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October Export Growth Surpasses Expectations Driven by Gold and Electronics; SCB EIC Upgrades 2024 Outlook but Downgrades that of 2025 under Trump 2.0

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Exports in October 2024 grew robustly by 14.6%, exceeding expectations continuously.

In October 2024, the value of Thai exports reached USD 27,222.1 million, growing considerably by 14.6% YoY, compared to a mere 1.1% in the previous month. This surpassed analysts' expectations, as SCB EIC projected 5% growth and Reuters Poll suggested a 5.2% median forecast. Excluding gold, the growth rate was still robust at 9% YoY. Consequently, the cumulative export value for the first 10 months of 2024 stood at USD 250,398 million, an increase of 4.9% YoY (customs basis).

Thai exports surged once again after a slowdown in the previous month, as reflected by the seasonally adjusted month-on-month growth of 3.9%MOM_SA. Key factors contributing to this impressive growth include:

1. **Gold Exports:** The value of gold exports skyrocketed by 169.3% after a contraction in the prior month. This growth accounted for a significant 6.3% boost to overall export value this month, likely driven by rising gold prices, increased gold reserves by central banks worldwide, and heightened global demand for gold as a geopolitical risk hedge.
2. **Electronics Sector Upswing:** A cyclical upswing in electronics contributed to an 88.3% expansion in computer and equipment exports and a 46.3% rise in computer component exports. Together, these products added 4.1% to the month's total export growth.
3. **Low Base Effect:** The export value in October of the previous year was relatively low at USD 23,753.2 million, especially when compared to the 2023 annual average and historical October figures.

This month's exports were driven by industrial goods, while mining and fuel products contracted.

When examining export categories, the following observations emerge:

1. **Industrial Goods:** Expanded significantly by 18.6%, up from 2% in the previous month, marking seven consecutive months of growth. Key contributors to this growth included unwrought gold, computers and equipment, electrical appliances and components, machinery and parts, and rubber products. Conversely, motor cars, parts and accessories, as well as semi-conductor devices, transistors and diodes, were major items that contracted.

2. **Agro-Industrial Products:** Grew by 7.6%, maintaining a pace similar to the previous month. Prepared or preserved seafood, pet food, and prepared or preserved fruit continued to perform well, while animal and vegetable fats and oils and sugar were the main items that contracted.
3. **Agricultural Products:** Expanded by 6.8%, accelerating significantly from 0.2% in the previous month and sustaining four consecutive months of growth. Rubber and rice were the primary growth drivers, whereas cassava products experienced a decline.
4. **Mining and Fuels:** Contracted less sharply at -22.2%, compared to -24.9% in the previous month, driven by a steep -21.4% drop in refined oil exports due to a -16.5% YoY decline in oil prices this month (Figures 1 and 2).

The U.S., European Union, and Indian markets continued to expand strongly, while the Japanese market returned to growth.

When examining exports to major markets, the following details emerge:

1. **United States Market:** Exports surged by 25.3%, covering 9 out of 10 key products exported to the U.S. Growth was particularly strong in categories such as computers, equipment, and components, as well as teleprinters, telephone sets and parts. However, semi-conductor devices, transistors and diodes contracted.
2. **European Union Market:** Exports expanded significantly by 27.3%, encompassing 7 out of 10 key export products to Europe, led by computers, equipment, and components, which grew by an impressive 127%.
3. **Indian Market:** Exports rebounded with 14% growth, up from just 2.2% in the previous month. Industrial products, such as air conditioners, semiconductors, machinery, and computers and equipment, drove growth with expansions of 381.7%, 199.8%, 191.6%, and 131.9%, respectively. Additionally, chemicals and rubber products reversed from contractions in the previous month to expand by 72.9% and 40.2%, respectively.
4. **Japanese Market:** Exports to Japan grew by 7%, marking the first expansion in nine months. Key exports to Japan showed growth in 12 out of 15 categories, notably prepared and preserved seafood and rubber products, which rebounded with growth rates of 21.6% and 16.4%, respectively, after contracting by -11.0% and -2.4% in the previous month. Exports of rubber continued their 12-month streak of growth, reaching a remarkable 155.8%.

Other Markets: Export performance remained volatile due to fluctuations in gold exports, particularly to Switzerland, ASEAN, and Hong Kong. Exports to Switzerland grew by 127.1%, primarily due to a 164.4% surge in gold exports. ASEAN-5 and CLMV markets expanded by 6.8% and 27.9%, respectively, driven by gold exports to Singapore (up 210.2%) and Cambodia (up 431.4%). Meanwhile, exports to Hong Kong contracted by -24.2%, mainly due to a -68% decline in gold exports to the territory.

