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## **Thai exports in May stabilized from the previous month. EIC revises the 2022 export growth forecast to 5.8% following risks of stalling global economic conditions in the periods ahead.**

### **Thai merchandise exports in May expanded for the 15th consecutive month, though with stabilizing growth from the previous month.**

The value of Thai exports in May 2022 was at USD 25,509 million, expanding by 10.5%YOY (compared to the same period in the prior year). Such a growth slightly improved from the 9.9% expansion in the previous month and marked a 15 consecutive months growth. However, the growth stalled in comparison to the accelerations witnessed during March and February at 19.5% and 16.2%, respectively. Nevertheless, excluding gold, exports in May expanded by 12.5%. In terms of the seasonally adjusted month-on-month growth, exports stabilized by -0.11%MOM\_sa from April. As such, during the first 5 months of 2022, Thai exports grew by 12.9%. Excluding gold, the figure dropped to 10.3%.

### **Exports of agricultural products and electrical appliances continued to improve, though certain products faced risks from chip shortages.**

Exports of nearly all key products continued to expand, though some key categories saw contractions or stalling growth. (1) Exports of agricultural products continued to grow by as high as 21.5%, the highest rate since the beginning of the year. Such an accelerating growth was driven by both volume and price factors. In terms of volume, Thai agricultural output increased following adequate rainfall and water reserve levels in dams, as well as government support. In terms of price, global agricultural supply disruption prompted by the war in Ukraine and agricultural and food export restrictions in various countries inflated agricultural prices. Moreover, exports of agro-industrial or food products also improved by as high as 32.7%. The key products supporting growth during the month included fresh/ chilled/ frozen/ dried fruits, cassava products, and sugar, and (2) Exports of industrial products grew by 4.2%. The key products that ushered growth were refined fuel, jewelry and precious stones, excluding gold, machinery and parts, iron, steel and parts, as well as rubber products that reverted to an expansion after contracting for several months. However, key products that dragged growth during the past month were computers and automotive and parts. Despite better conditions during this month, computer exports continued to contract for the 2nd month at -17.9%, while automotive and parts exports contracted by -3.1% following the ongoing global chip shortages.

## **Export growth to China and Europe resumed, though with risks in the periods ahead.**

Regarding exports by destinations, key supporting markets included the US (29.2%), the Middle East (38%), and India (64.3%). Meanwhile, exports to Hong Kong (-22.4%) and Australia (-4%) dragged growth. In terms of China's overall import value, China's imports grew for the first time in 3 months at 4.1% following easing virus curb controls. Given sluggish economic conditions, risks of city lockdown re-introductions, and slowing global economic conditions that could slow China's manufacturing raw material imports, the import conditions could slow or contract once again. During the month, Thai exports to China edged up to a still-weak 3.8%, after contracting by -7.3% in the previous month. China's gradual city re-openings drove such improving conditions. Nevertheless, considering the price of Thai exports that grew by approximately 5% compared to the previous year, export volume to China may drop.

Exports to Russia and Ukraine continued to contract by a staggering -65% and -87.2%, respectively. Such exacerbating contractions had a limited impact on the Thai economy as exports to the two markets accounted for only a small portion of Thailand's export market. However, exports to EU28, one of Thailand's main export markets that was directly hampered by the war, expanded by as much as 7.7% after merely improving in the prior periods. Various key products drove the expansion, including computers, automotive, processed chicken, and rubber.

## **As the value of import growth highly exceeded export growth, trade deficit conditions lingered.**

The value of imports grew by 24.2% in May following import price increments. During the month, imports in nearly all key categories improved, including fuel products (67.4%), capital goods (4.8%), raw materials and intermediate raw materials (25.3%), and consumer goods (16.6%). However, imports of vehicles and transportation equipment shrank by -20.9%. With such regard, the trade deficit during the month registered at USD -1,874.2 million, causing the trade deficit during the first 5 months of 2022 to grow to USD -4,726.6 million.

## **EIC cuts the Thai merchandise export growth forecast to 5.8% from the previous 6.1%.**

Going forward, slowing global economic conditions with increasing risks from hiking global inflation that prompted the central banks of various countries to abruptly imposed strong monetary tightening policies will slow export conditions. Export, which has been one of the main economic drivers for the past years, may slow according to stalling demand in trading partner economies that will mirror the global economic and trade conditions in the periods ahead. In particular, China's economic conditions remain at risk from strict virus control measures and economic restructuring activities, while Europe continues to face war tensions. Furthermore, supply disruption lingers. However, Thai exports will continue to benefit from the weakening baht, agricultural product shortages in the global market, and

heightening export prices. Such conditions were in line with lower Global Manufacturing PMI readings, as well as the Export orders that reached 22 months low. With such regard, EIC slightly lowers the Thai export growth forecast (BOP basis) to 5.8% from the previous forecast during March at 6.1%.

