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Thai merchandise exports in June accelerated from the previous month, marking a 16 consecutive months increase.

The value of Thai exports in June 2022 was at USD 26,533 million, increasing by 11.9%YOY (compared to the same period in the prior year). Such growth accelerated from the 10.5% expansion in May and marked a 16 consecutive months increase. Nevertheless, excluding gold, exports expanded by 11.5%, slowing from the previous month at 12.5%. In terms of the seasonally adjusted month-on-month growth, exports improved by 2.3%MOM_sa from May. Excluding gold, the growth stabilized from the previous month. As such, during the first half of 2022, Thai exports enjoyed a 12.7% increase. Excluding gold, exports grew by 10.5%.

Exports of agricultural products continued to improve, while exports of computers expanded for the first time in 3 months.

Exports of nearly all key merchandise continued to improve, though some key categories saw contractions or stalling growth. Firstly, exports of agricultural products continued to soar by 21.7%, slightly increasing from 21.5% in the previous month. 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. The key products supporting growth during the month included fresh/ chilled/ frozen/ dried fruits, rice, and rubber. Secondly, exports of agro-industrial products grew by 28.3%, slightly stalling from 32.7% in the previous month. The key products driving growth during the month included animal fats, animal and vegetable oil, sugar, canned and processed seafood, canned and processed fruits, processed chicken, and animal feed. Thirdly, exports of industrial products grew by 6.7%, accelerating from 4.2% in the previous month. Products that ushered growth included aircraft and gold, which do not reflect actual export conditions. While other key growth drivers were aluminum products, air conditioner and parts, and steel, iron and parts. One notable merchandise, computers, returned to a growth of as high as 19.1%, marking the first expansion in 3 months. Such a figure signaled that the lingering chip shortage conditions began to improve in recent periods. However, exports of automotive and parts continued to undermine Thai exports according to slowing global demand from economic uncertainties. Lastly, exports of mineral and fuel products continued to improve by 73.7%, accelerating from 65.3% in the previous month. However, fuel

export growth may slow next month due to lower global crude oil prices and refining costs following concerns that various key economies could enter a recession.

High-growth export destinations were concentrated in ASEAN and India. Meanwhile, various other key destinations signaled slowing growth.

Regarding exports by destinations, key supporting markets included ASEAN and India. Growth to such destinations marked a 6 and 12 months high at 35.6% and 77.7%, respectively. Meanwhile, exports to Laos and Myanmar continued to improve in June at 10%, down from 29.8% in May, and 15.4%, up from 12% in May, respectively. EIC anticipates that the low international reserves holding of Laos and Myanmar should have a limited impact on Thai exports as exports of refined fuel, the main export product, should continue to benefit from heightening global crude oil prices and recovering demand. Furthermore, factors, such as some cross-border trade activities will use baht as payment and advanced payment agreements should alleviate the conditions. However, Thai exports could face growing risks from the countries' slowing economic conditions and regulations that prohibited imports of certain products, such as automotive in Myanmar. As for exports to China, Japan, and Hong Kong, exports to such key markets contracted. Exports to China dropped to -2.7% in June, after returning to an expansion at 3.8% in May and contracting at -7.3% in April. Such growth reflected concerns over China's sluggish economic conditions, particularly the real estate sector, and risks from city lockdown re-impositions. Furthermore, stalling global economic conditions could suppress production input imports from China. Going forward, export prices should continue to increase. Import volume from China and Thai exports volume to China should drop, coinciding with export growth to the US that reached a 14 months low following fears of growing economic recession risks. Meanwhile, exports to EU28, one of Thailand's main export markets that were directly impacted by energy supply repercussions due to the war, expanded by 5.8%, slowing from 7.7% in the previous month. Exports to Russia and Ukraine continued to plummet by 52.7% and 86.3%, respectively. However, such growth had a limited impact on the Thai economy due to the small overall export proportion.

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

The value of imports grew by 24.5% in June, increasing from 24.2% in the previous month following heightening oil and commodity prices triggered by the war in Ukraine, growing domestic demand, and increasing input demand for manufacturing exports. During the month, imports in nearly all key categories improved, including fuel products 124.8%, capital goods 8.7%, raw materials and intermediate raw materials 11.6%, and consumer goods 6.7%. However, imports of vehicles and transportation equipment shrank by -18.5%. With such regards, the trade deficit during the month registered at USD -1,529.2 million. During the first half of 2022, imports grew by 21%, while the trade deficit stood at

USD -6,255.9 million. Going forward, trade balance should improve from potentially lowering energy prices during the year end.

