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Exports surged in May on low-base effect. EIC anticipates continual export growth momentum. However, effects from the latest COVID-19 outbreak in many countries, particularly ASEAN, warrant monitoring.

24 June 2021

### Key summary

- The value of Thai exports in May grew considerably by 41.6%YOY, marking an 11-years high. Excluding gold, export growth soared to 48.8%YOY. Key export products with high growth included automotive and parts, refined fuel, rubber products, plastic beads, and chemicals.
- The low-base effect in the prior year strongly ushered export growth in May. In terms of the seasonally adjusted export growth, export growth in May somewhat softened according to the %MoM\_sa contraction. Nevertheless, the export value at USD 23,057.9 million in May was higher than the pre-COVID-19 monthly average value in 2019. Furthermore, the posted export growth in May coincided with EIC's 2021 full-year export forecast at 15.0%YOY.
- During the remainder of 2021, the strong export recovery momentum should continue in line with better global economic conditions. Export growth in June should also expand substantially due to boosts from the low-base effect. However, growth should start to stall during the subsequent months as the effect weakens. Moreover, various risks warrant monitoring, including casualties from the newest round of COVID-19 outbreaks in various countries, especially in ASEAN, Thailand's main trading partner as well as soaring freight costs from the subsequent wave of container shortages triggered by the outbreak in Southern China. As a result, the cost of transportation for Thai exporters will be higher than usual.

### ■ Key points

**The value of Thai exports in May surged by 41.6%YOY**, representing an 11-years high. Excluding gold, export growth soared to 48.8%YOY. As such, during the first 5 months of 2021, the value of Thai exports expanded by 10.8%YOY. However, excluding gold, the figure increased by 18.6%YOY.

**Exports of key merchandise improved across the board. Products with high growth included automotive and parts, refined fuel, rubber products, plastic beads, and chemicals.**

- **Exports of automotive and parts increased for 7 consecutive months with a surge of 170.3%YOY in May.** Key export destinations that saw significant growth were Vietnam (922%YOY), Australia (245%YOY), New Zealand (535.8%YOY), and Malaysia (530.2%YOY).
- **Exports of refined fuel improved by as high as 105.5%YOY** following the skyrocketing crude oil price. Export destinations with high growth included Cambodia (153.4%YOY), Singapore (225.3%YOY), and Malaysia (151.8%YOY).
- **Exports of rubber products continued to increase by 54.7%YOY.** Key products that saw considerable growth included rubber gloves (98.1%YOY) following heightening demand for medical supplies as well as tires (77.3%YOY) following the recovery of the global automotive industry.
- **Exports of plastic beads increased by 61.4%YOY** with strong growth to India (328.3%YOY), Indonesia (225.9%YOY), and Vietnam (92.93%YOY). Meanwhile, **exports of chemical products improved as well at 73.8%YOY.** Key destinations that saw improving growth were China (38.2%YOY), Vietnam (133.9%YOY), and Japan (129.9%YOY).
- **Exports of agricultural and agro-industrial products improved considerably by 20.5%YOY and 5.5%YOY, respectively.** The key products that influenced such growth were rubber (99.2%YOY) and cassava products (59.2%YOY). However, exports of sugar fell by -45.7%YOY, marking a 14 consecutive months decline following higher taxes imposed by Vietnam. Similarly, exports of rice weakened by -42.1%YOY, marking a 6 consecutive months decline as the price of Thai rice was higher than competitors.
- **Exports of precious stones and jewelry, excluding gold, soared by 113.3%YOY** (including gold, the value dropped by -23.8%YOY). Key products that saw considerable growth were gemstones (246.5%YOY), genuine jewelry made from gold (195.1%YOY), and diamonds (126.3%YOY).

