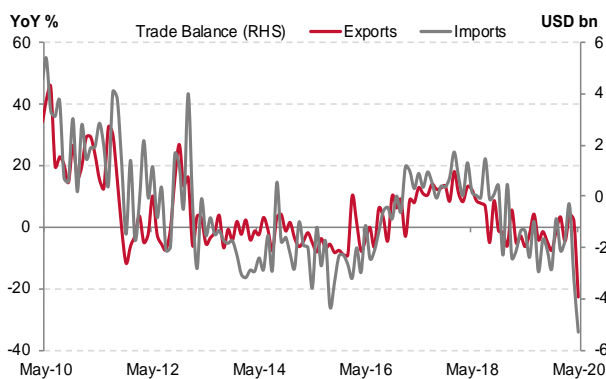


Thailand External Trade

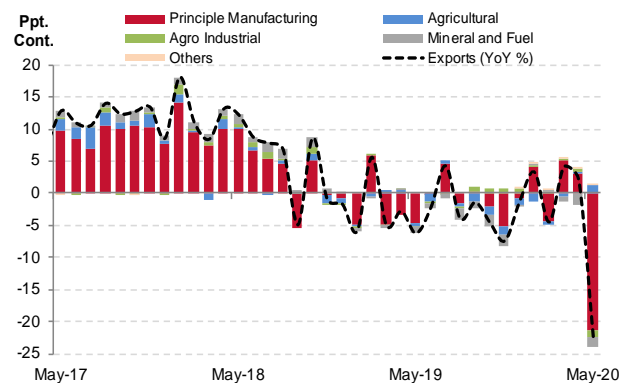
Exports tanked in May on plunging automotive and electronics shipments

- Exports tumbled in May at the fastest pace since the Global Financial Crisis, underperforming expectation (-22.5% YoY; KIBB: -15.0%; consensus: -6.4%; Apr: 2.1%).
- By product, the contraction was due to a negative turnaround in shipments of manufacturing and agro industrial goods, as well as a high base effect
 - Manufacturing (-27.0%; Apr: 4.0%): deepest drop on record due to a relatively soft gold exports (735.1%; Apr: 1,102.7%), as well as plummeting automotive (-56.6%; Apr: -27.3%) and electronics (-14.6%; Apr: 4.6%) shipments due to continued logistical hurdles and falling demand for discretionary items.
 - Agro industrial (-10.3; Apr: 5.8%): sharpest decline in five years dragged by lower exports of alcoholic beverages (-75.4%; Apr: -61.5%), as demand was hit by continued closure of entertainment venues across countries in May
- By destination, excluding China, shrinking demand was observed across the board
 - The fall was steered by the US (-17.3%; Apr: 34.6%), ASEAN-5 (-27.9%; Apr: 13.0%) and Japan (-24.6%; Apr: 9.8%).
- Imports registered its deepest decline in 11 years (-34.4%; consensus: -18.0%; Apr: -17.1%)
 - Broad-based decline led by imports of fuel lubricants (-70.0%; Apr: -26.8%) and raw materials & intermediates (-25.8%; Apr: -13.2%), suggesting slow resumption of factory operations.
- Trade balance continued its expansion, registering at a three-month high (USD2.7b; Apr: USD2.5b) as imports declined (-17.7%) more than exports (-14.0%) on a MoM basis.
- 2020 export growth outlook is expected to hinge towards the lower-half of our forecast range (-10.0 to -5.0%; 2019: -2.7%)
 - External demand to remain suppressed, albeit improving gradually in the next few months, as nations across the globe are at various stages of economic reopening, with business and consumer sentiments requiring longer time before returning to pre-COVID levels, influenced by the risk of a second wave of infections and the US-China trade war developments.
 - Nonetheless, the BoT is expected to retain the policy rate at 0.50% for now, as domestic activities stand to chart further recovery following a full economic reopening and partial relaxation of entry of foreigners on July 1st.

