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Exports accelerated in June following increasing global trade momentum and the low-base effect. Going forward, exports should continue to expand, though surmounting risks warrant monitoring.

23 July 2021

### Key summary

- **The value of exports in June continued to accelerate according to the continually improving global trade conditions and the low-base effect in the prior year. Exports grew across the board, both in terms of products and destinations. Key products that led the recovery included automotive and parts, fresh/ chilled/ frozen/ dried fruits, rubber products, chemicals, and plastic beads. Such improving export conditions corresponded with the soaring export growth in various countries in June. Furthermore, the reading of the Global PMI: Export orders index in June was above 50, suggesting continual growth momentum, at least in the short term.**
- **Nevertheless, the severity of the COVID-19 delta outbreak could put increasing pressure on Thai exports from the worsening impact on developing countries, especially ASEAN countries, Thailand's key trading partners. From the contagion, such developing countries should face weakened economic conditions, thus undermining demand for imports. Moreover, domestic supply disruption risks could spur from domestic factory shutdowns due to the outbreak.**

### ■ Key points

**The value of Thai exports in June soared by 43.8%YOY**, representing an 11-years high. Excluding gold, export growth improved by 43.4%YOY. As such, during the first half of 2021, the value of Thai exports expanded by 15.5%YOY. However, excluding gold, the figure increased by 22.4%YOY.

**Exports of key merchandise expanded across the board. Products that led the recovery included automotive and parts, fresh/ chilled/ frozen/ dried fruits, rubber products, chemicals, and plastic beads.**

- **Exports of automotive and parts increased for 8 consecutive months with a surge of 78.5%YOY in June.** Key export destinations that saw substantial growth were Vietnam (338.4%YOY), Australia (70.3%YOY), the US (154.1%YOY), and Malaysia (305.3%YOY).

- **Exports of fresh/ chilled/ frozen/ dried fruits accelerated by 185.1%YOY** following exports to China (263.4%YOY) that accounted for as high as 83.24% of total Thai fruit exports.
- **Exports of rubber products continued to increase for 13 consecutive months with a growth of 38.1%YOY**, following heightening demand for tires (50.4%YOY) and rubber gloves (62.2%YOY).
- **Exports of chemical products rose by 59.8%YOY**. Key destinations that saw improving growth were China (54.3%YOY), Vietnam (50.2%YOY), and Japan (106%YOY). Meanwhile, **exports of plastic beads increased as well at 50%YOY** with strong growth to India (196.1%YOY), the US (130.5%YOY), Indonesia (106.6%YOY), and Vietnam (74.03%YOY).
- **Exports of machinery and parts expanded for 5 consecutive months with a growth of 73.1%YOY**. The markets that saw significant growth included the US (144.2%YOY), Japan (56.4%YOY), China (81.2%YOY), Indonesia (165.4%YOY), and Malaysia (103.6%YOY).
- **Exports of computer and parts increased by 21.6%YOY** following heightening demand for electronic product usage at home due to the COVID-19 outbreak. Such growth momentum continued for 7 consecutive months, in which the key markets with growth in June were Hong Kong (38.9%YOY), the Netherlands (47.3%YOY), and Singapore (385.2%YOY).
- **Exports of refined fuel improved by as high as 81.9%YOY** following the continually increasing demand for energy and crude oil. Export destinations with high growth included South Korea (1,137.3%YOY), the Philippines (1,177.7%YOY), Malaysia (199.7%YOY), and Cambodia (55.9%YOY).
- **Exports of iron and steel products grew by 83.1%YOY** with strong growth to the US (48.3%YOY), Japan (114.9%YOY), China (310%YOY), and India (138.3%YOY).

