

August 22, 2019

## Despite a rebound of 4.3% in July, exports, excluding gold, remained on a downward trend

- **Total exports in July 2019 grew 4.3% YoY, beating the consensus of a -2.1% growth according to a Bloomberg survey.** For the first seven months of 2019, exports fell 1.9% YoY compared to the same period last year. However, the sharp increase was mainly driven by a surge in gold exports (+406.9% YoY). Excluding gold, exports contracted 0.4% YoY (**Chart 1**).
- **Imports for July rose 1.7% YoY from an increase in capital goods imports across all categories,** against a consensus of - 6.0% YoY surveyed by Bloomberg. The baht strength, to some degree, provides the opportunity for firms to import capital goods and machinery more advantageously. As a result, July trade surplus nosedived to \$110m from \$3.2 bn in June, resulting in the first seven-month of 2019 trade surplus of \$4.05 bn.
- **The improvement in exports came from agricultural products, food, jewelry and cosmetics.** Exports of poultry to China rose strongly as chicken meat continues to be a substitute for pork in response to China's current severe pork shortage. That said, automotive, electronics and chemicals exports continued to decline in line with global trade slowdown.
- **Despite a one-month improvement, we expect to see weakness for exports in the coming quarters—consistent with falling exports of several Asian Economies, except Taiwan and Vietnam (Chart 2).** Due to a combination of the strong baht and the deterioration of global backdrop, we revise down our 2019 GDP forecast to 2.6% from 3.1% on account of a larger contraction of exports than previously projected.

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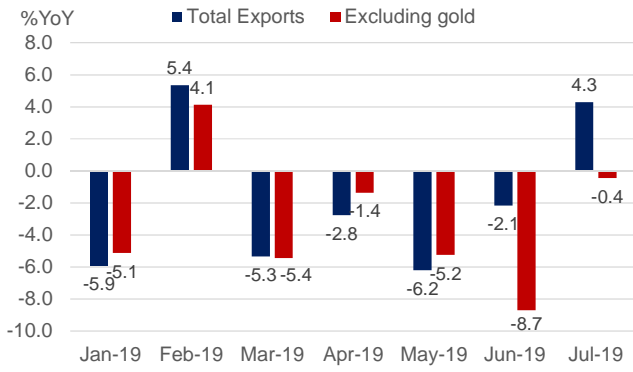
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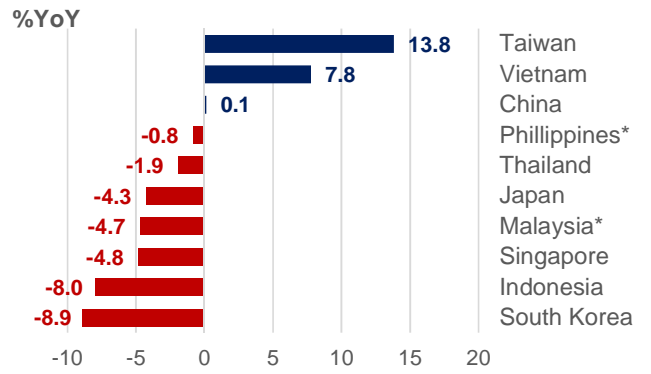
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Chart 1: Thai Export Growth



Source: Ministry of Commerce

Chart 2: Asian Economies' Export Growth



Source: CEIC

\*Only from Jan – Jun 2019

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