



# Thai exports edged up amid signs of global economic slowdown

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# Thai exports edged up amid signs of global economic slowdown

## **The value of Thai merchandise export in September accelerated from the previous month.**

The value of Thai merchandise exports in September 2022 was at USD 24,919.3 million, increasing by 7.8%YOY (compared to the same period in the prior year). Such a performance marked a 19 consecutive months increase with a 7.4% expansion from the previous month. Meanwhile, in terms of the seasonally adjusted month-on-month growth, exports expanded by 5.8%MOM\_sa from August. Overall, during the first 3 quarters of 2022, Thai exports enjoyed a 10.6% increase.

## **Nearly all key merchandise exports grow, particularly computer and parts. However, signs of slowdowns started to emerge.**

Analysis of key merchandise export data revealed that (1) Exports of agricultural products reverted to a 2.7% expansion after contracting by -10.3% in the previous month. Such an expansion drastically slowed compared to the robust growth experienced during the first half of 2022. The key products that undermined growth during the month included fresh/ chilled/ frozen/ dried fruits, rubber, and cassava products. Meanwhile, exports of processed chicken and chilled/ frozen chicken drove growth, (2) Exports of agro-industrial products grew meagerly by 0.8%. Nevertheless, in terms of the seasonally adjusted month-on-month growth, such exports contracted by -14%MOM\_sa. The key products driving growth during the month included canned and processed seafood, beverages, and animal feed. Meanwhile, exports of animal or vegetable fats and oil worsened. Throughout the remainder of 2022, exports of agricultural and agro-industrial products could drop due to lowering output from floods. In the base case, EIC estimates that flood-damaged areas could accumulate to 5.7 million rais, with plantation areas of approximately 1.9 million rais damaged. Crops experiencing the most impact include rice, sugarcane, and cassava with anticipated casualties worth THB 12,000 million (damage increasing to THB 30,000 million in the worst-case scenario), (3) Exports of industrial products expanded by 9.4%. The key products supporting growth during the month were computer and parts, automotive, parts and components, and motorcycle and parts. Growth from such products reflected better chip shortage conditions. Other key drivers included exports of precious stones and jewelry (excluding gold), unwrought gold, and processed chicken. Meanwhile, exports of plastic beads, insulated wire and cable, chemicals, and iron, steel and products weakened.

**Looking ahead, the outlook for industrial exports remained bleak.** The Thai Industries Sentiment Index (TISI) for the export-oriented entrepreneurs posted a reading below 100 in September, signifying worsening conditions. Furthermore, the reading continued to weaken during the 5 past months to

a level below the sentiment of domestic-oriented entrepreneurs, which edged up, for the first time in 8 years. In terms of the Purchasing Orders, Foreign Purchasing Orders Index improved to 102. However, the reading was also below the Domestic Purchasing Orders Index. Such conditions were in line with the Thai Manufacturing Purchasing Manager Index reported by S&P Global which revealed that the new orders for industrial products in the month were mostly driven by domestic demand with overseas demand merely increasing in a bigger downward trends. Thai industrial exports accounted for as much as 79.5% of total Thai exports<sup>1</sup>, (4) Exports of mineral and fuel products reverted to a slight expansion at 1.2%, after contracting by -9.7% in the previous month, and (5) Exports of precious stones and jewelry significantly supported exports in September with growth soaring by 89.6% compared to 31.2% in the previous month.

### **Concerns regarding exports to China lingered.**

Exports to nearly all key destinations continued to expand, except to China, Hong Kong, Japan, and India, in which (1) Exports to China continued to contract for 4 consecutive months with a -13.2% drop in September. During the month, the key products that undermined exports to China were automotive, equipment and parts, fresh/ chilled/ frozen/ dried fruits, and chemicals. Meanwhile, exports of rubber products, motorcycle and parts, computer and parts, and fresh/ chilled/ frozen chicken and shrimp supported growth, (2) Exports to Japan returned to a -1.7% contraction during the month after recovering in the prior month, (3) Compared to the same period in the prior year, exports to the US and EU28 grew by 26.1% and 22.2%, respectively, with positive seasonally adjusted month-on-month %MOM\_sa growth. Going forward, exports to such markets could slow following growing recession risks, and (4) Exports to CLMV and ASEAN5 continued to improve by 26.3% and 9%, respectively.

