

Thailand Watch

Weak export recovery

Gradual recovery from a low base

In December 2023, Thailand's exports reached a value of US\$22.8bn, a 4.7% increase compared to the previous year but a 2.9% decrease from last month. This growth signifies a continuous expansion for the fifth consecutive month, partly due to the low base, but is lower than the consensus forecast of 6.0%. Excluding oil-related products, gold, and military items, the growth rate stands at 2.1%. 2023 total exports were US\$284.6bn, a 1.0% contraction from last year, reflecting the weak global demand.

Below expectations

The pace of export recovery was slower than anticipated, falling behind both market's and our estimates. This sluggish growth can be attributed, in part, to Thailand's export composition, which is less concentrated in high-tech products, unlike regional counterparts. However, it is important to remain cautious on the long-term trajectory of Thailand's trade balance as the market faces challenges, especially from intensified competition due to increasing imports from China.

Trade balance improved as imports declined

Imports declined by 15.7% MoM and 3.0% YoY to US\$21.8bn, reversing the 10.1% YoY growth seen in November. Compared to the previous month, there was a general slowdown in imports, notably in capital goods, with electrical machinery (+1.8% vs +37.8% in November) and machinery parts (-11.8% vs +7.8% in November) experiencing sharp declines. On a YoY basis, the slowdown was mainly driven by the decline in imports of consumer products, chemical raw materials, gold, and fuel. Consequently, the trade balance improved from a US\$2.4bn deficit in November to a US\$0.97bn surplus.

Divergent trends in agricultural and industrial exports

Exports were supported by increased exports of agro-industrial (+3.6%) and industrial (+5.0%) exports while being dragged by a sharp decline of agricultural exports (-3.2%). The weak exports of agricultural products were mainly from cassava as production has been affected by the drought. In contrast, industrial exports demonstrated a more robust growth driven by the demand for specific products like automobiles and electrical equipment. However, contrary to the monthly trends, agro-industrial and industrial exports for 2023 declined by -1.7% and -1.0%, respectively, while exports of agricultural products fell 0.7%.

Secondary market driving demand

Thailand's exports to primary markets in December 2023 grew by 1.1%, indicating improving demand in key regions especially ASEAN5 while exports to Japan and CLMV turned negative. Secondary markets showed a more remarkable performance, registering a 7.5% increase, particularly South Asia, Hong Kong, and Taiwan, to name a few. For 2023, exports to primary markets contracted -2.5%, in line with the weak demand in developed markets while exports to secondary markets grew 1.5%.

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Asia | Thailand

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Exhibit 1: Export growth improved on a low base

Exports by product

	%Share	Dec-23		2023		2022
		US\$ mn	%YoY	US\$ mn	%YoY	US\$ mn
Agriculture	15.3	3,486	-3.2	49,203	-0.7	49,532
Rice	2.3	532	27.4	5,144	29.3	3,978
Food	8.3	1,890	-7.7	27,592	1.1	27,297
Rubber	1.3	307	13.2	3,649	-29.2	5,151
Manufacture	79.9	18,205	5.0	223,692	-1.0	226,001
Electronics	18.4	4,195	0.5	46,266	2.6	45,115
Electrical	9.2	2,108	-6.0	28,666	-2.4	29,371
Vehicles	15.1	3,440	2.1	40,104	5.8	37,893
Refinery	4.3	981	42.6	10,213	0.8	10,130
Plastic	4.4	1,000	3.0	13,086	-14.2	15,244
Chemical	2.6	586	-6.5	8,055	-16.0	9,585
Textiles	2.1	483	-1.7	6,034	-11.9	6,851
Construction	4.4	994	20.2	11,079	-6.7	11,822
Jewelry	4.3	972	71.1	14,787	-2.1	15,112
- Unwrought gold	1.8	416	787.6	5,979	-15.5	7,076
Total Exports	100.0	22,792	4.7	284,562	-1.0	287,425

Source: Ministry of Commerce, KKPS

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Exhibit 2: Exports to ASEAN and Australia improved

Exports to key markets

	%Share	Dec-23		2023		2022
		US\$ mn	%YoY	US\$ mn	%YoY	US\$ mn
Japan	7.6	1,730	-3.7	24,670	0.1	24,656
U.S.	17.4	3,969	0.3	48,865	2.8	47,535
EU27 (excl. U.K.)	7.6	1,776	-5.3	21,838	-4.2	22,797
China	11.5	2,611	2.0	34,165	-0.8	34,430
ASEAN (5)	14.0	3,191	18.0	40,152	-1.6	40,807
CLMV	9.2	2,087	-9.4	26,696	-14.3	31,162
Australia + Oceania	5.5	1,243	5.4	13,939	3.3	13,491
Middle East	4.1	939	-5.4	11,167	1.6	10,991

