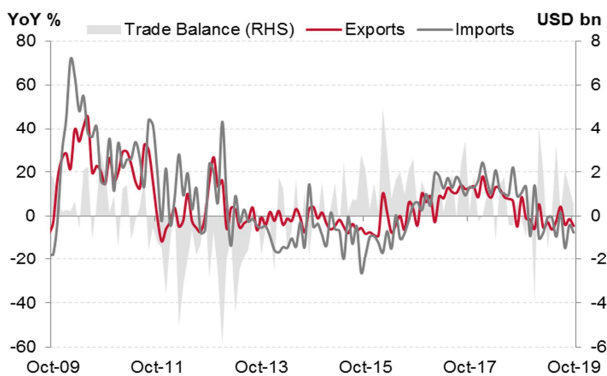


# Thailand External Trade

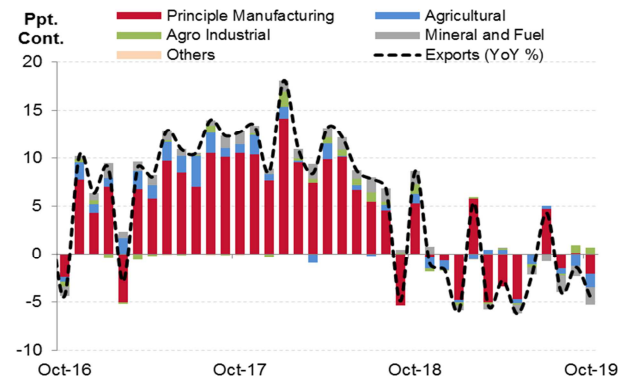
Exports down to a 5-month low in October partly due to a high-base effect

- Exports fell at the steepest pace in five months (-4.5% YoY; consensus: -3.7%; Sep: -1.4%), but up 1.3% MoM**
  - Reflecting a high-base effect, weaker shipments of principle manufacturing goods and tapered demand from China.
- By product, the worsened exports figure was led by manufacturing and mineral & fuel**
  - Manufacturing (-2.6%; Sep: +0.2%): dwindling exports of unwrought gold, automotive and electrical equipment.
  - Mineral & fuel (-34.5%; Sep: -22.8%): lessened shipments of refined fuels and crude oil, amid lower average Brent crude oil price (USD59.71/barrel; Sep: USD62.83/barrel).
- By destination, the weaker demand for Thailand's exports was steered by China, the US and ASEAN-5**
  - Exports growth to China (-4.2%; Sep: +6.1%) and ASEAN-5 (-8.9%; Sep: 0.6%) turned negative, while exports to the US eased (4.8%; Sep: 7.8%), providing further signs of economic slowdown in key trade partners.
  - The soaring THB, which has appreciated by 7.7% against the USD this year, will continue to exert pressure on Thailand's export competitiveness in the immediate term.
- Imports declined to a two-month low (-7.6%; consensus: -6.5%; Sep: -4.2%)**
  - Attributable to a larger drop in imports of raw materials & intermediates (-9.4%; Sep: -5.4%), fuel lubricants (-28.5%; Sep: -20.1%) and consumer goods (-0.8%; Sep: +11.0%), suggesting the government's stimulus measures could be insufficient to uplift consumer activities.
  - Trade surplus shrank to USD0.5b (Sep: USD1.3b) as imports (5.4%) charted a larger expansion compared to exports (1.3%) on a MoM basis.
- 2019 exports forecast revised lower to -1.0 to -2.0% from 0.0% to -1.0% (YTD: -2.4%; 2018: 6.9%) given the weaker-than-expected performance in October**
  - Rising headwinds from the US-China trade dispute, growth slowdown in key export markets and tech down cycle.
  - After embarking on a second rate cut in November, we expect the Bank of Thailand to pause its monetary easing, keeping the policy rate at 1.25% by year-end. However, there is a slightly higher likelihood for it to be resumed as early as 1Q20 as recent domestic demand indicators and external development disappoint.

