

Exports in August slowed considerably from the previous month due to plunging gold exports and the global COVID-19 outbreak that weakened the global economy and prompted supply chain disruption in various countries.

27 September 2021

Key summary

- The value of exports in August surged by 8.9%YOY with continuous growth (in terms of %YOY) in all major product categories. However, in terms of the seasonally adjusted month-on-month growth, exports plunged by -9.1%MoM_sa, partly due to the tumble in gold exports by -85.8%YOY.
- Despite the exclusion of gold, exports continued to plummet from the previous month due to the Delta variant outbreak that slowed global economic conditions. The readings of the Manufacturing PMI index in all country groups, particularly EMs, weakened. Moreover, the factory closures in Thailand and Thailand's trading partner's within the same value chain prompted supply chain disruption. As such, exports of major merchandise, especially automotive, continued to drop from July onwards.
- During the remainder of the year, EIC views that export growth should stall due to various factors, including the higher base, the global economic slowdown, the supply chain disruption, and the chip shortages with more severe consequences. In 2022, exports should continue to improve, though at a slowing rate, following the global economic recovery and the vaccination progress, with particular acceleration in EMs. However, obstructions from container shortages that heightened freight and chip shortages will continue to suppress exports next year.

■ Key points

The value of Thai exports in August expanded by 8.9%YOY, stalling from the 20.3%YOY expansion in the previous month. Excluding gold, export growth improved to 23.8%YOY, slightly declining from the previous month at 28.6%YOY. As such, during the first 8 months of 2021, the value of exports expanded by 15.2%YOY. Excluding gold, the figure increased to 23.3%YOY.

Merchandise exports continued to increase in terms of %YOY growth.

- **Exports of refined fuel continued to improve for 6 consecutive months with a surge of 127.8%YOY in August**, following the continually increasing demand for energy and rising oil prices. Exports by key destinations improved across the board, including Cambodia (117.6%YOY), Singapore (199.4%YOY), and the Philippines (1,746.8%YOY).
- **Exports of fresh/ chilled/ frozen/ dried fruits surged by 125%YOY** following the growth in China at 163.8%YOY. Fruit exports to China accounted for 89.8% of Thailand's total fruit export.
- **Exports of plastic beads grew for 9 consecutive months with a growth of 55.7%YOY in August.** Exports by key destinations improved across the board, including China (32.3%YOY), India (92.6%YOY), and the US (238.8%YOY).
- **Exports of automotive and parts improved for 10 consecutive months with a growth of 17.8%YOY.** Exports of pickups trucks, buses, and trucks expanded by 64.9%YOY, exports of auto parts and components improved by 26.3%YOY, meanwhile, exports of passenger cars saw the first contraction in 6 months at -16.5%YOY.
- **Exports of chemical products expanded for 9 consecutive months with a growth of 45.1%YOY.** Exports by key destinations improved across the board, including China (61.8%), Japan (90.4%), and India (64%). However, growth to Vietnam contracted by (-1.9%YOY).

Regarding exports by destinations, exports to Australia and Hong Kong contracted. Exports to CLMV remained stable. Meanwhile, exports to other destinations continued to increase.

- **Exports to India continued to surge for 7 consecutive months with a growth of 44.2%YOY in August.** Products that led the expansion included plastic beads (92.6%YOY), chemicals (64%YOY), and automotive and parts (106.1%YOY).
- **Exports to China soared by 32.3%YOY**, following exports of fresh/ chilled/ frozen/ dried fruits (163.8%YOY). Other notable drivers included exports of plastic beads (32.3%YOY), cassava products (68%YOY), and rubber (108.1%YOY).
- **Exports to CLMV contracted slightly by -0.03%YOY.** Analysis of growth by countries found that exports to Cambodia and Laos improved by 28.5%YOY and 19.8%YOY, respectively. Meanwhile, exports to Myanmar and Vietnam dropped by -6.3%YOY and -17.2%YOY, respectively. The contraction was partly due to the severe COVID-19 outbreak in the two countries, as well as Myanmar's political situation.
- **Exports to Hong Kong reverted to a contraction of -9.5%YOY.** A notable factor that undermined such growth was the drop in gold exports at -65.8%YOY as well as telephone exports (-44.5%YOY),

respectively. Meanwhile, exports of computers (13.4%YOY) and integrated circuits (15.6%YOY) improved.

- **Exports to Australia continued to drop for 2 consecutive months with a -23.1% contraction.** Such growth in August worsened from the previous month at -12.3%. Key exports that dragged growth were air conditioner and parts (-19.4%YOY), automotive and parts (-6.3%YOY), and gold (-95.7%YOY).

