

# Notice to readers

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SCB Securities Company Limited

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**Exports in October continued to surge, though at a slowing rate from the previous month as outbreaks resumed in Europe, while supply disruption heightened inflation. Such conditions weakened consumer purchasing power in various countries.**

22 November 2021

### Key summary

- The value of exports in October continued to soar by 17.4%YOY, though at a stalling rate from the previous month as outbreaks resumed in Europe amid global supply disruption. Supplier delivery time index clearly reflected the situation from significantly lengthier readings wait times. Such conditions prompted inflation to rise, and weakened consumer purchasing power in many countries, causing slowing global economic conditions in the present.
- EIC revises the 2021 export growth forecast upwards to 16.7% from the previous estimate of 15.0% following better-than-expected export results. Looking forward to 2022, EIC anticipates that Thai exports will continue to improve by 5.1%, a rate higher than the previous estimate of 4.7%. Such growth should continue to improve following the robust momentum in late-2021. Meanwhile, the global economy is likely to continue to improve in 2022. Developing economies will be the main drivers following the accelerating economic recovery from the vaccination progress. Furthermore, heightened prices of various products in the world market should increase export prices, especially energy prices. Such factors hence support export growth during the coming year.
- Several export-suppressing risks that warrant monitoring include potential inflation hikes or prolonged inflationary pressure due to supply disruption, the resurgence of severe COVID-19 outbreaks in Europe, and the slowing Chinese economy. Other risks involve container shortages that continued to heighten freight rates and delivery time, as well as semiconductor (chip) shortages that should linger into 2022.

### ■ Key points

**The value of Thai exports in October soared by 17.4%YOY**, accelerating from 17.1%YOY in the previous month. Excluding gold, export growth expanded by 17.0%YOY. As such, during the first 10 months of 2021, the value of exports grew by 15.7%YOY.

**Merchandise exports in nearly all categories continued to increase in terms of %YOY growth, while exports of rubber products contracted.**

- **Exports of refined fuel expanded for 8 consecutive months with a surge of 169.7%YOY**, following the increasing demand for energy and rising oil prices. Exports to major destinations improved across the board, for example, Cambodia (83.7%YOY), Singapore (569.1%YOY), and Vietnam (368.6%YOY).
- **Exports of chemical products improved for 11 consecutive months with a growth of 52.3%YOY** in nearly all major destinations, for example, China (58%YOY), the US (91.2%YOY), and India (78.6%YOY). However, growth to Vietnam contracted by (-0.7%YOY).
- **Exports of plastic beads grew for 11 consecutive months with a growth of 32.5%YOY in October.** Exports to nearly all major destinations improved, for example, China (9.2%YOY), India (59.4%YOY), and Indonesia (44.3%YOY). However, growth to the US contracted by (-7.6%YOY).
- **Exports of automotive and parts improved for 12 consecutive months with a growth of 10.3%YOY.** Major destinations that drove the improvement were the Philippines (36%YOY), Indonesia (63.5%YOY), and Chile (300.9%YOY). However, major destinations that dragged growth were Australia (-30.1%YOY) and Japan (-26.3%YOY).
- **Exports of rubber increased for 13 consecutive months with a growth of 51.7%YOY.** Exports to nearly all major destinations improved, for example, China (65.8%YOY), the US (67.6%YOY), and India (186.3%YOY). However, exports to Malaysia (-1%YOY) and Spain (-6.3%YOY) contracted.
- **Exports of iron, steel, and products improved for 11 consecutive months with an expansion of 35.9%YOY.** Major destinations that support growth were Japan (74.8%YOY), India (25.9%YOY), Indonesia (98.1%YOY), and China (146.6%YOY). On the contrary, major destinations that suppressed growth were the US (-13.5%YOY) and Vietnam (-2.8%YOY).
- **Exports of integrated circuits increased for 11 consecutive months with a growth of 18.6%** following growth in all major destinations, for example, Hong Kong (32.1%YOY), Singapore (21.9%YOY), and Taiwan (36.1%YOY).

**Regarding exports by destinations, exports to Japan and Hong Kong reverted to a contraction, while exports to Australia continued to decline, though exports to other major destinations improved.**

- **Exports to India continued to surge for 9 consecutive months with a growth of 58.3%YOY.** Key products with accelerating growth were animal or vegetable fats and oil (314.3%YOY), air conditioner and parts (402.8%YOY), and chemicals (78.6%YOY).
- **Exports to ASEAN 5 expanded by 39.7%**, marking a 6 consecutive months growth and also the highest expansion in 4 months with significant drivers included automotive and parts (29.9%YOY), refined fuel (380.1%YOY), and computer and parts (39.3%YOY).