### **Trade deficit remained elevated both in terms of the balance of payment and customs basis.**

The value of imports in September stood at USD 25,772.4 million, increasing by 15.6%, slower than the 21.3% growth in the prior month. Imports during the month signaled clearer slowdowns. Imports of capital goods and vehicles and transportation equipment shrank by -5.8% and -5.9%, respectively. Meanwhile, imports of other product categories continued to expand, though with slowing outlooks. Nevertheless, Thai imports stalled at a considerably slower rate than exports, causing the custom basis trade balance to register at a deficit of USD -853.2 million. Such a posted result recorded a 6 month continuous deficit. As such, during the first 9 months of 2022, imports grew by 20.7%, while the trade deficit weakened to USD -14,984.9 million<sup>2</sup>.

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<sup>1</sup> Proportion according to 2021 figures

<sup>2</sup> Balance of payment trade deficit anticipated

## EIC views that Thai merchandise exports should continue to slow following global economic conditions.

EIC evaluates that exports should continue to slow in the periods ahead as clearer signs of global economic slowdowns emerge amid growing uncertainties, particularly regarding policy uncertainty and geopolitics. Other notable risks that could hamper Thai exports include slowing global economic and trade conditions with implications on many economies, especially key trading partners, such as the US and the European Union with recession risks on the horizon, and China with vulnerable recovery from the continual implementation of the Zero-COVID strategy in addition to wobbling real estate conditions. Furthermore, the high base effect during the last quarter of 2022 could exacerbate conditions. With such regards, EIC anticipates that Thai exports should improve by 6.3% in 2022, with growth slowing to 2.5% in 2023.