Figure 1: Merchandise exports in August continued to improve across the board in terms of %YOY growth. Exports to key destinations expanded, though exports to CLMV stabilized, and exports to Hong Kong and Australia contracted due to gold.

Exports by product

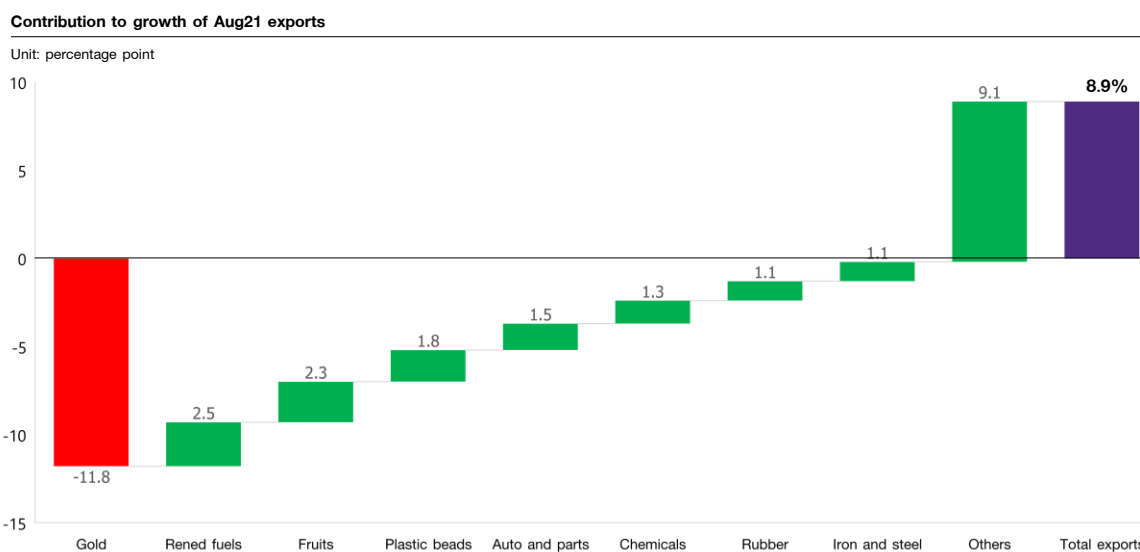
Unit: %YOY, (Share in 2020)	2020	2020Q3	2020Q4	2021Q1	2021Q2	Jun-21	Jul-21	Aug-21	YTD
Total (100%)	-5.9%	-7.7%	-2.0%	2.1%	31.8%	43.8%	20.3%	8.9%	15.2%
Total (ex. gold) (94.2%)	-8.5%	-10.7%	-1.6%	8.1%	40.1%	43.4%	28.6%	23.8%	23.3%
Electrical appliances (10.2%)	-3.0%	0.7%	10.9%	14.8%	48.8%	42.3%	21.9%	6.3%	25.4%
Auto & parts (9.2%)	-21.8%	-24.3%	0.1%	23.8%	120.4%	78.5%	39.2%	17.8%	48.4%
Agriculture (9.1%)	-3.1%	-9.5%	4.8%	12.9%	26.8%	59.8%	46.4%	45.5%	26.1%
Chemical & plastics (8.1%)	-10.7%	-10.3%	-0.3%	20.6%	49.7%	47.2%	47.3%	42.1%	37.1%
Agro (7.8%)	-3.8%	-4.6%	-11.5%	-2.7%	6.7%	13.5%	0.4%	0.2%	1.6%
Computer & parts (8.1%)	2.3%	3.7%	3.8%	8.4%	30.8%	21.5%	19.3%	10.5%	18.0%
Rubber products (5.2%)	7.8%	15.7%	15.5%	32.4%	48.6%	38.1%	16.0%	6.5%	31.7%
IC (3.1%)	-5.7%	-9.7%	-1.9%	13.9%	22.7%	32.8%	25.9%	16.5%	19.0%
Machinery & parts (2.8%)	-10.5%	-14.8%	1.9%	8.2%	51.1%	73.1%	26.0%	21.8%	25.5%
Refined fuel (2.3%)	-27.0%	-33.3%	-28.3%	-5.5%	95.7%	81.9%	70.9%	127.8%	47.2%
Textile (2.5%)	-16.9%	-21.0%	-12.5%	-5.3%	32.6%	24.3%	18.1%	9.2%	11.3%

