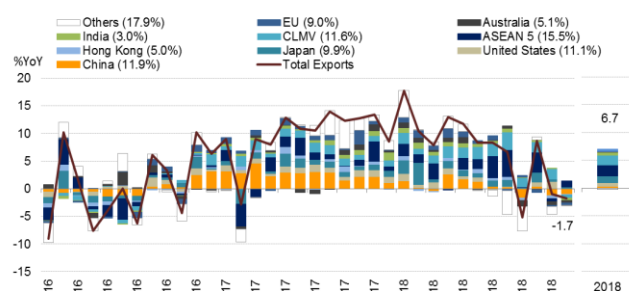


Thailand's exports and imports (December): 2018 outturns missed market expectations

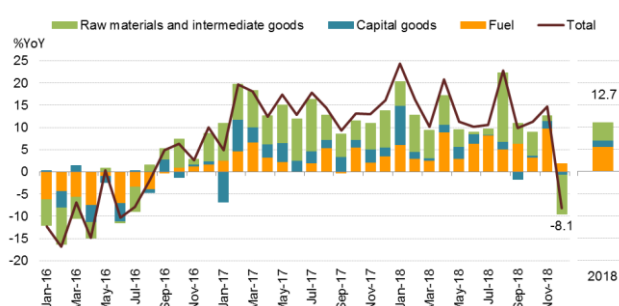
- **Exports in December declined further and the 2018 figure came in below target¹.** Following a 0.95% YoY drop in Nov., merchandise exports in Dec totaled US\$19.4bn, down by 1.7% YoY—a deeper decline than the market expectation of a 0.20% YoY contraction. This was largely due to lower exports to China, CLMV, and the eurozone (Figure 1). For 2018, exports stood at US\$252bn, up by 6.7% YoY. This beat our estimate (6.2% YoY growth), but was significantly weaker than the Ministry of Commerce's target (8% YoY expansion) and the consensus (7.9% YoY).
- **China's slowdown and US tariffs have started to bite.** Exports to China declined by 8.9% YoY in Nov and by 7.3% YoY in Dec 2018—in tandem with China's slowing economy (its 4Q18 GDP growth was 6.4% YoY, its weakest since 2009). Furthermore, the fall in Thai exports of computers & parts and integrated circuits to China and other countries in China's supply chain (notably Hong Kong, South Korea, and Taiwan) is in part attributable to the effects of the US tariff on China's exports.
- **Meanwhile, imports in December plunged for the first time in 28 months.** Imports in Dec contracted by a sharp 8.2% YoY, squeezed by lower imports of raw materials and intermediate goods (Figure 2). 2018 imports came in at US\$249bn, up by 12.5% YoY—in line with the consensus (12.5% YoY growth), but below our estimate (14.4% YoY expansion).
- Given the declines in exports and imports in Dec, we now estimate 2018 GDP growth of 4.3% YoY (above our previous forecast of 4.1% YoY growth, but below the consensus of 4.5% YoY). We also expect the 2018 current account surplus to be posted at about US\$31.3bn (the Jan-Nov figure was US\$29.3bn), equal to 7.5% of GDP.
- **We expect slower exports in 2019, given the dimmer global outlook.** With weaker growth among most of Thailand's major trading partners, we project the 2019 export growth of 4.5% YoY, slightly below the consensus forecast of 4.8% YoY. In particular, China's slowing economy together with escalating Sino-US trade tensions weigh on the Thai export outlook. Nevertheless, lower average oil prices should keep the current account surplus at around 7-8% of GDP.

Figure 1: Contribution to export growth, by export market



Source: Ministry of Commerce

Figure 2: Contribution to import growth, by product category



Source: Ministry of Commerce

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¹ The international trade figures released by the Ministry of Commerce are customs basis figures, whereas those released by the Bank of Thailand are of BOP basis, which excludes goods transferred to Thai citizens abroad and transactions associated with shipment.