**Figure 1: Exports to China improved following gradual city re-openings, while exports to Europe surged despite the tensions from the war.**

**Exports by product**

Unit: %YOY, (Share in 2020)	2021	2021Q2	2021Q3	2021Q4	2022Q1	Mar-22	Apr-22	May-22	YTD
<b>Total (100%)</b>	17.4%	31.9%	15.4%	23.1%	14.8%	19.5%	9.9%	10.5%	12.9%
<b>Total (ex. gold) (94.2%)</b>	22.8%	40.2%	23.7%	22.7%	10.0%	9.5%	8.9%	12.5%	10.3%
Electrical appliances (10.2%)	20.3%	48.8%	12.7%	11.7%	8.8%	4.1%	-1.7%	8.7%	6.7%
Auto & parts (9.2%)	37.0%	120.5%	19.1%	24.3%	-11.3%	-10.9%	-9.5%	-3.1%	-9.4%
Agriculture (9.1%)	23.9%	27.0%	34.1%	20.9%	1.6%	3.3%	3.0%	21.5%	6.7%
Chemical & plastics (8.1%)	36.9%	49.8%	42.9%	35.5%	18.6%	11.8%	8.3%	4.0%	13.3%
Agro (7.8%)	7.0%	6.8%	4.3%	20.5%	27.9%	27.3%	22.8%	32.7%	27.8%
Computer & parts (8.1%)	18.0%	30.4%	17.7%	16.9%	8.6%	32.3%	-25.1%	-17.9%	-3.7%
Rubber products (5.2%)	19.5%	48.5%	8.3%	-1.7%	-8.2%	-13.4%	-5.2%	10.0%	-4.3%
IC (3.1%)	19.0%	24.2%	19.4%	18.7%	17.7%	11.0%	15.3%	6.4%	14.7%
Machinery & parts (2.8%)	24.3%	52.6%	29.4%	17.1%	17.3%	22.0%	7.3%	24.2%	16.8%
Refined fuel (2.3%)	65.5%	93.8%	103.4%	104.7%	21.9%	19.8%	53.4%	64.2%	39.2%
Textile (2.5%)	13.6%	32.5%	15.5%	17.8%	13.7%	10.2%	5.7%	17.6%	12.9%

