



SCB EIC lowers Thailand's 2024 export growth forecast to 2.6%, despite strong growth of 6.8% in April.

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Signs of export recovery improved significantly in the short term.

The value of Thai exports in April 2024 stood at USD 23,278.6 million, returning to an expansion of 6.8%YOY (compared to the same period last year). Such a growth improved considerably from the -10.9% contraction in the prior month. Excluding gold, exports this month increased robustly by 9.6%YOY. Furthermore, excluding gold and the base effect, exports still expanded by a satisfactory rate of 3.8%MOM_SA (compared to the previous month, seasonally adjusted), the highest %MOM_SA rate in 2 years and 4 months. Such conditions indicated signs of strong Thai export recovery in the short term. As such, during the first 4 months of 2024, Thai exports stood at USD 94,273.9 million, expanding by 1.4%.

Export growth in April saw strong support from agro-industrial and manufacturing products.

In the big picture, exports of some categories improved, in which (1) Exports of agro-industrial products returned to a 12.7% expansion, after weakening by -9.9%. Exports of pet food and canned and processed seafood supported growth, while exports of sugar dragged growth. **(2) Exports of manufacturing products returned to a 9.2% growth, improving from -12.3% in the prior month.** Key products driving this growth included automotive, components, and parts and computer and parts. Meanwhile, exports of aircraft and parts dragged growth. **(3) Exports of agricultural products contracted by -3.8%, declining from the slight expansion of 0.1% in the previous month, driven by exports of fresh/ chilled/ frozen/ dried fruits.** Meanwhile, **(4) Exports of mining and fuel products contracted by -9.2%, continuing from -5% in the prior month (Figure 1 and 3).**

Exports to nearly all key destinations improved this month.

Exports to nearly all key destinations improved, in which (1) Exports to the US expanded by 26.1%, accelerating considerably from 2.5% in the prior month. Notably, 13 out of the top 15 exported products showed improvements, with significant contributions from pet food and computer, components, and parts, with growth of 133.3% and 90.8%, respectively. **(2) Exports to India returned to growth at 13.3% from the -5.8% contraction in the prior month, driven by exports of jewelry and precious stones that surged by 126.2%.** **(3) Exports to Europe returned to 8.8% expansion from the -3.2% contraction in the prior month.** Meanwhile, **(4) Exports to China contracted by -7.8%, continuing from -9.7% in the prior month.** **(5) Exports to Myanmar continued to contract by -17.1% from -14.8% in the prior month.** The weakened performance may result from the conflicts that occurred 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. These conflicts have continued to exert pressure on exports to Myanmar in April even though other routes can be utilized to avoid such conflicts. (Figure 1).

Thai trade deficit continued as imports of raw materials and intermediate raw materials, capital goods, and consumer goods grew robustly.

The value of imports in April stood at USD 24,920.3 million, continuing to expand by 8.3%YOY compared to 5.6% in the prior month. Notably, imports of raw materials and intermediate raw materials returned to a 19.8% expansion, while imports of capital goods continued to expand by 17.8%. Similarly, imports of consumer goods returned to an 8% expansion. However, imports of vehicles and logistics equipment continued to contract by -15.1%, and imports of fuel reverted to a -18.1% contraction. **In terms of imports by destinations, imports surged mainly from 3 destinations, namely (1) Imports from Hong Kong**, which expanded by 183.9%, primarily driven by imports of jewelry including silver bars and gold that surged by 222.9%. **(2) Imports from Europe**, which returned to 16.3% growth. Meanwhile, **(3) Imports from China**, also returned to 10.2% growth.

The customs basis trade balance for this month registered at a deficit of USD -1,641.7 million, increasing from a deficit of USD -1,163.3 million in March 2024. With such regards, the trade balance during the first 4 months of 2024 stood at a deficit of USD -6,116.9 million (Figure 2).

