

## Thailand's merchandise exports in April expanded on the back of continued gold price rally

- Thailand's exports in April rose 2.1% YoY, following a 4.2% YoY expansion in March. Imports for the month plunged -17.1% YoY after a 7.3% YoY growth in the previous month (**Chart 1**). Trade surplus went up to USD2.5 bn from USD1.6 bn last month.
- The main drivers for export growth stemmed from gold (1,102.8% YoY) and weaponry (1423.1% YoY) which were transferred back to the US after the Cobra Gold military exercise. Gold exports continued to surge after gold prices rallied towards an eight-year high as investors seek refuge in safe haven assets as monetary expansion led to worries of runaway inflation (**Chart 2**). Excluding gold, oil and weaponry, exports contracted 7.5% YoY. The fall was led by automotive (-53.8%YoY) and electrical appliances (-17.7% YoY). Lockdown measures and logistics shock hurt global trade and trading partners' economies. Meanwhile, agricultural and agro-manufacturing exports grew 4.0% YoY primarily from rice exports (23.1% YoY) and food products (5.6% YoY) due to hoarding and stay-at-home-related demand.
- The fall in April imports was broad-based. The oil price slump caused fuel imports to dive by 26.8% YoY (Chart 3). Other major categories also posted a sharper decline in line with sluggish domestic demand and supply disruption due to lockdowns. Capital goods plunged by 14.4% YoY and consumer goods dropped by -21.4% YoY.
- Exports to US continued to increase and exports to China and Japan rebounded after lockdown easing. Exports to US, China and Japan grew by 34.6%, 9.0% and 9.8% respectively. However, exports to European and other markets decreased as countries implement tighter containment measures.
- Going forward, recent trade data shows no signs of recovery despite easing in many economies. Korean trade data, the leading indicator of the region's export, for the first 20 days of May reflected a broad-based slump as exports fell 20.3% YoY. Exports to China fared better than the rest with a 1.7% YoY dip compared to a 27.9% YoY contraction to the US and an 18.4% drop to the EU. The weaknesses are likely to be similar for other export-reliant economies. **We expect the Thai exports of the real sector (excluding gold and oil) to weaken considerably over the coming months in tandem with weak global demand and business disruptions.**

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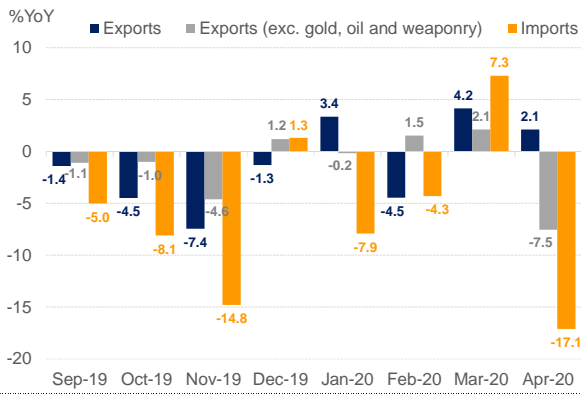
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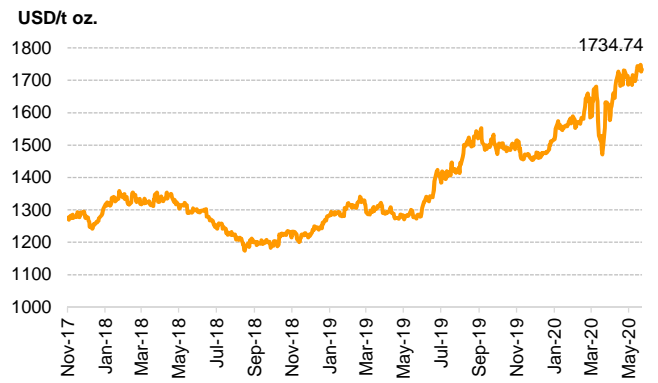
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Chart 1: Thai Export Growth



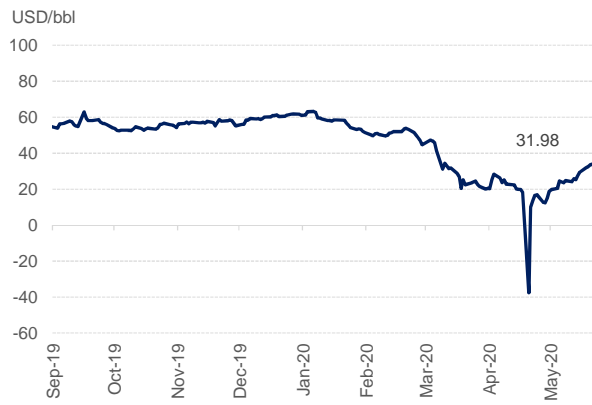
Source: Ministry of Commerce

Chart 2: Gold Price



Source: Bloomberg

Chart 3: WTI Crude Oil Price



Source: Bloomberg

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