**Figure 1: Exports to China and Hong Kong continued to stall while exports to ASEAN grew robustly.**

### Exports by product

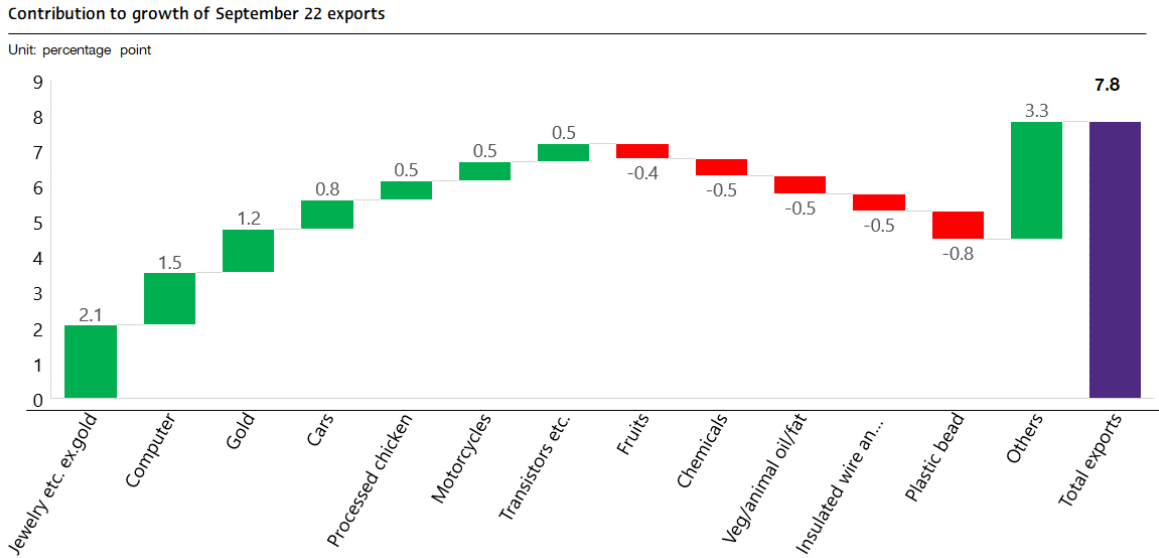
Unit: %YOY, (Share in 2021)	2021	2021Q4	2022Q1	2022Q2	2022Q3	Jul-22	Aug-22	Sep-22	YTD
<b>Total (100%)</b>	17.4%	23.1%	14.8%	10.8%	6.6%	4.3%	7.5%	7.8%	10.6%
<b>Total (ex. gold) (98.6%)</b>	22.8%	22.7%	10.0%	11.0%	6.3%	4.7%	7.4%	6.7%	9.1%
Electrical appliances (10.4%)	20.3%	11.7%	8.8%	2.8%	9.9%	5.0%	18.4%	7.1%	7.1%
Auto & parts (10.8%)	37.0%	24.3%	-11.3%	-6.0%	8.8%	-2.9%	22.5%	8.4%	-3.5%
Agriculture (9.6%)	23.9%	20.9%	1.6%	15.4%	-3.0%	-0.3%	-10.3%	2.7%	5.2%
Chemical & plastics (9.4%)	36.9%	35.5%	18.6%	5.2%	-8.5%	-5.6%	-7.2%	-12.6%	4.3%
Agro (7.1%)	7.0%	20.5%	27.9%	28.0%	21.2%	38.1%	27.6%	0.8%	25.7%
Computer & parts (8.1%)	18.0%	16.9%	8.6%	-6.7%	-0.9%	-19.8%	0.0%	13.9%	0.1%
Rubber products (5.3%)	19.5%	-1.7%	-8.2%	-0.3%	-2.0%	-4.4%	-0.2%	-1.4%	-3.7%
IC (3.1%)	19.0%	18.7%	17.7%	9.4%	11.4%	4.2%	25.1%	6.4%	12.7%
Machinery & parts (3%)	24.3%	17.1%	17.3%	13.8%	4.5%	5.4%	15.6%	-4.5%	11.6%
Refined fuel (3.3%)	65.5%	104.7%	21.9%	64.2%	10.4%	53.7%	-13.5%	-1.8%	31.6%
Textile (2.4%)	13.6%	17.8%	13.7%	11.1%	8.8%	6.5%	12.9%	7.3%	11.2%
Jewelry & precious stones (2.3%)	26.7%	25.2%	41.4%	40.6%	47.6%	19.1%	31.2%	89.6%	43.3%

### Exports by markets

Unit: %YOY, (Share in 2021)	2021	2021Q4	2022Q1	2022Q2	2022Q3	Jul-22	Aug-22	Sep-22	YTD
<b>Total (100%)</b>	17.4%	23.1%	14.8%	10.8%	6.6%	4.3%	7.5%	7.8%	10.6%
US (15.4%)	21.9%	25.2%	23.3%	17.8%	15.8%	4.7%	16.3%	26.1%	18.8%
China (13.7%)	25.0%	17.8%	4.2%	-1.9%	-18.1%	-20.6%	-20.1%	-13.2%	-5.9%
ASEAN5 (13.7%)	19.9%	44.1%	26.9%	23.1%	11.9%	21.3%	5.8%	9.0%	20.3%
CLMV (10.3%)	14.5%	13.6%	5.5%	14.1%	30.1%	24.2%	41.1%	26.3%	16.0%
Japan (9.2%)	9.6%	-0.2%	1.2%	1.6%	-0.2%	-4.7%	6.6%	-1.7%	0.9%
EU28 (9.3%)	21.3%	20.3%	7.5%	4.5%	17.4%	9.3%	20.7%	22.2%	9.7%
Hong Kong (4.3%)	2.7%	9.1%	5.0%	-7.3%	-22.6%	-31.3%	-18.1%	-17.9%	-9.1%
Australia (4%)	11.5%	16.9%	-2.4%	-3.3%	17.8%	19.9%	21.3%	12.7%	3.5%
Middle East (3.3%)	22.2%	37.2%	14.9%	28.9%	37.5%	26.8%	38.5%	47.4%	26.7%
India (3.2%)	56.0%	50.6%	33.1%	60.4%	13.6%	33.3%	18.0%	-3.4%	34.3%
Russia (0.4%)	42.3%	72.8%	-6.8%	-63.9%	-34.1%	-42.6%	-25.1%	-34.8%	-35.4%
Ukraine (0%)	35.7%	27.1%	-49.2%	-89.7%	-86.1%	-87.5%	-82.6%	-87.1%	-73.2%