**Similarly, exports to key destinations improved across the board, particularly to India, ASEAN 5, the European Union (EU-15), China, and the US.**

- **Exports to India saw 3 digit growth for 3 consecutive months with an expansion of 123.9%YOY in June**. Products that led the growth included animal or vegetable fats and oils (33,181.3%YOY), automotive and parts (424.6%YOY), iron, steel, and products (138.3%YOY), and plastic beads (196.1%YOY).
- **Exports to ASEAN 5 improved by 48.7%YOY**. Key products that drove the improvement were automotive and parts (140.2%YOY), refined fuel (154.4%YOY), and computers (82.7%YOY).
- **Exports to EU-15 saw 2 digit growth for 4 consecutive months with a growth of 42.2%YOY in June**. Exports of precious stones and jewelry (118%YOY), motorcycle and parts (164.8%YOY), and computer, components, and parts (53.93%YOY) led the growth.
- **Exports to China expanded for 7 consecutive months with a growth of 42%YOY**. Products that led the growth included fresh/ chilled/ frozen/ dried fruits (263.4%YOY), computer and parts (36.8%YOY), chemicals (54.29%YOY), and rubber (151.8%YOY).

- Exports to the US improved for 13 consecutive months with an expansion of 41.2%YOY. Products that led the growth included machinery and parts (144.2%YOY), automotive and parts (154.1%YOY), precious stones and jewelry (165.7%YOY), and rubber products (60.2%YOY).

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

**Exports by product**

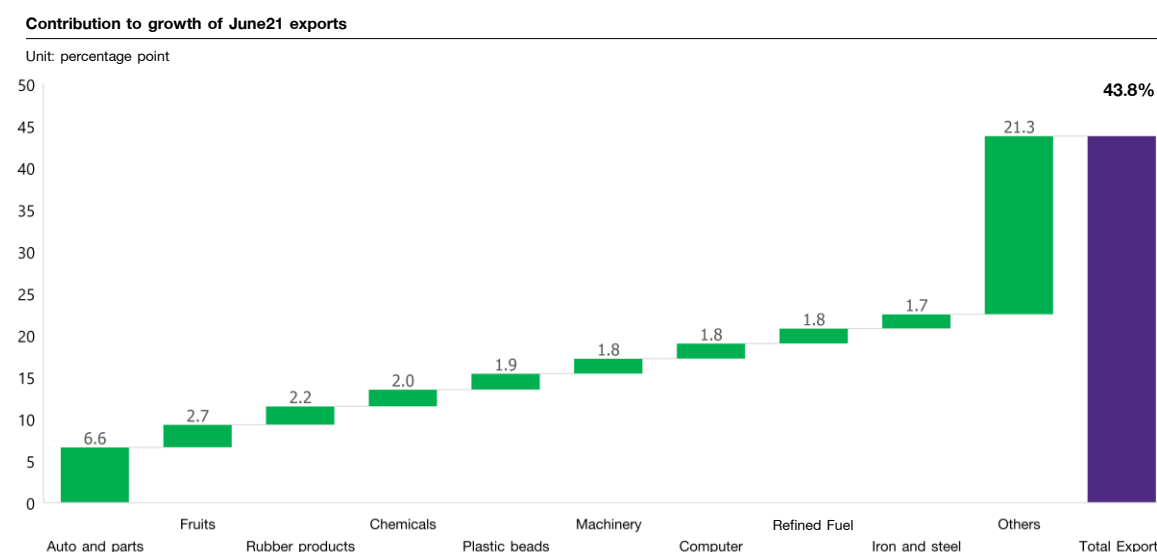
Unit: %YOY, (Share in 2020)	2020	2020Q3	2020Q4	2021Q1	2021Q2	Apr-21	May-21	Jun-21	YTD
<b>Total (100%)</b>	-5.9%	-7.7%	-2.0%	2.1%	31.8%	13.1%	41.6%	43.8%	15.5%
<b>Total (ex. gold) (94.2%)</b>	-8.5%	-10.7%	-1.6%	8.1%	40.1%	28.9%	48.8%	43.4%	22.4%
Electrical appliances (10.2%)	-3.0%	0.7%	10.9%	14.8%	48.8%	45.2%	60.3%	42.3%	29.5%
Auto & parts (9.2%)	-21.8%	-24.3%	0.1%	23.8%	120.4%	135.9%	170.3%	78.5%	55.5%
Agriculture (9.1%)	-3.1%	-9.5%	4.8%	12.9%	26.8%	11.4%	20.5%	59.8%	20.3%
Chemical & plastics (8.1%)	-10.7%	-10.3%	-0.3%	20.6%	49.7%	44.0%	58.5%	47.2%	34.5%
Agro (7.8%)	-3.8%	-4.6%	-11.5%	-2.7%	6.7%	1.4%	5.5%	13.5%	2.0%
Computer & parts (8.1%)	2.3%	3.7%	3.8%	8.4%	30.8%	28.7%	44.5%	21.5%	19.1%
Rubber products (5.2%)	7.8%	15.7%	15.5%	32.4%	48.6%	55.5%	54.7%	38.1%	39.8%
IC (3.1%)	-5.7%	-9.7%	-1.9%	13.9%	22.7%	6.5%	29.8%	32.8%	18.3%
Machinery & parts (2.8%)	-10.5%	-14.8%	1.9%	8.2%	51.1%	29.8%	52.9%	73.1%	26.0%
Refined fuel (2.3%)	-27.0%	-33.3%	-28.3%	-5.5%	95.7%	98.8%	105.5%	81.9%	32.6%
Textile (2.5%)	-16.9%	-21.0%	-12.5%	-5.3%	32.6%	36.9%	38.2%	24.3%	10.6%

