

# News Release

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## S&P Global Thailand Manufacturing PMI™

### Thai manufacturing sector expands with record output growth

#### Key findings

Manufacturing output rises despite fall in overall demand

Supply constraints drive higher purchasing activity

Input costs and output prices rose at record rates

Thailand's manufacturing sector expanded for a fifth straight month according to the latest S&P Global PMI™ data. Manufacturing output rose at a survey record pace, though demand fell amid higher prices. As a result, lower employment levels, a decline in backlogged work and increased inventories were reported. Supply constraints persisted with longer lead times and record price pressures seen, contributing to higher input purchases. Overall business confidence declined in the Thai manufacturing sector.

The headline S&P Global Thailand Manufacturing 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. Any figure greater than 50.0 represents an overall improvement in manufacturing conditions.

The PMI printed above the 50.0 threshold at 51.9 in May, unchanged from April, to signal an improvement in the health of the Thai manufacturing sector. This marked a fifth consecutive month in which the manufacturing sector expanded.

Manufacturing production growth accelerated in May to the fastest rate on record. The increase did not reflect an improvement in demand, however, as overall new orders, including new business from abroad, contracted in May. Higher product costs and competition from foreign manufacturers led to the decline in domestic sales, while the Ukraine war was noted as a factor behind depressed international demand.

As a result of the fall in new orders, job shedding was renewed in the Thai manufacturing sector in May. Cost savings was frequently cited as a reason for the job cuts.

Concurrently, lower sales, affected by the increase in costs and lack of foreign demand, plus higher production also led to a decline in work outstanding in the Thai manufacturing

S&P Global Thailand Manufacturing PMI  
sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 12-23 May 2022.

#### Comment

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

*"Thailand's manufacturing sector continued to expand at a solid pace in May according to the S&P Global Thailand Manufacturing PMI. That said, the contraction of overall new orders was renewed in May, underpinned by issues of higher costs and competition, which does not bode well for upcoming manufacturing production activities."*

*"Price pressures worsened in May, and alongside the lengthening of lead times highlighted the deterioration of supply chain performance. This likewise represented a negative development for Thailand's manufacturing sector outlook."*

*"Overall sentiment remained positive, but business confidence declined for a second consecutive month with concerns over rising cost pressures affecting output in the next 12 months."*

PMI™

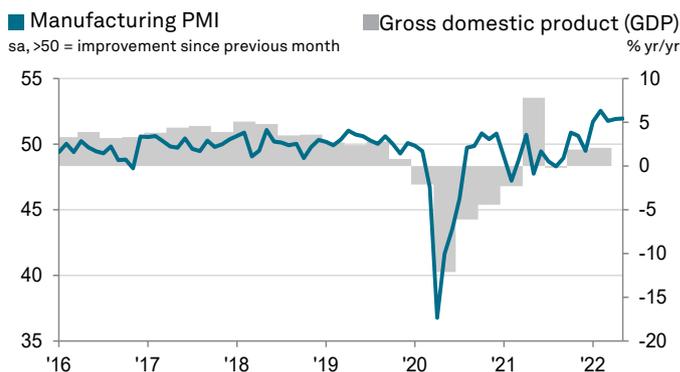
by S&P Global

sector.

Meanwhile vendor performance deteriorated in May following April's improvement. Amid these supply issues, Thai manufacturers increased their quantity of purchases at a survey record rate in May, contributing to higher stocks of purchases. Post-production inventories likewise rose in May, and at a sharp rate amid an excess of production over sales and in anticipation of future demand.

On prices, both input cost and output price inflation accelerated to the fastest on record. Survey respondents reported higher raw material, fuel and delivery costs adding to the increase in cost burdens which were shared with their clients.

Overall sentiment in the Thai manufacturing sector remained positive, but the level of business confidence eased in May. While firms were generally hopeful that sales will improve, some were concerned about rising costs and competition.



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](mailto:economics@ihsmarkit.com).

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