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

Thai export growth in 2024 should turn positive, supported by various factors, including (1) The global economy is projected to expand by 2.7%, surpassing the previous forecast of 2.6%, driven by better economic conditions in Thailand's key trading partners, such as China and the United States. The US economy should improve due to strong domestic demand, while the Chinese economy is expected to robustly improve in the short term following the manufacturing and export cycles as well as government economic stimulus measures (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 three consecutive months after a prolonged period of contraction. Moreover, the export orders PMI rose above the 50 threshold for the first time in 26 months in April, while the future output PMI readings have been improving since the end of 2023, despite somewhat stalling, indicating better global manufacturing conditions in the coming periods (Figure 4). 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 remain high following risks regarding the attacks on Russian oil refineries by Ukraine, uncertain conditions in the Middle East, and higher demand for oil in line with global economic conditions.

During May and Q2/2024, exports should continue to expand, consistent with the forecasts given by Ministry of Commerce's announcement indicating an improvement in export conditions in May and a projected increase of at least 1% in Q2/2024.

Nevertheless, SCB EIC cuts the 2024 Thai export growth forecast to 2.6% (from 3.1%) (balance of payments basis) as global trade volume is likely to expand by a lower rate than previously anticipated, despite a better-than-anticipated global economic recovery. Various international organizations, including the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank have downgraded their growth forecasts for global trade volume in 2024 (Figure 5). These downgrades are attributed to increasing economic decoupling, leading to more implementations of trade restrictions measures, especially among key trading partners (Figure 6). Additionally, supply chain issues from the drought affecting the Panama Canal and the ongoing attacks by Houthi rebels in the Red Sea continue to persist. Such routes are critical shipping routes from Asia to the United States and Europe. These issues have pressured shipping times and costs to increase again, as shipping lines are opting to circumvent the Red Sea route (Suez Canal) by diverting through the longer and more expensive route around the Cape of Good Hope in South Africa (Figure 7).

Apart from global trade volume expanding at a lower rate than previously anticipated, SCB EIC has found that Thai export recovery has increasingly diverged from global trade volume trends. This is reflected upon Thailand’s export value growth to global trade volume growth ratio continuing to decline over the past 10 years. This trend is particularly noticeable in exports of integrated circuit, machinery, and automotive and parts, where such ratios are negative, indicating that while global trade volume has been recovering, exports in such product groups have been contracting (Figure 8).

Thai exports are expected to grow by 2.6% this year, which is close to the 10-year average (2.8%). Such growth will help boost Thai economic conditions this year to improve from the slight contraction in the previous year.

Figure 1: Exports returned to growth in April.

