

Thailand Watch

Exports recovered but trade balance swung back to deficit

Continued export recovery—lagged behind its peers

In January, Thailand's exports registered US\$22.6bn, a 10.0% YoY increase but 0.6% MoM decline. This is higher than the consensus forecast of +7.9% and indicates a continued recovery trend although the level is only 6% above the 2022 January level. The pace of recovery also lags those of regional countries including Taiwan (+18.1%), South Korea (+18.0%) and Vietnam (+42.2%).

Uptrend in electronics cycle

The improving electronics cycle is reflected in strong electronics exports (+18.0%), particularly computers and parts, hard disk drives, and telecommunications equipment. This helped contribute to the +12.6% YoY growth of total industrial exports. Auto exports, however, fell -6.9% YoY due to weak demand from ASEAN (Association of Southeast Asian Nations) and Europe as the impact of high interest rates and dampened exports in 2023 started to be realized. Agricultural exports turned positive (+9.2%) mainly due to the strong growth of rice exports.

Trade deficit from a surge in imports

The trade balance registered a deficit of US\$2.76bn, worse than the consensus of US\$1.5bn due to higher imports. Imports registered US\$25.4bn, a 2.6% YoY and 16.4% MoM increase. This is also higher than the consensus forecast of a 4.5% decline. However, some of the surge in imports was unusually high. These include jewelry and gold (+126.4%) and weaponry (+30.4%). Excluding those categories, imports would have declined by 1.9% YoY, dragged by imports of fuels, mainly due to lower natural gas prices, chemical products, as well as auto and parts. Imports of capital goods increased on the back of computers and parts which are in tandem with export growth. Consumption goods exports remained largely unchanged at -0.1% YoY.

Broad-based improvement by market

Exports to major trading partners improved, in line with improving external demand from last year. Exports to primary markets grew +10.5% YoY, including the US (+13.7%), the EU (+4.5%) and ASEAN (+18.1%). Exports to secondary markets also increased +8.8% YoY, mainly from the Australian continent (+27.2%) and India (+4.1%).

Cyclical recovery amid structural challenges

We expect exports to post some improvement in 2024 after a contraction in 2023. Thailand would benefit from a cyclical recovery in the global and regional trade. However, the recovery should fall short of its regional peers given the lower share of high-tech exports. We note that Thailand is facing structural challenges in the competitiveness of several key export items, as technology, demand and the market shift. The "rerouting" trend should support its export growth, while the trade balance would continue to be under pressure.

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Exhibit 1: Exports grew 10% YoY in January

Exports by product

		Jan-24		2023
	%Share	US\$ mn	%YoY	US\$ mn
Agriculture	16.4	3,714	9.2	49,171
- Rice	2.7	602	45.9	5,137
- Food	8.4	1,898	11.7	27,592
- Rubber	1.4	327	5.5	3,649
Manufacturing products	79.8	18,083	12.6	222,078
- Electronics	16.2	3,669	18.0	46,263
- Electrical	10.1	2,298	-1.3	28,677
- Vehicles	13.9	3,150	6.9	40,104
- Refinery	3.3	741	5.0	10,217
- Plastic	4.4	1,007	2.7	13,086
- Chemical	2.8	629	-1.6	8,054
- Textiles	2.1	482	4.0	6,034
- Construction	6.2	1,414	68.1	11,079
- Jewelry	5.1	1,166	59.1	14,787
- Unwrought gold	2.1	469	194.2	5,979
Total Export	100.0	22,650	10.0	284,562

Source: MoC and Kiatnakin Phatra Securities

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Exhibit 2: Growth was recovering across the board

Exports by country

		Jan-24		2023
	%Share	US\$ mn	%YoY	US\$ mn
Japan	8.5	1,936	1.0	24,670
U.S.	17.2	3,896	13.7	48,865
EU27 (excl. U.K.)	8.2	1,866	4.5	21,838
China	9.9	2,235	2.1	34,164
ASEAN (5)	16.1	3,646	18.1	40,152
CLMV	10.5	2,370	16.6	26,696
North Asia X China	8.4	1,896	14.6	22,973
Oceania	4.9	1,099	32.4	12,106
Middle East	4.2	945	2.9	11,167

Source: MoC and Kiatnakin Phatra Securities

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Exhibit 3: Imports rose by 2.6% due to an unusual surge in some items, including gold and weaponry

Imports by product

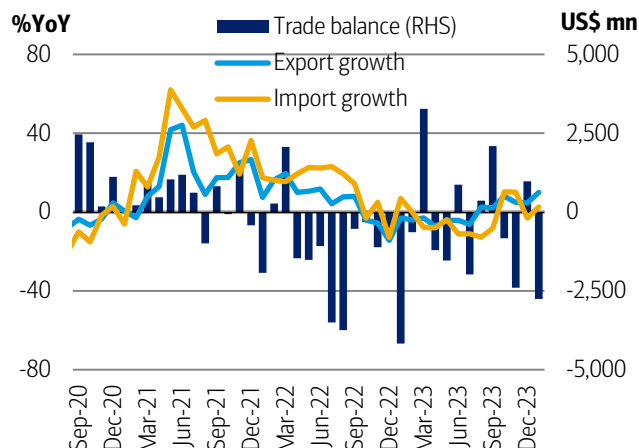
		Jan-24		2023
	%Share	US\$ mn	%YoY	US\$ mn
Oil	16.8	4,268	-15.7	53,677
Capital goods	23.6	6,001	10.2	69,430
- Industrial machinery	6.7	1,698	-3.1	21,214
- Electrical machinery	7.0	1,784	3.6	21,564
- Computer and parts	4.5	1,142	57.1	9,977
Raw materials	41.5	10,544	10.4	113,646
- Steel	4.0	1,008	-11.2	13,153
- Electronics parts	10.6	2,695	20.5	25,504
- Chemical products	5.8	1,461	-15.7	17,834
- Jewelry	6.1	1,552	126.4	11,923
Consumer goods	12.5	3,168	-0.1	33,043
Vehicles & parts	4.0	1,011	-16.7	15,850
Total Imports	100.0	25,408	2.6	289,754

