



Thailand's export growth momentum continued to slow. EIC evaluates that exports will expand by 2.5% in 2023 following the global economic slowdown.

26 September 2022

Thailand's export growth momentum continued to slow. EIC evaluates that exports will expand by 2.5% in 2023 following the global economic slowdown.

Thai merchandise exports accelerated in August, though mainly supported by the low base effect.

The value of Thai merchandise exports in August 2022 was at USD 23,632 million, increasing by 7.5%YOY (compared to the same period in the prior year). Such a performance edged up from the 4.3%YOY expansion in the prior month, marking an 18 consecutive months increase. The expansion was mainly backed by the low base in the prior year. Furthermore, such growth aligned with exports excluding gold, which increased by 7.4%YOY, accelerating from 4.7%YOY in the prior month. In terms of the seasonally adjusted month-on-month growth, exports contracted by -4.1%MOM_sa from July. During the first 8 months of 2022, Thai exports enjoyed an 11% increase. Excluding gold, exports grew by 9.4%.

Exports of agro-industrial products continued to be main exports driver as global demand surged. Meanwhile, exports of automotive, parts and components returned to growth, a first in 8 months.

Key merchandise export data showed that (1) Exports of agricultural products continued to contract by -10.3% or -12.4%MOM_sa. Key products that dragged growth during the month included fresh/ chilled/ frozen/ dried fruits to China. Meanwhile, exports of processed chicken, fresh/ chilled/ frozen chicken, and rice supported growth. Looking ahead, exports of Thai rice should be supported by India's rice export control policies and the weakening baht during the remainder of 2022. However, domestic floodings and impacted cultivation areas could weaken output. (2) Exports of agro-industrial products soared by 27.6%, though contracted on a seasonally adjusted month-on-month basis by -5.1%MOM_sa. The products that supported growth during the month included sugar, canned and processed seafood, and animal feed. (3) Exports of industrial products increased by 9.2%, though contracted on a seasonally adjusted month-on-month basis by -2.5%MOM_sa. Various products supported growth during the month, such as automotive, parts, and components that returned to a first expansion in 8 months, particularly passenger cars. Exports of air conditioner and parts were urged by extreme heatwaves in various regions. Exports of electronic integrated circuits and gemstones and jewelry (excluding gold) also improved. On the contrary, products that dragged growth were aircraft, spacecraft and parts, plastic beads, and chemicals, and (4) Exports of mineral and fuel products contracted for the first time in 18 months at -9.7% or -27.1%MOM_sa following global crude oil price and crack spread that fell from the peak.

Exports to various destinations continued to slow, especially China.

Exports to various destinations signaled clearer slowdowns, in which (1) Exports to China during the month contracted by -20.1%, marking a 3 consecutive months contraction. In seasonally adjusted month-on-month term, exports to China fell by -3.5%MOM_sa. Such data coincided with China's overall import value in August, which stabilized at 0.3%YOY, and lower than market estimates at 1.1% (Bloomberg consensus). Other weakening indicators included the value of China's imports from Thailand, which reached a 31 months low at -21.3% and China's Purchasing Managers Index reading that dropped below 50. The key products that undermined exports to China during the month were fresh/ chilled/ frozen/ dried fruits, iron, steel and products, plastic beads, and automotive, parts, and components, (2) Exports to Hong Kong dropped by -18.1%, though improving from the -31.3% dip in the previous month, (3) Exports to the US and EU28 during the month expanded both on the %YOY and %MOM_sa basis. However, high economic risks lingered in such economies. Exports to such economies could slow in the periods ahead, (4) Exports to CLMV and ASEAN5 expanded by 41.1% and 5.8%, respectively. However, exports to such regions contracted on a seasonally adjusted month-on-month basis at -0.6%MOM_sa and -7.9%MOM_sa, respectively. To summarize, after considering fading support from the base effect, clearer signs of slowdowns were present despite improving export growth in many key destinations.

Import growth slowed slightly, prompting the trade balance (in customs basis) to continue to weaken.

