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Exports in March contracted sharply as expected due to the base effect and sluggish recovery signs, yet, the outlook for 2024 growth remains positive.

Thai exports slowed slightly in the short term, continuing from the previous month.

The value of Thai exports in March 2024 stood at USD 24,960.6 million, marking the first contraction in 8 months, with a decline as high as -10.9% YOY compared to the same period last year. Such a growth slowed considerably from the 10% YOY growth in January and 3.6% YOY in February 2024. The contraction this month is primarily due to the high base effect, especially gold exports which dropped considerably by -75% from the gold export base in March 2023, recorded at an unusually high value of USD 1,569 million. Excluding gold, export contraction lessened to -7.1%. Meanwhile, excluding gold and the base effect, exports contracted slightly by -1.1% MOM_SA (compared to the previous month, seasonally adjusted). Such conditions indicate signs of a slowing short-term recovery continuing from the previous month that saw a similar contraction at -1.1%MOM_SA. As such, during the first 3 months of 2024, Thai exports stood at USD 70,995.3 million, contracting by -0.2%.

Exports of nearly all key product categories weakened in March, except for agricultural products, which saw a slight expansion.

In the big picture, exports of nearly all key product categories weakened, in which **(1) Exports of manufacturing products reverted to a -12.3% contraction,** decreasing from 5.2% in the prior month. Key products driving this decline included automotive, components, and parts and computer and parts. Meanwhile, exports of reciprocating internal combustion piston engines and parts supported growth. **(2) Exports of agro-industrial products continued to contract by -9.9%, comparable to the prior month at -9.1%.** Exports of sugar and animal or vegetable fats and oil dragged growth, while exports of pet food supported growth. **(3) Exports of mining and fuel products continued to contract by -5%,** improving from -8.5% in the prior month. Meanwhile, **(4) Exports of agricultural products improved by 0.1%,** slowing from 7.5% in the previous month, especially exports of rubber, rice, and fresh/ chilled/ frozen/ dried fruits (Figure 1 and 3), partly due to the hot weather delaying the harvesting period of agricultural products.

Exports to nearly all key destinations dropped this month.

Exports to nearly all key destinations weakened, in which **(1) Exports to Japan** dropped considerably by -19.3%, worsening from -5.8% in the prior month. The decline was even across key product categories, with 12 out of the top 15 imports in the market declining, particularly canned and processed seafood (-31.1%) and chemicals (-29.5%). **(2) Exports to China** continued to drop by -9.7%, worsening from -5.7% in the prior month, led by exports of fresh/ chilled/ frozen/ dried fruits (-51.4%) and exports of other manufacturing products (-47.6%). **(3) Exports to Europe** reverted to a -3.2% contraction, weakening from the 1.7% expansion in the prior month. **(4) Exports to Myanmar** continued to drop by -14.8% from -14.4% in the prior month. The conflicts in Myanmar might influence the weakened performance, with a notable impact from the conflict near the Second Thai-Myanmar Friendship Bridge (Mae Sot), a major route for exporting goods, which accounts for 74% of Thailand's exports to Myanmar. While other routes can be utilized to avoid such conflicts, the conflicts should continue exerting pressure on exports to Myanmar in April. Meanwhile, **(5) Exports to the US** expanded by 2.5%, slowing from 15.5% in the prior month (Figure 1).

Thai trade deficit persisted as imports of fuel and capital goods grew robustly.

The value of imports in March stood at USD 26,123.8 million, continuing to expand by 5.6%YOY compared to 3.2% in the prior month. Imports of fuel products expanded for the first time in 4 months at 38.3%. Moreover, imports of capital goods improved by 11.4%. However, imports of vehicles and logistics equipment continued to contract by -19.4%. Imports of consumer goods also reverted to a -6.8% contraction, and imports of raw materials and intermediate raw materials fell by -1.9%. **In terms of imports by destinations, imports surged mainly from 2 destinations, namely (1) Imports from the US,** which returned to growth of 19.8%, driven by imports of fuel and other vehicles that expanded by as high as 7,755.8% and 1,188.7%, respectively and **(2) Imports from CLMV,** which also returned to growth of 8.4%. **The customs basis trade balance in March registered at a deficit of USD -1,163.3 million,** compared to a deficit of USD -554 million in February 2024. With such regards, the trade balance during the first quarter of 2024 stood at a deficit of USD -4,475.1 million (Figure 2).