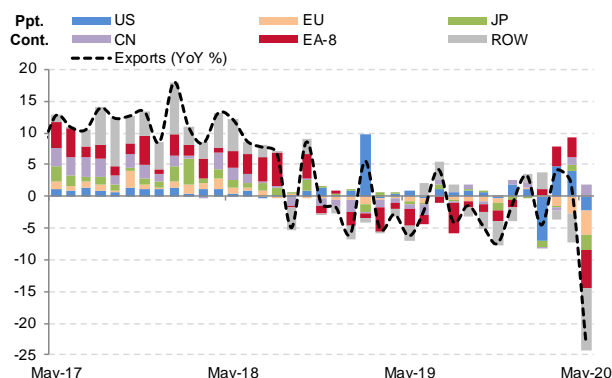
Graph 1: External Trade Growth



Graph 2: Exports by Product

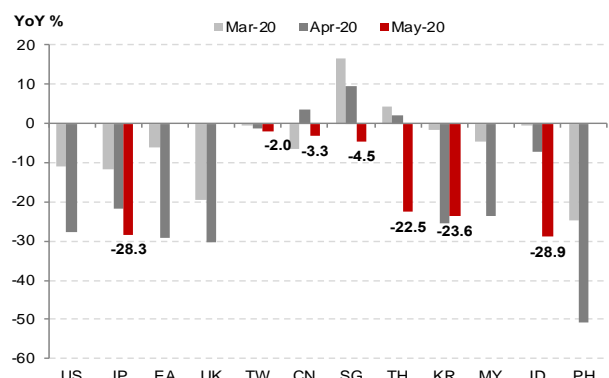


Graph 3: Exports by Destination



Source: Ministry of Commerce, Kenanga Research

Graph 4: Export Growth of Selected Countries



Source: Ministry of Commerce, Kenanga Research

25 June 2020

Table 1: Thailand External Trade Growth Trend

		2018	2019	May -19	Nov -19	Dec -19	Jan -20	Feb -20	Mar -20	Apr -20	May -20
Total Trade	YoY %	9.4	-3.6	-3.9	-10.7	0.6	-2.8	-4.4	5.6	-7.8	-28.4
Trade Balance	USD bn	4.8	9.6	0.3	0.5	0.6	-1.6	3.9	1.6	2.5	2.7
Exports	YoY %	6.9	-2.7	-6.2	-7.4	-1.3	3.3	-4.5	4.2	2.1	-22.5
Manufacturing	YoY %	6.6	-1.8	-6.0	-6.4	-0.9	5.2	-5.2	6.4	4.0	-27.0
	Share	79.2	79.9	79.1	79.8	79.2	80.4	81.5	81.4	78.0	74.5
Agricultural	YoY %	1.1	-6.2	-4.8	-14.2	-11.3	-12.2	-8.1	-5.8	2.8	14.1
	Share	9.2	8.9	9.0	8.6	8.7	8.3	7.7	8.3	11.5	13.3
Imports	YoY %	12.0	-4.7	-1.4	-13.8	2.5	-7.9	-4.3	7.3	-17.1	-34.4
Raw Materials & Intermediates	YoY %	9.7	-7.6	-5.0	-6.1	0.4	-10.2	-5.5	12.0	-13.2	-25.8
	Share	40.3	39.1	39.0	40.1	36.2	36.5	38.1	39.7	42.6	44.0
Capital Goods	YoY %	5.2	-4.0	-6.3	-8.9	0.3	5.8	-9.0	-5.5	-14.4	-25.2
	Share	25.8	26.0	25.0	27.3	26.3	26.7	23.6	23.3	26.6	28.5
Consumer Goods	YoY %	10.0	3.5	-1.9	3.0	14.8	9.6	-6.8	-4.9	-21.4	-22.6
	Share	11.1	12.1	11.3	14.3	13.6	13.2	11.3	10.8	11.1	13.3

Source: Ministry of Commerce, CEIC, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Atiqa Noor Azlan
Economist
atiqa.noorazlan@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saufuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

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Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