Exports by product						Exports by market					
Unit: %YOY (Share in 2023)						Unit: %YOY (Share in 2023)					
Items	2023Q4	2024Q1	Mar-24	Apr-24	YTD	Items	2023Q4	2024Q1	Mar-24	Apr-24	YTD
Total (100%)	5.8%	-0.2%	-10.9%	6.8%	1.4%	Total (100%)	5.8%	-0.3%	-11.0%	6.8%	1.4%
Total (ex. gold) (97.9%)	4.8%	0.2%	-7.1%	9.6%	2.4%	US (17.2%)	10.2%	9.9%	2.5%	26.1%	13.4%
Electrical appliances (10.1%)	-6.2%	-4.9%	-8.8%	4.1%	-2.9%	China (12%)	0.4%	-5.1%	-9.7%	-7.8%	-6.0%
Auto & parts (10.9%)	0.8%	-7.9%	-12.4%	20.4%	-2.4%	ASEAN5 (14.1%)	15.7%	-5.2%	-26.1%	3.7%	-3.3%
Agriculture (9.4%)	3.7%	6.8%	0.1%	-3.8%	3.1%	CLMV (9.4%)	-8.9%	6.5%	0.5%	5.1%	6.2%
Chemical & Plastics (7.4%)	-2.0%	-5.0%	-9.8%	2.0%	-3.4%	Japan (8.7%)	0.0%	-9.0%	-19.3%	-4.1%	-8.0%
Agro (7.9%)	3.7%	-6.0%	-9.9%	12.7%	-1.8%	EU28 (9.1%)	-6.1%	0.4%	-3.2%	8.8%	2.3%
Computer & parts (6.3%)	3.1%	8.7%	-11.8%	62.0%	18.1%	Hong Kong (3.9%)	25.8%	23.5%	5.3%	21.2%	23.0%
Rubber products (4.7%)	1.6%	-2.8%	-6.9%	1.5%	-1.8%	Australia (4.3%)	18.4%	24.8%	15.4%	15.2%	22.6%
IC (3.4%)	-2.8%	-11.3%	-18.2%	-9.2%	-10.8%	Middle East (3.9%)	-4.1%	-4.9%	-7.3%	17.7%	-0.5%
Machinery & parts (3.1%)	8.7%	1.9%	1.3%	58.8%	13.9%	India (3.6%)	1.3%	-3.4%	-5.8%	13.3%	0.4%
Refined fuel (3.6%)	54.2%	-3.5%	-6.1%	-21.2%	-8.4%	Russia (0.3%)	101.8%	67.3%	38.7%	22.8%	55.4%
Textile (2.1%)	-3.7%	1.1%	-2.2%	4.5%	1.9%	Ukraine (0%)	-53.2%	78.0%	313.8%	759.4%	174.3%
Manufacturing (78.6%)	4.6%	-0.3%	-12.3%	9.2%	1.8%	Switzerland (1.4%)	187.4%	-64.6%	-87.3%	-79.3%	-68.8%
Mining and fuel (4.1%)	45.1%	-2.3%	-5.0%	-9.2%	-4.2%	Laos (1.6%)	-0.4%	9.2%	7.9%	37.1%	15.4%
						Myanmar (1.5%)	-4.2%	-10.3%	-14.8%	-17.1%	-11.8%

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

Figure 2: Expansion in imports was driven by capital goods, raw materials and intermediate raw materials, and consumer goods, particularly from Europe and China.

Imports by product						Imports by market					
Unit: %YOY (Share in 2023)						Unit: %YOY (Share in 2023)					
Items	2023Q4	2024Q1	Mar-24	Apr-24	YTD	Items	2023Q4	2024Q1	Mar-24	Apr-24	YTD
Total	5.8%	3.8%	5.6%	8.3%	4.9%	Total (100%)	5.8%	3.8%	5.6%	8.3%	4.9%
Total (ex. gold)	5.9%	2.0%	4.0%	3.2%	2.3%	US (17.2%)	10.4%	-1.3%	19.1%	4.3%	0.0%
Fuel products (18.5%)	4.7%	-4.2%	38.3%	-18.1%	-7.8%	China (12%)	9.4%	4.2%	-7.9%	10.2%	5.7%
Capital goods (24%)	15.7%	15.5%	11.4%	17.8%	16.0%	ASEAN5 (14.1%)	-1.1%	-9.0%	-9.8%	5.1%	-6.0%
Raw and intermediate materials (39.2%)	-0.6%	4.7%	-1.9%	19.8%	8.3%	CLMV (9.4%)	-7.9%	0.4%	8.4%	3.1%	1.1%
Consumer goods (11.4%)	4.1%	1.1%	-6.8%	8.0%	2.7%	Japan (8.7%)	-9.8%	-16.4%	-25.2%	-0.9%	-12.9%
Vehicles and logistics equipment (5.5%)	20.3%	-17.8%	-19.4%	-15.1%	-17.1%	EU28 (9.1%)	5.2%	-1.8%	-12.8%	16.3%	2.6%
						Hong Kong (3.9%)	62.1%	-23.8%	12.8%	183.9%	14.8%
						Australia (4.3%)	-17.2%	-15.0%	-18.7%	-52.9%	-27.4%
						Middle East (3.9%)	6.5%	-7.5%	50.9%	-7.8%	-7.6%
						India (3.6%)	-30.9%	-13.6%	-5.5%	2.0%	-10.3%

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

Figure 3: Exports of computer and parts, automotive, machinery, and rice supported growth in April.