SCB EIC expects that merchandise exports will continue to improve this year.

Thai export growth should turn positive, with 3.1% growth in 2024. Factors supporting such a view include (1) Improving global trade volume, in line with the global economy, although not as robust as forecasted before the tensions in the Red Sea area elevated (Figure 4). (2) The manufacturing sector related to international trade should play a greater role in driving the global economy in 2024. Such a condition is reflected in the Global Manufacturing Purchasing Managers Index (PMI) reading that surpassed 50 for 2 consecutive months after a prolonged period of contraction. Moreover, the decline in export orders PMI is getting less severe while the future output PMI readings have been improving since the end of 2023, indicating better manufacturing conditions in the coming periods (Figure 5). Moreover, (3) Prices of various export products should remain favorable, including agricultural products, due to lower supply in the global market following droughts and policies by certain countries that limit agricultural exports. Additionally, oil prices should also increase following notable risks, including the attacks on Russian oil refineries by Ukraine, uncertain conditions in the Middle East, and higher demand for oil following global economic conditions.

Nevertheless, the Ministry of Commerce forecasts that Thailand's export conditions will rebound and expand from April onwards, with an estimated growth of approximately 2% in Q2/2024. Such a forecast is based on the expected improvement of exports of agricultural products and fruits following higher output and the global recovery cycle of electronics, electric vehicles, and clean energy trends. Other notable supports include the weakening of the Thai baht and the gradual reduction of maritime freight rates to normal levels.

However, various risks impacting overall global trade conditions may also hurt Thai exports, including 1) Supply chain disruptions due to the drought in the Panama Canal and attacks by Houthi rebels in the Red Sea area, which are vital transportation routes for Thai products to be exported to the United States and Europe, respectively. These conditions will continue to exert pressure on global trade, albeit easing conditions in the upcoming periods (Figure 6). 2) Economic decoupling and introductions of new trade barriers measures (Figure 7). 3) The war between Palestine and Israel, with a potential spread to neighboring countries such as Iran. However, because of the conflict which remains limited to neighboring countries and should not expand to a regional level and Thailand's limited trade with such countries, Thailand is likely to see limited impact from the war.

Figure 1: Exports of nearly all key product categories and destinations contracted in March, influenced by the high base effect.

Exports by product

Unit: %YOY (Share in 2023)

Items	2023Q4	2024Q1	Feb-24	Mar-24	YTD
Total (100%)	5.8%	-0.2%	3.6%	-10.9%	-0.2%
Total (ex. gold) (97.9%)	4.8%	0.2%	1.2%	-7.1%	0.2%
Electrical appliances (10.1%)	-6.2%	-4.9%	-3.8%	-8.8%	-4.9%
Auto & parts (10.9%)	0.8%	-7.9%	-5.6%	-12.4%	-7.9%
Agriculture (9.4%)	3.7%	6.8%	7.5%	0.1%	6.8%
Chemical & Plastics (7.4%)	-2.0%	-5.0%	-5.3%	-9.8%	-5.0%
Agro (7.9%)	3.7%	-6.0%	-9.1%	-9.9%	-6.0%
Computer & parts (6.3%)	3.1%	8.7%	24.9%	-11.8%	8.7%
Rubber products (4.7%)	1.6%	-2.8%	-4.1%	-6.9%	-2.8%
IC (3.4%)	-2.8%	-11.3%	-13.2%	-18.2%	-11.3%
Machinery & parts (3.1%)	8.7%	1.9%	-2.5%	1.3%	1.9%
Refined fuel (3.6%)	54.2%	-3.5%	-9.6%	-6.1%	-3.5%
Textile (2.1%)	-3.7%	1.1%	2.0%	-2.2%	1.1%
Manufacturing (78.6%)	4.6%	-0.3%	5.2%	-12.3%	-0.3%
Mining and fuel (4.1%)	45.1%	-2.3%	-8.5%	-5.0%	-2.3%

Exports by market

Unit: %YOY (Share in 2023)