**Exports by country**

Unit: %YOY, (Share in 2020)	2020	2020Q3	2020Q4	2021Q1	2021Q2	Apr-21	May-21	Jun-21	YTD
<b>Total (100%)</b>	-5.9%	-7.7%	-2.0%	2.1%	31.8%	13.1%	41.6%	43.8%	15.5%
US (14.8%)	9.7%	17.8%	16.2%	12.4%	30.4%	9.0%	44.9%	41.2%	21.0%
ASEANS (13.4%)	-12.2%	-19.2%	-15.0%	-10.2%	27.0%	-4.4%	51.0%	48.7%	6.0%
China (12.9%)	2.2%	0.0%	-2.6%	19.7%	29.2%	21.9%	25.5%	42.0%	24.9%
CLMV (10.5%)	-11.1%	-9.2%	-12.0%	0.6%	42.3%	44.2%	46.8%	36.3%	18.1%
Japan (9.9%)	-7.0%	-13.0%	4.2%	6.4%	20.0%	2.7%	27.4%	32.3%	12.6%
EU15 (8%)	-12.6%	-12.5%	-3.7%	8.0%	51.9%	52.4%	63.1%	42.2%	25.8%
Hong Kong (4.9%)	-3.6%	-13.9%	-2.0%	-19.3%	16.3%	-19.8%	48.4%	36.6%	-2.5%
Australia (4.2%)	-3.9%	-8.8%	14.8%	19.8%	27.7%	31.9%	22.4%	30.3%	23.4%
Middle East (3.1%)	-12.7%	-23.3%	-10.1%	-0.3%	41.7%	65.7%	39.9%	26.1%	16.5%
India (2.4%)	-25.0%	-21.3%	9.0%	7.6%	181.5%	193.0%	243.8%	123.9%	54.8%

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

**Figure 2: Key products supporting Thai export growth included automotive, fruits, rubber products, chemicals, and plastic beads, with no significant pressure from a particular product category.**