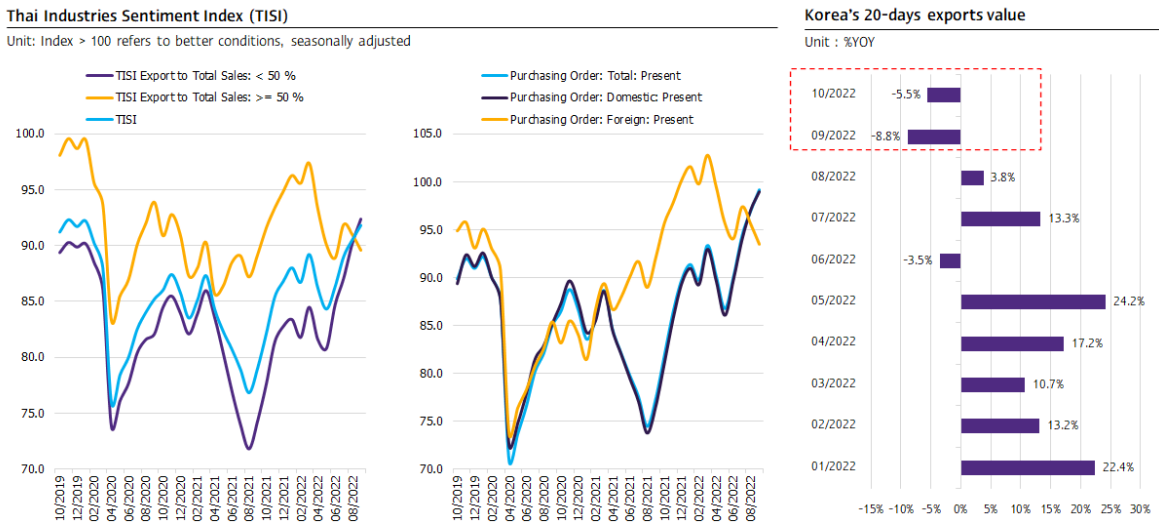
Source: EIC analysis based on data from the Ministry of Commerce

