



**Exports performed well in May**, supporting signs of continual growth in H2/2024 and 2025.

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21 June 2024

## **Exports performed well in May, supporting signs of continual growth in H2/2024 and 2025.**

### **Exports performed well in May, supporting signs of continual export recovery.**

The value of Thai exports in May 2024 stood at USD 26,219.5 million, improving by 7.2%YOY (compared to the same period last year). Such a growth improved from the 6.8%YOY growth in the prior month. However, excluding gold and the base effect, exports contracted by -1.3%MOM\_SA (compared to the previous month, seasonally adjusted) after increasing by as high as 3.8%MOM\_SA in the prior month. Such conditions indicated signs of continual Thai export recovery. As such, during the first 5 months of 2024, Thai exports stood at USD 120,493.4 million, expanding by 2.6%.

### **Exports of agricultural products, particularly exports of fruits to China, significantly strengthened overall export growth during the month.**

Details included (1) **Exports of agricultural products rose by as high as 36.5%**, after contracting by -3.8% in the prior month. Key products driving this growth included fresh/ chilled/ frozen/ dried fruits that surged by 128% (especially exports to China that improved by 142.4%), rubber that grew by 46.6%, and processed chicken that grew by 10.2%. The mentioned 3 products alone contributed to as high as 3.9% growth in May from an overall growth of 7.2%. (2) **Exports of manufacturing products increased by 4.6%, slowing from 9.2%** in the prior month. Exports of computer and parts, gold, copper and articles made from copper, and machinery and parts supported growth. However, exports of aircraft, spacecraft, and parts dragged growth. (3) **Exports of mining and fuel products grew by 2.6%**, improving from -9.2% in the prior month. Meanwhile, (4) **Exports of agro-industrial products slowed to 0.8%** from 12.7% in the prior month. Exports of animal or vegetable fats and oil and pet food supported growth, while exports of sugar dragged growth (Figure 1 and 3).

### **Exports to China and India saw robust growth, while exports to Australia and the Middle East contracted.**

Details included (1) **Exports to China expanded by as high as 31.2%**, after contracting for 3 consecutive months following the considerable growth of exports of fresh/ chilled/ frozen/ dried fruits by 142.4% that also rebounded after 3 consecutive months of weakening. (2) **Exports to India accelerated to 23%** from 13.3% in the prior month following exports of animal or vegetable fats and oil that grew considerably by 196.8% (13.3% of total exports from Thailand to India). Other notable drivers included exports of chemicals, iron, steel, and parts, and machinery and parts. On the contrary, (3) **Exports to Australia contracted by -2.4%**, after seeing robust, double-digit growth for 7 consecutive months following a drop in exports of automotive and parts by -13.1% (49.5% of total exports from Thailand to Australia). Meanwhile, (4) **Exports to the Middle East reverted to a -8.1% contraction**, with declines across various key product categories (Figure 1).

## **Thai trade returned to a surplus in May as imports contracted, contrasting with significant growth in exports.**

The value of imports in May stood at USD 25,563.3 million, marking the first contraction in 4 consecutive months at -1.7%. Notably, imports of vehicles and logistics equipment and capital goods dropped by as high as -27.7% and -7.5%, respectively. Meanwhile, imports of raw materials and intermediate raw materials, consumer goods, and fuel products expanded by 2.4%, 2.1%, and 1.5%, respectively (Figure 2). **The customs basis trade balance for this month returned to a surplus of USD 656.1 million**, after standing at a deficit of USD -1,641.7 million in April 2024. With such regards, the trade balance during the first 5 months of 2024 stood at a deficit of USD -5,460.7 million.

## **SCB EIC views that Thai exports will continue to expand in June and H2/2024.**

SCB EIC expects Thai exports to continue recovering in June, aligning with the view by the Ministry of Commerce in announcing the latest figures. **SCB EIC forecasts that Thai export growth in 2024 will turn positive at 2.6% (balance of payments basis) following support from various dimensions**, including:

(1) The global economy in 2024 should expand by a similar rate compared to last year at 2.7%. Improvements are anticipated in several key economies. The US economy should strengthen following strong domestic demand, while the Chinese economy should also improve from economic stimulus measures. Meanwhile, India and ASEAN economies will likely experience robust growth. However, the Eurozone and Japanese economies may see slow growth (Figure 4, left).