Items	2023Q4	2024Q1	Feb-24	Mar-24	YTD
Total (100%)	5.8%	-0.3%	3.6%	-10.9%	-0.2%
US (17.2%)	10.2%	9.9%	15.5%	2.5%	9.9%
China (12%)	0.4%	-5.1%	-5.7%	-9.7%	-5.1%
ASEAN5 (14.1%)	15.7%	-5.2%	-1.2%	-26.1%	-5.2%
CLMV (9.4%)	-8.9%	6.5%	4.5%	0.5%	6.5%
Japan (8.7%)	0.0%	-9.0%	-5.8%	-19.3%	-9.0%
EU28 (9.1%)	-6.1%	0.4%	1.7%	-3.2%	0.4%
Hong Kong (3.9%)	25.8%	23.5%	15.5%	5.3%	23.5%
Australia (4.3%)	18.4%	24.8%	27.8%	15.4%	24.8%
Middle East (3.9%)	-4.1%	-4.9%	-9.8%	-7.3%	-4.9%
India (3.6%)	1.3%	-3.4%	-7.0%	-5.8%	-3.4%
Russia (0.3%)	101.8%	67.3%	85.5%	38.7%	67.3%
Ukraine (0%)	-53.2%	78.0%	-30.1%	313.8%	78.0%
Switzerland (1.4%)	187.4%	-64.6%	198.2%	-87.3%	-64.6%
Laos (1.6%)	-0.4%	9.2%	5.4%	7.9%	9.2%
Myanmar (1.5%)	-4.2%	-10.3%	-14.4%	-14.8%	-10.3%

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

Figure 2: Expansion in imports is driven by imports of fuel and capital goods, particularly from the US.

Imports by product

Unit: %YOY (Share in 2023)

Items	2023Q4	2024Q1	Feb-24	Mar-24	YTD
Total	5.8%	3.8%	3.2%	5.6%	3.8%
Total (ex. gold)	5.9%	2.0%	2.9%	4.0%	2.0%
Fuel products (18.5%)	4.7%	-4.2%	-22.9%	38.3%	-4.2%
Capital goods (24%)	15.7%	15.5%	25.6%	11.4%	15.5%
Raw and intermediate materials (39.2%)	-0.6%	4.7%	6.5%	-1.9%	4.7%
Consumer goods (11.4%)	4.1%	1.1%	12.0%	-6.8%	1.1%
Vehicles and logistics equipment (5.5%)	20.3%	-17.8%	-17.1%	-19.4%	-17.8%

Imports by market

Unit: %YOY (Share in 2023)

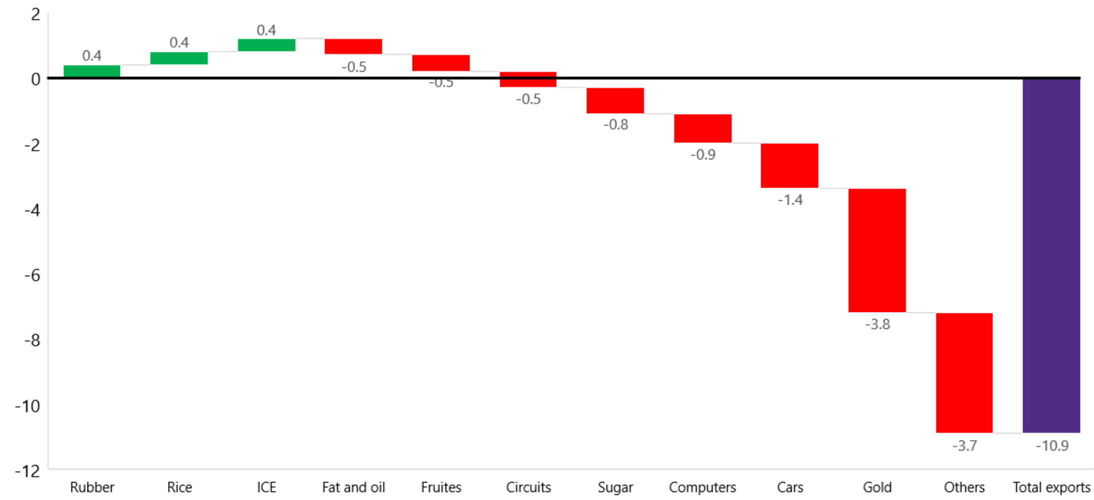
Items	2023Q4	2024Q1	Feb-24	Mar-24	YTD
Total (100%)	5.8%	3.8%	3.2%	5.6%	3.8%
US (17.2%)	10.4%	-1.3%	-10.4%	19.1%	-1.3%
China (12%)	9.4%	4.2%	14.0%	-7.9%	4.2%
ASEAN5 (14.1%)	-1.1%	-9.0%	-13.8%	-9.8%	-9.0%
CLMV (9.4%)	-7.9%	0.4%	-2.3%	8.4%	0.4%
Japan (8.7%)	-9.8%	-16.4%	-11.6%	-25.2%	-16.4%
EU28 (9.1%)	5.2%	-1.8%	39.8%	-12.8%	-1.8%
Hong Kong (3.9%)	62.1%	-23.8%	-59.9%	12.8%	-23.8%
Australia (4.3%)	-17.2%	-15.0%	-27.4%	-18.7%	-15.0%
Middle East (3.9%)	6.5%	-7.5%	-27.7%	50.9%	-7.5%
India (3.6%)	-30.9%	-13.6%	-11.7%	-5.5%	-13.6%