Source: Ministry of Commerce, KKPS

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Exhibit 3: Imports fell almost across the board

Imports by product

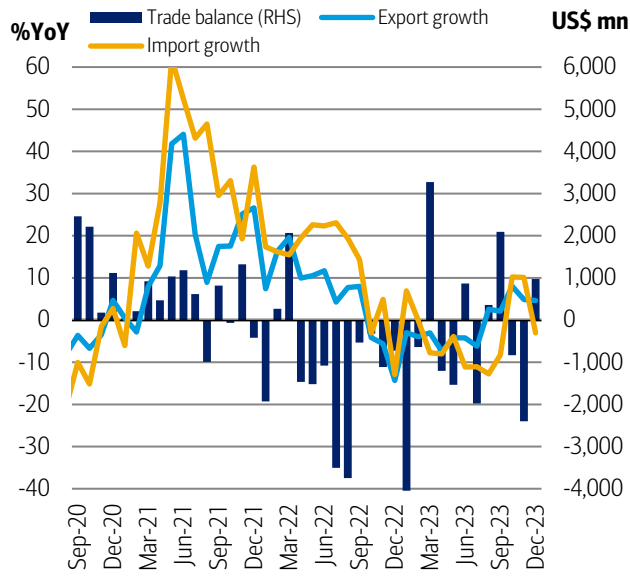
	%Share	Dec-23		2023		2022
		US\$ mn	%YoY	US\$ mn	%YoY	US\$ mn
Oil	21.0	4,574	-2.2	53,677	-10.3	59,861
Capital goods	23.5	5,118	1.0	69,430	4.2	66,620
- Industrial machinery	7.1	1,547	-11.8	21,214	2.5	20,705
- Electrical machinery	7.1	1,539	1.8	21,564	7.0	20,159
- Computer and parts	4.0	874	88.2	9,977	10.5	9,030
Raw materials	37.5	8,173	-5.9	113,646	-9.7	125,862
- Steel	4.4	952	1.5	13,153	-15.4	15,551
- Electronic part	9.5	2,066	8.7	25,504	3.8	24,564
- Chemical products	5.8	1,264	-14.4	17,834	-15.1	20,995
- Jewelry	3.7	813	-24.3	11,923	-23.4	15,560
Consumer goods	11.5	2,513	-7.3	33,043	1.5	32,553
Vehicles & parts	5.2	1,144	5.8	15,850	28.9	12,295
Total Imports	100.0	21,819	-3.0	289,754	-3.7	301,030

Source: Ministry of Commerce, KKPS

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Exhibit 4: The trade balance turned to a surplus thanks to a sharp decline in imports

Export growth, import growth, and trade balance

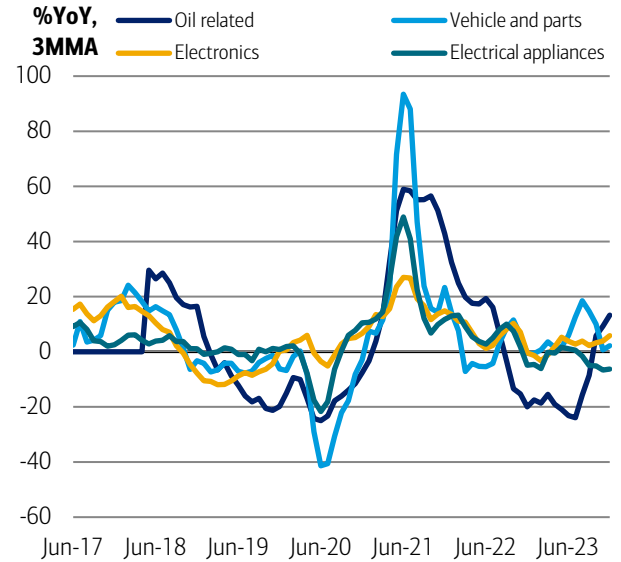


Source: Ministry of Commerce, KKPS

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Exhibit 5: Export growth remained positive partly due to a low base

Exports of key products

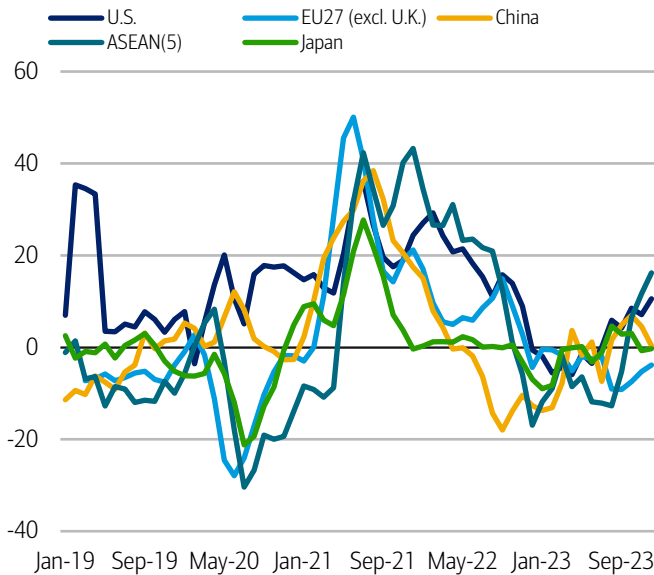


Source: Ministry of Commerce, KKPS

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Exhibit 6: Exports of key products continued to improve