**Similarly, exports to key destinations improved across the board, particularly to India, the European Union, and ASEAN 5.**

- **Exports to India accelerated by 243.8%YOY.** Products that led the growth included animal or vegetable fats and oils (1,095,274%YOY), automotive and parts (828.1%YOY), steel, iron, and products (364%YOY), and plastic beads (328.3%YOY).
- **Exports to China expanded by 25.5%YOY** following growth from fruits (63.0%YOY), computer and parts (69.2%YOY), and rubber (69.5%YOY).
- **Exports to the US improved for 12 consecutive months with an expansion of 44.9%YOY in May.** Products that led the growth included automotive and parts (337.5%YOY), precious stones and jewelry (172.7%YOY), and air conditioner and parts (184.7%YOY).
- **Exports to Europe accelerated by 63.1%YOY.** Exports of precious stones and jewelry (167.6%YOY), automotive and parts (150.4%YOY), and air conditioner (83.2%YOY) led the growth.

- Exports to ASEAN 5 reverted to growth at 51.0%YOY, improving from the decline at -4.4%YOY in the previous month. The growth was mainly driven by exports of automotive and parts (404.8%YOY), refined fuel (158.8%YOY), and plastic beads (213.50%YOY).

**Figure 1: Exports in May improved across the board, both in terms of merchandise and destinations.**

**Exports by product**

Unit: %YOY, (Share in 2020)	2020	2020Q2	2020Q3	2020Q4	2021Q1	Mar-21	Apr-21	May-21	YTD
<b>Total (100%)</b>	-5.9%	-15.2%	-7.7%	-2.0%	2.1%	8.3%	13.1%	41.6%	10.8%
<b>Total (ex. gold) (94.2%)</b>	-8.5%	-18.8%	-10.7%	-1.6%	8.1%	13.7%	28.9%	48.8%	18.6%
Electrical appliances (10.2%)	-3.0%	-22.0%	0.7%	10.9%	14.8%	20.9%	45.2%	60.3%	27.1%
Auto & parts (9.2%)	-21.8%	-52.5%	-24.3%	0.1%	23.8%	43.1%	135.9%	170.3%	51.6%
Agriculture (9.1%)	-3.1%	1.4%	-9.5%	4.8%	12.9%	11.5%	11.4%	20.5%	14.3%
Chemical & plastics (8.1%)	-10.7%	-19.4%	-10.3%	-0.3%	20.6%	34.4%	44.0%	58.5%	31.9%
Agro (7.8%)	-3.8%	-3.0%	-4.6%	-11.5%	-2.7%	0.5%	1.4%	5.5%	-0.2%
Computer & parts (8.1%)	2.3%	-6.7%	3.7%	3.8%	8.4%	4.3%	28.7%	44.5%	18.5%
Rubber products (5.2%)	7.8%	-7.7%	15.7%	15.5%	32.4%	50.2%	55.5%	54.7%	40.1%
IC (3.1%)	-5.7%	-5.1%	-9.7%	-1.9%	13.9%	18.9%	6.5%	29.8%	15.4%
Machinery & parts (2.8%)	-10.5%	-27.4%	-14.8%	1.9%	8.2%	15.0%	29.8%	52.9%	18.7%
Refined fuel (2.3%)	-27.0%	-42.5%	-33.3%	-28.3%	-5.5%	21.6%	98.8%	105.5%	25.6%
Textile (2.5%)	-16.9%	-29.0%	-21.0%	-12.5%	-5.3%	12.3%	36.9%	38.2%	8.0%