- **Exports to Hong Kong returned to a -2.5%YOY contraction**, after improving by 14.6%YOY in the previous month. Products that led the decline included computer and parts (-17.9%YOY), fax, telephone, components and parts (-21.1%YOY), and precious stones and jewelry (-9.4%YOY). On the other hand, exports of integrated circuits supported growth (32.1%YOY).
- **Exports to Japan contracted for the first time in 12 months at -2%YOY**, after improving by 13.2%YOY in the previous month. Various key products contracted, including automotive and parts (-26.3%YOY), fax, telephones, components and parts (-9%YOY), and processed chicken (-24.6%YOY).
- **Exports to Australia continued to weaken for 4 consecutive months with a -12.4% contraction**, worsening from the previous month at -0.6%YOY. Key products that contracted were automotive and parts (-30.1%YOY), air conditioners (-18.2%YOY), and precious stones and jewelry (-32.9%YOY). However, exports of plastic beads improved (90.23%YOY).

**Figure 1: Merchandise exports in October continued to increase in terms of %YOY in all key products, except rubber products. Meanwhile, in terms of major destinations, exports to Japan and Hong Kong reverted to a contraction amid continual weakening in Australia. Exports to other major destinations improved.**

#### Exports by product

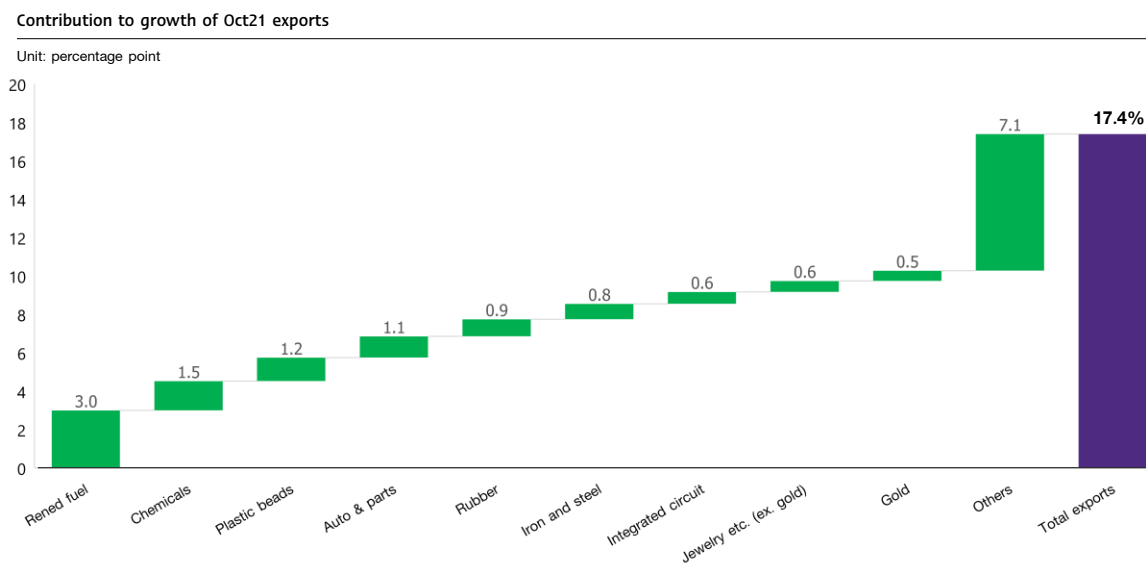
Unit: %YOY, (Share in 2020)	2020	2020Q4	2021Q1	2021Q2	2021Q3	Aug-21	Sep-21	Oct-21	YTD
Total (100%)	-5.9%	-2.0%	2.1%	31.8%	15.3%	8.9%	17.1%	17.4%	15.7%
Total (ex. gold) (94.2%)	-8.5%	-1.6%	8.1%	40.1%	23.6%	23.8%	18.9%	17.0%	22.2%
Electrical appliances (10.2%)	-3.0%	10.9%	14.8%	48.8%	12.9%	6.3%	11.2%	5.4%	21.5%
Auto & parts (9.2%)	-21.8%	0.1%	23.8%	120.4%	19.1%	17.8%	4.9%	10.3%	38.4%
Agriculture (9.1%)	-3.1%	4.8%	12.9%	26.8%	34.3%	45.5%	12.9%	22.5%	24.5%
Chemical & plastics (8.1%)	-10.7%	-0.3%	20.6%	49.7%	43.0%	42.1%	39.9%	33.1%	36.9%
Agro (7.8%)	-3.8%	-11.5%	-2.7%	6.7%	4.0%	0.2%	11.3%	13.5%	3.7%
Computer & parts (8.1%)	2.3%	3.8%	8.4%	30.8%	17.7%	10.5%	22.6%	1.7%	16.7%
Rubber products (5.2%)	7.8%	15.5%	32.4%	48.6%	8.2%	6.5%	2.6%	-4.6%	24.2%
IC (3.1%)	-5.7%	-1.9%	13.9%	22.7%	19.4%	16.5%	16.2%	18.6%	18.7%
Machinery & parts (2.8%)	-10.5%	1.9%	8.2%	51.1%	27.2%	21.8%	32.8%	15.7%	25.2%
Refined fuel (2.3%)	-27.0%	-28.3%	-5.5%	95.7%	103.4%	127.8%	114.4%	169.7%	62.5%
Textile (2.5%)	-16.9%	-12.5%	-5.3%	32.6%	15.5%	9.2%	19.2%	11.2%	12.1%

