

News Release

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S&P Global Thailand Manufacturing PMI[®]

Manufacturing sector expands at softer rate in September

Key findings

Slower increases in output and new orders

Employment growth sustained

Survey-record fall in input prices leads to stable output charges

The upturn in Thailand's manufacturing sector business conditions was maintained in September but lost momentum, according to the latest PMI[®] data from S&P Global. The volume of incoming new orders rose for the third month running, and output growth was registered for the fifth consecutive survey. In both cases, however, the rate of expansion weakened. This led to caution among manufacturers regarding purchasing volumes, although they continued to expand workforces at a relatively strong pace. Backlogs rose for the fifth month running and manufacturers remained confident of output growth over the forthcoming 12 months. Price pressures moderated as average input prices fell at the strongest rate on record and charges were broadly stable, ending a 41-month inflationary period.

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 September, signalling an overall improvement in manufacturing sector performance for the fifth successive month. The headline figure eased from August's 52.0 to 50.4, signalling weaker growth, but remained 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) and stocks of purchases (10%) had slightly negative impacts, the latter for the twelfth month running.

The volume of new orders rose for the third month in a row in September, although the rate of growth was only marginal. This led to the slowest rise in output of the current five-month period of expansion.

Although new business growth slowed in September,

S&P Global Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-20 September 2024.

Comment

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

"Manufacturing business conditions in Thailand continued to improve at the end of the third quarter. New orders and output continued to expand, albeit more slowly than in August, while the rate of employment growth remained close to the survey-record high posted in June. Overall, the goods-producing sector had its best quarter since the second quarter of 2023, although the loss of momentum in September raises a question mark over the coming months."

"September data provided further evidence of fading inflationary pressures. The Input Prices Index fell to a record low, and the Output Prices Index dipped below 50.0 for the first time since early-2021."

PMI[®]

by S&P Global

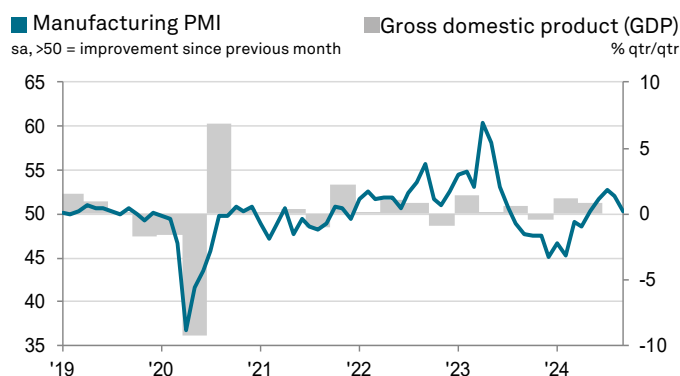
pressure on Thai manufacturing capacity remained as levels of incomplete work increased for the fifth month running. The rate of growth was unchanged and remained above than the pre-pandemic trend. Companies continued to reduce their stocks of final goods, which declined for the seventh month running.

With new and outstanding business continuing to rise in September, albeit at slower rates, Thai manufacturers increased employment for the fifth month running. Moreover, the rate of job creation remained among the fastest on record, almost matching June's peak.

With output, new orders and backlogs all rising more slowly during September, goods producers in Thailand limited their purchasing activity. The volume of inputs ordered was broadly unchanged from August, having risen in the previous four months. This relieved pressure on suppliers somewhat, with input delivery times slightly faster on average in September. There was a twelfth successive reduction in input stocks, the longest period of destocking in the survey history.

Cost pressures moderated further in September, with average input prices declining for the sixth time in seven months and at the fastest rate in the survey history. Firms linked lower average input prices to loyalty discounts and bulk purchases. This led to broadly no change in manufacturers' output prices, ending a sequence of inflation that had lasted for nearly three-and-a-half years.

Output forecasts among Thai manufacturers remained strongly optimistic in September, linked to increased customer enquiries, new sales strategies, new markets, a stronger economy and promotions. Sentiment eased to a four-month low but remained above the pre-pandemic trend.



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

Contact

Trevor Balchin
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-065
trevor.balchin@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +81 3 6262 1757
sungha.park@spglobal.com

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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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