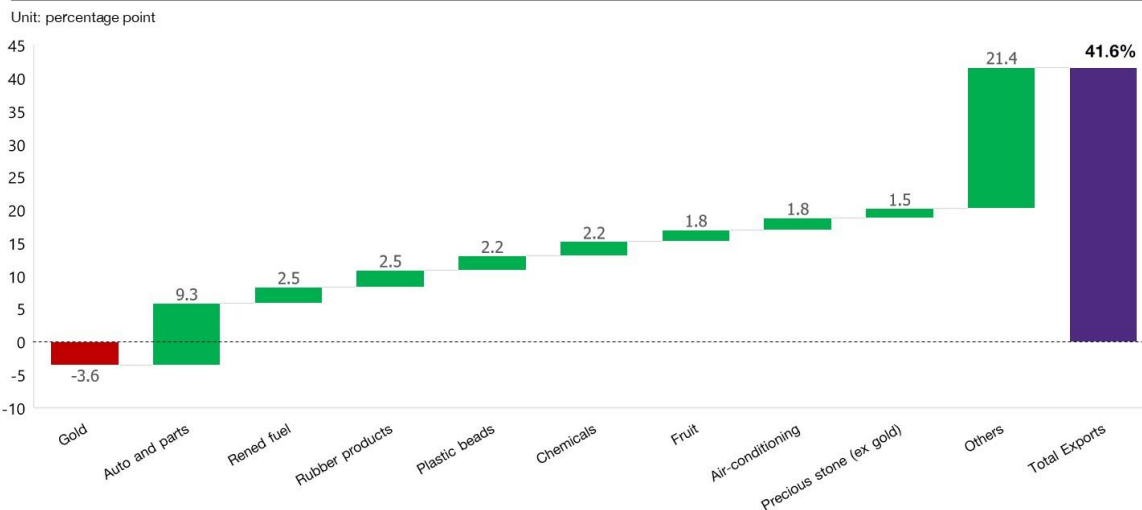
**Exports by country**

Unit: %YOY, (Share in 2020)	2020	2020Q2	2020Q3	2020Q4	2021Q1	Mar-21	Apr-21	May-21	YTD
<b>Total (100%)</b>	-5.9%	-15.2%	-7.7%	-2.0%	2.1%	8.3%	13.1%	41.6%	10.8%
US (14.8%)	9.7%	8.9%	17.8%	16.2%	12.4%	7.2%	9.0%	44.9%	16.9%
ASEAN5 (13.4%)	-12.2%	-19.7%	-19.2%	-15.0%	-10.2%	-2.5%	-4.4%	51.0%	0.0%
China (12.9%)	2.2%	12.1%	0.0%	-2.6%	19.7%	34.9%	21.9%	25.5%	21.6%
CLMV (10.5%)	-11.1%	-25.9%	-9.2%	-12.0%	0.6%	2.0%	44.2%	46.8%	15.0%
Japan (9.9%)	-7.0%	-13.5%	-13.0%	4.2%	6.4%	4.6%	2.7%	27.4%	9.2%
EU15 (8%)	-12.6%	-30.6%	-12.5%	-3.7%	8.0%	31.2%	52.4%	63.1%	22.9%
Hong Kong (4.9%)	-3.6%	-8.6%	-13.9%	-2.0%	-19.3%	-26.8%	-19.8%	48.4%	-9.0%
Australia (4.2%)	-3.9%	-15.9%	-8.8%	14.8%	19.8%	14.9%	31.9%	22.4%	22.1%
Middle East (3.1%)	-12.7%	-22.0%	-23.3%	-10.1%	-0.3%	-0.7%	65.7%	39.9%	14.7%
India (2.4%)	-25.0%	-67.2%	-21.3%	9.0%	7.6%	27.5%	193.0%	243.8%	47.1%

Source: EIC analysis based on data from the Ministry of Commerce

**Figure 2 : Key products supporting Thai export growth included automotive, refined fuel, rubber products, and plastic beads. On the contrary, gold exports tumbled.**

**Contribution to growth of May21 exports**



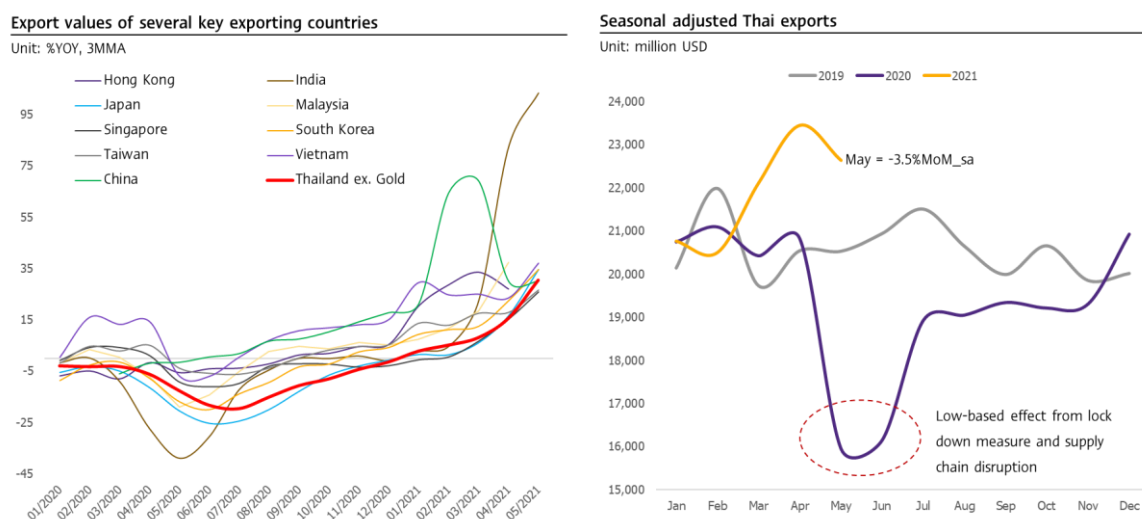
Source: EIC analysis based on data from the Ministry of Commerce

