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## Exports in September continued to expand despite surrounding pressures, increasing the likelihood that the annual growth outlook will surpass the previous forecasts.

### Exports in September 2024 showed signs of cooling.

The value of Thai exports in September 2024 stood at USD 25,983.2 million, expanding modestly by 1.1%YOY (compared to the same period last year), though slowing from the 7% growth in the prior month and falling short of analysts' expectations in the Reuters poll at 2.9%. Nonetheless, this growth rate surpassed SCB EIC's projection, which anticipated a slight contraction of -0.2%. For the first three quarters of the year, the total export value reached USD 223,176 million, marking a 3.9% expansion (customs basis).

Thai exports have decelerated after strong acceleration over the previous two months, as reflected by a seasonally adjusted month-on-month contraction of -1.6%MOM\_SA, marking the first decline in three months. Excluding gold, exports dropped by -1.8%MOM\_SA, due to several factors: **(1) Export value of computers slowed considerably.** Despite a recovery in global demand for electronics, driven by an upward cycle, Thai computer exports saw growth decelerate to 25.5% from the previous month's 74.7%, contributing 1.5% to overall export value growth this month, down from 3.4% in the previous month, or -5.6%MOM\_SA. **(2) The export value of gold also contracted.** In recent months, the export of unwrought gold benefited from rising global gold prices, but September marked the first year-on-year decline in five months at -15%YOY, subtracting -0.1% from overall export value, compared to a 1.5% contribution in the prior month. **(3) A high base effect** also influenced the figures, with export value in September last year standing at USD 25,694.4 million, relatively high compared to both the 2023 annual average and historical September averages.

### Three out of four major export categories experienced slower growth, while the mining and fuel category contracted considerably.

Examining export performance by category reveals that: **(1) Agro-industrial products slowed down to 7.8%**, down from 17.1% in the previous month, with canned and processed seafood (Prepared or preserved fish, crustaceans, mollusks in airtight containers), pet food, and animal and vegetable fats and oils showing strong growth, while sugar exports contracted. **(2) Industrial product growth eased slightly to 2%** from 5.2% last month, driven by exports of computers and components (Automatic data processing machines and accessories), air conditioning machine and parts, boards and panels of electric control, and mechanical machinery and parts, whereas Motor cars, parts and accessories, semiconductors, and internal combustion engines (Spark-ignition reciprocating internal combustion piston engines and parts) saw declines. **(3) Agricultural products slowed strongly to 0.2%**, following



a 17.5% growth in the previous month, with rubber and rice continuing to perform well, while fresh, frozen and dried fruit, and cassava products experienced contractions. **(4) Mining and fuel products reversed to a steep contraction of 24.9%**, the first in five months, from a 0.5% growth in the previous month, largely due to a 29.8% drop in refined oil exports as oil prices fell by 7.3% in September compared with August. (Figures 1 and 2).

### **Exports expanded well in the US and CLMV markets.**

Examining export performance by key markets reveals that: **(1) The Hong Kong market continued to contract at -17%**, worsening from -10.3% in the previous month. Major export items to Hong Kong experienced more substantial declines, with 12 out of 15 items contracting, including computers and components (Automatic data processing machines and accessories), which dropped sharply by -37.9% from -28.6% in the prior month, and teleprinters, telephone sets and parts, which reversed to a -75.6% contraction after a 33.7% expansion last month. **(2) The Japanese market shrank by -5.5%**, an improvement from -11.3% previously, though this marks eight consecutive months of contraction, especially in Motor cars, parts and accessories, which reverted to a -9.9% decline from a 9.1% expansion in the previous month. Canned and processed seafood, as well as rubber products, have recorded seven consecutive months of contraction. **(3) Exports to China returned to a -7.8% contraction** after expanding 6.7% last month, largely due to declines in fresh, frozen and dried fruit (-21.6%), cassava products (-45.9%), and steel and related products (-20.8%). **(4) The US market saw substantial growth at 18.1%**, up from 3% the prior month, driven by electronic machines and appliances, including computers and components (Automatic data processing machines and accessories) (95.5%), teleprinters, telephone sets and parts (14%), electrical appliances and parts (15.2%), mechanical machinery and parts (32.7%), and boards and panels of electric control (7.6%). **(5) The CLMV market saw slight deceleration to 8.3% growth**, with exports to Myanmar and Laos contracting by -24.4% and -4.3%, respectively. Exports to Vietnam slowed sharply to 2% from 22.3% the prior month, while exports to Cambodia grew strongly by 53.9%, particularly gold, which surged by 971.2% (Figure 1).