The value of imports in August stood at USD 27,848.1 million, increasing by 21.3%, a rate dropping from 23.9% in the previous month. In terms of the seasonally adjusted month-on-month growth, imports expanded by 1.7%MOM_sa from July. In August, imports grew in nearly all key categories, led by fuel imports with staggering 77.4% growth. However, imports of vehicles and transportation dropped by -4.5%. With such regards, the trade deficit during the month registered at USD -4,215.4 million as exports during the month stabilized, while imports continued to soar. During the first 8 months of 2022, imports grew by 21.4%, while the trade deficit weakened to USD -14,131.7 million.

EIC anticipates low Thai export growth at 2.5% in 2023 due to slowing global economic conditions.

Even though Thai exports performed well during the first 8 months of 2022, clearer signs of slowdowns emerged in July and August. EIC expects that exports should continue to slow during the remainder of 2022 and 2023 due to uncertainties from the global economic slowdown and risks of recession in key trading partners' economies. China, particularly, will continue to face pressures from both internal and external factors, including the continual implementation of the Zero-covid strategy, wobbling real estate conditions, drought, and slowing global demand. Furthermore, the US and Europe should see clearer signals of slowdowns prompted by high inflation environments and aggressive monetary policy

tightenings. Despite such drags, the fluctuating baht could depreciate more than previously anticipated and may help support Thai exports to not drop below expectations during the remainder of 2022. As such, EIC revises up the Thai export forecast (customs basis) for 2022 to 6.3% (previous estimation in June at 5.8%). Meanwhile, for 2023, EIC anticipates that Thai merchandise export growth should slow to 2.5% following the global economic slowdowns and high inflation environments that will weaken purchasing power and demand in trading partners' economies. However, EIC views that exports in 2023 should expand following price pushes, while export volume should weaken following economic conditions in each trading partner country.

Figure 1: Exports improved during the month due to the low base effect support, though clearer signals of slowdowns emerged.

Exports by product

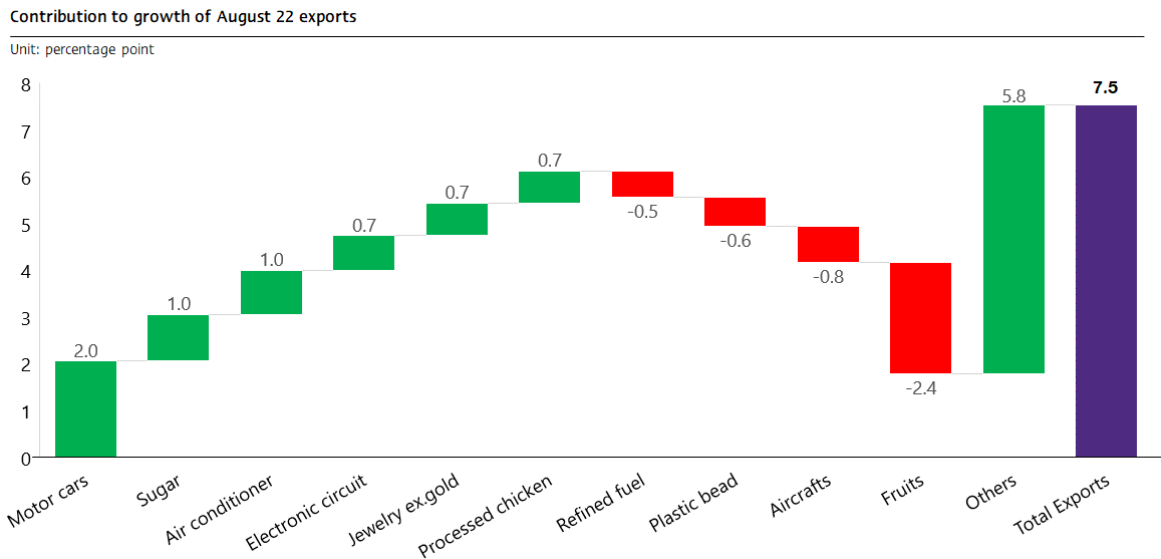
Unit: %YOY, (Share in 2021)	2021	2021Q3	2021Q4	2022Q1	2022Q2	Jun-22	Jul-22	Aug-22	YTD
Total (100%)	17.4%	15.4%	23.1%	14.8%	10.8%	11.8%	4.3%	7.5%	11.0%
Total (ex. gold) (98.6%)	22.8%	23.7%	22.7%	10.0%	11.0%	11.5%	4.7%	7.4%	9.4%
Electrical appliances (10.4%)	20.3%	12.7%	11.7%	8.8%	2.8%	1.3%	5.0%	18.4%	7.1%
Auto & parts (10.8%)	37.0%	19.1%	24.3%	-11.3%	-6.0%	-6.0%	-2.9%	22.5%	-4.9%
Agriculture (9.6%)	23.9%	34.1%	20.9%	1.6%	15.4%	21.7%	-0.3%	-10.3%	5.4%
Chemical & plastics (9.4%)	36.9%	42.9%	35.5%	18.6%	5.2%	3.3%	-5.6%	-7.2%	6.7%
Agro (7.1%)	7.0%	4.3%	20.5%	27.9%	28.0%	28.3%	38.1%	27.6%	29.1%
Computer & parts (8.1%)	18.0%	17.7%	16.9%	8.6%	-6.7%	19.1%	-19.8%	0.0%	-2.1%
Rubber products (5.3%)	19.5%	8.3%	-1.7%	-8.2%	-0.3%	-4.9%	-4.4%	-0.2%	-3.9%
IC (3.1%)	19.0%	19.4%	18.7%	17.7%	9.4%	7.5%	4.2%	25.1%	13.6%
Machinery & parts (3%)	24.3%	29.4%	17.1%	17.3%	13.8%	10.4%	5.4%	15.6%	14.3%
Refined fuel (3.3%)	65.5%	103.4%	104.7%	21.9%	64.2%	75.2%	53.7%	-13.5%	36.6%
Textile (2.4%)	13.6%	15.5%	17.8%	13.7%	11.1%	10.0%	6.5%	12.9%	11.7%