Exports by country

Unit: %YOY, (Share in 2020)	2020	2020Q3	2020Q4	2021Q1	2021Q2	Jun-21	Jul-21	Aug-21	YTD
Total (100%)	-5.9%	-7.7%	-2.0%	2.1%	31.8%	43.8%	20.3%	8.9%	15.2%
US (14.8%)	9.7%	17.8%	16.2%	12.4%	30.4%	41.2%	22.2%	16.2%	20.6%
ASEANS (13.4%)	-12.2%	-19.2%	-15.0%	-10.2%	27.0%	48.7%	26.9%	26.9%	10.8%
China (12.9%)	2.2%	0.0%	-2.6%	19.7%	29.2%	42.0%	41.0%	32.3%	27.9%
CLMV (10.5%)	-11.1%	-9.2%	-12.0%	0.6%	42.3%	36.3%	16.1%	0.0%	15.7%
Japan (9.9%)	-7.0%	-13.0%	4.2%	6.4%	20.0%	32.3%	23.3%	10.0%	13.5%
EU15 (8%)	-12.6%	-12.5%	-3.7%	8.0%	51.9%	42.2%	20.4%	12.8%	23.5%
Hong Kong (4.9%)	-3.6%	-13.9%	-2.0%	-19.3%	16.3%	36.6%	20.9%	-9.5%	-0.8%
Australia (4.2%)	-3.9%	-8.8%	14.8%	19.8%	27.7%	30.3%	-12.3%	-23.1%	11.0%
Middle East (3.1%)	-12.7%	-23.3%	-10.1%	-0.3%	41.7%	26.1%	12.4%	31.9%	17.6%
India (2.4%)	-25.0%	-21.3%	9.0%	7.6%	181.5%	123.9%	75.3%	44.2%	55.6%

Source: EIC analysis based on data from the Ministry of Commerce

Figure 2: Gold dragged export recovery in August, while refined fuel and fruits exports supported growth.



Source: EIC analysis based on data from the Ministry of Commerce

In terms of imports, the value of imports in August accelerated by 47.9%YOY, improving from the previous month at 45.9%YOY. Imports improved across the board. Key import growth drivers included fuel products (81.8%YOY) that expanded from the low-base as well as higher prices compared to the prior year, capital goods (23.8%YOY), consumer goods (12.7%YOY), and vehicles and transportation equipment (47.3%YOY). Similarly, imports of raw materials and intermediate raw materials improved by 65.7%YOY. Excluding gold, the growth improved to 66.3%YOY. As such, during the first 8 months of 2021, imports expanded by 31%YOY. Albeit the trade deficit in August was at USD -1,215.6 million, the trade balance during the first 8 months of 2021 remained at a surplus of USD 1,407 million.

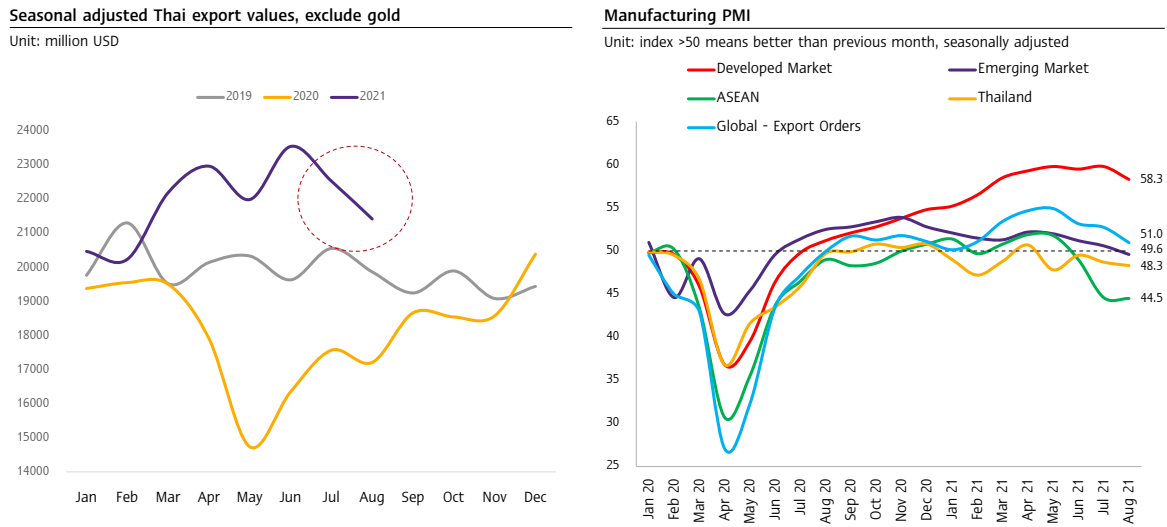
■ Implication

Although exports continued to grow in terms of %YOY, in terms of the seasonally adjusted month-on-month growth, exports contracted by -9.1%MoM_sa due to various factors, including:

1) **A considerable drop in gold exports.** In August, gold exports tumbled by -85.8%YOY. Excluding gold, export growth improved from 8.9%YOY to 23.8%YOY. With such regards, the drop in gold exports drastically undermined overall export growth in August.