**In terms of imports, the value of imports in May accelerated by 63.5%YOY**, continuing from the 29.8%YOY expansion in the previous month. Imports of key product categories expanded across the board, including fuel products (203.3%YOY), capital goods (35.9%YOY), consumer goods (33.9%YOY), and vehicles and transportation equipment (71.7%YOY). Similarly, imports of raw material and intermediate raw materials improved by 61.7%YOY. However, excluding gold, the growth dropped to 61.1%YOY. Such figures still suggested a strong recovery as some of the imported goods will be used to manufacture export products, as well as reflecting a strong export recovery in the periods ahead. During the first 5 months of 2021, imports expanded by 21.5%YOY, while registering a slight trade surplus at USD 1,494.1 million.

## ■ Implication

**Exports in May continued to bolster from the support of the low-base effect. Such growth corresponded to posted export figures from various countries around the globe.** According to Figure 3, export growth of key exporting countries around the world soared in the recent periods due to boosts from the low-base effect in the prior year. During the mentioned period, strict lockdown measures were imposed, prompting supply chain disruption and hampering exports. However, in terms of the seasonally adjusted month-on-month growth, the exports in May started to soften with a contraction of -3.5%*mom\_sa*, after recovering rapidly in the prior periods. Nevertheless, the stalling growth still coincided with EIC's 2021 full-year export forecast at 15.0%YOY. Going forward, export growth in June should also expand substantially due to boosts from the low-base effect, though growth in the subsequent months should start to stall as the effect weakens.

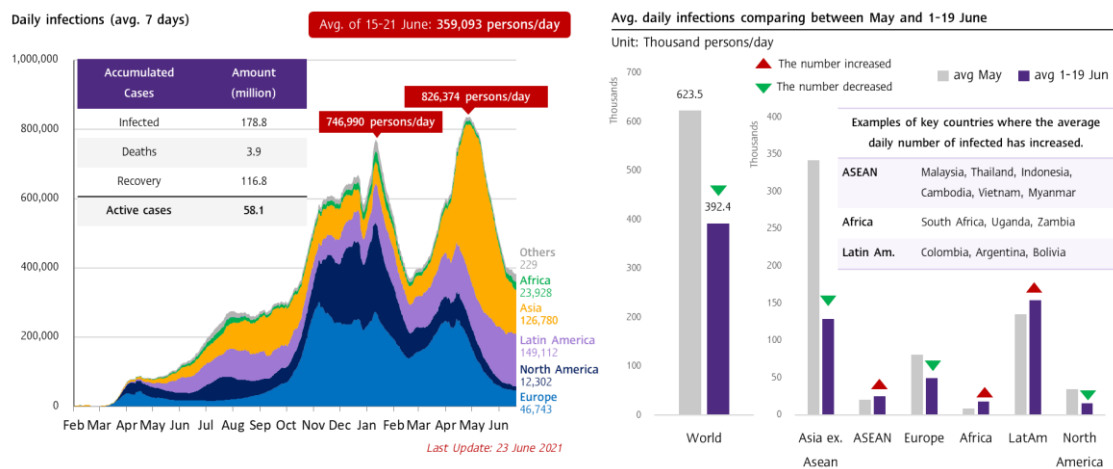
**Figure 3: Exports in May continued to bolster due to the low-base effect. Such growth corresponded to posted export figures from various key countries. However, the seasonally adjusted growth in May suggested that the recovery momentum started to stall from the %*mom\_sa* contraction.**