### **Despite high import growth, Thailand returned to a trade surplus for the second consecutive month.**

In September, the value of imports stood at USD 25,588.9 million, marking a high growth rate of 9.9%, sustaining four consecutive months of robust expansion. Imports of raw materials and intermediate goods, capital goods, and consumer goods grew strongly by 25.7%, 13.8%, and 9.7%, respectively. Meanwhile, imports of vehicles and logistics equipment continued to decline sharply at -36.6%, compared to -23.8% in the previous month, and fuel products imports reversed to a contraction of -11.3%. **Nonetheless, the customs basis trade balance posted a surplus for the second consecutive month, at USD 394.2 million.** However, for the first three quarters of 2024, Thailand's overall trade balance remained in deficit at USD -5,956.83 million.

## **Exports this year are expected to grow more than the previous forecast, despite various surrounding risk factors.**

SCB EIC forecasted that Thai export values will grow by 2.6% this year and 2.8% next year (based on the August assessment). However, export figures for the past two months have outpaced SCB EIC's projections and exceeded market expectations, partly driven by rising gold exports in line with global prices and the upward cycle in electronics. As a result, total export value on a customs basis grew by 3.9% in the first three quarters of 2024. Additionally, exports are expected to maintain robust growth in the final quarter, supported by the ongoing electronics cycle and a relatively low base effect. Consequently, export growth for the year is likely to surpass the previous estimate of 2.6%

However, the momentum of export value growth (excluding base effect) for the remainder of this year, in terms of %MOM\_SA, may show limited expansion due to various surrounding pressures, such as:

- 1) **The global economy is likely to decelerate compared to the first half of the year**, particularly in manufacturing, which is highly linked to global trade and currently in contraction. This is evidenced by the global manufacturing purchasing managers' index (PMI), which remains below the 50 thresholds. Additionally, forward-looking PMI components, such as new orders and future output, are trending downward (Figure 4). **In the coming period, various negative factors could place growing pressure on the global economy and trade**, including geopolitical uncertainties and prolonged, intensifying conflicts in multiple regions, which may lead to rising shipping costs once again (Figure 6, right). Additionally, trade protectionist measures may escalate, particularly following the U.S. elections.
- 2) **Overcapacity in China** has resulted in a surge of Chinese exports to the global market, as domestic demand within China remains sluggish. This could further challenge Thailand's competitiveness, particularly in terms of price competitiveness with Chinese goods, both in domestic and global markets (Figure 5, right).
- 3) **India's lifting of its rice export ban**, in place since September 2022, may result in a decline in both the price and volume of Thai rice exports. This is due to an increase in global rice supply and the likelihood of Thailand losing the additional market share previously gained to India.
- 4) **Natural disasters and erratic weather:** Flooding in some regions of Thailand has begun to subside, with the impact on agricultural areas being relatively limited compared to previous floods. SCB EIC initially estimates flood-related damages to agriculture at approximately THB 4.7 billion, primarily due to the expected impact on about 0.8 million rai (roughly 316,000 acres) of rice fields, which accounts for only 0.7% of the total harvested rice area. This may, however, have an effect on rice exports.
- 5) **Global oil prices are expected to continue declining due to several factors:** (1) a decrease in global oil demand, particularly from China, (2) increased oil production in the U.S., (3) reduced supply concerns following Israel's confirmation that it will not target Iran's oil facilities, and (4) market forecasts indicating an oil supply surplus in 2024. This trend could

impact exports of refined oil and related products such as plastics, rubber, and chemicals (Figure 6, left).

- 6) **Fluctuations in the Thai baht** may impact the price competitiveness of Thai exports and affect exporters' revenue or profits in baht terms. The baht has appreciated strongly, by up to 9% over the past three months, or 4.6% since the beginning of the year (Figure 5, left).

SCB EIC is currently reassessing Thailand's export outlook for 2024 and 2025, with the updated forecast scheduled for release in November.