#### Exports by country

Unit: %YOY, (Share in 2020)	2020	2020Q4	2021Q1	2021Q2	2021Q3	Aug-21	Sep-21	Oct-21	YTD
Total (100%)	-5.9%	-2.0%	2.1%	31.8%	15.3%	8.9%	17.1%	17.4%	15.7%
US (14.8%)	9.7%	16.2%	12.4%	30.4%	19.6%	16.2%	20.2%	16.1%	20.0%
ASEANS (13.4%)	-12.2%	-15.0%	-10.2%	27.0%	26.5%	26.9%	25.7%	39.7%	14.9%
China (12.9%)	2.2%	-2.6%	19.7%	29.2%	32.2%	32.3%	23.3%	14.1%	26.1%
CLMV (10.5%)	-11.1%	-12.0%	0.6%	42.3%	8.1%	0.0%	8.2%	19.8%	15.3%
Japan (9.9%)	-7.0%	4.2%	6.4%	20.0%	15.3%	10.0%	13.2%	-2.0%	11.7%
EU15 (8%)	-12.6%	-3.7%	8.0%	51.9%	14.1%	12.8%	9.4%	12.0%	20.7%
Hong Kong (4.9%)	-3.6%	-2.0%	-19.3%	16.3%	7.8%	-9.5%	14.6%	-2.5%	0.5%
Australia (4.2%)	-3.9%	14.8%	19.8%	27.7%	-12.6%	-23.1%	-0.6%	-12.4%	7.2%
Middle East (3.1%)	-12.7%	-10.1%	-0.3%	41.7%	19.9%	31.9%	17.4%	33.2%	19.0%
India (2.4%)	-25.0%	9.0%	7.6%	181.5%	64.9%	44.2%	76.1%	58.3%	58.4%

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

**Figure 2: Exports of refined fuel, chemicals, plastic beads, and automotive and parts supported recovery.**



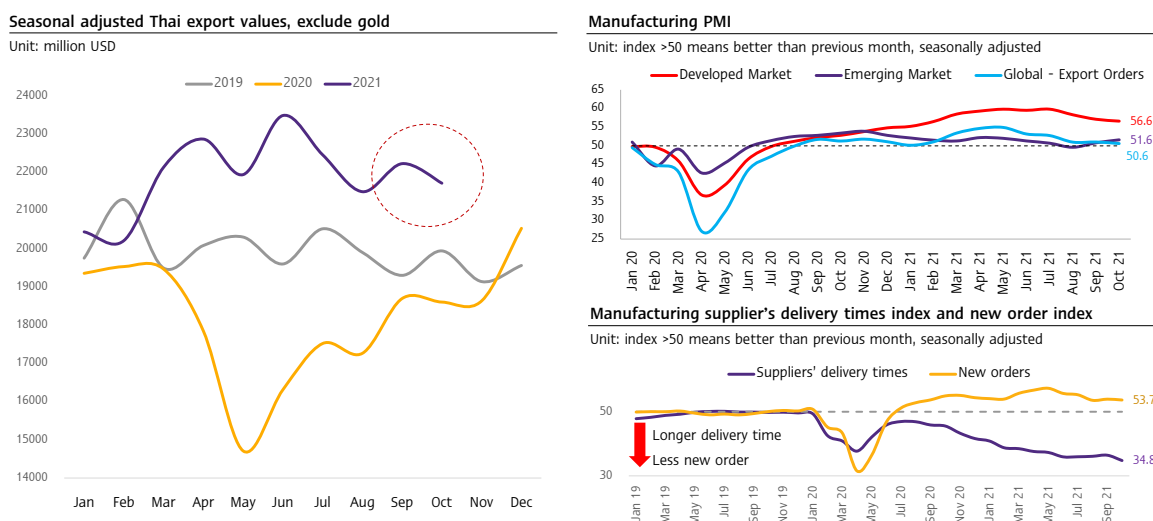
Source: EIC analysis based on data from the Ministry of Commerce