**Figure 2: Exports of precious stones and jewelry significantly supported growth in September.**



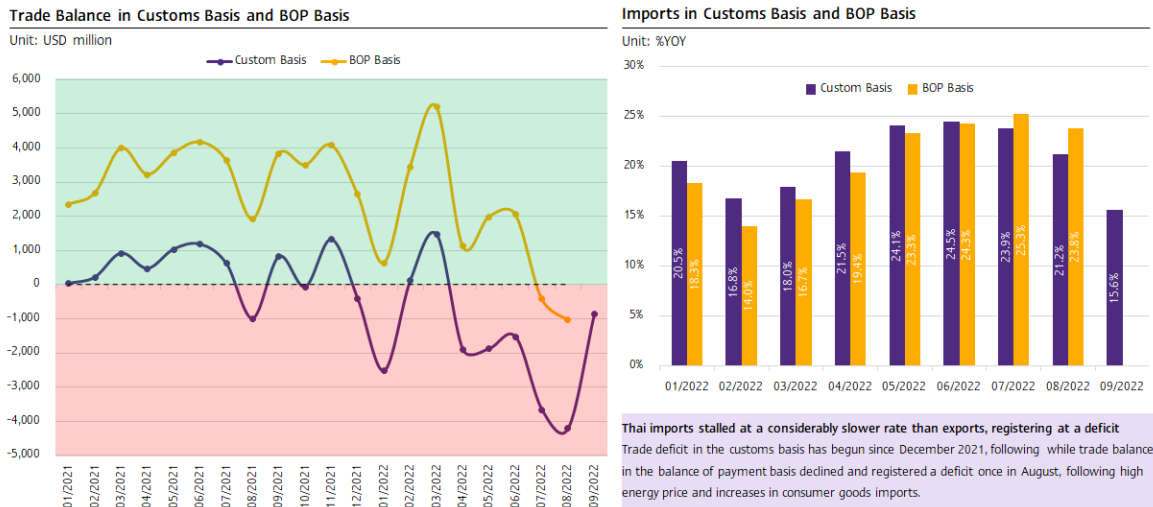
Source: EIC analysis based on data from the Ministry of Commerce

**Figure 3: Thai Industries Sentiment Index (TISI) signaled weakened demand from overseas.**



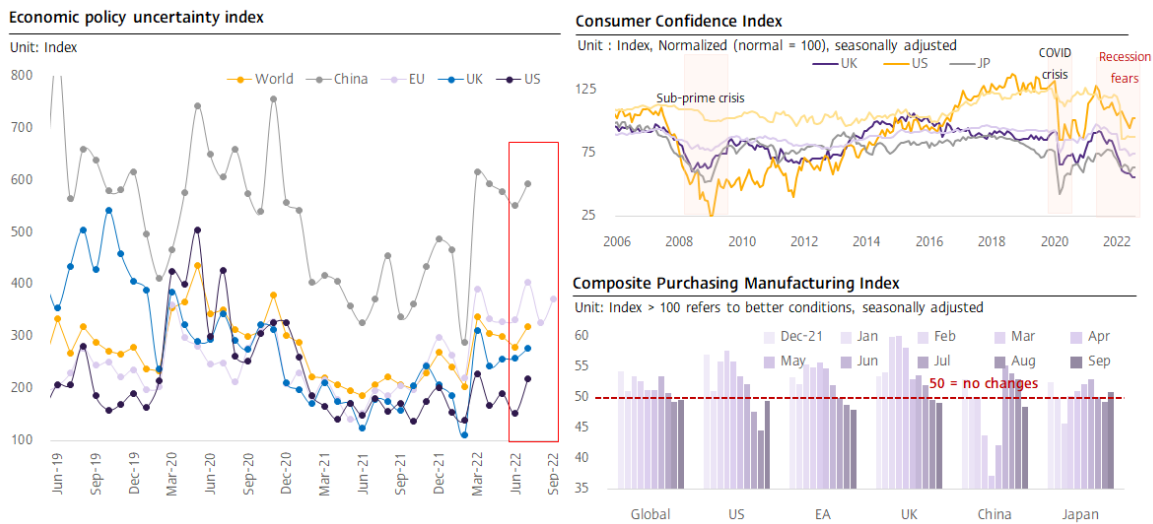
Source: EIC analysis based on data from the Federation of Thai Industries, South Korea Customs, and CEIC

**Figure 4: Trade deficit remained elevated both in terms of the customs and balance of payment basis.**



Source: EIC analysis based on data from the Ministry of Commerce, Bank of Thailand, and CEIC

**Figure 5: Clearer signs of global economic slowdowns amid growing uncertainties, particularly policy uncertainty and geopolitics.**



Source: EIC analysis based on data from Baker et al. (policyuncertainty.com), S&P Global, and CEIC

## 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 LOGEWITOO**

ANALYST

**PUNN PATTANASIRI**

ANALYST

**VISHAL GULATI**

ANALYST



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