(2) The manufacturing sector, which 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 (Figure 4, right). Moreover, the export orders PMI rose above the 50 threshold for two consecutive months after remaining under the threshold for over 2 years, while the future output PMI have been improving since the end of 2023, indicating better global manufacturing conditions in the coming periods (Figure 4, right).

(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.

(4) Exports of various products that contracted in Q1/2024, such as petrochemicals and alcoholic beverages, are expected to return to growth during the remainder of 2024. Additionally, products that expanded in Q1/2024, including natural rubber, tuna, and non-alcoholic beverages, should continue to grow throughout the remainder of 2024 (Figure 5).

## **SCB EIC evaluates that Thai exports in 2025 should expand at a rate similar to that of 2024.**

The value of Thai exports in 2025 will likely be influenced by global economic conditions that should expand by a comparable rate to 2024. Notably, ASEAN economies should grow at an accelerated pace. India's economy is expected to experience high growth, albeit with some stalling. Japan and the Eurozone economies should see better recovery, though not exceptionally robust. Meanwhile, China's economy may grow at a slowing rate due to structural issues. Similarly, the US economy is expected to grow at a stalling rate (Figure 4, left). Nevertheless, global trade volume is anticipated to accelerate in 2025, according to forecasts from various international organizations, such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank (Figure 6, left).

Nonetheless, such global trade volume projections in 2025 could be affected by various risks, particularly (1) The US presidential election results, which could lead to increased protectionism and more usage of trade barriers to maintain the domestic manufacturing sector's competitiveness. If Trump wins the election, there may be additional risks, including a potential increase in import tariffs on all types of imported goods from all countries to 10%, as per his presidential campaign. (2) The European Parliament election results, reflect the growing popularity of far-right parties. Meanwhile, the reduction in seats for center-left parties could suggest that the EU might adopt more nationalist policies going forward. Particularly, trade policies may increasingly involve geopolitical factors to remain competitive with major trading partners, such as China and the US, with a potential shift towards supporting and protecting key markets and industries in Europe (Figure 7). (3) The prolonged Russia-Ukraine war and Israeli-Hamas conflict. As well as, (4) Concerns regarding overcapacity in China, which led China to increase its exports to the global market. Meanwhile, weak domestic demand makes it harder for imported products to penetrate the Chinese market. Consequently, China's trade balance is likely to continue increasing, prompting many nations to adopt more trade barriers against China.

Most importantly, Thailand's export sector may not fully capitalize on improved global trade conditions. SCB EIC observes that the Thai export growth to global trade volume growth ratio has declined in recent periods (Figure 6, right), as Thailand's manufacturing sector still relies on traditional supply chains and responds sluggishly to shifts in global product demand. **As such, SCB EIC views that Thai exports in 2025 should expand at a modest rate of 2.6%, similar to this year.**

**Figure 1: Exports improved in May, particularly driven by fruits. However, exports of certain categories continued to weaken significantly.**

