

# IHS Markit Thailand Manufacturing PMI™

## Slower downturn in June for Thailand's manufacturing sector

### Key findings

Demand and output fell at slower rates in June

Prices continue to climb

Firms less pessimistic regarding 12-month outlook

Data were collected 11-22 June 2021.

Thailand's manufacturing sector contracted for a second consecutive month but at a slower rate in June according to the latest IHS Markit PMI™ data. Demand and production remain weighed down by the COVID-19 pandemic, though fell at slower rates in June. Price pressures continued to build while lead times lengthened again, reflecting the mild supply constraints that the sector continues to face amid the current economic slowdown.

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 to 49.5 in June from 47.8 in May, but remained below the 50.0 no-change mark, signalling a sustained deterioration in the health of the Thai manufacturing sector. The latest figure indicated a fifth monthly contraction in the year-to-date. The June reading however edged above the long-run survey average of 49.4 (since December 2015).

Output and new orders both fell for a second successive month in June, albeit at slower rates compared to May. Panellists reflected the lingering impact of the third COVID-19 wave on the Thai economy as various restrictions on activity carried on into June. Foreign demand of Thai manufactured goods however continued to increase from the previous month though at a marginally slower rate compared to May.

The overall weaker demand and production picture also led to continued easing of pressure on manufacturing capacity as backlogs of work declined again. Manufacturers were also

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:

*“Lingering COVID-19 disruptions were evident through the latest IHS Markit Thailand manufacturing PMI. The third COVID-19 wave kept Thailand’s manufacturing sector in contraction for a second straight month as demand and production fell.*

*“In turn, cautiousness with regards to hiring and purchasing was sustained. This was amid the continued impact of supply constraints making it challenging for manufacturers’ operations.*

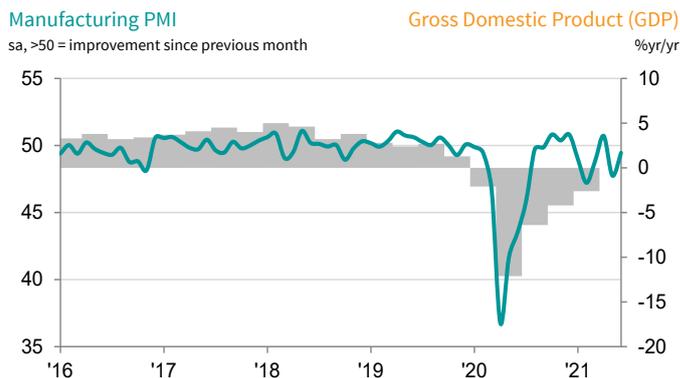
*“The slight positivity in the latest survey was the reduced pessimism seen in June while foreign demand remained in growth. With the vaccination drive underway, this will be an area to watch if economic conditions can take a turn for the better in the coming months.”*

more cautious with holding post-production inventories with the overall level of finished items held by firms falling for a sixth straight month.

Amid the COVID-19 disruptions, the overall mood in the Thai manufacturing sector remained pessimistic. This led to a continued contraction of purchasing and hiring activities in June. The rate of job shedding was the fastest since April.

The reduction of purchasing activity also led to a decline in stocks of purchases even as usage fell with lower production. Manufacturers were generally reluctant to hold additional pre-production inventories given the uncertain economic conditions in the Thai manufacturing sector.

Price pressures also continued to build in June as input price inflation climbed to a three-month high while firms continued to share cost burdens with their clients by raising their own charges. At the same time, the lengthening of delivery times continued for manufacturers in June, signalling continued supply constraints faced by firms.



Sources: IHS Markit, NESDB.

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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 11-22 June 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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