

News Release

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S&P Global Thailand Manufacturing PMI[®]

Demand for Thai manufactured goods increases in July

Key findings

New orders rise for first time in over a year

Faster expansions in output and purchasing

Input prices fall for fourth time in five months

Thailand's manufacturing sector registered another improvement in business conditions at the start of the second half of 2024, according to the latest PMI[®] data from S&P Global. The volume of incoming new orders rose for the first time in over a year, driving the fastest output growth since May 2023. Manufacturers also expanded purchasing activity at a sharper rate and continued to expand their workforces, albeit at a slower rate than June's survey record. With backlogs rising for the third month running – the longest sequence since 2019 – manufacturers remained strongly confident of output growth over the forthcoming 12 months. Average input prices fell for the fourth time in five months, while output prices increased only modestly.

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 July, signalling an overall improvement in manufacturing sector performance. Moreover, the headline figure rose to a 13-month high of 52.8, from June's 51.7.

The upward movement in the PMI was primarily driven by a renewed increase in the volume of new orders. Previously, demand for manufactured goods had fallen for 12 months, the longest sequence since the survey began in late-2015. The rate of increase in new business in July was solid, and stronger than the long-run trend. Manufacturers reported new work from both existing and new customers.

Growth of new work contributed to a further rise in output in July. The pace of expansion accelerated further to the fastest since May 2023, and was well above the long-run survey average.

With new business showing signs of recovery 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 11-23 July 2024.

Comment

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

"A recovery in growth of new orders drove the latest improvement in business conditions in Thailand's manufacturing sector at the start of the second half of 2024. Previously, demand had fallen for 12 straight months, the longest sequence in the survey history."

"Companies stepped up production and purchasing to meet demand, with growth of output back to where it was just over a year ago. Employment rose to a slower degree than June's record pace while backlogs increased for the third month running, the longest sequence of rising pressure on capacity in nearly five years."

"July data also signalled subdued cost pressures, as input prices fell for the fourth time in five months."

PMI[®]

by S&P Global

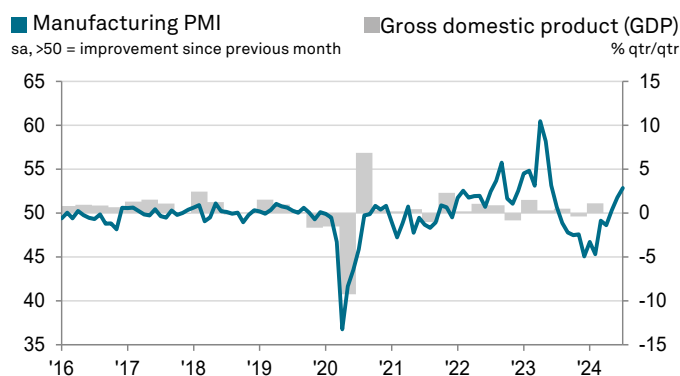
for the third month running in July. The rate of increase eased from June's survey-record pace, however.

The renewed increase in new orders placed additional pressure on Thai manufacturing capacity in July, as backlogs of work rose for the third month running following a ten-month period of depletion. The rate of growth eased slightly since June but was faster than the pre-pandemic trend. Companies continued to deplete their inventories of finished goods, which declined for the fifth consecutive month.

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

Cost pressures eased slightly in July, with average input prices declining for the fourth time in five months. There was another rise in manufacturers' output prices, however, extending the current sequence of inflation to three years and four months. The rate of increase remained modest but greater than the pre-pandemic average.

Manufacturers in Thailand remained strongly optimistic of growth in output over the next 12 months. Sentiment eased slightly from June's 14-month high but remained above the pre-pandemic trend. Companies were optimistic of securing new customers in the months ahead.



Sources: S&P Global PMI, NESDB via S&P Global Market Intelligence.

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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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