Exports by markets

Unit: %YOY, (Share in 2021)	2021	2021Q3	2021Q4	2022Q1	2022Q2	Jun-22	Jul-22	Aug-22	YTD
Total (100%)	17.4%	15.4%	23.1%	14.8%	10.8%	11.8%	4.3%	7.5%	11.0%
US (15.4%)	21.9%	19.6%	25.2%	23.3%	17.8%	12.1%	4.7%	16.3%	17.8%
China (13.7%)	25.0%	32.2%	17.8%	4.2%	-1.9%	-2.7%	-20.6%	-20.1%	-5.0%
ASEAN5 (13.7%)	19.9%	27.1%	44.1%	26.9%	23.1%	35.6%	21.3%	5.8%	21.8%
CLMV (10.3%)	14.5%	7.9%	13.6%	5.5%	14.1%	19.5%	24.2%	41.1%	14.8%
Japan (9.2%)	9.6%	15.2%	-0.2%	1.2%	1.6%	-1.0%	-4.7%	6.6%	1.2%
EU28 (9.3%)	21.3%	13.9%	20.3%	7.5%	4.5%	5.8%	9.3%	20.7%	8.1%
Hong Kong (4.3%)	2.7%	7.8%	9.1%	5.0%	-7.3%	-6.4%	-31.3%	-18.1%	-7.9%
Australia (4%)	11.5%	-12.6%	16.9%	-2.4%	-3.3%	5.0%	19.9%	21.3%	2.3%
Middle East (3.3%)	22.2%	19.2%	37.2%	14.9%	28.9%	23.7%	26.8%	38.5%	24.3%
India (3.2%)	56.0%	65.3%	50.6%	33.1%	60.4%	77.7%	33.3%	18.0%	41.1%
Russia (0.4%)	42.3%	61.2%	72.8%	-6.8%	-63.9%	-52.7%	-42.6%	-25.1%	-35.4%
Ukraine (0%)	35.7%	21.0%	27.1%	-49.2%	-89.7%	-86.3%	-87.5%	-82.6%	-71.4%