Going forward, exports could face growing risks following sluggish global economic conditions.

Thai exports performed well during the first half of the year. Exports should continue to expand during the remainder of the year due to the baht depreciation that will benefit various products, especially ones that have low reliance on imported inputs but high reliance on foreign markets (Figure 4). Growth analysis during the recent periods indicated increasing contribution from price factors following the shortage of agricultural products in the global market and increasing export prices. Going forward, the sluggish global economic conditions could worsen as the Global Manufacturing PMI index reading that dropped to a 22 months low, and the Export orders reading that suggested weakening outlooks for 4 consecutive months. During the second half, EIC anticipates that Thai exports should stall, particularly in terms of volume, as per the deteriorating purchasing power of importing countries (Figure 3). Other notable risks include rising global inflation that triggered the central banks of various countries to abruptly impose strong monetary tightening policies, China's economic conditions that remained at risk from the re-imposition of strict virus control measures and economic restructuring activities, war implications on the European market, domestic stability risks in Laos and Myanmar, and the financial market volatilities in Sri Lanka and Pakistan with implications on other developing economies. Furthermore, despite lower pressure from semiconductors and raw material prices, the lingering supply disruption that may drag until 2023 will continue to hamper downstream products, particularly automotive.

Figure 1: High-growth export destinations were concentrated in ASEAN and India. Meanwhile, various other key destinations signaled stalling growth.

Exports by product

Unit: %YOY, (Share in 2021)	2021	2021Q3	2021Q4	2022Q1	2022Q2	Apr-22	May-22	Jun-22	YTD
Total (100%)	17.4%	15.4%	23.1%	14.8%	10.8%	9.9%	10.5%	11.9%	12.7%
Total (ex. gold) (98.6%)	22.8%	23.7%	22.7%	10.0%	11.0%	8.9%	12.5%	11.5%	10.5%
Electrical appliances (10.4%)	20.3%	12.7%	11.7%	8.8%	2.8%	-1.7%	8.7%	1.3%	5.8%
Auto & parts (10.8%)	37.0%	19.1%	24.3%	-11.3%	-6.0%	-9.5%	-3.1%	-6.0%	-8.9%
Agriculture (9.6%)	23.9%	34.1%	20.9%	1.6%	15.4%	3.0%	21.5%	21.7%	9.3%
Chemical & plastics (9.4%)	36.9%	42.9%	35.5%	18.6%	5.2%	8.3%	4.0%	3.3%	11.5%
Agro (7.1%)	7.0%	4.3%	20.5%	27.9%	28.0%	22.8%	32.7%	28.3%	27.9%
Computer & parts (8.1%)	18.0%	17.7%	16.9%	8.6%	-6.7%	-25.1%	-17.9%	19.1%	0.6%
Rubber products (5.3%)	19.5%	8.3%	-1.7%	-8.2%	-0.3%	-5.2%	10.0%	-4.9%	-4.4%
IC (3.1%)	19.0%	19.4%	18.7%	17.7%	9.4%	15.3%	6.4%	7.5%	13.4%
Machinery & parts (3%)	24.3%	29.4%	17.1%	17.3%	13.8%	7.3%	24.2%	10.4%	15.5%
Refined fuel (3.3%)	65.5%	103.4%	104.7%	21.9%	64.2%	53.4%	64.2%	75.2%	45.3%
Textile (2.4%)	13.6%	15.5%	17.8%	13.7%	11.1%	5.7%	17.6%	10.0%	12.4%