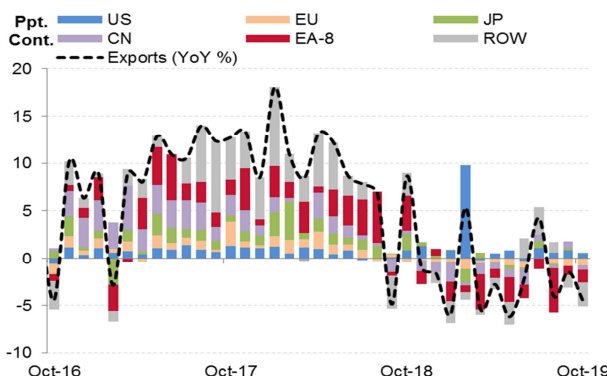
Graph 1: External Trade Growth Trend



Graph 2: Exports by Product

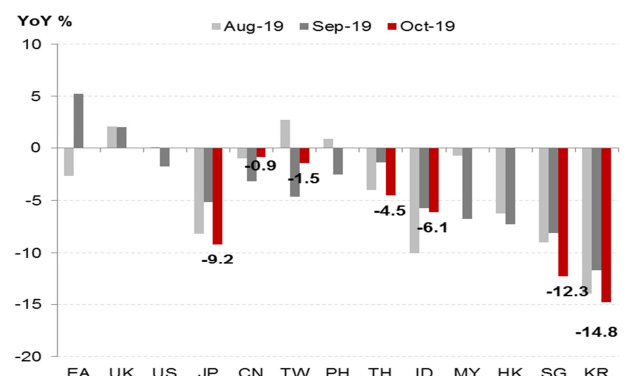


Graph 3: Exports by Destination



Source: Ministry of Commerce, Kenanga Research

Graph 4: Export Growth of Selected Countries



Source: Ministry of Commerce, Kenanga Research

**Table 1: Thailand External Trade Growth Trend**

		2017	2018	Oct -18	Apr -19	May -19	Jun -19	Jul -19	Aug -19	Sep -19	Oct -19
Total Trade	YoY %	11.9	9.4	9.6	-1.7	-3.5	-5.6	3.0	-9.4	-2.8	-6.1
<b>Trade Balance</b>	<b>USD bn</b>	<b>15.1</b>	<b>4.8</b>	<b>-0.2</b>	<b>-1.5</b>	<b>0.2</b>	<b>3.2</b>	<b>0.1</b>	<b>2.1</b>	<b>1.3</b>	<b>0.5</b>
<b>Exports</b>	<b>YoY %</b>	<b>9.9</b>	<b>6.9</b>	<b>8.6</b>	<b>-2.8</b>	<b>-6.2</b>	<b>-2.1</b>	<b>4.3</b>	<b>-4.0</b>	<b>-1.4</b>	<b>-4.5</b>
Manufacturing	YoY %	9.3	6.6	6.6	-4.4	-5.9	0.0	6.0	-1.9	0.2	-2.6
	Share	79.4	79.2	78.3	76.5	79.1	81.7	79.8	80.7	81.0	79.9
Agricultural	YoY %	17.8	1.1	11.5	4.4	-4.8	-13.0	3.3	-6.6	-14.4	-15.3
	Share	9.7	9.2	9.2	11.4	9.0	7.8	8.9	9.2	7.7	8.1
<b>Imports</b>	<b>YoY %</b>	<b>14.1</b>	<b>12.0</b>	<b>10.6</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-9.4</b>	<b>1.7</b>	<b>-14.6</b>	<b>-4.2</b>	<b>-7.6</b>
Raw Materials & Intermediates	YoY %	18.7	9.7	13.5	1.5	-5.1	-5.2	-2.5	-27.7	-5.4	-9.3
	Share	41.2	40.3	40.0	40.4	38.7	41.7	39.1	39.0	40.1	39.2
Capital Goods	YoY %	8.0	5.2	1.4	2.1	-6.1	-11.3	11.9	-7.9	-0.8	3.1
	Share	27.5	25.8	25.2	25.7	24.8	25.5	27.0	25.4	26.8	28.1
Consumer Goods	YoY %	6.4	10.0	19.1	5.8	-2.3	-7.5	18.5	-0.9	11.0	-0.8
	Share	11.3	11.1	11.7	11.6	11.2	11.4	11.5	11.5	12.1	12.5

Source: Ministry of Commerce, CEIC, Kenanga Research

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