

# IHS Markit Thailand Manufacturing PMI™

## Manufacturing output contraction steepens in August

### Key findings

New orders and output fall at faster rates in August

Firms more cautious with purchases and hiring

Manufacturers' outlook deteriorates amid COVID-19 disruptions

Data were collected 12-20 August 2021.

Thailand's manufacturing sector shrank for a fourth straight month and at a faster rate according to the latest IHS Markit PMI™ data. Sustained disruption from the third COVID-19 wave for Thailand affected both demand and production in August. Consequently, firms were largely cautious with both purchases and hiring. Price pressures also built at the same time amid the COVID-19 disruptions, altogether weighing on manufacturers' outlook.

The headline IHS Markit 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 eased to 48.3 in August from 48.7 in July, remaining below the 50.0 no-change mark for the fourth straight month to signal a deterioration in the health of the Thai manufacturing sector. The latest figure indicated a seventh monthly contraction in the year-to-date.

New orders and production both fell for a fourth consecutive month and at a faster pace compared to July. This is in line with the headline PMI reading and congruent with the deterioration of COVID-19 conditions at the start of August. Panellists mostly cited the COVID-19 pandemic driving the deterioration of economic conditions.

Demand worsened not only domestically, but from abroad as well with new export orders falling for the first time in six months.

As a result, manufacturers stayed cautious with both purchases and hiring. Job shedding was seen at a faster rate

continued...

Thailand Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Jingyi Pan, Economics Associate Director at IHS Markit, said:

*“The COVID-19 pandemic continued to take its toll on Thailand’s manufacturing sector according to the latest IHS Markit Thailand manufacturing PMI. Not only had demand and output conditions worsened, manufacturers’ outlook for the next 12 months also deteriorated according to the latest data.*

*“The uncertainties have also led to a more cautious stance with purchasing and hiring amongst Thai manufacturers, both of which eased at faster rates in August to signal the lack of confidence amongst firms.*

*“That said, COVID-19 case counts eased slightly into end-August to suggest that new infections may be past their peak and as the case typically has been following each COVID-19 wave, manufacturers may have better economic conditions to look forward to. IHS Markit forecasts Thailand GDP at 0.8% for 2021.”*

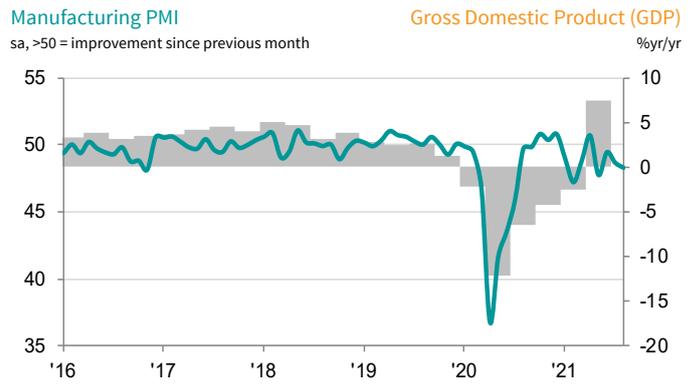
compared to the prior month and the series average. Anecdotal evidence suggested that lower staffing levels reflected both the reduction in demand amid the COVID-19 resurgence and resignations surrounding COVID-19 fears.

Amid the decline in purchasing activity, pre-production inventories fell in August. Stocks of finished goods likewise declined in August and for the eighth month in a row with manufacturers hesitant to increase inventory levels.

Meanwhile the level of outstanding business was also down, in line with demand and falling for the seventh straight month.

Lead times however stayed unchanged in August, with firms experiencing mixed effects of easing demand and sustained COVID-19 disruptions. This did little to contribute to the easing of price pressures as both input costs and output charges increased at faster rates in August compared to July. Panellists reported higher raw material and currency conversion costs contributing to the decision to share these cost burdens with clients.

Overall sentiment remained weak as manufacturers grew more pessimistic on the 12-month outlook for production in August, particularly given the COVID-19 related disruptions.



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### Methodology

The IHS Markit Thailand Manufacturing PMI™ is compiled by IHS Markit from responses to monthly 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.

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.

Data were collected 12-20 August 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.  
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