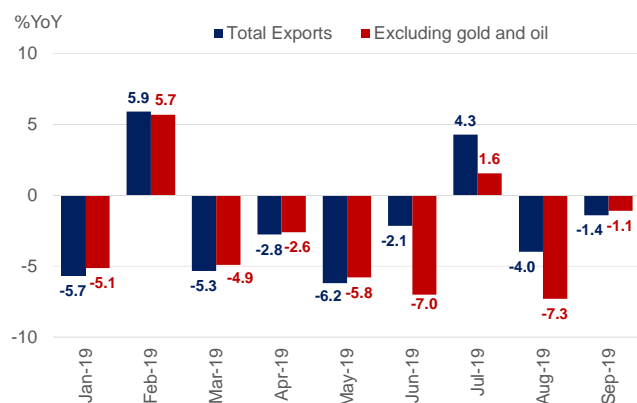
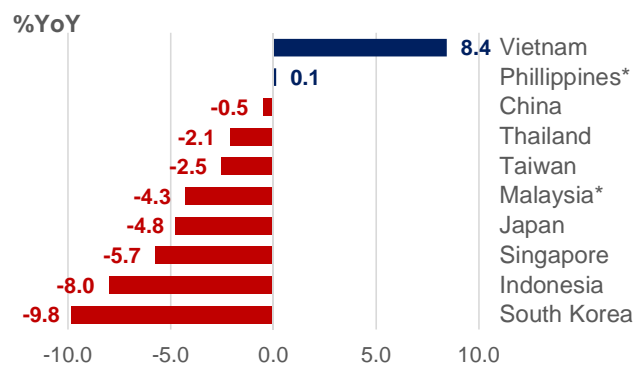


## Thai Exports in September continued to contract amid softer global demand and ongoing trade tensions

- **Total exports in September fell 1.4% YoY following a 4.0% YoY contraction last month.** The actual figure surprised on the downside compared with a Bloomberg survey estimate of +2.7%. Exports for the first nine months of 2019 fell 2.1% YoY. Overall, Q3 exports slipped 0.5%. Excluding gold and oil-related products, September exports contracted 1.1% YoY (**Chart 1**).
- **Imports for the month also fell by 4.2% YoY primarily due to the decline in imports of fuels (-20.1% YoY) as well as in imports of raw materials and intermediate goods (-5.4% YoY).** However, excluding gold and oil, imports increased by 1.1% YoY. As a result, trade balance saw a surplus of \$1.3 bn for September, and continued its monthly surplus trend, leading to a \$7.4 bn year to date.
- **The fall in exports was mainly attributed to the decline in exports of oil-related products (-16.2% YoY) and electronics (-12.3% YoY) as demand in major countries slowed down and uncertainties around trade tension between US and China remained.** Furthermore, a combination of fierce international competition and a strong Thai Baht led to a decrease in agricultural exports (-3.1% YoY) especially for rice (-32.2% YoY), rubbers (-15.4% YoY), cassavas (-35.2% YoY), and shrimps (-10.5% YoY). On the upside, exports of vehicles and parts expanded the first time in six months (+5.8% YoY) mainly from a spike in passenger car exports to China (+104.2% YoY) due to a low base from a year ago and the ongoing US-China tariffs.
- **Given this month's reading, we expect to see further weakness for exports in the coming quarters—consistent with a reduction in export growth of several Asian economies, except Vietnam and the Philippines (Chart 2). Nonetheless, current account is still expected to end up in surpluses in coming periods as the extent of the fall in imports are likely to exceed the drop in exports, leading to a continuation of trade surpluses for the rest of 2019.**

**Chart 1: Thai Export Growth**


Source: Ministry of Commerce

**Chart 2: Asian Economies' Export Growth (Jan – Sep 19)**


Source: CEIC

\*Only from Jan – Aug 2019

**Burin Adulwattana**  
Chief Economist

burin.adulwattana@bangkokbank.com/ +66 2 230 2657

**Kantheera Tipkanjanarat**  
Research Associate

kantheera.tipkanjanarat@bangkokbank.com

**Boochita Pitakard**  
Research Associate

boochita.pitakard@bangkokbank.com

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