Exports by product						Exports by market					
Unit: %YOY (Share in 2023)						Unit: %YOY (Share in 2023)					
Items	2023Q4	2024Q1	Apr-24	May-24	YTD	Economies	2023Q4	2024Q1	Apr-24	May-24	YTD
<b>Total (100%)</b>	5.8%	-0.2%	6.8%	7.2%	2.6%	<b>Total (100%)</b>	5.8%	-0.3%	6.8%	7.2%	2.6%
<b>Total (ex. gold) (97.9%)</b>	4.8%	0.2%	9.6%	5.9%	3.1%	US (17.2%)	10.2%	9.9%	26.1%	9.1%	12.5%
Electrical appliances (10.1%)	-6.2%	-4.9%	4.1%	-4.6%	-3.3%	China (12%)	0.4%	-5.1%	-7.8%	31.2%	1.5%
Auto & parts (10.9%)	0.8%	-7.9%	20.4%	-2.1%	-2.3%	ASEAN5 (14.1%)	15.7%	-5.2%	3.7%	-0.6%	-2.7%
Agriculture (9.4%)	3.7%	6.8%	-3.8%	36.5%	9.9%	CLMV (9.4%)	-8.9%	6.5%	5.1%	9.6%	6.9%
Chemical & Plastics (7.4%)	-2.0%	-5.0%	2.0%	-0.8%	-2.8%	Japan (8.7%)	0.0%	-9.0%	-4.1%	-1.0%	-6.5%
Agro (7.9%)	3.7%	-6.0%	12.7%	0.8%	-1.2%	EU28 (9.1%)	-6.1%	0.4%	8.8%	-4.8%	0.8%
Computer & parts (6.3%)	3.1%	8.7%	62.0%	44.4%	23.5%	Hong Kong (3.9%)	25.8%	23.5%	21.2%	25.1%	23.4%
Rubber products (4.7%)	1.6%	-2.8%	1.5%	-8.8%	-3.3%	Australia (4.3%)	18.4%	24.8%	15.2%	-2.4%	16.9%
IC (3.4%)	-2.8%	-11.3%	-9.2%	-11.9%	-11.0%	Middle East (3.9%)	-4.1%	-4.9%	17.7%	-8.1%	-2.1%
Machinery & parts (3.1%)	8.7%	1.9%	58.8%	12.4%	13.6%	India (3.6%)	1.3%	-3.4%	13.3%	23.0%	4.7%
Refined fuel (3.6%)	54.2%	-3.5%	-21.2%	-0.5%	-6.8%	Russia (0.3%)	101.8%	67.3%	22.8%	-7.0%	41.0%
Textile (2.1%)	-3.7%	1.1%	4.5%	-3.3%	0.8%	Ukraine (0%)	-53.2%	78.0%	759.4%	66.1%	139.8%
Manufacturing (78.6%)	4.6%	-0.3%	9.2%	4.6%	2.4%	Switzerland (1.4%)	187.4%	-64.6%	-79.3%	28.1%	-55.5%
Mining and fuel (4.1%)	45.1%	-2.3%	-9.2%	2.6%	-2.8%	Laos (1.6%)	-0.4%	9.2%	37.1%	8.9%	14.0%
						Myanmar (1.5%)	-4.2%	-10.3%	-17.1%	-11.8%	-11.8%

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

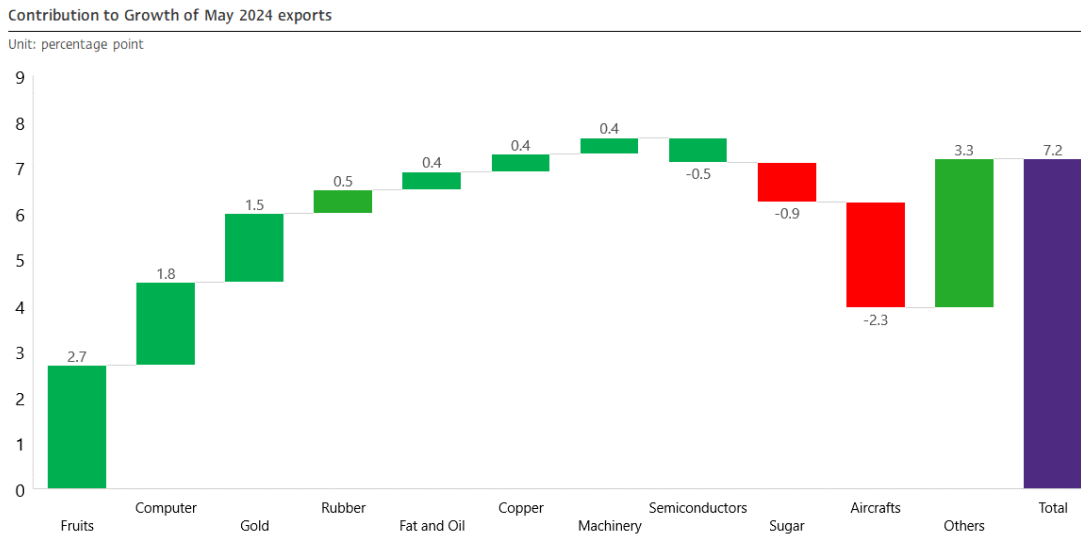
**Figure 2: Imports fell sharply in May, driven by imports of vehicles and logistics equipment and capital goods.**