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

Figure 3: Exports of unwrought gold, automotive, and computers significantly dragged growth in March.

Contribution to Growth of March 2024 exports

Unit: percentage point

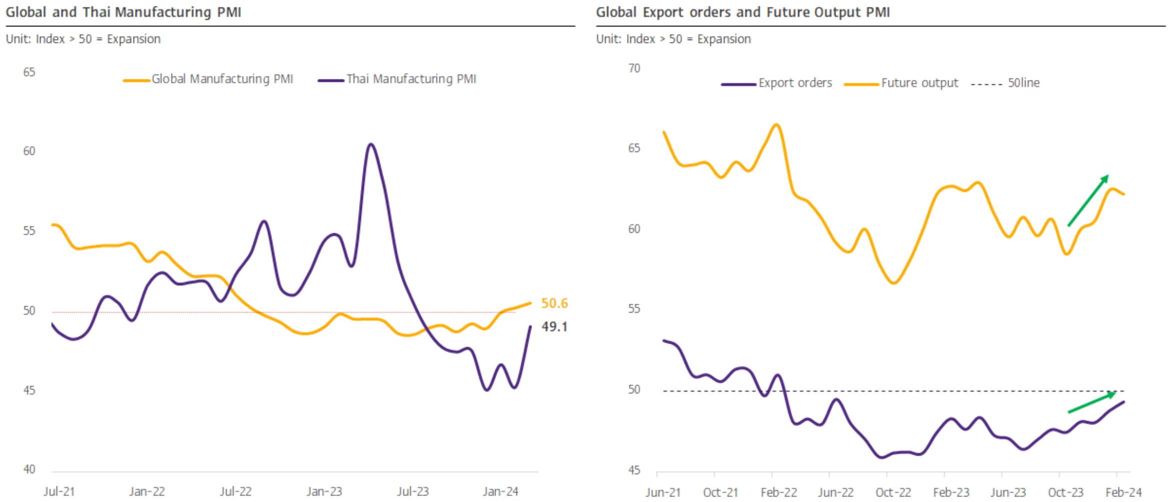


Source: SCB EIC analysis based on data from the Ministry of Commerce.

Figure 4: Global trade volume in 2024 should continue to improve following better global economic conditions, despite somewhat slowing from previous forecasts.