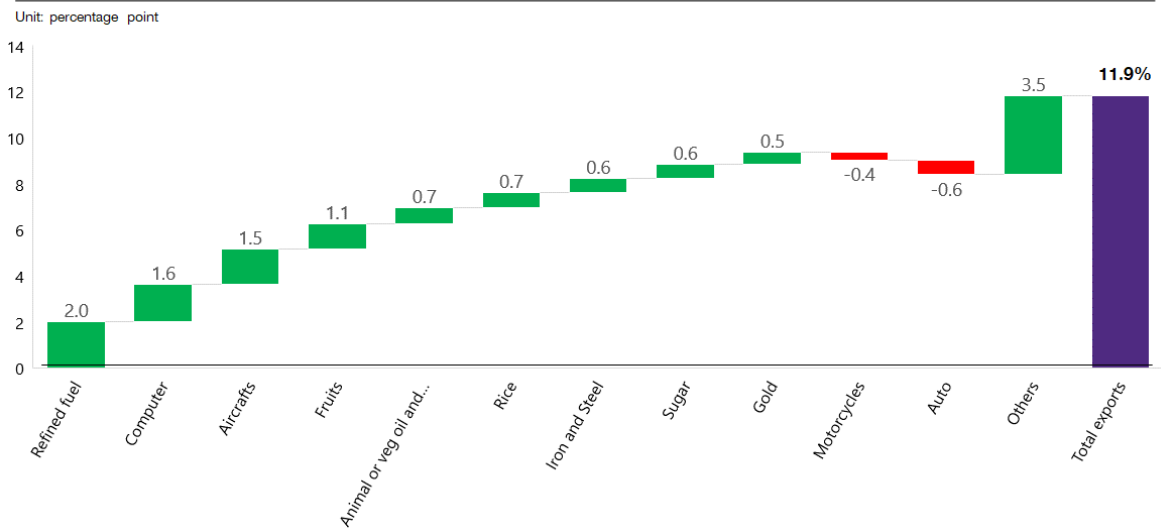
Exports by markets

Unit: %YOY, (Share in 2021)	2021	2021Q3	2021Q4	2022Q1	2022Q2	Apr-22	May-22	Jun-22	YTD
Total (100%)	17.4%	15.4%	23.1%	14.8%	10.8%	9.9%	10.5%	11.9%	12.7%
US (15.4%)	21.9%	19.6%	25.2%	23.3%	17.8%	13.6%	29.2%	12.1%	20.5%
China (13.7%)	25.0%	32.2%	17.8%	4.2%	-1.9%	-7.3%	3.8%	-2.7%	0.8%
ASEAN5 (13.7%)	19.9%	27.1%	44.1%	26.9%	23.1%	26.8%	8.3%	35.6%	24.9%
CLMV (10.3%)	14.5%	7.9%	13.6%	5.5%	14.1%	9.3%	13.1%	19.5%	9.8%
Japan (9.2%)	9.6%	15.2%	-0.2%	1.2%	1.6%	-0.3%	6.2%	-1.0%	1.4%
EU28 (9.3%)	21.3%	13.9%	20.3%	7.5%	4.5%	0.0%	7.7%	5.8%	6.1%
Hong Kong (4.3%)	2.7%	7.8%	9.1%	5.0%	-7.3%	10.6%	-22.4%	-6.4%	-1.9%
Australia (4%)	11.5%	-12.6%	16.9%	-2.4%	-3.3%	-3.9%	-10.9%	5.0%	-2.8%
Middle East (3.3%)	22.2%	19.2%	37.2%	14.9%	28.9%	25.8%	38.0%	23.7%	21.7%
India (3.2%)	56.0%	65.3%	50.6%	33.1%	60.4%	43.6%	64.3%	77.7%	46.6%
Russia (0.4%)	42.3%	61.2%	72.8%	-6.8%	-63.9%	-76.8%	-65.0%	-52.7%	-36.0%
Ukraine (0%)	35.7%	21.0%	27.1%	-49.2%	-89.7%	-94.9%	-87.2%	-86.3%	-67.8%
Switzerland (0.5%)	-81.3%	-87.9%	54.0%	1220.5%	-14.3%	392.2%	-70.0%	-66.7%	319.5%
Laos (1.5%)	19.1%	13.5%	15.4%	10.5%	12.1%	-2.3%	29.8%	10.0%	11.2%
Myanmar (1.6%)	13.7%	13.6%	25.5%	27.8%	13.5%	13.3%	12.0%	15.4%	20.1%