The trade balance returned to a deficit after two months of surplus.

The value of imports in October stood at USD 28,016.4 million, expanding by 15.9%, marking five consecutive months of strong growth. Key categories driving this increase included capital goods (up 25.7%), fuel products (up 22.2%), consumer goods (up 16.2%), and raw materials and semi-finished goods (up 13.9%). Meanwhile, imports of vehicles and transportation equipment continued to contract by -22.1%, the mildest decline in six months. **The customs basis trade balance for October registered a deficit of USD -794.3 million.** For the first 10 months of 2024, Thailand's trade balance showed a cumulative deficit of USD -6,751.2 million.

SCB EIC has revised up its export forecast for this year based on realized data but has downgraded the projection for 2025.

SCB EIC has revised Thailand's 2024 export growth forecast upward to 3.9% from the previous 2.6% (balance of payments basis, as of November 2024), supported by:

1) **The global economy and world trade volume in 2024 are expanding as expected.** The global economy is projected to grow by 2.7%, consistent with previous forecasts (Figure 4, left). World trade volume is likely to grow at a rate close to global economic growth, exceeding the World Trade Organization's (WTO) earlier projections (Figure 4, upper right). Although the International Monetary Fund (IMF) and World Bank have maintained their prior export volume forecasts, this growth is supported by gradually declining inflation and interest rates, which are stimulating global demand (Figure 4, left).
2) **Realized Thai export data has consistently exceeded expectations**, particularly in October, which saw a significant expansion of 14.6%, surpassing market forecasts. This growth was driven by increased gold exports and the upward cycle in electronic goods. As a result, export value for the first 10 months of 2024 grew by 4.9% (customs basis).
3) **In the remainder of 2024, Thai exports are likely to continue expanding**, supported by the upward cycle in electronics and potentially accelerating foreign demand driven by concerns that countries, particularly the U.S., might impose higher import tariffs next year. This has led to preemptive purchasing. Additionally, the relatively low base from Q4 2023 further supports growth.

However, SCB EIC has revised down its 2025 export growth forecast to 2.0% (from the previous 2.8%) due to anticipated changes in global economic and trade conditions.

1. **Global trade volume in 2025 faces increased downside risks.** The World Trade Organization (WTO) has revised its trade volume growth forecast down to 3% from the previous 3.3%. Although the International Monetary Fund (IMF) and World Bank have maintained their earlier projections (Figure 4, lower right), all three organizations have expressed concerns about risks in the coming year, such as geopolitical conflicts, economic policy uncertainties, China's real estate sector issues, and overcapacity in China. Additionally, commodity prices may rise due to climate change and geopolitical tensions, and trade protectionism measures are expected to intensify.

This is reflected in the WTO's latest assessment (Figure 5), which shows a sharp decline in positive factors compared to previous evaluations, while negative factors have significantly increased. This does not yet account for the potential impact of "Trump 2.0" policies.

2. **The global economy in 2025 is expected to face challenges from Trump 2.0 policies, with projected growth slowing to 2.5%** (down from 2.8%). This deceleration is driven by slower growth across nearly all major economies, particularly China, a key trading partner for Thailand (Figure 4, left). Under SCB EIC's assumptions, the U.S. is expected to impose an average 20 percentage point (pp) tariff increase on Chinese goods and an average 10pp increase on goods from other countries. In response, other countries are likely to retaliate with equivalent tariff rates. Additionally, Europe and China are anticipated to impose an average 10pp tariff on imports from each other. These tariff increases will vary across countries and product categories, directly impacting global economic and trade performance.

Furthermore, the U.S. is expected to adopt stricter anti-immigration policies, prompting similar measures in Europe. To mitigate the adverse effects of Trump 2.0 policies, various countries are likely to implement additional economic stimulus measures.