**Figure 1: Export Value by Key Products and Markets**

Exports by product						Exports by market					
Unit: %YOY (share in 2023)						Unit: %YOY (Share in 2023)					
Items	2024Q2	2024Q3	Aug-24	Sep-24	YTD	Economies	2024Q2	2024Q3	Aug-24	Sep-24	YTD
<b>Total (100%)</b>	4.3%	7.5%	7.0%	1.1%	3.9%	<b>Total (100%)</b>	4.3%	7.5%	7.0%	1.1%	3.9%
<b>Total (ex. gold) (97.9%)</b>	4.2%	6.1%	6.2%	1.7%	3.5%	US (17%)	12.5%	14.8%	3.0%	18.1%	12.5%
Electrical appliances (10.1%)	-3.4%	7.2%	4.7%	7.3%	-0.6%	China (12%)	1.9%	2.5%	6.7%	-7.8%	0.0%
Auto & parts (11.3%)	8.4%	-7.4%	0.4%	-9.8%	-2.9%	ASEAN5 (14.2%)	0.1%	4.5%	4.5%	-6.7%	-0.3%
Agriculture (9.4%)	8.3%	7.0%	17.5%	0.2%	7.4%	CLMV (9.4%)	7.5%	13.7%	13.7%	8.3%	9.1%
Chemical & Plastics (7.4%)	-1.3%	8.3%	5.9%	0.4%	0.6%	Japan (8.6%)	-5.9%	-6.7%	-11.3%	-5.5%	-7.3%
Agro (7.9%)	2.4%	13.2%	17.1%	7.8%	2.9%	EU28 (9.1%)	2.0%	15.3%	22.3%	7.7%	5.8%
Computer & parts (6.3%)	38.7%	54.8%	74.7%	25.5%	33.4%	Hong Kong (3.9%)	5.1%	-14.1%	-10.3%	-17.0%	3.5%
Rubber products (4.6%)	-5.3%	14.8%	14.9%	15.7%	2.0%	Australia (4.3%)	0.2%	-4.7%	-13.7%	1.7%	5.7%
IC (3.4%)	-14.5%	-15.8%	-33.2%	1.2%	-14.0%	Middle East (4%)	5.7%	10.2%	34.5%	3.4%	3.3%
Machinery & parts (3.1%)	23.0%	13.9%	23.0%	8.7%	12.9%	India (3.5%)	15.4%	19.5%	22.3%	2.2%	10.3%
Refined fuel (3.6%)	-6.4%	-1.9%	1.0%	-29.8%	-3.9%	Russia (0.3%)	-9.7%	-8.7%	-9.3%	-9.0%	10.4%
Textile (2.1%)	-1.2%	4.7%	9.1%	-3.0%	1.5%	Ukraine (0%)	224.9%	90.6%	481.7%	-61.1%	130.5%
Manufacturing (78.6%)	4.3%	7.3%	5.2%	2.0%	3.8%	Switzerland (1.4%)	-26.3%	64.8%	175.1%	-45.1%	-16.8%
Mining and fuel (4.1%)	-1.9%	1.8%	0.5%	-24.6%	-0.7%	Laos (1.6%)	14.5%	-3.3%	-5.6%	-4.3%	6.9%
						Myanmar (1.5%)	-17.5%	-12.5%	12.8%	-24.4%	-13.5%