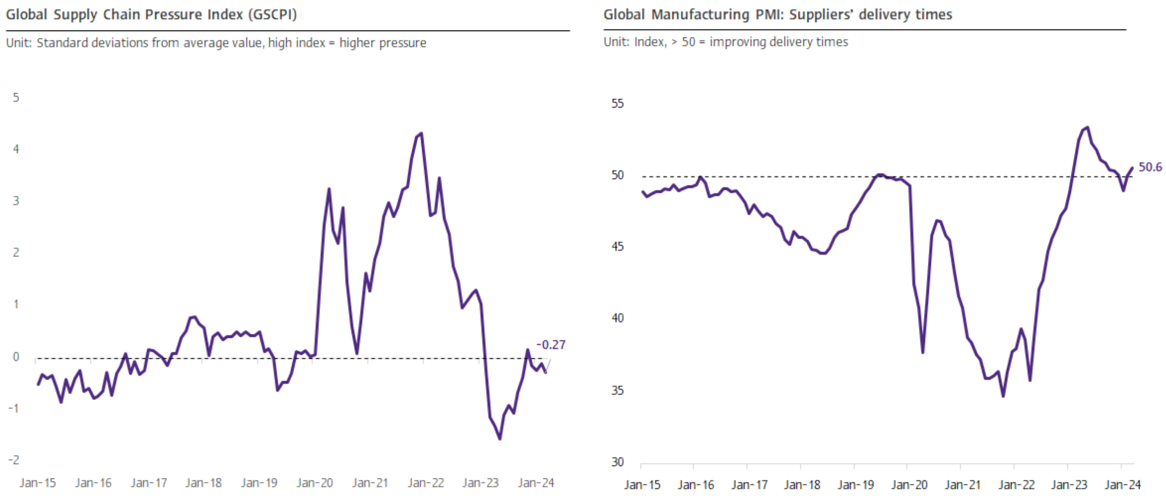
Source: SCB EIC analysis based on data from IMF, WTO, and World Bank.

Figure 5: Conditions in the global manufacturing industry continued to improve during the first 2 months of 2024.



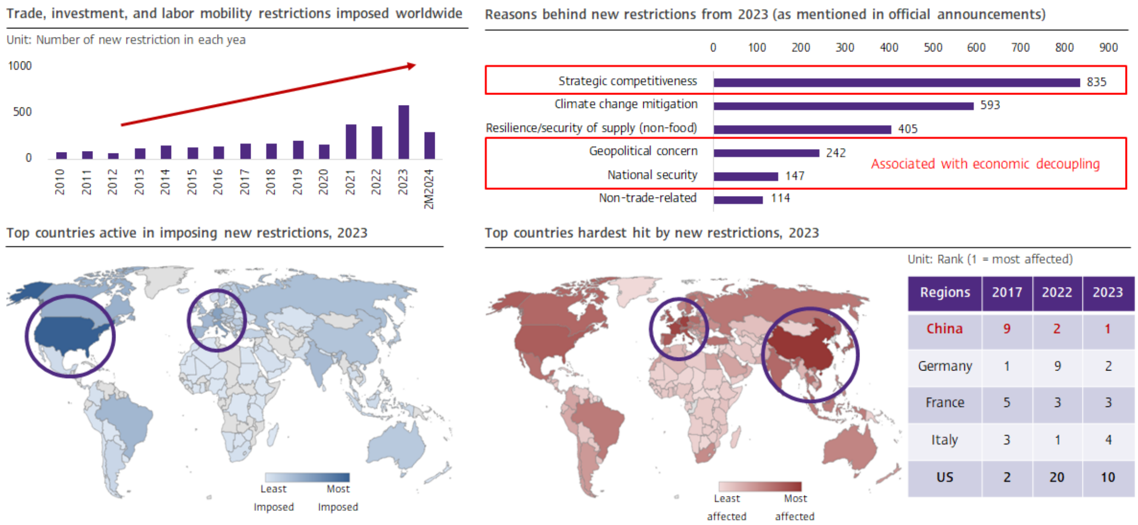
Source: SCB EIC analysis based on data from JP Morgan and S&P Global.

Figure 6: Pressures in the global supply chain persisted in the short term due to issues in the Suez Canal and Panama Canal. However, conditions are expected to improve as maritime freight rates and delivery times have begun to decrease.



Source: SCB EIC analysis based on data from JP Morgan, Freightos, and Bloomberg.

Figure 7: The world is imposing more trade, investment, and labor movement restrictions to enhance national security, strategic competition, and mitigate the impact of climate-related risks.



Regions	2017	2022	2023
China	9	2	1
Germany	1	9	2
France	5	3	3
Italy	3	1	4
US	2	20	10

Source: SCB EIC analysis based on data from Global Trade Alert, Bing, Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, Open Places, OpenStreetMap, TomTom, and Zenrin.

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