3. Trump 2.0 policies will have a direct impact on Thailand's net exports. **It is estimated that Thailand's net exports will decrease by approximately -0.4 to -0.5 pp in 2025 compared to a scenario without Trump 2.0 policies**, as:
    3.1. **Thai exports to the U.S. face a high risk of being subjected to increased import tariffs**, as Thailand ranks 12th globally in terms of trade surplus with the U.S. This would significantly impact Thailand's exports, given that the U.S. is Thailand's largest trading partner, accounting for 17% of the country's total export value.
    3.2. **Competition from Chinese goods is expected to intensify due to the import tariff hikes under Trump 2.0 policies.** Chinese exports to the U.S. are likely to decrease, and the worsening issue of China's overcapacity will push China to target alternative markets, including Thailand. As a result, Thailand's manufacturing and export sectors will face increased competition from Chinese products.
4. **The high base effect from Thailand's exports this year**, which are expected to grow beyond 3.9%, will be another factor contributing to the slowdown in Thailand's export growth rate in 2025 compared to this year.

Our analysis of Trump 2.0 policies on the global and Thai economy can be found in the article titled "Trump 2.0: Impact on the Global and Thai Economy"

SCB EIC's latest forecast for Thai export growth this year stands at 3.9% (balance of payments basis) as of November 25, 2024, prior to the Ministry of Commerce announcing October figures, which exceeded expectations. Consequently, export growth this year has the potential to surpass 4%. However, the high base effect may result in export value growth in 2025 falling below 2%.

Figure 1: Export Value by Key Products and Markets

Exports by product

Unit: %YOY (Share in 2023)

Items	2024Q2	2024Q3	Sep-24	Oct-24	YTD
Total (100%)	4.3%	7.5%	1.1%	14.6%	4.9%
Total (ex. gold) (97.9%)	4.2%	6.1%	1.7%	9.0%	4.1%
Electrical appliances (10.1%)	-3.4%	7.2%	7.3%	15.5%	0.9%
Auto & parts (11.3%)	8.4%	-7.4%	-9.8%	-16.8%	-4.3%
Agriculture (9.4%)	8.3%	7.0%	0.2%	6.8%	7.4%
Chemical & Plastics (7.4%)	-1.3%	8.3%	0.4%	12.0%	1.7%
Agro (7.9%)	2.4%	13.2%	7.8%	7.6%	3.4%
Computer & parts (6.3%)	38.7%	54.8%	25.5%	77.5%	37.1%
Rubber products (4.6%)	-5.3%	14.8%	15.7%	27.2%	4.4%
IC (3.4%)	-14.5%	-15.8%	1.2%	1.9%	-12.5%
Machinery & parts (3.1%)	23.0%	13.9%	8.7%	43.0%	15.9%
Refined fuel (3.6%)	-6.4%	-1.9%	-29.8%	-21.4%	-6.2%
Textile (2.1%)	-1.2%	4.7%	-3.0%	4.7%	1.8%
Manufacturing (78.6%)	4.3%	7.3%	2.0%	18.6%	5.2%
Mining and fuel (4.1%)	-1.9%	1.8%	-24.6%	-22.2%	-3.5%

Exports by market

Unit: %YOY (Share in 2023)

Economies	2024Q2	2024Q3	Sep-24	Oct-24	YTD
Total (100%)	4.3%	7.5%	1.1%	14.6%	4.9%
US (17%)	12.5%	14.8%	18.1%	25.3%	13.8%
China (12%)	1.9%	2.5%	-7.8%	8.4%	0.8%
ASEAN5 (14.2%)	0.1%	4.5%	-6.7%	6.8%	0.4%
CLMV (9.4%)	7.5%	13.7%	8.3%	27.9%	11.0%
Japan (8.6%)	-5.9%	-6.7%	-5.5%	7.0%	-5.9%
EU28 (9.1%)	2.0%	15.3%	7.7%	27.3%	7.7%
Hong Kong (3.9%)	5.1%	-14.1%	-17.0%	-24.2%	0.7%
Australia (4.3%)	0.2%	-4.7%	1.7%	-14.7%	3.3%
Middle East (4%)	5.7%	10.2%	3.4%	1.6%	3.2%
India (3.5%)	15.4%	19.5%	2.2%	14.0%	10.7%
Russia (0.3%)	-9.7%	-8.7%	-9.0%	-12.9%	7.3%
Ukraine (0%)	224.9%	90.6%	-61.1%	-12.3%	115.6%
Switzerland (1.4%)	-26.3%	64.8%	-45.1%	127.1%	5.4%
Laos (1.6%)	14.5%	-3.3%	-4.3%	6.6%	6.9%
Myanmar (1.5%)	-17.5%	-12.5%	-24.4%	4.7%	-11.8%

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

Figure 2: Import Value by Key Products and Markets

Imports by product

Unit: %YOY (Share in 2023)