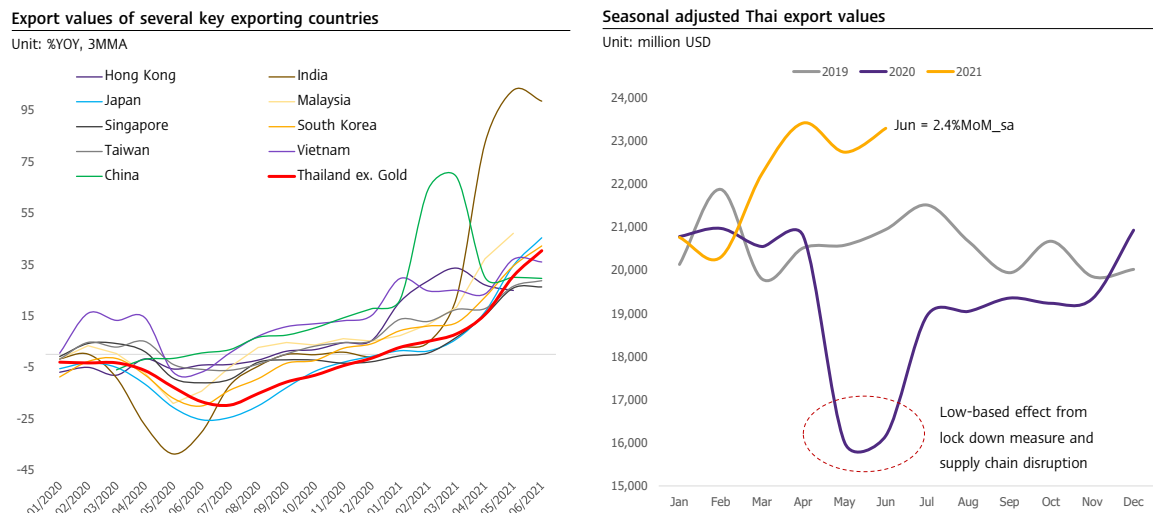
Source: EIC analysis based on data from the Ministry of Commerce

**In terms of imports, the value of imports in June increased for 5 consecutive months with a growth of 53.8%YOY**, following export growth momentum. Imports of key product categories expanded across the board, including fuel products (77.7%YOY) that expanded from the low-base as well as higher prices compared to the prior year, capital goods (28.5%YOY), consumer goods (17.9%YOY), and vehicles and transportation equipment (98.9%YOY). Similarly, imports of raw material and intermediate raw materials improved by 72.9%YOY. However, excluding gold, the growth dropped to 69.4%YOY. With such regards, during the first half of 2021, imports expanded by 26.2%YOY, while registering a slight trade surplus at USD 2,439.2 million.

## ■ Implication

**Exports in June continued to accelerate following better global trade conditions and the low-base effect. Such growth also corresponded to recovering export figures of various countries.** According to Figure 3 right, Thai exports saw robust growth despite support from the low-base effect, reflected from the export value in 2021 that was higher than in 2019, a pre-COVID-19 period. Furthermore, a seasonally adjusted month-on-month comparison revealed that Thai exports grew slightly by 2.4%MoM\_sa. Such mentioned improvements coincided with the continually recovering global trade momentum with strong and increasing export readings in various key exporting countries in June (Figure 3, left).

**Figure 3: Exports in June soared from the low-base effect, corresponding to posted export figures of various countries around the world.**



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

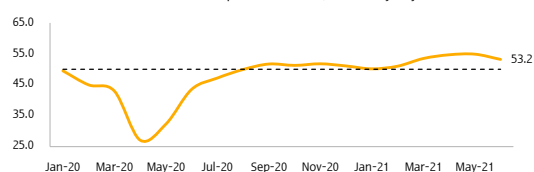
**Going forward, exports should continue to improve. However, surmounting risks from the COVID-19 outbreak in ASEAN as well as the potential supply disruption warrant monitoring.**