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

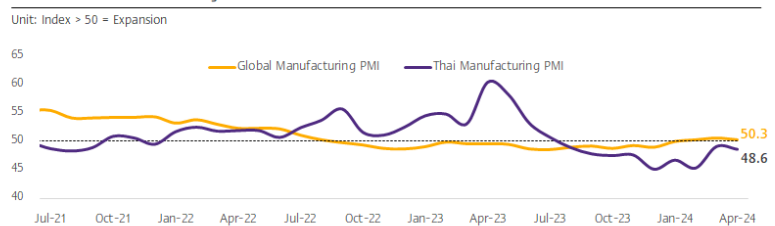
Figure 4: Global economy and the global manufacturing industry should continue to improve in 2024.

SCB EIC's global economic growth projection

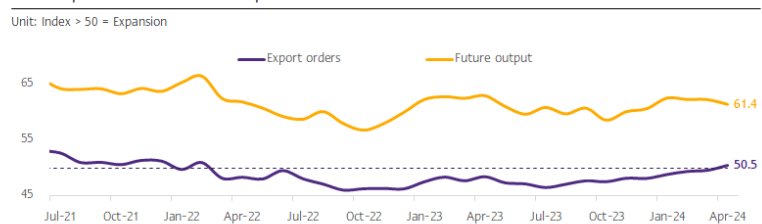
GDP Growth (%YOY)	2023	2024	
		Previous	Revised
Global	2.7%	2.6%	2.7%
US	2.5%	2.1%	2.5%
Eurozone	0.4%	0.6%	0.7%
Japan	1.9%	0.6%	0.1%
China	5.2%	4.6%	5%
India*	7.7%	6.8%	6.5%
ASEAN-5**	4.4%	4.8%	4.7%

- The global economy is projected to expand by 2.7%, which is higher than the previous forecast of 2.6%, mainly due to China and US economy
- The US economy should improve due to domestic demand that is still growing strongly
- The Chinese economy is expected to robustly improve in the short-term following the manufacturing and export cycles as well as government economic stimulus measures

Global and Thai Manufacturing PMI



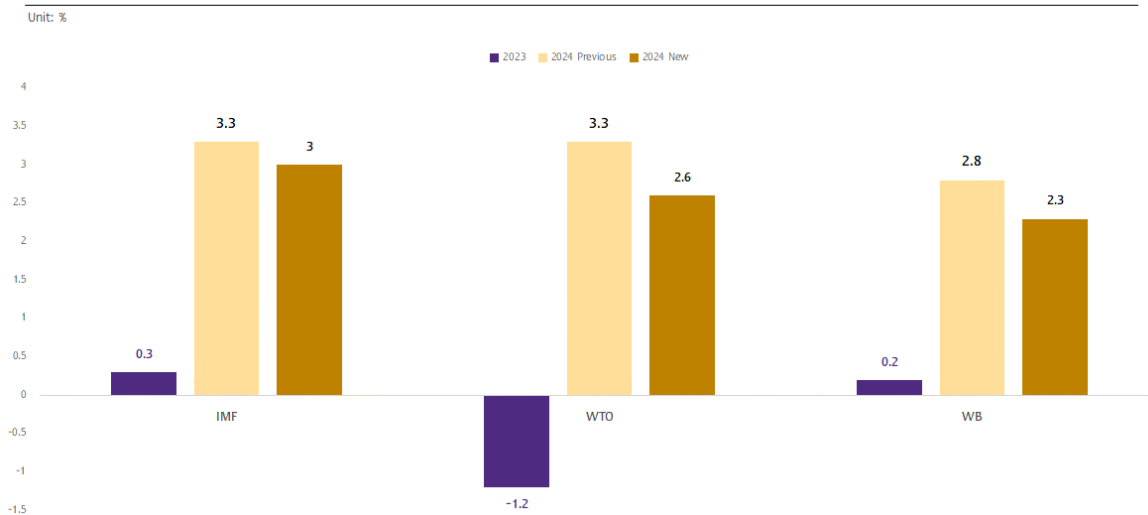
Global Export orders and Future Output PMI