2) **Casualties from the global Delta variant outbreak, including in Thailand, slowed global economic conditions and prompted supply chain disruption.** Drastic implications were witnessed since July with a more pronounced impact in August. Indicators for such casualties included the seasonally adjusted export contraction (excluding gold) from July onwards (Figure 3 left). Similarly, readings of the Global Manufacturing PMI Export Orders and Manufacturing PMI of various markets weakened. In particular, the readings for EMs in ASEAN dropped below 50 (Figure 3 right).

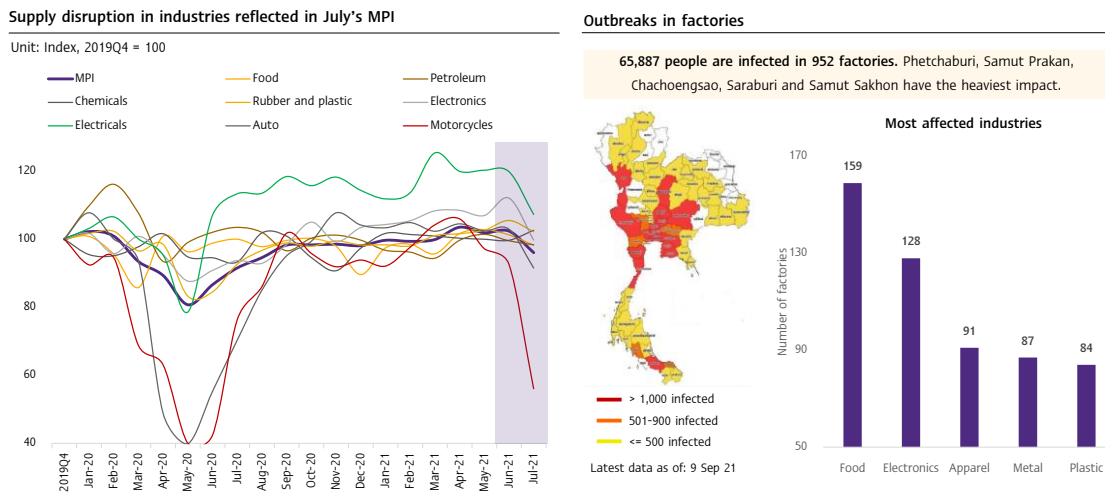
Figure 3: Exports continued to weaken since July due to the slowing global economic conditions triggered by the Delta variant outbreak, especially among EMs in ASEAN.



Source: EIC analysis based on data from the Ministry of Commerce, JP Morgan, and CEIC

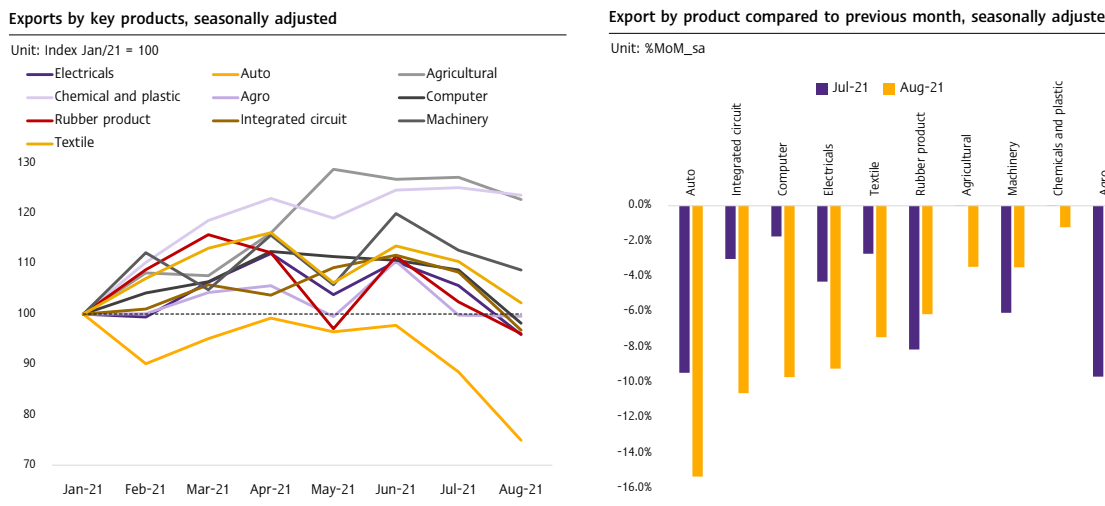
Nevertheless, the manufacturing of export products was also impacted by the supply chain disruption due to the factory closures in Thailand and Thailand's trading partner's within the same value chain. Figure 4 illustrated that various factories were hampered by the domestic outbreak. Furthermore, the readings of the Manufacturing Production Index (MPI) in various industries in July considerably weakened, reflecting the supply chain disruption. Meanwhile, the export figures of most key export merchandise (Figure 5) continued to drop from July onwards. Automotive exports were particularly impacted due to the global economic slowdown, the supply chain disruption, in addition to the chip shortages that forced automakers to cut production.