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

**Figure 2: Import Value by Key Products and Markets**

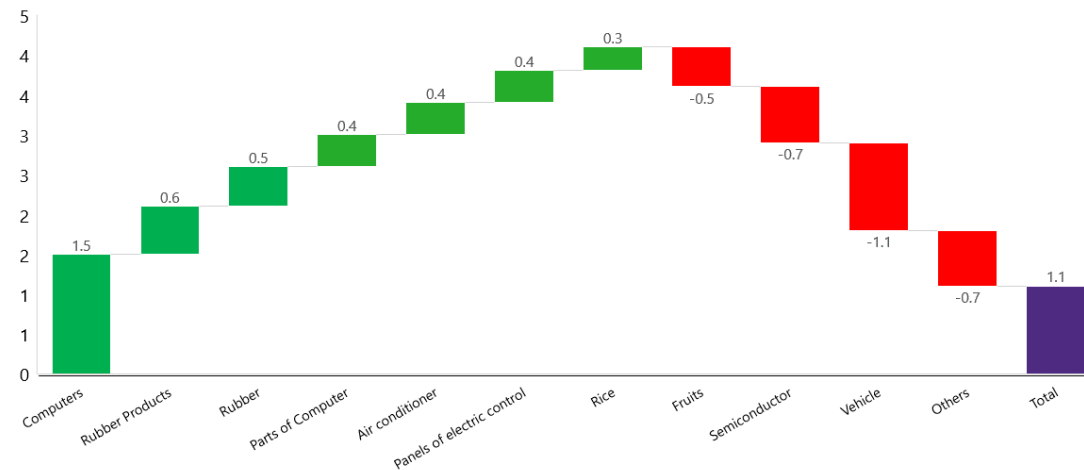
Imports by product						Imports by market					
Unit: %YOY (Share in 2023)						Unit: %YOY (Share in 2023)					
Items	2024Q2	2024Q3	Aug-24	Sep-24	YTD	Economies	2024Q2	2024Q3	Aug-24	Sep-24	YTD
<b>Total</b>	2.2%	10.6%	8.9%	9.9%	5.5%	<b>Total (100%)</b>	2.2%	10.6%	8.9%	9.9%	5.5%
<b>Total (ex. gold)</b>	-0.3%	7.8%	6.2%	3.8%	3.1%	US (6.7%)	1.8%	9.1%	20.2%	16.0%	3.3%
Fuel products (18.2%)	-6.7%	7.0%	13.4%	-11.3%	-1.5%	China (24.5%)	10.0%	18.9%	15.8%	16.9%	11.1%
Capital goods (24.1%)	1.8%	12.0%	7.2%	13.8%	9.7%	ASEAN5 (11.5%)	5.3%	11.4%	1.8%	9.4%	2.0%
Raw and intermediate materials (39.4%)	9.0%	19.7%	16.2%	25.7%	11.0%	CLMV (4.3%)	1.2%	16.8%	13.0%	21.3%	5.8%
Consumer goods (11.5%)	3.7%	8.7%	-0.8%	9.7%	4.4%	Japan (10.8%)	-9.2%	-7.7%	-8.6%	-7.2%	-11.3%
Vehicles and logistics equipment (5.5%)	-21.8%	-36.4%	-23.8%	-36.6%	-25.9%	EU28 (7.7%)	-12.1%	1.6%	-5.0%	-4.6%	-4.5%
Arms and ammunition (1.4%)	6.1%	2.2%	-13.4%	20.4%	2.4%	Hong Kong (0.9%)	148.1%	192.6%	104.5%	593.2%	104.6%
						Australia (2.4%)	-40.6%	-20.6%	-27.5%	-19.3%	-26.9%
						Middle East (9.7%)	-3.3%	16.2%	34.3%	-8.5%	1.4%
						India (2.1%)	-9.0%	-3.0%	-11.1%	-3.8%	-7.1%

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

**Figure 3: Computer Exports Remain a Key Driver of Thailand's Export Sector Despite Considerably Slowdown from the Previous Month**

Contribution to Growth of September 2024 exports

Unit: percentage point

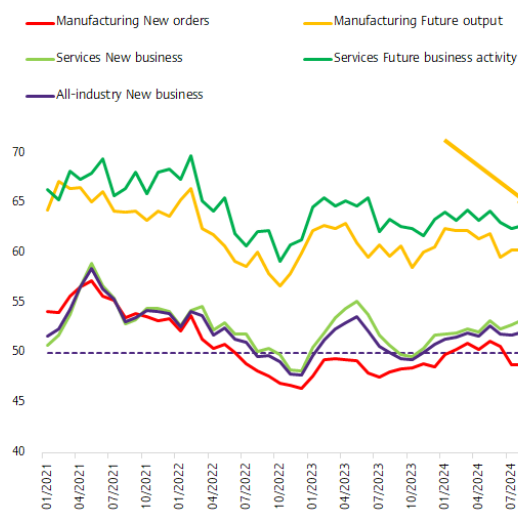


Source: SCB EIC analysis based on data from the Ministry of Commerce.

**Figure 4: Global Economy Shows Signs of Slowing for the Remainder of the Year, Especially in the Manufacturing Sector**

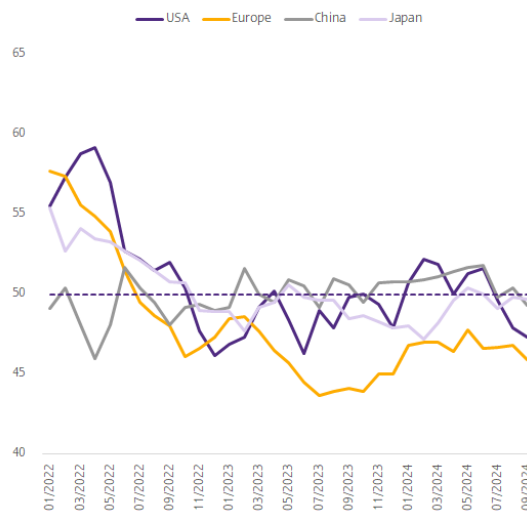
World Purchasing Manager's Index (PMI) New Orders/New Businesses