Imports by product						Imports by market					
Unit: %YOY (Share in 2023)						Unit: %YOY (Share in 2023)					
Items	2023Q4	2024Q1	Apr-24	May-24	YTD	Economies	2023Q4	2024Q1	Apr-24	May-24	YTD
<b>Total</b>	5.8%	3.8%	8.3%	-1.7%	3.5%	<b>Total (100%)</b>	5.8%	3.8%	8.3%	-1.7%	3.5%
<b>Total (ex. gold)</b>	5.9%	2.0%	3.2%	-2.2%	1.3%	US (17.2%)	10.4%	-1.3%	4.3%	2.7%	0.7%
Fuel products (18.5%)	4.7%	-4.2%	-18.1%	1.5%	-6.0%	China (12%)	9.4%	4.2%	10.2%	5.0%	5.6%
Capital goods (24%)	15.7%	15.5%	17.8%	-7.5%	10.7%	ASEAN5 (14.1%)	-1.1%	-9.0%	5.1%	-0.8%	-4.9%
Raw and intermediate materials (39.2%)	-0.6%	4.7%	19.8%	2.4%	7.0%	CLMV (9.4%)	-7.9%	0.4%	3.1%	-2.5%	0.4%
Consumer goods (11.4%)	4.1%	1.1%	8.0%	2.1%	2.6%	Japan (8.7%)	-9.8%	-16.4%	-0.9%	-13.0%	-12.9%
Vehicles and logistics equipment (5.5%)	20.3%	-17.8%	-15.1%	-27.7%	-19.3%	EU28 (9.1%)	5.2%	-1.8%	16.3%	-18.6%	-2.4%
<b>Total</b>	7.3%	0.6%	14.1%	10.3%	4.6%	Hong Kong (3.9%)	62.1%	-23.8%	183.9%	130.8%	41.8%
						Australia (4.3%)	-17.2%	-15.0%	-52.9%	-28.9%	-27.7%
						Middle East (3.9%)	6.5%	-7.5%	-7.8%	-9.3%	-8.0%
						India (3.6%)	-9.1%	-9.3%	4.5%	-20.3%	-9.1%