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

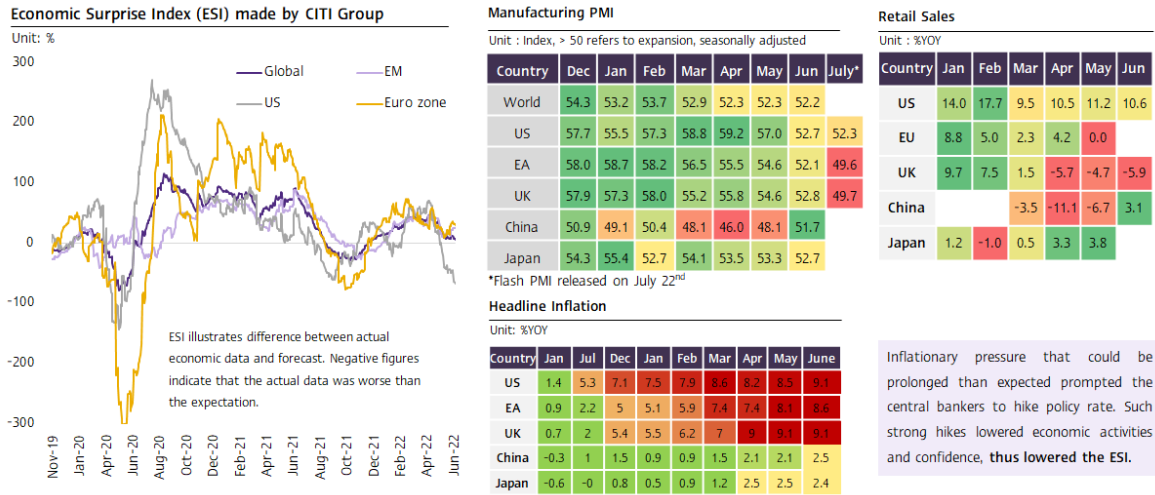
Figure 2: Exports of automotive and motorcycles continued to drag growth, though computer exports returned to an expansion during the month.

Contribution to growth of June 22 exports



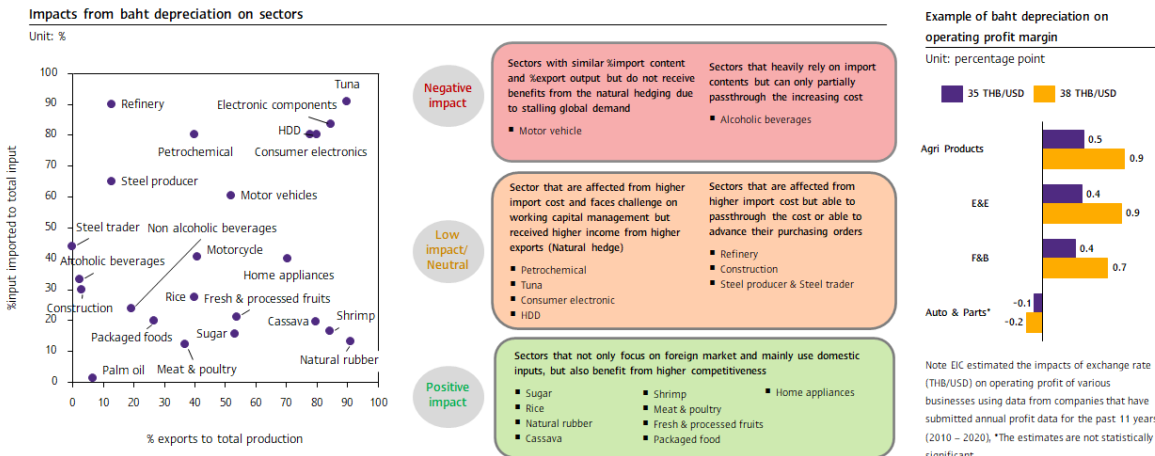
Source: EIC analysis based on data from the Ministry of Commerce

Figure 3: The global economy, as well as manufacturing and consumption activities slowed in May – July, due to the continually rising inflation, and strong monetary tightening policies.



Source: EIC analysis based on data from CITI group, CEIC, Bloomberg, JP Morgan, and S&P Global

Figure 4 : Going forward, the impact of the volatile and depreciating baht outlooks on different industries will depend on the proportion of imported production input and exports. However, the magnitude of the impact should be limited.



Source: EIC analysis based on data from the Office of the National Economic and Social Development Council and company information from the Department of Business Development

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