Figure 3: Thai exports, by destination country

	Share (%)	2017	2018	2018						
				Q1	Q2	Q3	Q4	October	November	December
Total	100.0	236,635	252,486	63,022	63,170	63,918	62,376	21,758	21,237	19,381
%YoY		9.9	6.7	11.7	10.9	3.0	2.0	8.7	-0.9	-1.7
China	12.0	29,506	30,175	7,368	7,782	7,312	7,714	2,673	2,594	2,447
%YoY		24.0	2.3	2.6	15.8	-2.8	-4.6	3.0	-8.9	-7.3
United States	11.1	26,570	28,016	6,645	6,979	7,071	7,321	2,482	2,626	2,214
%YoY		8.5	5.4	9.1	6.7	0.0	6.7	7.2	11.9	0.6
Japan	9.9	22,067	24,942	6,495	6,060	6,004	6,383	2,234	2,284	1,864
%YoY		7.7	13.0	24.7	11.3	8.7	8.4	18.7	4.3	2.7
Hong Kong	5.0	12,299	12,524	3,170	3,165	3,411	2,777	904	963	910
%YoY		7.2	1.8	1.4	9.5	2.7	-6.2	-2.8	-11.1	-4.0
Asean 5	15.5	34,503	39,115	9,452	9,561	10,482	9,620	3,669	3,108	2,843
%YoY		6.1	13.4	15.7	8.2	21.0	9.0	24.4	-4.3	8.0
CLMV	11.6	25,140	29,322	6,823	7,046	7,735	7,719	2,533	2,758	2,428
%YoY		12.9	16.6	13.6	19.8	24.2	9.9	18.2	17.6	-4.2
India	3.0	6,477	7,600	1,981	1,959	1,885	1,775	600	585	590
%YoY		25.6	17.3	31.7	27.3	13.8	-0.2	12.0	3.6	-12.9
Australia and Oceania	5.1	12,483	12,848	3,329	3,258	3,258	3,003	1,108	1,049	845
%YoY		3.5	2.9	13.8	10.3	-3.3	-7.2	-2.0	-11.8	-7.6
EU (15)	9.0	21,636	22,709	5,971	5,715	5,627	5,396	1,891	1,779	1,726
%YoY		8.1	5.0	10.6	11.2	2.5	-3.7	-4.1	-2.0	-5.0
Others	17.9	45,953	45,235	11,788	11,646	11,132	10,668	3,664	3,490	3,514
%YoY		6.6	-1.6	9.0	5.7	-15.7	-2.2	2.8	-8.3	-0.8

Source: Ministry of Commerce

Figure 4: Exports, by product category

	Share (%)	2017	2018	2018						
				Q1	Q2	Q3	Q4	October	November	December
Total	100.0	236,635	252,486	63,022	63,170	63,918	62,376	21,758	21,237	19,381
%YoY		9.9	6.7	3.0	5.5	1.2	-2.4	8.7	-0.9	-1.7
Agricultural products	9.2	22,960	23,161	5,603	5,912	5,815	5,831	1,989	1,973	1,869
%YoY		17.8	0.9	-7.8	5.5	-1.6	0.3	11.2	-11.3	-9.3
Rice	2.2	5,187	5,619	1,391	1,335	1,380	1,513	466	528	519
%YoY		17.7	8.3	-12.7	-4.0	3.3	9.7	28.2	-22.4	-5.5
Rubber	1.8	6,024	4,602	1,176	1,253	1,084	1,088	384	370	333
%YoY		35.5	-23.6	-19.5	6.5	-13.5	0.3	-19.1	-25.0	-32.3
Agro-manufacturing products	7.1	17,054	17,877	4,329	4,670	4,498	4,380	1,584	1,454	1,341
%YoY		-0.9	4.8	0.9	7.9	-3.7	-2.6	13.5	-4.3	-2.7
Manufacturing products	79.3	187,950	200,336	50,578	49,962	50,653	49,143	17,060	16,776	15,307
%YoY		9.3	6.6	4.8	-1.2	1.4	-3.0	6.8	-0.4	-0.8
Textiles	2.8	6,701	7,137	1,772	1,783	1,815	1,766	607	590	569
%YoY		3.9	6.5	2.7	0.6	1.8	-2.7	10.7	-0.4	-2.7
Jewellery	4.7	12,827	11,978	3,206	3,076	2,854	2,841	1,014	953	875
%YoY		-10.0	-6.6	47.2	-4.1	-7.2	-0.5	62.5	25.4	10.1
Unwrought gold	1.7	5,716	4,371	1,121	1,303	836	1,112	401	307	404
%YoY		-21.5	-23.5	94.5	16.2	-35.8	33.0	240.8	146.0	20.9
Electrical appliances	9.6	23,466	24,341	6,274	6,177	6,021	5,869	1,997	2,014	1,858
%YoY		6.3	3.7	8.2	-1.6	-2.5	-2.5	5.1	0.3	-1.7
Electronics	15.2	36,736	38,363	9,608	9,636	9,798	9,322	3,247	3,216	2,859
%YoY		13.6	4.4	-5.0	0.3	1.7	-4.9	-0.3	-9.5	-13.5
Iron and steel	2.5	5,559	6,253	1,533	1,626	1,546	1,549	531	537	481
%YoY		7.1	12.5	8.2	6.1	-4.9	0.2	17.1	7.6	3.6
Polymers	4.1	8,674	10,330	2,486	2,712	2,639	2,494	893	824	777
%YoY		12.4	19.1	9.9	9.1	-2.7	-5.5	24.0	3.4	4.3
Plastic products	1.7	3,902	4,276	1,043	1,071	1,089	1,072	368	368	337
%YoY		5.0	9.6	2.1	2.7	1.7	-1.6	6.8	5.4	2.5
Chemical products	3.6	7,460	9,179	2,212	2,311	2,247	2,410	837	819	754
%YoY		22.4	23.0	14.8	4.5	-2.8	7.3	27.8	27.4	19.9
Automobile and parts	14.9	34,312	37,731	9,926	9,210	9,584	9,011	3,065	3,066	2,880
%YoY		5.5	10.0	6.5	-7.2	4.1	-6.0	-6.5	-5.6	2.8
Refinery products	3.7	7,183	9,316	2,028	2,155	2,507	2,625	982	903	741
%YoY		30.1	29.7	-5.8	6.2	16.4	4.7	34.3	27.1	4.0
Others	0.7	1,487	1,797	482	472	445	397	142	131	124
%YoY		25.4	20.9	34.6	26.4	25.3	-0.6	18.4	-8.8	-8.6

