidence and the willingness to hire. Firms also pared back on their stocks of purchases. Constraints on production, including supply delays and price pressures eased, however.

The headline seasonally adjusted S&P Global Thai Manufacturing *Purchasing Manager's Index™ (PMI™)* posted 51.1 in November, down from 51.6 in October. This marked the eleventh straight month in which the manufacturing sector expanded but at the slowest rate since June.

Manufacturing production grew again in November as firms worked through pre-existing workloads. In stark contrast, new orders shrank amid high inflation and deteriorating economic conditions which weighed on demand for Thai manufactured goods. Foreign orders likewise softened and at the fastest rate in eight months, affected by high global inflation and the tightening of monetary policies around the world. The combination of growth in production and decline in new business meant the level of work outstanding held by Thai manufacturers fell in November and at the fastest rate in the survey history.

Meanwhile, firms grew cautious with hiring, which alongside attempts to reduce overall expenditure, led to the lowering of employment levels in November. Meanwhile buying activity remained in growth territory but saw the rate of expansion ease noticeably on the back of lower sales. In turn, this led to stocks of purchases shrinking for the first time in five months. Moreover, given the fall in demand from Thai manufacturers, supply constraints eased a little in November, although lead times lengthened for the seventh month in a row.

Stocks of finished goods meanwhile continued to rise as manufacturing production continued to expand. The rate of

Comment

Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

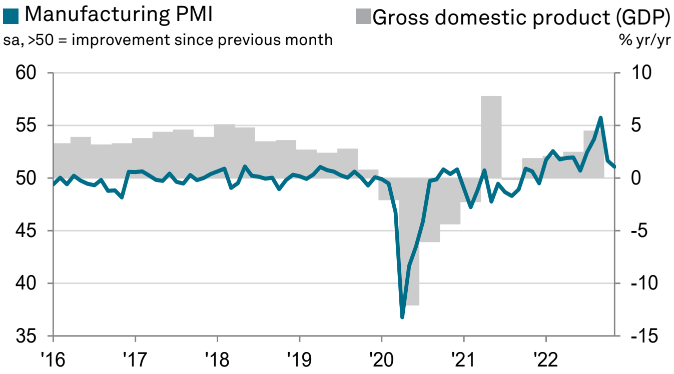
"The expansion of Thailand's manufacturing sector further slowed in November according to PMI data, weighed down by a deterioration in demand conditions. Higher inflation and a slowdown in economic growth led to the contraction in manufacturing sales according to panellists. Furthermore, the Future Output Index fell sharply to reflect weaker confidence in the outlook for the manufacturing sector.

"That said, weaker demand supported some easing of supply constraints with lead times lengthening at a slower rate. Price pressures also declined, with input cost inflation at the lowest for 15 months, suggesting there may be some reprieve for manufacturers while the central bank may also have room for more gradual tightening."

growth was well below the 12-month average, however, with firms hesitant to over accumulate finished goods on the back of weaker demand.

Meanwhile, price pressures receded in November. Although input costs continued to climb in the Thailand manufacturing sector on the back of higher raw material, energy and transport costs the rate of input price inflation slipped to the lowest since August 2021. In turn, output prices also rose at a slower rate with firms continuing to share their cost burdens but to a smaller extent compared to the October series record.

Overall sentiment remained positive in the Thai manufacturing sector but fell sharply from October's survey record to the weakest since February. Firms were generally hopeful that sales can improve, though concerns over costs and deteriorating economic conditions have risen.



Sources: S&P Global, NESDB.

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Survey methodology

The S&P Global Thailand Manufacturing PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 2015.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. ihsmarkit.com/products/pmi.html.