Unit: Index, > 50 = Expansion



Manufacturing Purchasing Manager's Index (PMI) of Major Countries

Unit: Index, > 50 = Expansion

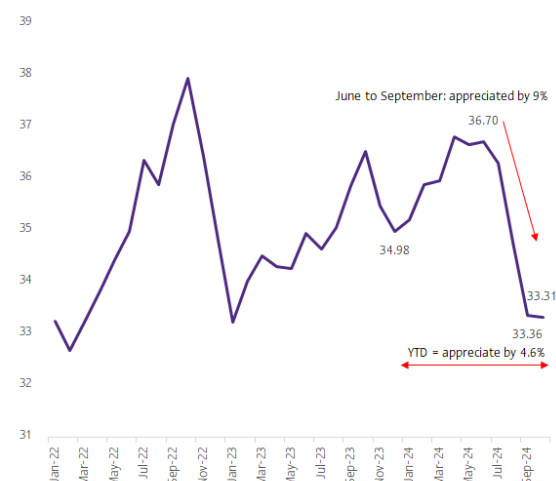


Source: SCB EIC analysis based on data from S&P Global, JP Morgan, and CEIC.

**Figure 5: Thai Baht Volatility and China Over-Capacity Compound Challenges to Thailand's Export Competitiveness**

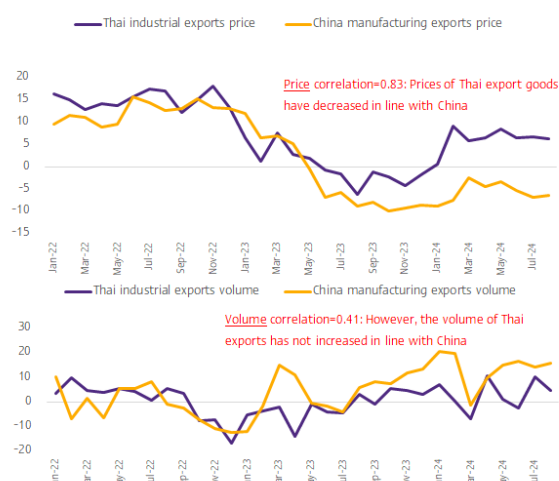
The Thai baht is fluctuating rapidly

Unit: USD/THB



Thailand's industrial exports have been affected by lower-priced Chinese export goods

Unit: %YOY

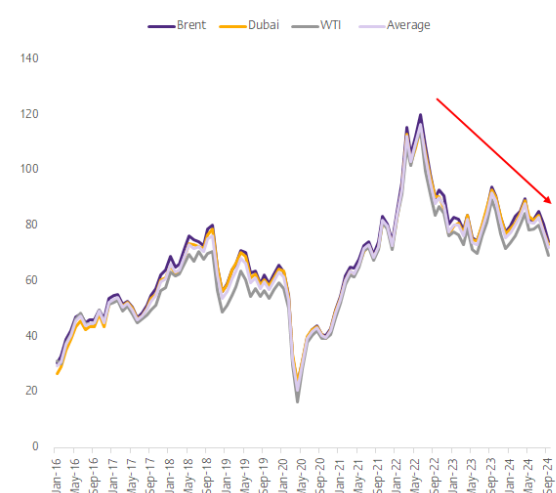


Source: SCB EIC analysis based on data from the China General Administration of Customs, Bank of Thailand, and CEIC.

**Figure 6: Oil and Freight Prices Have Decreased Slightly but May Rise Again if Conflicts Escalate**

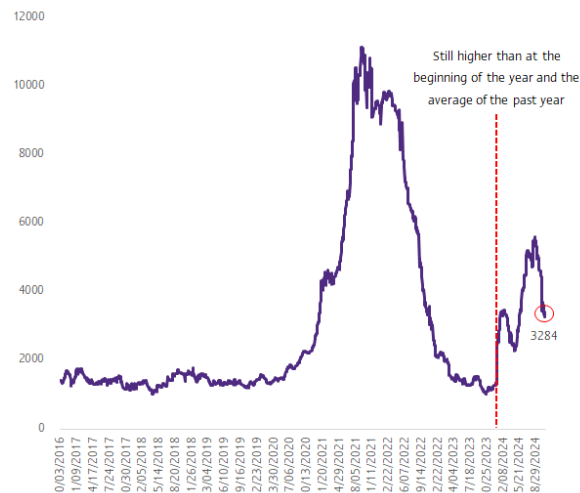
Global oil prices have declined recently

Unit: USD per barrel



Freightos Baltic Index (FBX00)

Unit: Index



Source: SCB EIC analysis based on data from CEIC, World Bank, and Freightos.

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