

# News Release

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## S&P Global Thailand Manufacturing PMI™

### Thai manufacturing sector expansion accelerates as demand improves

#### Key findings

Demand rises in April driving higher employment levels

Lead times improve for the first time in four months

Business confidence deteriorates

Thailand's manufacturing sector expanded for a fourth straight month according to the latest S&P Global PMI™ data. Higher demand spurred an increase in manufacturing output, leading to a rise in employment levels and purchasing activity in April. That said, price pressures persisted with input costs and output prices remaining on the climb while interests in safety stock building lifted inventory levels. Vendor performance improved for the first time in four months, however. 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 April, up from 51.8 in March, to signal an improvement in the health of the Thai manufacturing sector. This marked a fourth consecutive month in which the manufacturing sector expanded and at the fastest pace since the February record.

Manufacturing production expanded in April at the fastest rate in two months, supported by a renewed growth in overall demand at the start of the second quarter. Anecdotal evidence suggested new products and customers in the sector led to the expansion of new orders. Foreign demand remained lacklustre, however, staying unchanged in April.

The growth in demand and output contributed to the first expansion of workforce numbers in the Thai manufacturing sector since September 2018.

Purchasing activity likewise increased in accordance with the higher production requirements while some firms also reported raising their quantity of purchases for safety stock building. This led to higher pre-production inventory levels while post-production inventory levels also climbed with

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 4-21 April 2022.

#### Comment

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

*"Thailand's manufacturing sector expanded at a stronger pace in April according to the S&P Global Thailand Manufacturing PMI. A renewal of demand growth in April had been a positive sign, supporting strong manufacturing production growth at the start of the second quarter."*

*"Even though price pressures eased from March, the rate at which costs have increased remained steep by historical standards and will be worth watching for further signs of easing ahead. Higher raw material, fuel and delivery costs remain amongst key factors contributing to the rising cost burdens shouldered by manufacturers."*

*"Growth in hiring activities was a welcome sign. That said, the fall in business confidence despite the improvement in manufacturing sector conditions reflected continued concerns over future output on the back of inflationary pressures."*

PMI™

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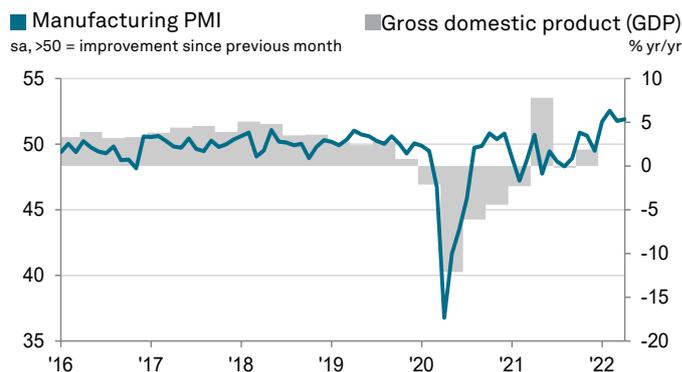
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firms keen to avoid a shortage of stock.

Meanwhile backlogged work declined again in April amid the acceleration of production growth and the lack of foreign demand. Better vendor performance contributed as well with suppliers' delivery times improving for the first time since December 2021.

On prices, both input costs and output prices continued to increase at rates amongst the fastest in the respective series histories, even though the rates of inflation eased from the March records. Higher raw material, fuel and delivery costs were reported, contributing to the increase in overall input costs. As a result, Thai manufacturers continued to share these cost burdens with their clients.

Overall sentiment in the Thai manufacturing sector remained positive, but the level of business confidence fell in April despite the improvements in demand and output with some concerns over rising business costs.



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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