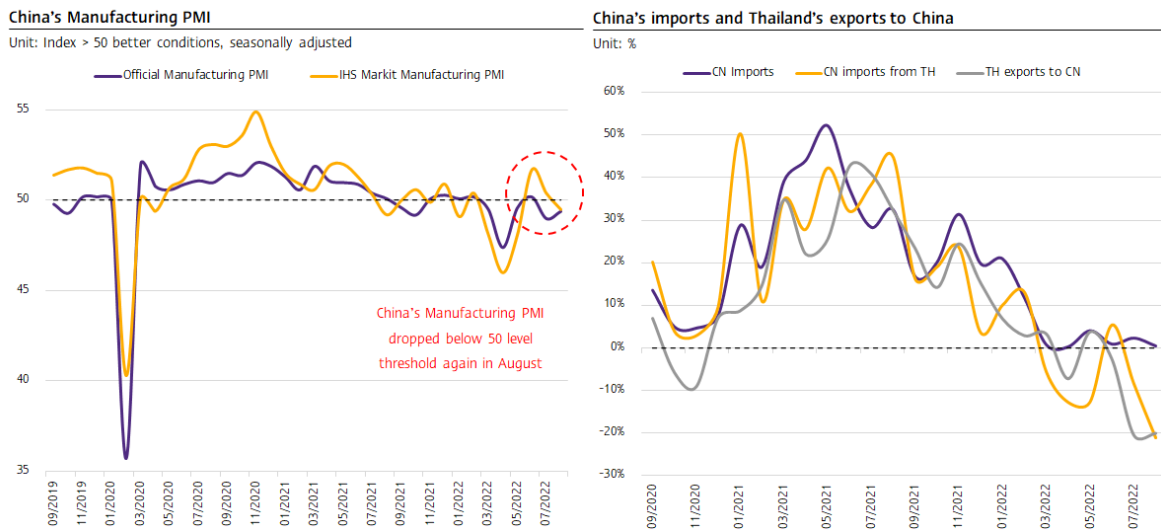
Source: EIC analysis based on data from the Ministry of Commerce

Figure 2: Stalling exports of fresh/ chilled/ frozen/ dried fruits to China continued to drag Thai exports.



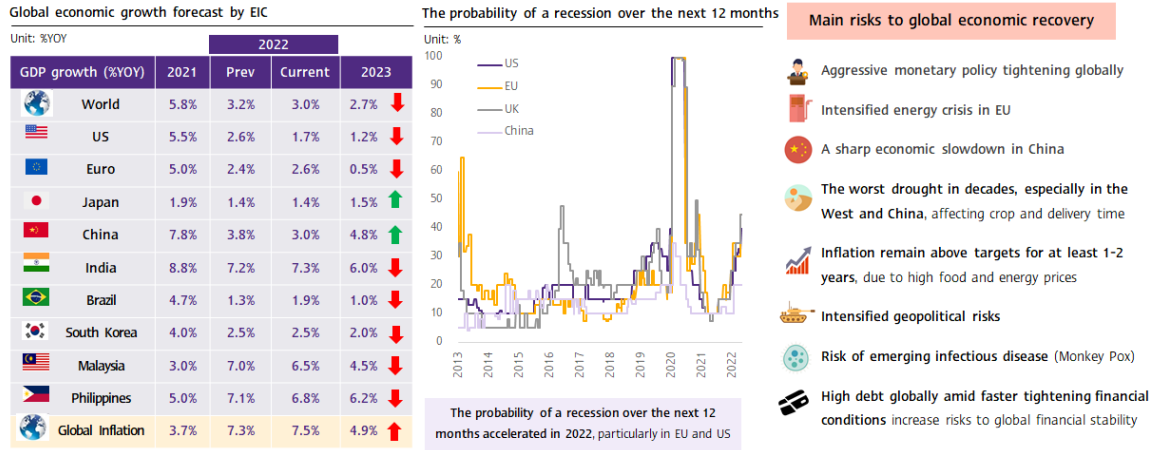
Source: EIC analysis based on data from the Ministry of Commerce

Figure 3: Exports to China continued to tumble. Such conditions aligned with China's overall imports and Purchasing Managers Index reading.