Items	2024Q2	2024Q3	Sep-24	Oct-24	YTD
Total	2.2%	10.6%	9.9%	15.9%	6.6%
Total (ex. gold)	-0.3%	7.8%	3.8%	15.6%	4.4%
Fuel products (18.2%)	-6.7%	7.0%	-11.3%	22.2%	0.6%
Capital goods (24.1%)	1.8%	12.0%	13.8%	25.7%	11.4%
Raw and intermediate materials (39.4%)	9.0%	19.7%	25.7%	13.9%	11.3%
Consumer goods (11.5%)	3.7%	8.7%	9.7%	16.2%	5.7%
Vehicles and logistics equipment (5.5%)	-21.8%	-36.4%	-36.6%	-22.1%	-25.5%
Arms and ammunition (1.4%)	6.1%	2.2%	20.4%	-13.2%	0.8%

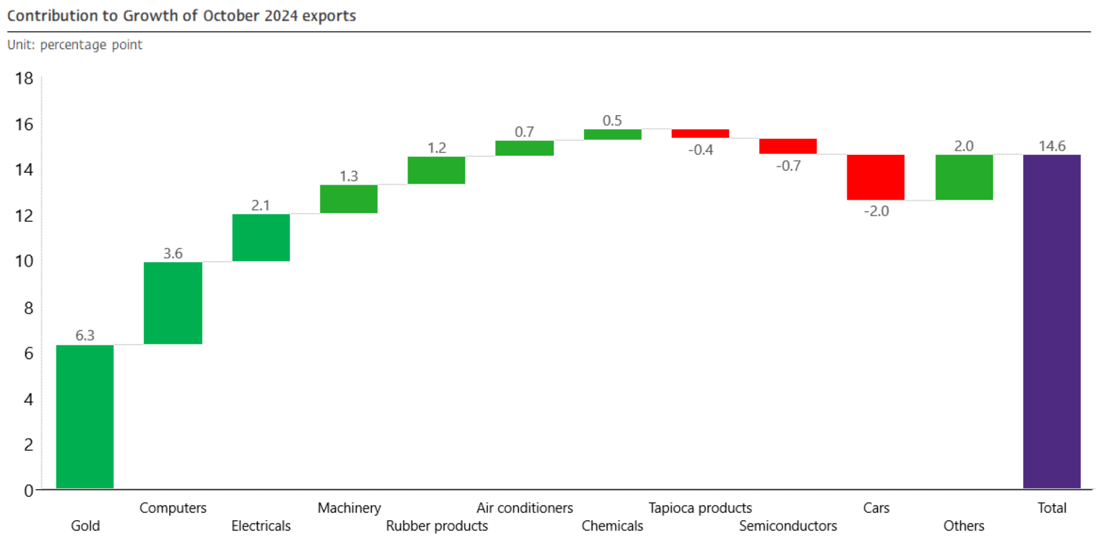
Imports by market

Unit: %YOY (Share in 2023)

Economies	2024Q2	2024Q3	Sep-24	Oct-24	YTD
Total (100%)	2.2%	10.6%	9.9%	15.9%	6.6%
US (6.7%)	1.8%	9.1%	16.0%	7.1%	3.7%
China (24.5%)	10.0%	18.9%	16.9%	19.2%	11.9%
ASEAN5 (11.5%)	5.3%	11.4%	9.4%	-3.2%	1.5%
CLMV (4.3%)	1.2%	16.8%	21.3%	11.9%	6.4%
Japan (10.8%)	-9.2%	-7.7%	-7.2%	9.5%	-9.2%
EU28 (7.7%)	-12.1%	1.6%	-4.6%	10.5%	-3.1%
Hong Kong (0.9%)	148.1%	192.6%	593.2%	213.6%	114.4%
Australia (2.4%)	-40.6%	-20.6%	-19.3%	29.8%	-23.7%
Middle East (9.7%)	-3.3%	16.2%	-8.5%	35.7%	4.4%
India (2.1%)	-9.0%	-3.0%	-3.8%	15.6%	-4.8%

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

Figure 3: Exports of Computers and Electrical Appliances Are Key Drivers of Thailand’s Export Sector