Note: *GDP according to calendar year **ASEAN-5 countries include Indonesia, Malaysia, Philippines, Singapore, and Vietnam.
Source: SCB EIC analysis based on data from the World Bank, Bloomberg, JP Morgan, and S&P Global.

Figure 5: Global trade volume in 2024 should continue to improve following better global economic conditions, despite slowing from previous forecasts.

World trade volume forecast in 2024 by various international organizations

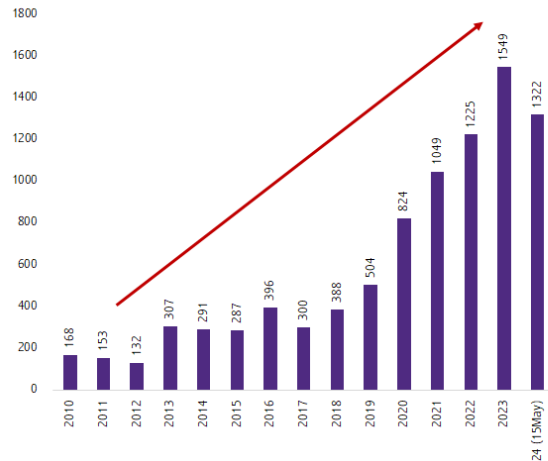


Source: SCB EIC analysis based on data from JP Morgan and S&P Global.

Figure 6: 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, reflecting increasingly severe geopolitical risks.

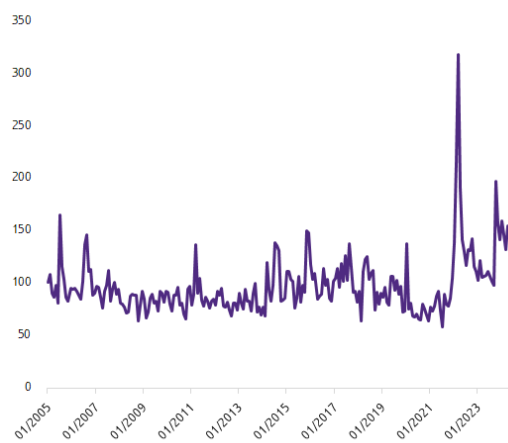
Trade, investment, and labor mobility restrictions imposed worldwide

Unit: Number of new restriction in each year



Geopolitical Risk Index(GPR)

Unit: Index

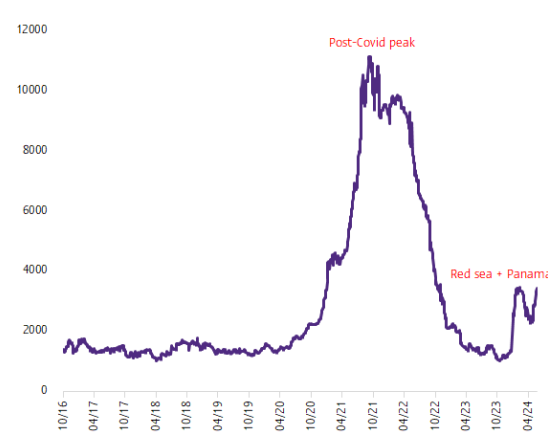


Source: SCB EIC analysis based on data from Global Trade Alert and Caldara, Dario, and Matteo Iacoviello (2021), "Measuring Geopolitical Risk," working paper, Board of Governors of the Federal Reserve Board, November 2021".

Figure 7: Shipping lines are opting to circumvent the Suez Canal route by diverting through the Cape of Good Hope, consequently increasing shipping times and costs once again.