Source: EIC analysis based on data from the Ministry of Commerce and CEIC

**Exports should continue to improve following better global economic conditions. However, effects from the latest COVID-19 outbreak in many countries, particularly in ASEAN, warrant monitoring.** During the remainder of 2021, the global economy should continue to recover following the progress of vaccinations that should uplift consumer confidence and increase private consumption. As such, countries with more rapid vaccination progress, including advanced economies and China, should see more pronounced benefits compared to developing economies. Although the number of infected persons started to drop from the peak in April on a global scale, many countries are reporting growing numbers of cases from the mutated Indian variant. The average daily cases in the recent period (average during 1-19 June) was higher than the average daily cases in the prior month (May). The surging numbers in the recent periods were especially noticeable in ASEAN countries, Thailand's main trading partners (Figure 4). As such, the payout from the new Indian variant and the impact on global trade, including Thailand's export sector, should be closely monitored.

**Figure 4: Although the number of infected persons started to drop on a global scale, many countries, especially in ASEAN, are reporting higher numbers of infected persons. Such risks warrant monitoring.**

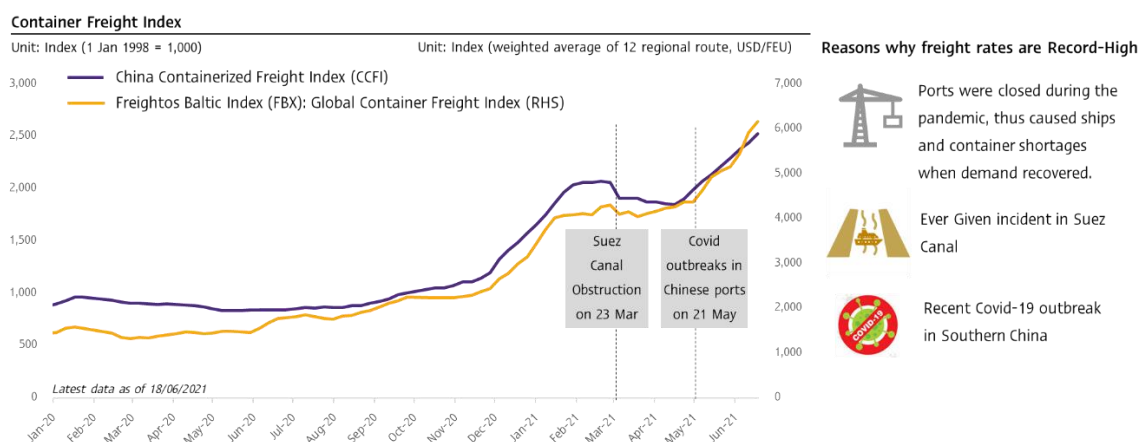


Source : EIC analysis based on data from John Hopkins and CEIC

**Furthermore, semiconductor (chip) and container shortages continued to hinder export growth.** The global chip shortage is an ongoing crisis that is triggered by various events, including the halt in chip production due to the COVID-19 outbreak, the growing demand for electronic products from changing consumer behavior, the drought in Taiwan, the world's largest chip producer, and the tech war between China and the US that triggered a battle for chip stockpiles. **The situation impaired various sectors that depended on chip technology, such as mobile phones, game consoles, and cars.** Such a situation will continue to suppress Thai export growth and global trade conditions throughout the remainder of the year.

Meanwhile, container shortages worsened once again due to the new outbreak in Southern China. Global trade conditions improved during the second half of 2020, though various ports on the American and European coasts were unable to operate due to COVID-19 restrictions, thus prolonging container shortages. After which, the Suez Canal blockage in March 2021 further aggravated the condition. Most recently, the new wave of COVID-19 outbreak in China's Guangdong province delayed shipping operations at the Yantian Port and Guangzhou Port, the world's third and fifth largest ports, respectively. As such, container shortages exacerbated once again, leading to drastic inflations in freight costs (Figure 5).

**Figure 5: The latest outbreak in Southern China further aggravated container shortages, leading to drastic inflations in freight costs.**



Source: EIC analysis based on data from Bloomberg and Freightos

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