**Exports by markets**

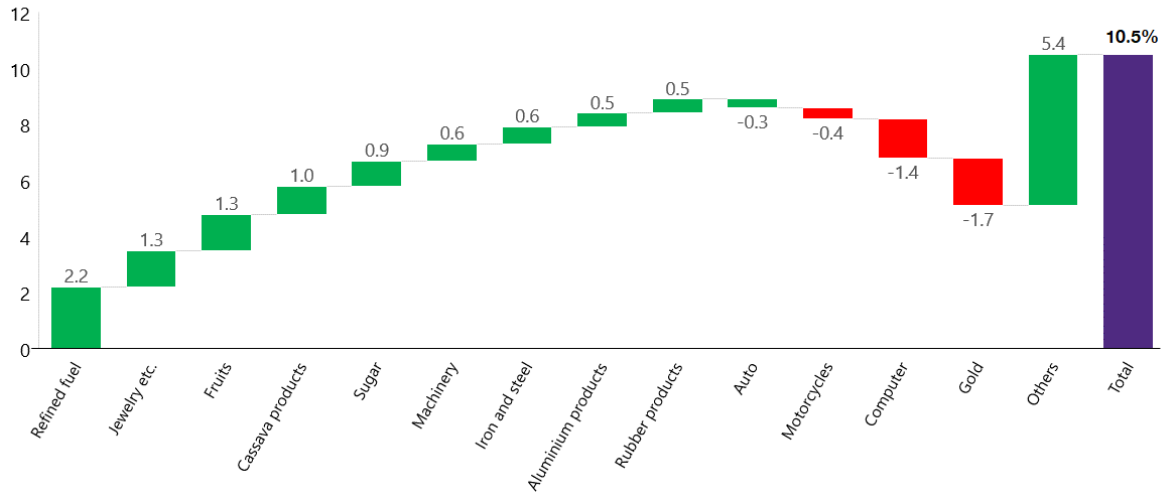
Unit: %YOY, (Share in 2020)	2021	2021Q2	2021Q3	2021Q4	2022Q1	Mar-22	Apr-22	May-22	YTD
<b>Total (100%)</b>	17.4%	31.9%	15.4%	23.1%	14.8%	19.5%	9.9%	10.5%	12.9%
US (14.8%)	21.9%	30.4%	19.6%	25.2%	23.3%	21.5%	13.6%	29.2%	22.5%
ASEANS (13.4%)	25.0%	29.5%	32.2%	17.8%	4.2%	3.2%	-7.3%	3.8%	1.6%
China (12.9%)	19.9%	27.0%	27.1%	44.1%	26.9%	34.7%	26.8%	8.3%	22.7%
CLMV (10.5%)	14.5%	42.1%	7.9%	13.6%	5.5%	1.0%	9.3%	13.1%	7.9%
Japan (9.9%)	9.6%	20.0%	15.2%	-0.2%	1.2%	0.9%	-0.3%	6.2%	1.9%
EU28 (9.3%)	21.3%	52.1%	13.9%	20.3%	7.5%	8.0%	0.0%	7.7%	6.1%
Hong Kong (4.9%)	2.7%	15.7%	7.8%	9.1%	5.0%	-1.0%	10.6%	-22.4%	-0.8%
Australia (4.2%)	11.5%	27.7%	-12.6%	16.9%	-2.4%	-2.1%	-3.9%	-10.9%	-4.4%
Middle East (3.1%)	22.2%	41.8%	19.2%	37.2%	14.9%	30.0%	25.8%	38.0%	21.3%
India (2.4%)	56.0%	181.1%	65.3%	50.6%	33.1%	43.4%	43.6%	64.3%	41.3%
Russia (0.4%)	42.3%	61.2%	61.2%	72.8%	-6.8%	-73.0%	-76.8%	-65.0%	-32.0%
Ukraine (0%)	35.7%	52.8%	21.0%	27.1%	-49.2%	-77.8%	-94.9%	-87.2%	-64.0%
Switzerland (0.5%)	-81.3%	-76.8%	-87.9%	54.0%	1220.5%	2865.0%	392.2%	-70.0%	504.9%
Laos (1.5%)	19.1%	34.9%	13.5%	15.4%	10.5%	-14.2%	-2.3%	29.8%	11.5%

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

**Figure 2: Various factors supported export growth in May. However, gold exports became a major drag after supporting growth during the prior months.**

**Contribution to growth of May22 exports**

Unit: percentage point

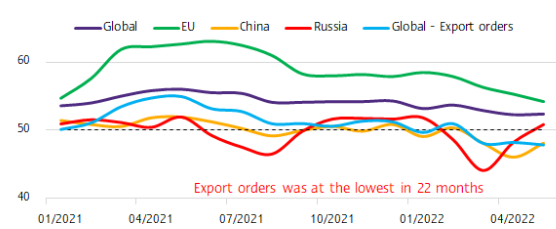


Source: EIC analysis based on data from the Ministry of Commerce

**Figure 3: During Q1/22, exports improved both in terms of price and volume. However, such conditions should slow in the periods ahead, particularly in China and Europe, following global trade and economic conditions that will be hampered by inflation, war, tight monetary policies, and city lockdowns in China.**

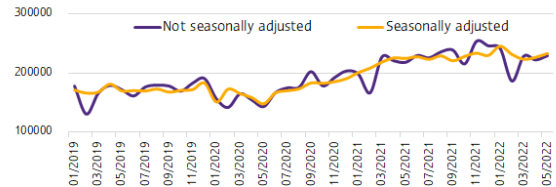
**Manufacturing PMI**

Unit: Index > 50 indicates improvement, seasonally adjusted

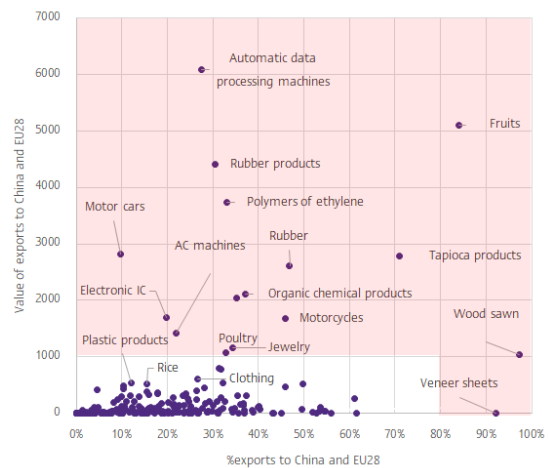


**China's imports**

Unit: USD million



**Thai exports product that depends on China and EU28's market**



Source: EIC analysis based on data from the Ministry of Commerce, IHS Markit, S&P Global, JP Morgan, and CEIC

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