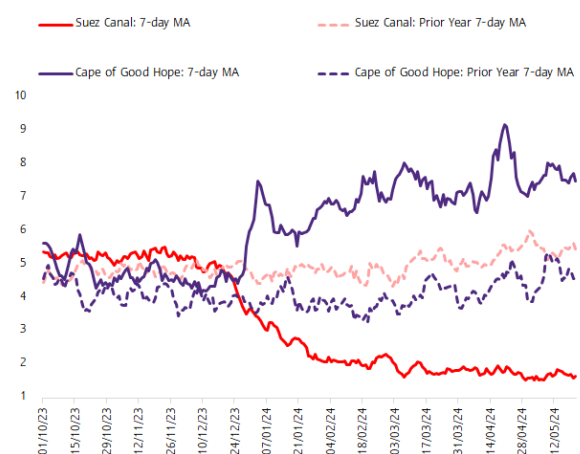
Global Container Freight Index (FBX00)

Unit: Index



Trade volume through Suez Canal and Cape of Good Hope

Unit: Metric Tons

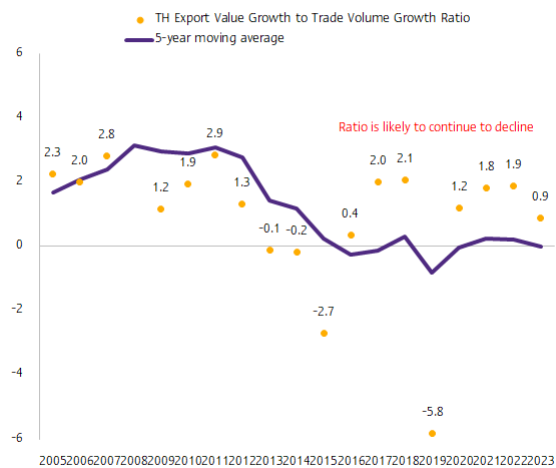


Source: SCB EIC analysis based on data from Baltic Exchange Information Services Limited, Port Watch, and CEIC.

Figure 8: Thai export recovery has increasingly diverged from global trade volume trends, particularly integrated circuit, machinery, and automotive and parts.

Thai export value growth compared with global trade volume growth

Unit: ratio



Thai export value growth compared with global trade volume by product

Unit: 5-year moving average ratio

Items	2016	2017	2018	2019	2020	2021	2022	2023
Total	-0.26	-0.12	0.31	-0.82	-0.04	0.25	0.23	-0.01
Electrical appliances	-0.15	-0.13	0.01	-0.33	0.27	0.85	0.85	1.06
Auto & parts	4.31	1.38	1.19	-1.31	-0.83	-0.20	-0.57	-2.57
Agriculture	-3.60	-1.09	-0.76	-3.37	-2.33	-1.29	-1.89	-2.00
Chemical & Plastics	-1.49	-0.92	-0.33	-5.65	-3.63	-2.29	-3.07	-1.58
Agro	-0.31	-0.55	0.26	1.65	2.02	2.07	3.18	3.06
Computer & parts	-0.35	-1.00	0.00	-3.59	-3.34	-2.24	-3.07	-1.04
Rubber products	-1.29	0.54	0.90	2.19	3.23	3.25	1.11	1.44
IC	-0.17	1.53	0.91	-3.32	-3.38	-2.97	-2.64	-3.39
Machinery & parts	0.98	1.18	0.90	-4.23	-3.62	-2.87	-2.75	-3.30
Refined fuel	-5.62	-6.90	-5.03	-13.58	-9.83	-3.94	-4.21	-6.13
Textile	-2.41	-1.14	-1.06	-2.49	-1.04	0.06	0.23	1.92
Manufacturing	0.62	0.47	0.78	-0.09	0.50	0.54	0.47	0.25
Mining and fuel	-6.28	-6.50	-4.48	-11.93	-8.21	-3.47	-3.62	-4.98

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

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