Exports to major markets

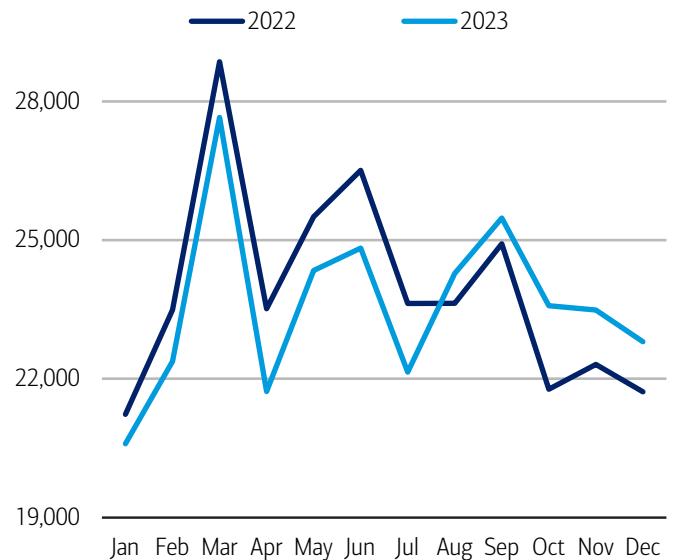


Source: Ministry of Commerce, KKPS

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Exhibit 7: Exports to primary markets increased by 1.1% YoY

Export level by month 2022 vs 2023

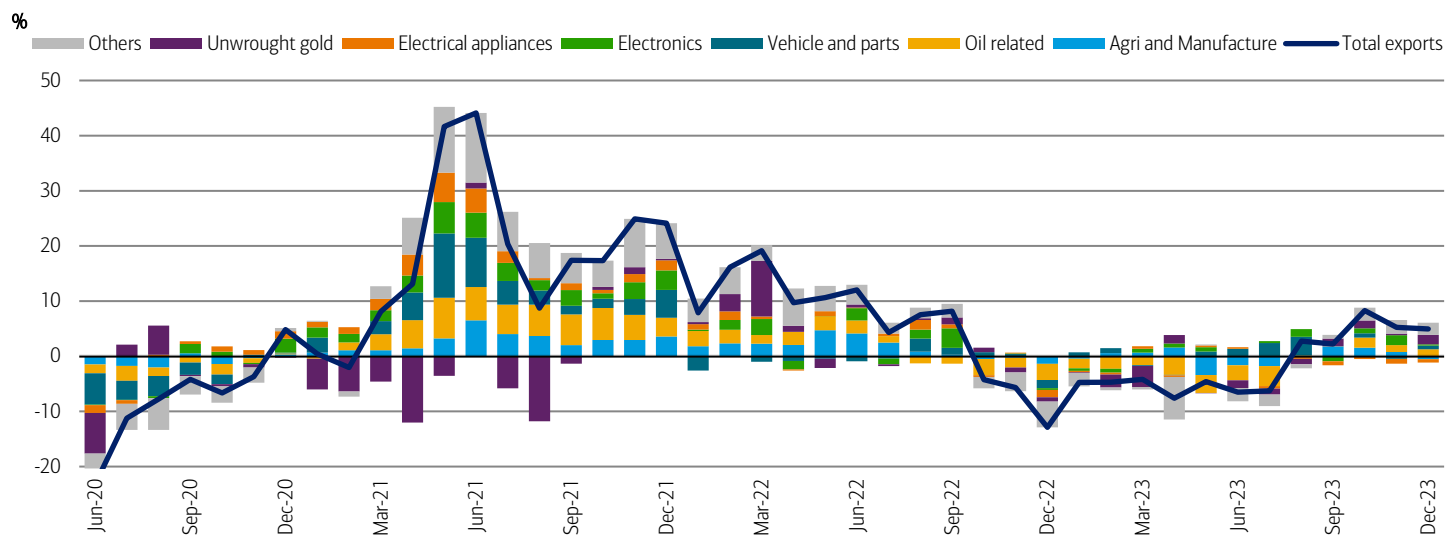


Source: Ministry of Commerce, KKPS

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Exhibit 8: Industrial exports mainly contributed to the growth

Contribution to export growth



Source: Ministry of Commerce, KKPS

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