

Embargoed until 0730 ICT (0030 UTC) 5 May 2021

## IHS Markit Thailand Manufacturing PMI™

### Business conditions in manufacturing improve in April as exports rise

#### Key findings

PMI above 50.0 for first time in 2021 so far, at 50.7

Output and new orders both rise for first time in four months

Strongest growth in exports since September 2019

Data were collected 12-22 April 2021.

Business conditions in Thailand's manufacturing sector improved in April, according to the latest IHS Markit PMI™ data. Production and new business both increased for the first time in 2021 so far, spurred by a boost to exports. Less positively, employment in the goods-producing sector continued to fall, reflecting a weaker 12-month production outlook as a third wave of COVID-19 developed.

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.

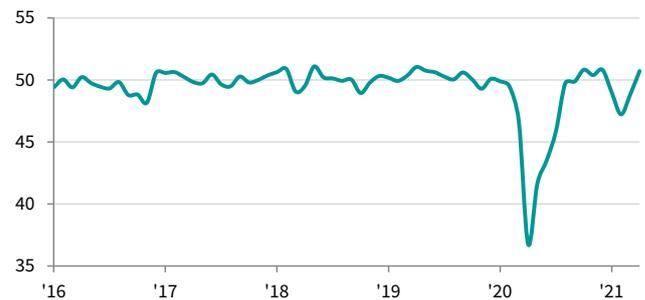
The PMI rose from 48.8 in March to 50.7 in April, signalling an overall improvement in business conditions. The latest figure was the highest since last December and among the best outcomes recorded during the past two years. The April reading was also well above the long-run survey average (since December 2015) of 49.4.

The 1.9-point rise in the PMI was among the largest ever recorded and mainly reflected the new orders and output components. The stocks of purchases and suppliers' delivery times components also provided positive directional influences on the headline figure, while the contribution of employment was again broadly neutral.

Survey data indicated a recovery in demand for Thai manufactured goods at the start of the second quarter of 2021. The volume of new orders rose for the first time in four months, at a moderate pace. A number of firms reported new customers and successful marketing campaigns.

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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 began the second quarter on a stronger footing than at the start of the year, as the headline PMI rose to a four-month high of 50.7. Key indicators for output and new orders signalled renewed growth, driven by the strongest increase in exports for over a year-and-a-half."*

*"Firms raised purchasing activity to support workloads but suppliers' delivery times lengthened the most on record, reflecting the current severe pressure on global supply chains and local COVID-19 restrictions. This did not, however, translate into soaring costs with input prices rising only slightly in April."*

*"Higher new orders and output were also not reflected in recruitment, with the employment index remaining broadly in line with its long-run average. Caution around new hiring reflected ongoing pessimism about the next 12 months, with sentiment worsening in April as concerns grew over a third wave of COVID-19."*

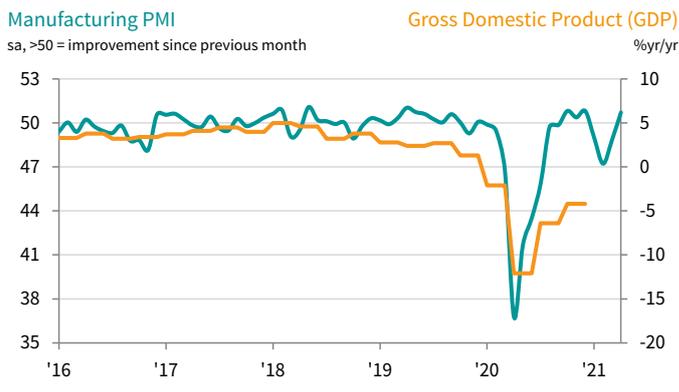
Data also signalled a revival in export demand in April. New orders from international markets rose the most in any month since September 2019, and at one of the fastest rates in the survey history.

Output followed a similar trend to new orders, rising for the first time in four months in April and at a similar pace. That said, the volume of outstanding business continued to decline, suggesting a lack of pressure on capacity. Manufacturers also continued to reduce their inventories of finished goods during the month.

Firms increased their purchasing activity in April to accommodate new orders. The volume of inputs ordered rose for the first time in four months. This generated additional pressure on supply chains, and suppliers' delivery times lengthened to the greatest extent in the survey history in April.

Cost inflationary pressures remained subdued despite rising demand for raw materials. Input prices rose for the seventh month running, but only marginally. That said, output prices increased for only the second time in 16 months in April.

Although new orders and output rose, employment in Thailand's manufacturing sector declined further in April. This partly reflected a weakening 12-month outlook prompted by concerns over a third wave of COVID-19.



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)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@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 12-22 April 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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