Source: Ministry of Commerce

Figure 5: Imports, by product category

	Share (%)	2017	2018	2018						
				Q1	Q2	Q3	Q4	October	November	December
Total	100.0	221,519	249,232	60,712	61,215	64,535	62,769	22,037	22,415	18,316
%YoY		14.1	12.5	16.6	13.9	14.5	5.8	11.2	14.7	-8.1
Fuels	16.9	30,155	42,050	8,965	10,352	11,059	11,674	3,801	4,476	3,397
%YoY		25.6	39.4	28.5	45.4	50.6	33.9	21.1	75.3	12.3
Crude oil	11.2	18,785	27,799	5,987	6,410	7,357	8,046	2,395	3,219	2,431
%YoY		27.7	48.0	34.3	58.9	63.2	39.1	12.0	101.9	18.6
Capital goods	11.2	60,772	27,799	5,987	6,410	7,357	8,046	5,523	5,753	4,860
%YoY		8.0	5.3	12.3	7.9	0.2	1.7	1.5	6.0	-2.7
Industrial machinery	8.3	19,508	20,739	5,047	5,246	5,104	5,342	1,748	1,952	1,641
%YoY		2.4	6.3	14.2	9.3	0.0	3.0	-4.4	10.8	3.0
Electrical machinery	7.7	17,303	19,140	4,380	4,849	5,058	4,854	1,766	1,636	1,452
%YoY		5.5	10.6	11.1	14.6	9.6	7.6	13.4	2.2	7.2
Computers and parts	3.6	7,513	8,955	2,143	2,264	2,350	2,198	775	758	665
%YoY		13.3	19.2	25.5	33.3	16.6	5.1	6.9	9.2	-1.2
Raw materials and intermediate goods	40.2	91,301	100,151	24,731	24,437	27,387	23,596	8,752	8,149	6,696
%YoY		18.7	9.7	16.2	8.4	17.2	-2.1	13.4	2.9	-20.9
Chemicals	6.7	14,750	16,733	4,154	4,232	4,200	4,147	1,463	1,465	1,220
%YoY		13.7	13.4	15.4	13.6	12.6	12.2	16.7	17.4	2.1
Iron and steel	5.4	11,342	13,436	3,222	3,366	3,517	3,331	1,206	1,140	985
%YoY		8.7	18.5	22.1	15.6	25.8	11.2	28.6	9.8	-3.5
Electronic parts	6.4	14,909	15,910	3,835	3,885	4,158	4,032	1,592	1,360	1,081
%YoY		13.4	6.7	11.9	3.9	5.3	6.3	10.2	9.3	-2.2
Jewellery	6.0	14,311	14,937	3,962	2,613	5,649	2,712	1,147	968	597
%YoY		79.2	4.4	20.1	-4.5	53.7	-41.1	11.0	-25.4	-73.7
Consumer goods	11.1	25,071	27,566	6,879	6,827	6,448	7,413	2,562	2,650	2,200
%YoY		6.4	10.0	11.0	13.8	6.9	8.4	19.2	9.5	-3.1
Vehicle and parts	5.9	13,666	14,732	3,607	3,647	3,656	3,822	1,369	1,316	1,138
%YoY		4.4	7.8	18.9	8.1	-3.1	9.7	16.4	8.8	3.6
Others	0.3	555	723	240	161	194	128	31	72	25
%YoY		51.5	30.4	216.1	91.5	86.9	-56.0	-83.4	258.5	-70.4

Source: Ministry of Commerce

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