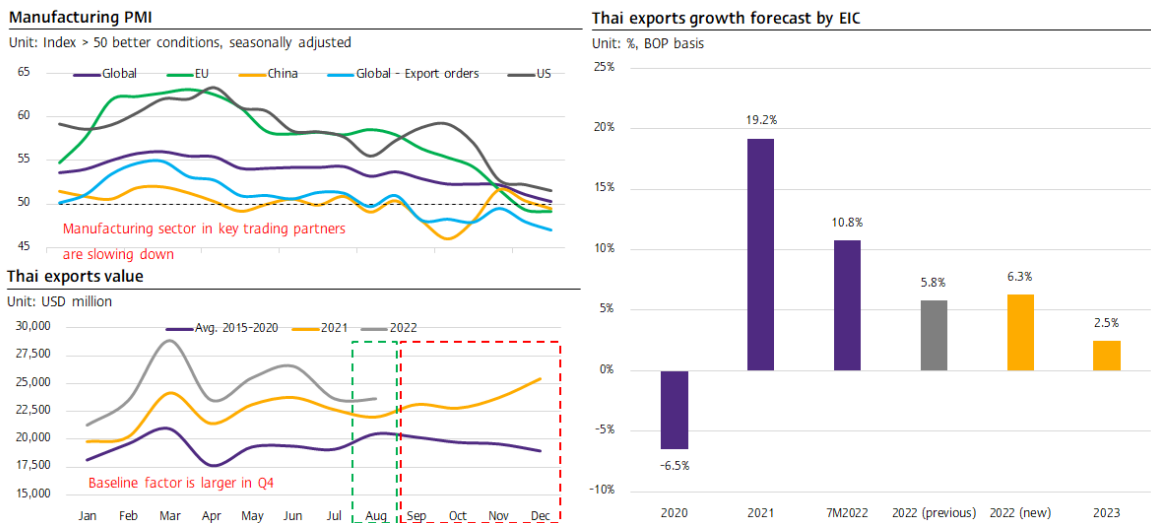
Source: EIC analysis based on data from the Ministry of Commerce, National Bureau of Statistics of China, S&P Global, and CEIC

Figure 4: The global economy should slow following growing risks from monetary policy tightenings, escalating energy crisis in the Eurozone, and China's weak economic performance.



Source: EIC analysis based on data from CEIC and Bloomberg

Figure 5: EIC anticipates that Thai exports should improve by 6.3% in 2022 and 2.5% in 2023.



Source: EIC analysis based on data from the Ministry of Commerce, Bank of Thailand, JP Morgan, and S&P Global

Disclaimer: The information contained in this report has been obtained from sources believed to be reliable. However, neither we nor any of our respective affiliates, employees or representatives make any representation or warranty, express or implied, as to the accuracy or completeness of any of the information contained in this report, and we and our respective affiliates, employees or representatives expressly disclaim any and all liability relating to or resulting from the use of this report or such information by the recipient or other persons in whatever manner. Any opinions presented herein represent our subjective views and our current estimates and judgments based on various assumptions that may be subject to change without notice, and may not prove to be correct. This report is for the recipient's information only. It does not represent or constitute any advice, offer, recommendation, or solicitation by us and should not be relied upon as such. We, or any of our associates, may also have an interest in the companies mentioned herein.

Author

POONYAWAT SREESING, Ph.D. (poonyawat.sreesing@scb.co.th)

SENIOR ECONOMIST

VISHAL GULATI (vishal.gulati@scb.co.th)

ANALYST

ECONOMIC AND FINANCIAL MARKET RESEARCH

SOMPRAWIN MANPRASERT, Ph.D.

First Executive Vice President, Chief Economist at Economic Intelligence Center (EIC), Siam Commercial Bank and FEVP, Chief Strategy Officer at Siam Commercial Bank.

THITIMA CHUCHERD, Ph.D.

HEAD OF ECONOMIC AND FINANCIAL MARKET RESEARCH

WACHIRAWAT BANCHUEN

SENIOR ECONOMIST

POONYAWAT SREESING, Ph.D.

SENIOR ECONOMIST

ASAMA LIAMMUKDA, Ph.D.

ANALYST

JONGRAK KONGKUMCHAI

ANALYST

NICHANAN LOGEWITOL

ANALYST

PUNN PATTANASIRI

ANALYST

VISHAL GULATI

ANALYST



“Economic and business intelligence for effective decision making”



ECONOMIC INTELLIGENCE CENTER

Siam Commercial Bank



In-depth:
Economics
Indicators



Impact:
Business Briefs



Update:
Stories that
Matter



Stay connected

Find us at



@scbeic | 

www.scbeic.com