Source: MoC and Kiatnakin Phatra Securities

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Exhibit 4: The trade balance turned into a deficit of US\$2.6bn

The trade balance and import and export growth

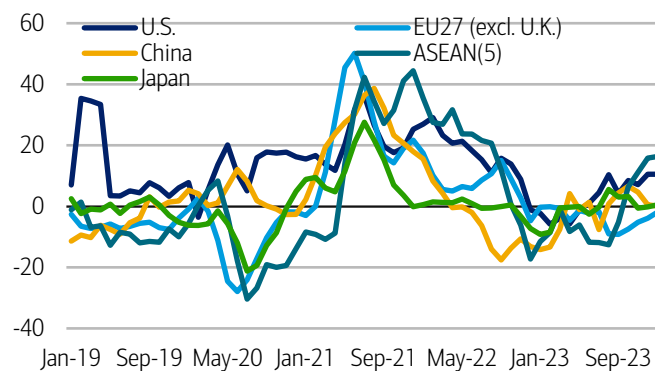


Source: Ministry of Commerce

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Exhibit 6: Export growth has turned positive in most countries

Export growth by country (%YoY)

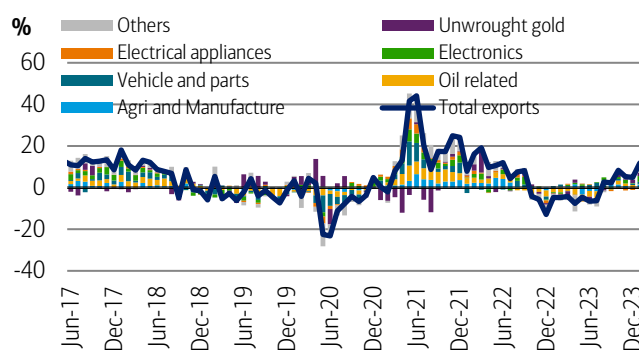


Source: Ministry of Commerce

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Exhibit 8: Export improvements have been broad-based

Contribution to export growth (%)

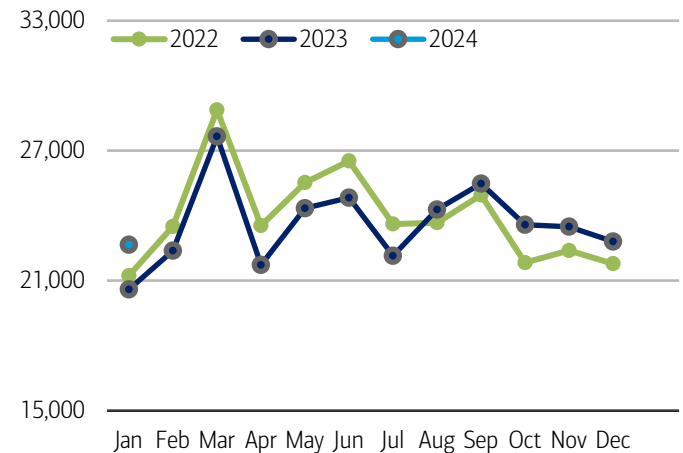


Source: Ministry of Commerce, KKPS

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Exhibit 5: Exports grew 10% YoY in January

Export value by month (US\$ mn)

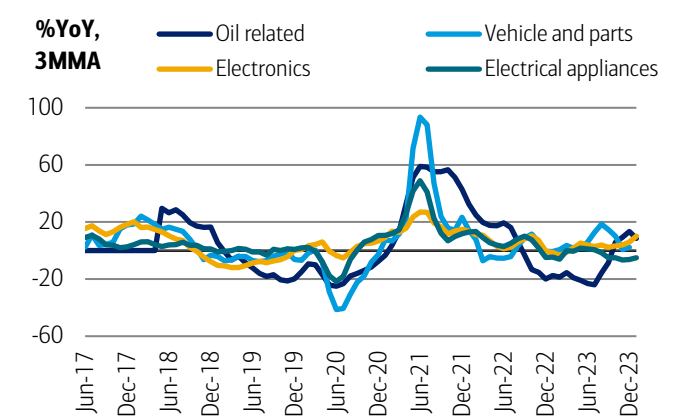


Source: Ministry of Commerce

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Exhibit 7: Exports improved in most key products

Export growth of key products

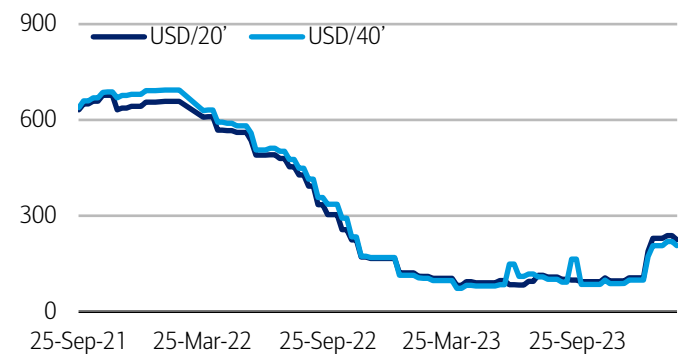


Source: Ministry of Commerce

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Exhibit 9: The freight rate has started to stabilize in recent weeks

Thailand weekly freight rate, (Index 2023 = 100)



Source: Thai National Shippers' Council (TNSC), KKPS

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