**In terms of imports, the value of imports in October grew by 34.6%YOY**, accelerating from the previous month at 30.3%YOY. Imports improved across the board. Key import growth drivers included fuel products (104.4%YOY) with considerably higher prices compared to the previous year, capital goods (25.4%YOY), consumer goods (34.3%YOY), and vehicles and transportation equipment (2.5%YOY). Similarly, imports of raw materials and intermediate raw materials improved by 26.7%YOY. Excluding gold, import growth increased by 25.5%YOY. With such regards, during the first 10 months of 2021, imports expanded by 31.3%YOY. The trade deficit in October registered at USD -370.2 million. As such, during the first 10 months of 2021, the trade balance remained at a surplus of USD 1,646.6 million.

## ■ Implication

**Exports in October continued to soar by 17.4%YOY, though stalling from the previous month by -2.3%MOM\_sa** (excluding gold and seasonally adjusted) as outbreaks resumed in Europe amid global supply disruption. Supplier delivery time index clearly reflected the situation from significantly longer wait times. Similarly, the PMI of different country groups especially developed markets, and the Global Export orders weakened in October (Figure 3). Such mentioned supply disruption prompted inflation to rise, and weakened consumer purchasing power in many countries, causing slowing global trade and economic conditions in the present.

**Figure 3: Exports in October continued to soar, though stalling from the previous month due to supply disruption that weakened global economic conditions in the present.**



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

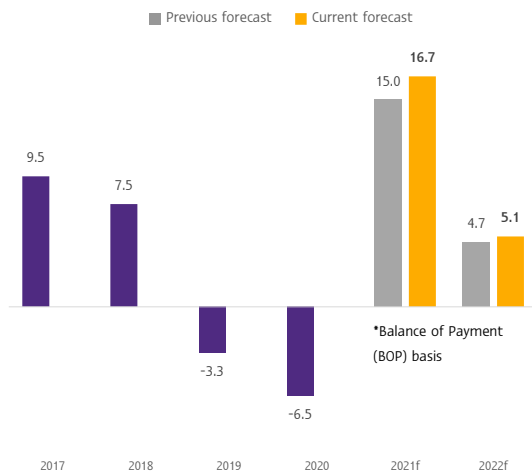
**EIC revises the 2021 export growth forecast upwards to 16.7% following the continually robust export momentum. Looking forward to 2022, EIC anticipates that Thai exports will continue to improve by 5.1%, a rate higher than the previous estimate of 4.7%** (balance of payment basis). Albeit signs of slowing global economic recovery, the recent higher-than-anticipated export figures prompted a slight upward revision for exports in 2021 to 16.7%. The forecasts for 2022 should also improve following the robust momentum in late-2021. Other notable supporting factors in 2022 include increasing export prices following heightened prices of various products in the world market, especially energy prices. Exports to developing economies in 2022 should surge following accelerating economic recovery from the vaccination progress. Meanwhile, the economies of developed countries should continue to recover, though at a slowing rate in comparison to the earlier acceleration.

**Nevertheless, various export-suppressing risks that warrant monitoring** include potential inflation hikes or prolonged inflationary pressure due to supply disruption, the resurgence of severe COVID-19 outbreaks in Europe, and surmounting headwinds in the Chinese economy from the energy crisis and the troubling real estate sector. Other risks, such as container shortages that continued to heighten freight and delivery time, should ease during the first half of 2022 following the usually lower global import demand, a seasonal trend. Imports from the US should also decline following smaller economic stimulus measures introduced. Furthermore, consumers could likely turn to spend more on services rather than merchandise. Despite such events, freight should remain at a rate higher than the pre-crisis periods. As for semiconductor (chip) shortages, the problem should continue to linger into 2022 as the latest data indicated that the time required to produce and deliver semiconductors or the lead time continued to lengthen. It is expected that such situations will begin to ease in the second half of 2022 onwards.

## Figure 4 : Going forward, Thai exports should continue to improve, though various risks warrant monitoring.

### Thai exports forecast by EIC

Unit: %YOY



Source: EIC analysis

### Export-suppressing risks that warrant monitoring.



Potential inflation hikes or prolonged inflationary pressure due to supply disruption



Resurgence of severe COVID-19 outbreaks in Europe



Slowing Chinese economy from the energy crisis and the troubling real estate sector.



Container shortages that heightened freight and delivery time



Semiconductor (chip) shortages

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