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

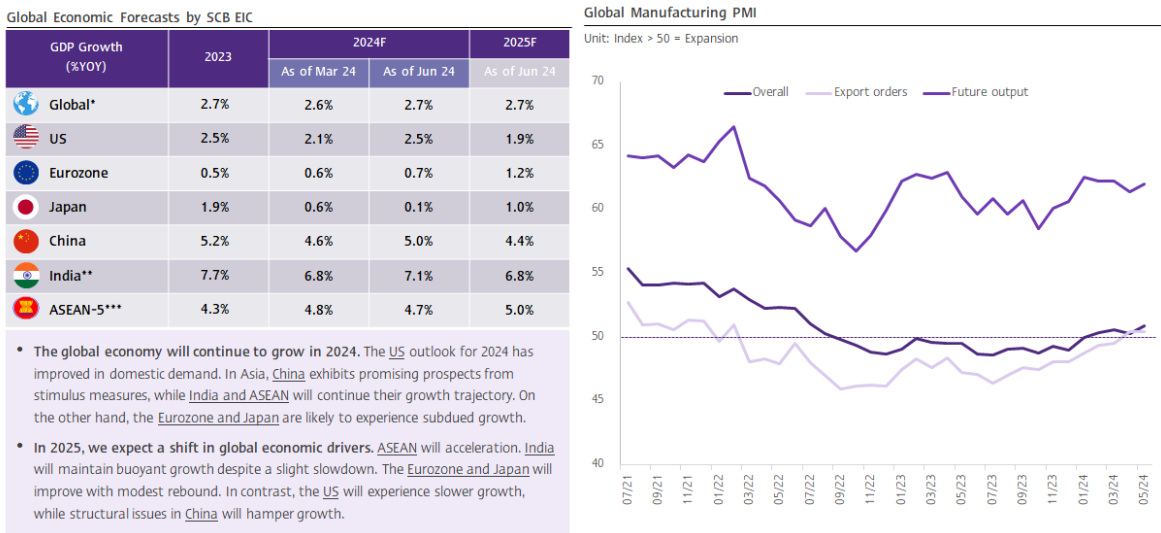


**Figure 3: Exports of fruits, computers, and gold saw robust growth, while exports of sugar and aircraft shrank considerably in May.**



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

**Figure 4: Global economic growth in 2024 and 2025 should expand by 2.7%, a rate similar to 2023, though with differing economic drivers.**

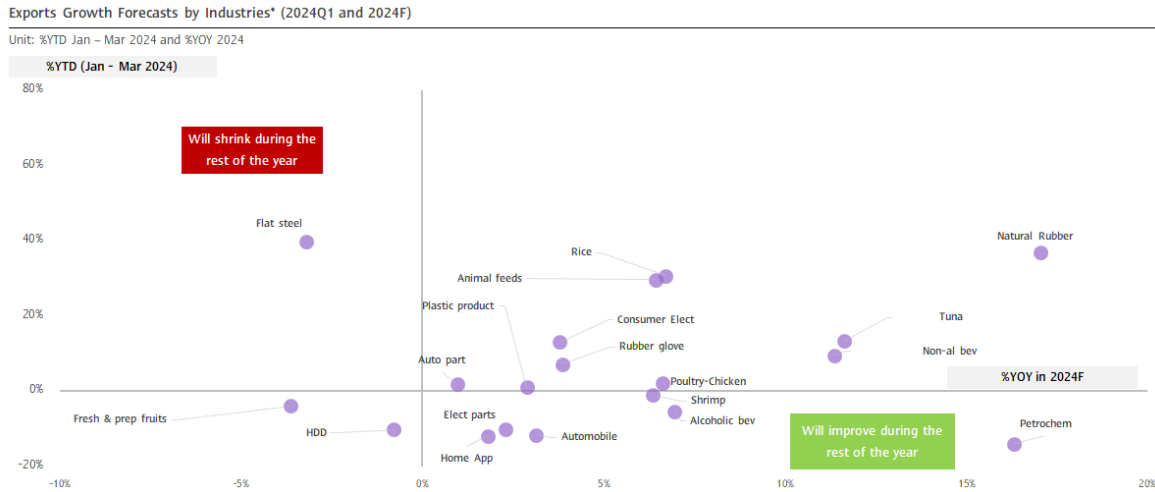


Note: \*Weighted by using market exchange rate \*\* GDP according to calendar year (different from the forecast in March 2024 that was based on fiscal year).

\*\*\* ASEAN-5 countries include Indonesia, Malaysia, Philippines, Singapore, and Vietnam.

Source: SCB EIC analysis based on data from S&P Global, J.P. Morgan, IMF, CEIC, and Bloomberg.

