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# IHS Markit Thailand Manufacturing PMI™

## PMI signals slower downturn in manufacturing sector in March

### Key findings

PMI improves from 47.2 in February to 48.8

New export orders rise for first time since February 2020

Manufacturers less pessimistic regarding 12-month outlook

Data were collected 11-23 March 2021.

Thailand's 2021 manufacturing downturn continued in March, according to the latest IHS Markit PMI™ data. Having expanded throughout the final five months of 2020, output and new orders declined in March, as was the case throughout the first quarter. The rates of contraction eased since February, however, moving the headline PMI higher. Firms were still pessimistic regarding the 12-month outlook for production, albeit less so than in January and February.

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.

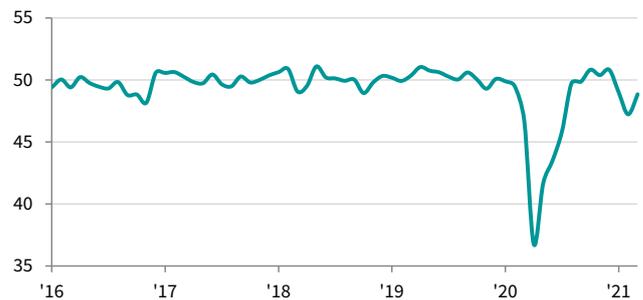
The PMI remained below 50.0 for the third successive month in March, rising from 47.2 in February to 48.8. The downturn seen throughout the first quarter of 2021 marked a reversal from continuous expansion during the final quarter of 2020. The rise in the headline figure indicated a slower contraction at the end of the first quarter, although the PMI remained below its long-run trend level of 49.4 (since December 2015).

The 1.6-point rise in the PMI almost wholly reflected the new orders and output components. The remaining boost was provided by a slower reduction in stocks of purchases, while the suppliers' delivery times and employment components both had broadly neutral directional influences in March.

The overall downturn in business conditions in the goods-producing sector was heavily influenced by a further drop in new orders. Demand weakened for the third month running with firms commenting on low activity among clients and a lack

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:

*"March data completed a full quarter of negative PMI readings for Thailand's manufacturing sector, underlining a weak start to 2021. The PMI averaged 48.4 in the first quarter, down from 50.7 in Q4 2020 and broadly in line with Q3 (48.5).*

*"Output, new orders, purchasing and input inventories all declined for the third month running in March. There were signs of encouragement, however, as all four indicators registered slower rates of contraction than in February, while firms were less pessimistic about the 12-month outlook. Moreover, the volume of new export orders rose for the first time since February 2020. April data will be closely watched to determine if February's recent low marked a turning point for the manufacturing sector."*

of new customers. The rate of decline slowed since February, however, partly influenced by the first increase in new export business since February 2020.

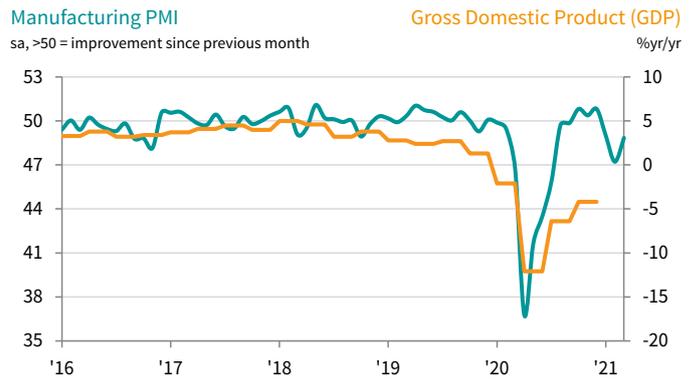
With new orders falling further, Thai manufacturers cut production for the third month running. That said, the rate of decline eased since February, in line with the softer reduction in new work.

Backlogs of work held by Thai goods producers were broadly unchanged in March, following a steep drop in February. With a continuing lack of pressure on capacity, firms cut workforces further. Manufacturing employment has fallen throughout the past two-and-a-half years, with the rate of job shedding little-changed in March compared with February.

Survey data for March also indicated further declines in purchasing activity and inventories of both inputs and finished goods. Suppliers' delivery times were broadly stable.

Although demand for inputs fell, global supply shortages resulted in a further rise in average input prices. In contrast, manufacturers left their own output prices unchanged since February, reflecting the weak demand environment.

An economic slowdown amid coronavirus disease 2019 (COVID-19) restrictions continued to undermine business confidence in March. Manufacturers remained pessimistic regarding the 12-month outlook for production, albeit less so than in February.



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 11-23 March 2021.

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

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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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