Despite the global spread of the COVID-19 delta variant, the global PMI export orders index remained above 50 (Figure 4, upper-left), suggesting recovering export conditions in the short term. Nevertheless, the returning waves of the outbreak severely impacted developing economies in comparison to advanced economies due to the low inoculation rates. Analysis of the Manufacturing PMI figures of advanced economies revealed improving outlooks contradicting developing economies with weakening outlooks (Figure 4, lower-left). Such risks warrant monitoring, especially regarding the outbreak in ASEAN, Thailand's main trading partners, as the severity of the contagion could lower demand for Thai exports as well as spur supply chain disruption. Moreover, suspension of domestic manufacturing activities due to factory shutdowns could prompt supply disruption within Thailand. From the monitoring of the latest news, EIC found reports of various factory shutdowns (Figure 4, right). Luckily, most cases were temporary, which should not pose a considerable impact on the manufacturing industry as a whole. However, if the outbreak triggered more factory shutdowns with prolonged durations, such risks could significantly impair exports in the periods ahead.

**Figure 4: Despite the promising export outlook, surmounting risks from the outbreak in ASEAN and potential supply disruption from factory shutdowns warrant monitoring.**

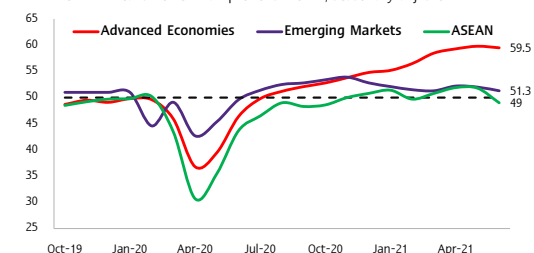
**Global PMI: Export orders**

Unit: index >50 means better than previous month, seasonally adjusted



**Manufacturing PMI**

Unit: index >50 means better than previous month, seasonally adjusted



**New COVID-19 cases have been found in various factories across industries**

Industry	Factory	Product(s)	Province	Impacts/ Remarks
E&E	Cal-Comp	Consumer electronics, HDD	Phetchaburi	Minor impact, the infected production line accounts for 10-15% of total capacity. Able to resume normal operation now
F&B	CPF	Processed chicken	Saraburi	Short-term impact. Suspended operations from May 30-June 3, after 391 workers infected. Production at other 18 facilities was not affected
	Tyson Poultry (Thailand) -MNC	Chicken slaughterhouse	Pathumthani	Temporary closure for 2 weeks after 411 workers found infected
	Dole (Thailand) -MNC	Canned pineapple	Prachuap Khiri Khan	Temporary closure for 7 days from July 1, with hundreds of staff infected
	Thai President Food	Instant noodles	Ratchaburi	Temporary closure for 14 days from June 7, after 28 workers tested positive for COVID-19
	Songkhla Canning	Canned & frozen seafood	Songkhla	Temporary closure for 3 days to clean & disinfect, 263 cases tested positive
Rubber Gloves	Sri Trang Gloves	Medical gloves	Surat Thani, Trang, Songkhla	Temporary closures, operations was not disrupted for long
	Top Gloves	Medical gloves	Songkhla	Temporary closure from June 11-18 after 93 workers were infected
Motor Vehicles	Toyota Motors	Cars	Samut Prakan, Chachoengsao	Temporarily closed 3 factories for at least a week starting July, 21
Others	Rubberwood, Garment, Ice, Chicken processing, Furniture, etc. Most cases were detected via proactive screening.			

Source: EIC analysis based on data from various press, IHS Markit CEIC, and JPMorgan

**Meanwhile, container and semiconductor (chip) shortages continued to hinder exports.**

Container shortages worsened once again due to the new outbreak in Southern China during May 2021. Despite the contained outbreak, delayed shipping operations at the Yantian Port and Guangzhou Port persisted as freight costs and shipping duration continued to increase. Furthermore, the chip shortages continued to impair various sectors that depended on chip technology, such as mobile phones, game consoles, and cars. Such risks could continue to suppress Thai export growth and global trade conditions throughout the remainder of the year.

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