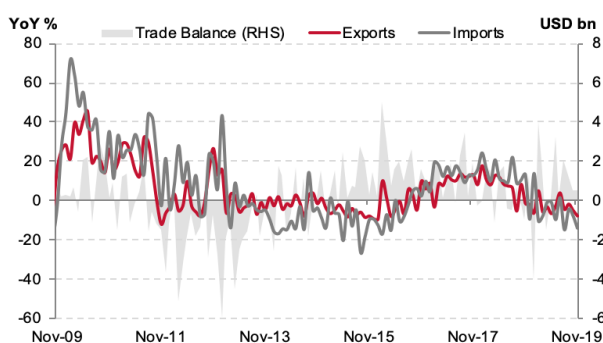


# Thailand External Trade

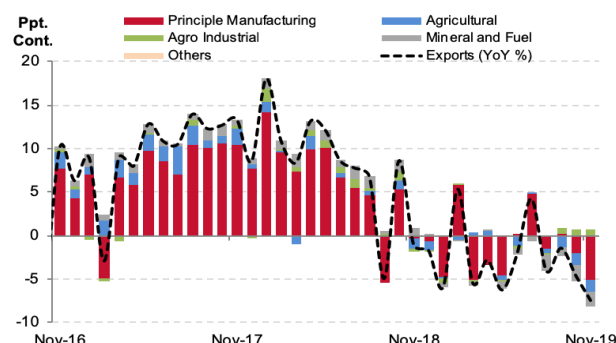
## Exports hit a 43-month low in November on weak manufacturing

- **Exports fell at the steepest pace in 43 months (-7.4% YoY; consensus: -4.5%; Oct: -4.5%)**
  - Due to weaker shipments of principle manufacturing goods and tapered demand from Japan and the US.
- **By segment, the deterioration in exports was led by manufacturing and mineral & fuel**
  - Manufacturing at a 13-month low (-6.4%; Oct: -2.6%): dwindling exports of electronic machines and electrical equipment, mainly telephone sets for the former and television receiver for the latter.
  - Mineral & fuel (-36.0%; Oct: -34.5%): faster drop in shipments of refined fuels, specifically diesel oil.
- **By destination, the steeper decline in exports was steered by weak demand from Japan and the US**
  - Export growth to Japan (-10.9%; Oct: 0.5%) and the US (-2.6%; Oct: 4.8%) turned negative, offsetting a rebound in shipments to China (2.3%; Oct: -4.2%).
  - The gloomy exports figure was also a repercussion of the soaring THB, which has strengthened by 9.0% against the USD over the past 12 months further to THB30.24 per USD in November (Oct: THB30.37), exerting pressure on Thailand's export competitiveness.
- **Imports declined to a three-month low (-13.8%; consensus: -6.8%; Oct: -7.6%)**
  - Attributable to a larger drop in imports of fuel lubricants (-47.9%; Oct: -28.5%) and capital goods (-8.9%; Oct: 3.1%), outpacing a rebound in demand for consumer goods (3.0%; Oct: -0.8%) and softer decline in imports of raw materials & intermediates (-6.1%; Oct: -9.3%).
  - Trade surplus expanded slightly to USD0.55b (Oct: USD0.51b) as imports (-5.6%) posted a larger contraction compared to exports (-5.3%) on a MoM basis.
- **2019 exports to likely underperform our initial forecast range of -1.0 to -2.0% (YTD: -2.8%; 2018: 6.9%) given the downside surprise in November**
  - Headwinds remained elevated, arising from growth slowdown in key export markets and lingering uncertainty on the US-China trade war following the phase one trade agreement.
  - The disappointing trade figures, combined with recent slew of weak economic indicators (e.g. manufacturing production, public expenditure) and slash in growth forecast by the Bank of Thailand (BoT), further strengthen our expectation for the BoT to resume its monetary easing, bringing the policy rate to 1.00% by end-1Q20.

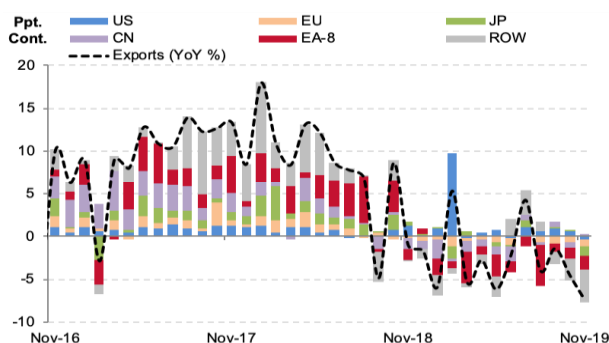
Graph 1: External Trade Growth Trend



Graph 2: Exports by Product

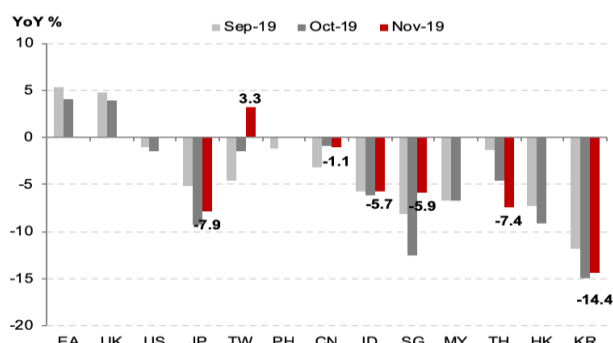


Graph 3: Exports by Destination



Source: Ministry of Commerce, Kenanga Research

Graph 4: Export Growth of Selected Countries



Source: Ministry of Commerce, Kenanga Research

24 December 2019

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

		2017	2018	Nov -18	May -19	Jun -19	Jul -19	Aug -19	Sep -19	Oct -19	Nov -19
Total Trade	YoY %	11.9	9.4	5.9	-3.5	-5.6	3.0	-9.4	-2.8	-6.1	-10.7
Trade Balance	USD bn	15.1	4.8	-0.9	0.2	3.2	0.1	2.1	1.3	0.5	0.6
Exports	YoY %	9.9	6.9	-1.0	-6.2	-2.1	4.3	-4.0	-1.4	-4.5	-7.4
Manufacturing	YoY %	9.3	6.6	-0.5	-5.9	0.0	6.0	-1.9	0.2	-2.6	-6.4
	Share	79.4	79.2	79.0	79.1	81.7	79.8	80.7	81.0	79.9	79.8
Agricultural	YoY %	17.8	1.1	-11.3	-4.8	-13.0	3.3	-6.6	-14.4	-15.3	-14.2
	Share	9.7	9.2	9.3	9.0	7.8	8.9	9.2	7.7	8.1	8.6
Imports	YoY %	14.1	12.0	13.4	-0.7	-9.4	1.7	-14.6	-4.2	-7.6	-13.8
Raw Materials & Intermediates	YoY %	18.7	9.7	3.0	-5.1	-5.2	-2.5	-27.7	-5.4	-9.3	-6.1
	Share	41.2	40.3	36.8	38.7	41.7	39.1	39.0	40.1	39.2	40.1
Capital Goods	YoY %	8.0	5.2	5.4	-6.1	-11.3	11.9	-7.9	-0.8	3.1	-8.9
	Share	27.5	25.8	25.8	24.8	25.5	27.0	25.4	26.8	28.1	27.3
Consumer Goods	YoY %	6.4	10.0	9.6	-2.3	-7.5	18.5	-0.9	11.0	-0.8	3.0
	Share	11.3	11.1	12.0	11.2	11.4	11.5	11.5	12.1	12.5	14.3

Source: Ministry of Commerce, CEIC, Kenanga Research

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