Figure 4 : The domestic factory closures to contain the virus spread, severely impacted the manufacturing of export products from July onwards.



Source: EIC analysis based on data from the Ministry of Industry and Center for COVID-19 Situation Administration (CCSA)

Figure 5: Most export products observed weakened growth in Jul-Aug, particularly automotive exports that dropped considerably.

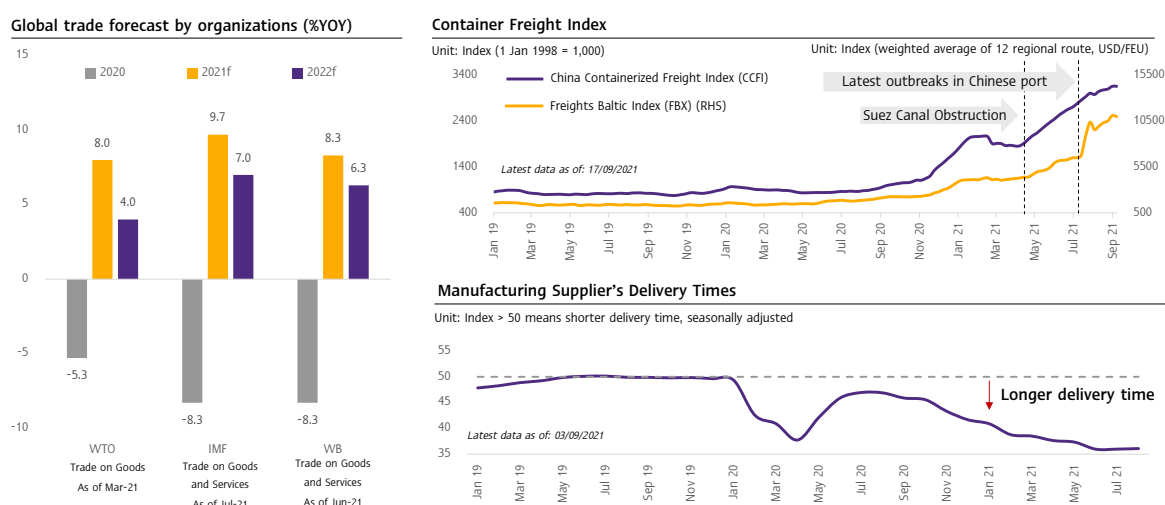


Source: EIC analysis based on data from the Ministry of Commerce

As such, EIC anticipates that during the remainder of 2021, exports should continue to improve at a similar or slower momentum with growth stalling from the previous periods. Factors that should stall recovery include the higher base, the slowing global economic conditions from the re-emergence of COVID-19 outbreaks, the supply chain disruption, and the chip shortages with a more pronounced impact, especially on the electronics and automotive industry. Once the global outbreak, including in Thailand, starts to alleviate, the manufacturing sector should continue to resume operations, thus supporting global trade and export recovery.

In 2022, exports should continue to improve in line with the global economic conditions, with anticipated growth of 4.7%. The global economy is likely to continue to expand following the vaccination progress. Emerging markets will particularly see accelerating growth as observed in developed economies. Such conditions will benefit Thai exports from recovering demand from trading partners. However, container shortages that heightened freight and chip shortages will continue to suppress exports next year.

Figure 6: In 2022, exports should continue to expand, though at a slowing rate due to risks from the container and semiconductor (chip) shortages that warrant monitoring.



Source: EIC analysis based on data from WTO, IMF, World Bank, Freightos, JP Morgan, and Shanghai Shipping Exchange

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