

News Release

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S&P Global Thailand Manufacturing PMI[®]

Strongest improvement in manufacturing conditions for a year in June

Key findings

Fastest rise in output since May 2023

New order volumes close to stabilising

Stronger business confidence drives record rate of job creation

Thailand's manufacturing sector registered the strongest improvement in business conditions for a year in June, according to the latest PMI[®] data. Output increased at the fastest rate since May last year, and the trend in new order volumes showed further signs of stabilisation. Manufacturers expanded both their workforces and purchasing activity at faster rates – the former at a series-record pace – as they raised capacity to address a sustained increase in backlogged work. Manufacturers were increasingly confident of output growth over the forthcoming 12 months, with expectations at the highest level since April 2023. Cost inflationary pressures were broadly stable, while output prices increased the most since February.

The headline S&P Global Thailand Manufacturing Purchasing Managers' Index[™] (PMI) is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI remained above the no-change mark of 50.0 in June, signalling an overall improvement in manufacturing sector performance. Moreover, the headline figure rose to a 12-month high of 51.7, from May's 50.3. The upward movement in the PMI was reflected in four of the five sub-indices, the exception being suppliers' delivery times which was broadly neutral. Output and employment both rose more strongly while slower falls were registered for new orders and stocks of purchases, all of which lifted the headline figure since May.

Output rose at the fastest rate since May 2023, and one that was well above the long-run survey average. The level of incoming new orders continued to fall in June, but the rate of decline was the slowest in the current 12-month downturn, suggesting a near-stabilisation in demand.

With new business showing signs of stabilising and output rising more steeply, Thai goods producers raised employment

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-20 June 2024.

Comment

Trevor Balchin, Economics Director at S&P Global Market Intelligence, said:

"Thailand's manufacturing sector experienced its best month for a year in June, with output growth accelerating and employment rising at the fastest pace on record. Falling new orders was again the main weak point, but even here the trend continued to improve with latest data signalling a near-stabilisation in demand. Companies were increasingly upbeat regarding the 12-month outlook, with confidence running at its highest level since April 2023."

"Demand for inputs rose in tandem with higher output, but this boost to purchasing activity did not place pressure on supply chains or input prices, with both broadly stable since May."

PMI[®]

by S&P Global

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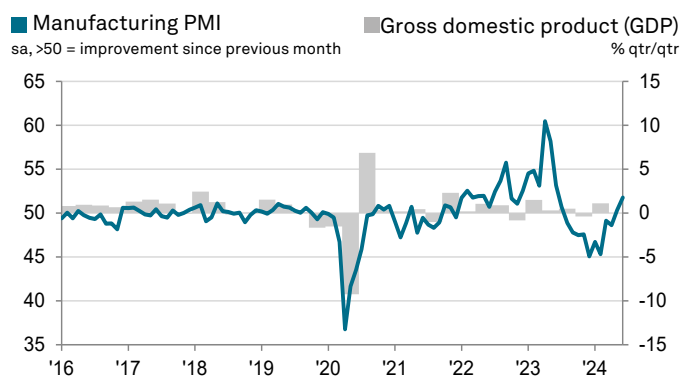
for the second month running in June. The rate of increase, though modest overall, was the fastest since the survey began in December 2015.

Pressure on capacity continued to build slightly in June, as backlogs of work rose for the second month running following a ten-month period of depletion. The rate of growth was modest, but quickened since May and was faster than the pre-pandemic trend. Companies continued to deplete their inventories of finished goods, which declined for the seventh time in nine months.

With output and backlogs rising for the second month running, manufacturers continued to increase their purchasing activity in June. The rate of growth accelerated to the highest for a year but was insufficient to prevent another reduction in input stocks, the ninth in successive months. Suppliers' delivery times were broadly stable in June.

Cost pressures were broadly stable in June, with average input prices virtually unchanged since May following a three-month period of marginal decreases. There was a slight rise in manufacturers' pricing power, as output prices increased at the fastest rate in four months. Both prices sub-indices remained below their long-run trend levels.

With new orders showing signs of stabilising in June and the prospect of winning new customers, manufacturers in Thailand were increasingly optimistic of growth in output over the next 12 months. Sentiment improved to a 14-month high and remained above the pre-pandemic trend.



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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@spglobal.com.

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