

# News Release

Embargoed until 0730 ICT (0030 UTC) 1 August 2022

## S&P Global Thailand Manufacturing PMI™

### Manufacturing conditions improve at near-record pace in July

#### Key findings

Second-fastest expansion of production on record

Order book volumes return to growth

Business confidence close to survey peak

Thailand's manufacturing sector recorded the second-strongest improvement in conditions on record during July, according to the latest S&P Global PMI™ data. Output rose again, as new orders returned to growth. Further good news came from the survey's principal measure of expectations, which pointed to a near record degree of confidence amongst firms towards the year-ahead outlook for output.

The headline seasonally adjusted S&P Global Thailand Manufacturing Purchasing Manager's Index™ (PMI™) rose from 50.7 in June to 52.4 in July. This signalled a seventh consecutive monthly improvement in business conditions, with the latest reading just short of February's survey peak.

Central to the sustained improvement in conditions in July was a further expansion in output across the sector. Factory production rose for the eleventh month in a row, with the pace of growth the second-fastest on record and sharp overall. Anecdotal evidence attributed the latest uplift to stronger demand conditions.

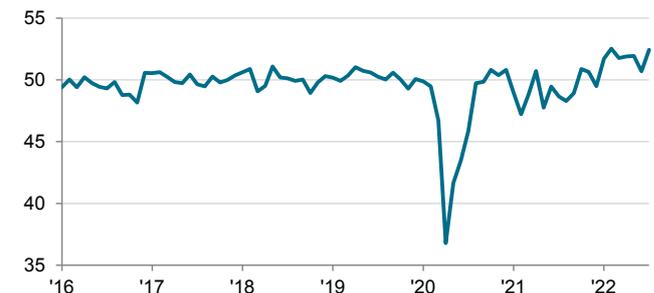
Indeed, order book volumes returned to a growth footing in July, following a two-month sequence of decline, reportedly linked to improved client demand. That said, the rate of expansion remained subdued and was only fractional overall. Foreign demand also improved in July, as signalled by a sustained upturn in new export orders to Thai firms.

The stronger performance of the sector was reflected in improved sentiment towards the year-ahead outlook for output in July. Optimism was linked through anecdotal evidence to hopes of improved client demand and a wider economic rebound. Moreover, with the exception of January 2016, business confidence was the strongest since the survey began in December 2015.

Elsewhere, pressure on capacity continued to decrease in July, with the rate of backlog depletion amongst the steepest on record. According to panellists, a subdued pipeline of new work had allowed firms to work through existing orders. As a result, employment declined modestly again in July, with firms also citing cost cutting efforts.

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 12-21 July 2022.

#### Comment

Lewis Cooper, Economist at S&P Global Market Intelligence, said:

"Thailand's manufacturing sector recorded a strong performance during July. Business conditions improved to a near-record degree amid one of the quickest expansions in output in the history of the survey and a renewed uplift in order book volumes, albeit one that was still subdued.

"Nonetheless, employment continued to decline in July, reflecting in part reduced capacity pressures, but also reportedly linked to cost cutting efforts amongst firms.

"Indeed, inflationary pressures remained substantially elevated, with costs burdens rising at a record pace, linked to higher energy, transport and material prices, and firms raising their own charges to the second-strongest degree on record in response.

"These issues did little to dampen business confidence in July, with sentiment towards output over the next 12-months amongst the strongest since the survey began in late-2015, as firms are hopeful that demand will pick up further in the coming months."

PMI™

by S&P Global

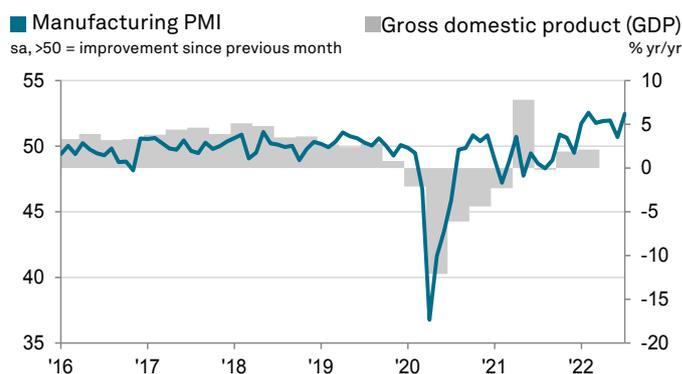
July data also pointed to a further increase in buying activity amongst Thai goods producers. The latest rise was attributed to greater production requirements and efforts to build stocks due to ongoing supply issues. The rate of increase in input purchasing was solid overall.

Average lead times for inputs continued to lengthen in July, as has been the case in each month since May. Notably, delays were the most widespread since January. Transport issues and capacity pressures at suppliers were cited by respondents as causes of longer delivery times in July.

Nonetheless, inventories of pre-production goods rose following a slight fall in June. Companies were reportedly building stocks in response to greater output needs. The rate of increase was modest. Meanwhile, stocks of finished goods increased again, with the latest uplift amongst the quickest on record, despite easing on the month.

Turning to prices, Thai manufacturers continued to face greater cost burdens in July, as input prices increased for the twenty-second month in a row. Fuel, transport, and material costs were all cited as drivers of the latest rise. Notably, the rate of inflation was the steepest on record.

In response, Thai firms again raised their factory gate charged in July, with panellists noting efforts to pass greater costs through to clients. The rate of increase was the second-quickest on record and considerable overall.



## Contact

Lewis Cooper  
Economist  
S&P Global Market Intelligence  
T: +44-01491-461-019  
[lewis.cooper@spglobal.com](mailto:lewis.cooper@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### 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).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.