

# Nikkei Thailand Manufacturing PMI™

## Thai PMI signals firm start to second quarter

### Key points:

- Order book growth accelerates to survey-record rate
- Expansions in production, purchasing activity and inventories
- Optimism reaches highest level in over three years

Data collected April 9-18

Business conditions in Thailand's manufacturing sector improved further at the start of the second quarter. The headline index was buoyed by stronger growth in both new orders and output, although employment remained largely stagnant. Firms responded to greater demand by scaling up purchasing activity and building up inventories. Business confidence also rose to the highest in just over three years, reflecting improved demand conditions. On the price front, inflationary pressures remained modest.

The seasonally adjusted **Nikkei Thailand Manufacturing Purchasing Managers' Index™ (PMI™)** rose to 51.0 in April, up from 50.3 in March, indicating another improvement in the health of the manufacturing sector. The latest reading was the highest in nearly a year. The headline PMI provides a snapshot of the manufacturing performance in the country and derives from questions on output, new orders, employment, inventories and delivery times.

Survey data indicated a strengthening demand environment in Thailand. New order inflows rose for a third straight month and at the fastest pace since the survey started nearly three-and-a-half years ago. Domestic demand was reportedly the key driver for increased sales, with foreign orders remaining largely stagnant. Greater demand led to increased production volumes as factories scaled up output at the quickest rate since December.

Responding to greater output requirements, firms stepped up input purchases for a second straight month in April, which helped to contribute to a further accumulation in input inventories. Stocks of finished goods also increased, supported by greater production.

**Nikkei Thailand Manufacturing PMI**



Sources: Nikkei, IHS Markit

Higher production volumes remained well within the operating capacity of Thai manufacturers, as reflected by another decline, albeit marginal, in the level of unfinished work. Consequently, factory employment levels remained broadly stable. Firms that reported lower staff numbers mentioned voluntary leavers.

Business confidence also improved further in April, with the Future Output Index rising to its highest level for just over three years. Anecdotal evidence suggested that greater political certainty, an improved economic environment and higher sales projections were reasons for optimism.

Demand growth failed to strain vendor performance. On the contrary, distributors improved on their delivery times amid reports of greater over-time and higher efficiency.

Input costs rose again in April, although inflation was slower than in March and modest overall. Higher prices for inputs such as steel and gas, plus agricultural products were factors behind greater expenses. Firms raised output charges in response to increased cost burdens.

## Comment:

Commenting on the Thai Manufacturing PMI survey data, **Bernard Aw**, Principal Economist at IHS Markit, which compiles the survey, said:

*“The upturn in Thailand’s manufacturing sector gathered momentum at the start of the second quarter, according to the April Nikkei PMI survey. The headline index, which provides a quick snapshot of the health of the manufacturing economy, hit its highest level for nearly a year. The latest survey data are broadly consistent with annual GDP growth rates of around 4%.*

*“The data could help ease, to some extent, concerns that stimulus measures are needed to bolster the economy amid a post-election political gridlock. In fact, forward-looking PMI indicators showed signs of stronger growth ahead. The increase in new orders during April was the strongest since the survey started nearly three-and-a-half years ago, signalling better demand conditions. In addition, Thai manufacturers expressed greater confidence in the outlook over the next 12 months. The Future Output Index, a gauge of business optimism, reached its highest level for just over three years, with panellists highlighting higher sales forecasts and an improving economic environment as reasons.”*

-Ends-

## Nikkei Thailand Manufacturing PMI™ is sponsored by **NIKKEI**

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

## NIKKEI ASIAN REVIEW <http://asia.nikkei.com/>

### INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



#### Asia300:

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



#### JAPAN UPDATE:

Keeping you up-to-date with business and news from Japan.



#### VIEWPOINTS:

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



#### POLITICS & ECONOMY:

Looking at fiscal and monetary policy, international affairs and more



#### MARKETS:

Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



#### Video:

Watch analysts explain our articles, catch interviews with top executives.



#### Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

**For further information, please contact:**

**IHS Markit (About PMI and its comment)**

Bernard Aw, Principal Economist  
Telephone +65 6922-4226  
Email [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

Joanna Vickers, Communications  
Telephone +44 (0) 207-260-2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Nikkei inc. (About Nikkei)**

Ken Chiba, Deputy General Manager, Public Relations Office  
Atsushi Kubota, Manager, Public Relations Office  
Telephone +81-3-6256-7115  
Email [koho@nex.nikkei.co.jp](mailto:koho@nex.nikkei.co.jp)

**Notes to Editors:**

The Nikkei Thailand Manufacturing *PMI*<sup>™</sup> is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper and Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Thailand Manufacturing *PMI*<sup>™</sup> is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the Nikkei Thailand Manufacturing *PMI*<sup>™</sup> provided herein are owned by or licensed to IHS <sub>Markit</sub>. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS <sub>Markit</sub>'s prior consent. IHS <sub>Markit</sub> 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 IHS <sub>Markit</sub> be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>™</sup> and *PMI*<sup>™</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Nikkei use the above marks under license. IHS <sub>Markit</sub> is a registered trademark of IHS <sub>Markit</sub> Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS <sub>Markit</sub>, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).