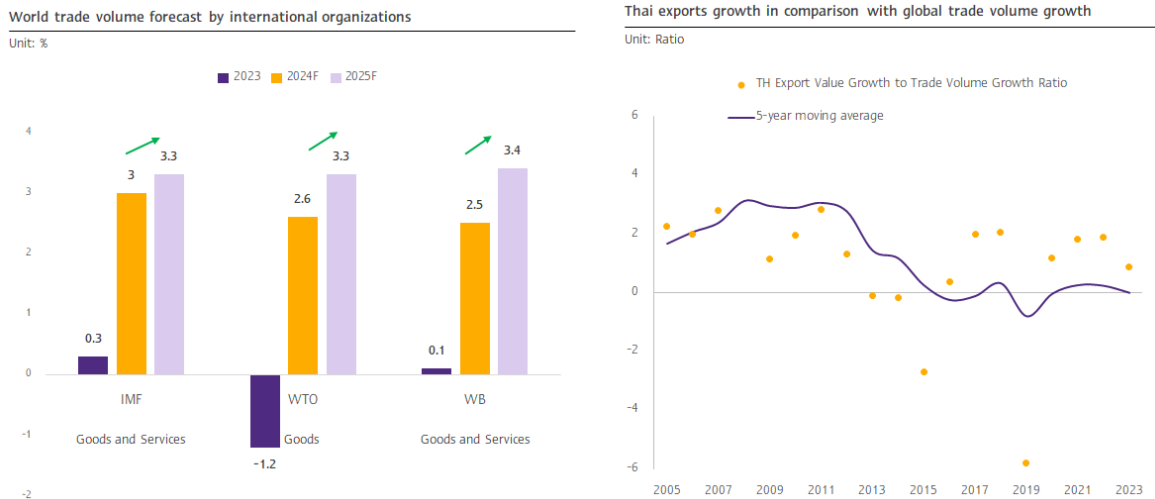
**Figure 5: Exports of products that contracted in Q1/2024, such as petrochemicals and alcoholic beverages, are expected to return to growth during the remainder of 2024. However, exports of steel, fruits, and HDD will continue to shrink in 2024.**



Note: \*Exports of manufacturing products accounted for 59% of total exports (including gold) in 2023.

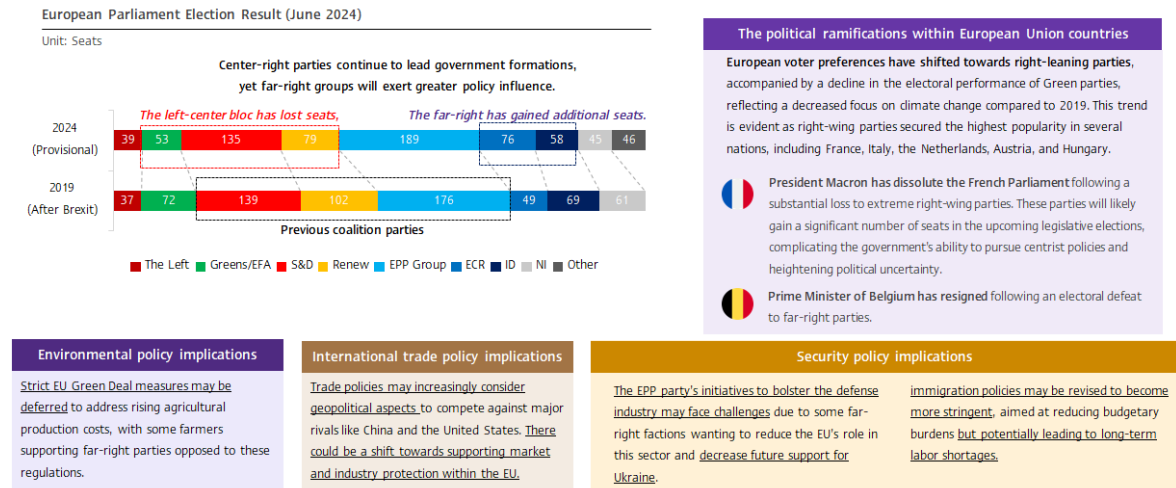
Source: SCB EIC analysis based on data from the Ministry of Commerce.

**Figure 6: Global trade volume is likely to accelerate in 2025. However, Thailand may not fully capitalize on the trend as the Thai export growth to global trade volume growth ratio dropped in recent periods.**



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

**Figure 7: The European Union parliament election results reflect increasing popularity of far-right parties, suggesting that the EU may impose more nationalist policies going forward, including environmental, trade, and security.**



Source: SCB EIC analysis based on data from the European Parliament, Reuters, DW, The New York Times, BBC, FT, Bloomberg, France24, The Economist, Nikkei Asia, Reuters, and Euronews.

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