

News Release

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S&P Global Thailand Manufacturing PMI[®]

New orders rise further in August

Key findings

Rate of expansion in demand for Thai goods eases since July

Further sharp rise in production

Backlogs grow despite near-record increase in employment

The upturn in Thailand's manufacturing sector business conditions was maintained in August, according to the latest PMI[®] data from S&P Global. The volume of incoming new orders rose for the second month running, and output growth was sustained at a sharp rate. Manufacturers also expanded purchasing volumes, winning discounts from suppliers in the process, and expanded their workforces at the second-fastest rate on record. With backlogs rising for the fourth month running – the longest sequence since 2019 – manufacturers remained strongly confident of output growth over the forthcoming 12 months. Profitability improved as average input prices fell further while output prices increased.

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 August, signalling an overall improvement in manufacturing sector performance for the fourth successive month. The headline figure eased from July's 13-month high of 52.8 to 52.0, but remained well above its long-run trend level of 50.0.

The PMI had positive contributions from new orders, output and employment, which together account for 75% of the weight of the headline figure. Suppliers' delivery times (15% weight) was neutral while stocks of purchases (10%) had a negative impact for the eleventh month running.

The volume of new orders rose for the second month in a row in August, reflecting both new customers and larger contracts with existing clients. This contributed to another strong expansion in output, the fourth in successive months, albeit at a slightly softer rate than in June and July.

The sustained expansion in new business raised the pressure on Thai manufacturing capacity in August, as levels

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 August 2024.

Comment

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

"The August survey revealed another improvement in manufacturing business conditions in Thailand. New orders continued to expand, albeit more slowly than in July, while there were further strong increases in output and purchasing. Moreover, the rate of employment growth was close to the survey-record high posted two months earlier. Overall, the goods-producing sector is on track for its best quarter since the second quarter of 2023.

"August data also signalled improving profitability as average input prices fell further – helped by bulk buying – while output prices were raised."

PMI[®]

by S&P Global

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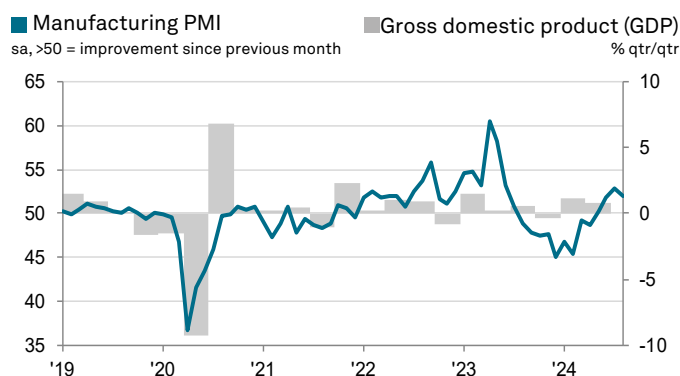
of incomplete work increased for the fourth month running following a ten-month period of depletion. The rate of growth was stable and remained above than the pre-pandemic trend. Companies continued to reduce their stocks of completed products, which declined for the sixth month running.

With new and outstanding business continuing to rise in August, Thai manufacturers increased employment for the fourth month running. Moreover, the rate of job creation was the second-fastest on record, almost matching June's peak.

With output and backlogs each rising for the fourth consecutive month, goods producers in Thailand continued to increase their purchasing activity in August. The rate of growth eased from July's recent high but was still strong. Despite this, there was another reduction in input stocks. Suppliers' delivery times were unchanged since July.

Cost pressures remained subdued in August, with average input prices declining for the fifth time in six months. Profitability improved as there was another rise in manufacturers' output prices, extending the current sequence of inflation to three years and five months. The rate of increase remained modest but greater than the pre-pandemic average.

Output expectations among Thai manufacturers remained strongly optimistic in August. Sentiment was the second-highest in 16 months and remained above the pre-pandemic trend. Companies aimed to win new customers and expected larger orders from existing clients.



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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