

Embargoed until 0730 ICT (0030 UTC) 1 February 2021

# IHS Markit Thailand Manufacturing PMI™

## Manufacturing conditions deteriorate at start of 2021

### Key findings

Headline PMI falls below 50.0 to six-month low

Renewed declines in output and new orders

Expectations for production weaken on second wave concerns

Data were collected 12-21 January 2021.

Having signalled improving business conditions throughout the fourth quarter of 2020, the first batch of PMI™ data for 2021 showed a renewed downturn in Thailand's manufacturing sector. New orders and output both declined for the first time in six months and job shedding continued. Export demand remained weak, reflecting the impact of the coronavirus diseased 2019 (COVID-19) pandemic on international trade. Moreover, manufacturers' expectations for output over the next 12 months turned negative for the first time in three months, reflecting pessimism linked to a second wave of the virus.

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 fell to 49.0 in January, from 50.8 in December, indicating the first overall deterioration in manufacturing business conditions in Thailand since last September. The downturn was the worst since last July, and the fall in the headline figure was amongst the sharpest in the five-year survey history.

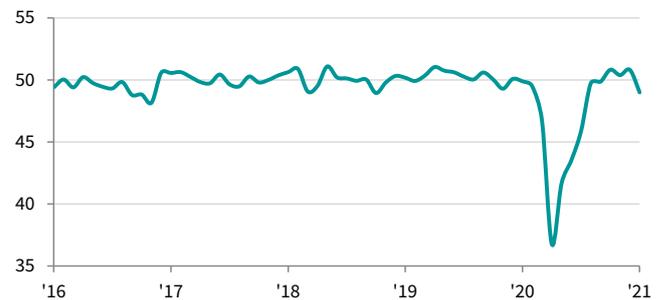
All five components of the headline PMI had negative contributions in January, both in terms of index level and movement since December. Output, new orders, employment and stocks of purchases all declined at the start of 2021, and suppliers' delivery times improved (which weighs on the PMI when the index is inverted).

Demand for Thai manufactured goods faltered in January, following a domestically driven recovery during the second half of 2020. New orders fell for the first time since last July, albeit at

continued...

Thailand Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"Thailand's manufacturing sector suffered a setback at the start of 2021, following a promising end to last year. Output and new orders both fell back into decline, with demand undermined by growing concerns over a second wave of COVID-19 that has led to a tightening of restrictions worldwide. Firms reported fewer customer numbers and postponed contracts, with export demand remaining notably weak."*

*"The rates of decline in output and total new work were only modest, however, and much slower than those seen during the first half of 2020. Output expectations turned negative in January and the medium-term outlook clearly hinges on a speedy global vaccine roll-out, which will allow economies to ease restrictions and enable a revival in international trade."*

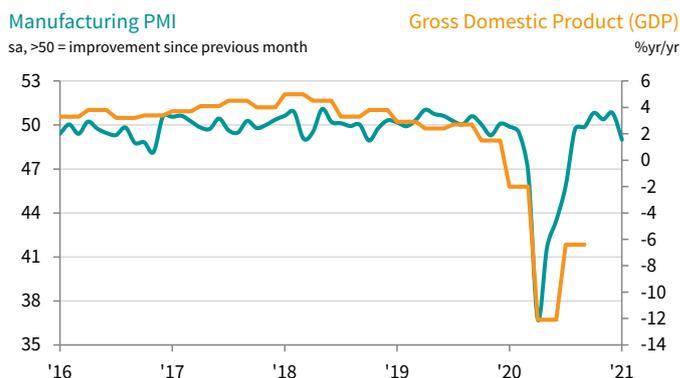
a much slower rate than those registered between March and June last year. Firms reported fewer customers and postponed orders. New export business continued to weigh heavily on overall demand, as international trade remained severely impacted by the ongoing coronavirus pandemic.

Weak market conditions impacted purchasing operations and contributed to another round of job shedding in the manufacturing sector in January. Purchases of inputs fell for the first time in four months, and employment declined for the twenty-eighth successive month. There was a general lack of pressure on business capacity as backlogs of work remained unchanged during the opening month of 2021, in line with the trend shown during the fourth quarter of 2020.

With purchases of inputs falling, suppliers' delivery times shortened slightly in January. Meanwhile, stocks of purchases decreased overall for the first time in four months, as did inventories of finished goods.

Inflationary pressures remained subdued in January. Manufacturing input prices rose for the fourth month running, but at a marginal pace. Meanwhile, output prices fell for the first time in three months, linked by firms to lower new orders.

Thai manufacturers' 12-month expectations for production turned negative in January, reflecting pessimism surrounding a second wave of COVID-19. The Future Output Index fell below 50.0 to a four-month low.



Sources: IHS Markit, NESDB.

## Contact

Trevor Balchin  
Economics Director  
IHS Markit  
T: +44 1491 461 065  
[trevor.balchin@ihsmarkit.com](mailto:trevor.balchin@ihsmarkit.com)

Katherine Smith  
Public Relations  
IHS Markit  
T: +1-781-301-9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### 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 12-21 January 2021.

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

### Disclaimer

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

### About IHS Markit

IHS Markit (NYSE: 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 © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click here.

### 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.  
[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)