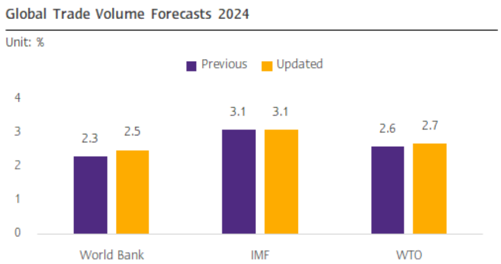


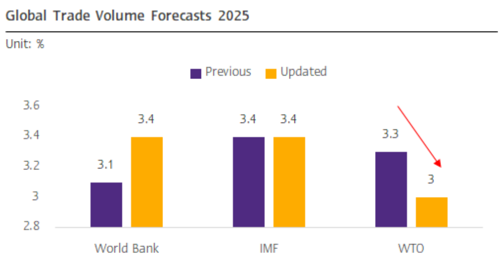
Source: SCB EIC analysis based on data from the Ministry of Commerce.

Figure 4: The Global Economy and Trade Volume Remain Relatively Unchanged This Year, While 2025 Is Likely to Slow Down Due to Increased Downside Risks, Particularly Trump 2.0 Policies

Global Economic Growth Forecasts by SCB EIC

(%YOY)	2023	2024F		2025F	
		As of Sep 24	As of Nov 24	As of Sep 24	As of Nov 24
Global	2.8%	2.7%	2.7%	2.8%	2.5%
US	2.9%	2.5%	2.7%	1.9%	1.9%*
Eurozone	0.4%	0.8%	0.8%	1.3%	0.6%*
Japan	1.7%	0.1%	-0.2%	1.1%	0.9%
China	5.2%	5.0%	4.9%	4.5%	4.2%
India	7.7%	7.2%	7.0%	6.8%	6.5%
ASEAN-5**	4.3%	4.9%	5.1%	5.0%	4.9%



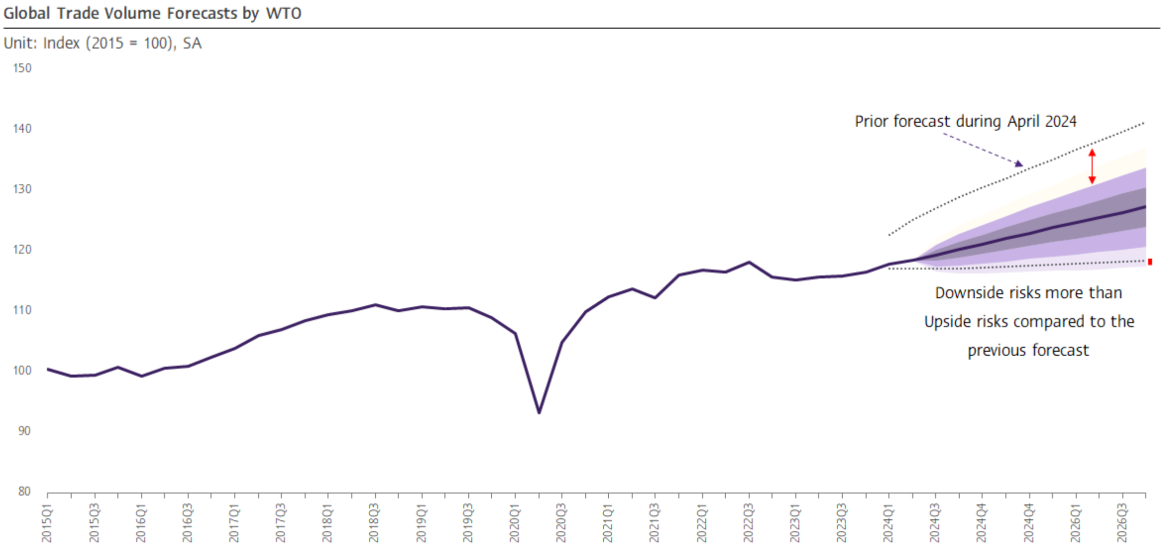


Note: *Without Trump 2.0, the U.S. economy in 2025 is likely to improve beyond previous forecasts (offset by the net negative effects of Trump policies on the U.S.), while the Eurozone economy is likely to decline more than previously projected (with additional negative effects from Trump 2.0).

** ASEAN-5 includes Indonesia, Malaysia, Philippines, Singapore, and Vietnam.

Source: SCB EIC analysis based on data from IMF WEO (Oct24), World Bank, WTO, Goldman Sachs, Capital Economics, Bloomberg, Reuters, and The Economist.

Figure 5: Global Trade Volume Faces Increasing Downside Risks While Positive Factors Have Declined Compared to Previous Assessments



Source: SCB EIC analysis based on data from the WTO.

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