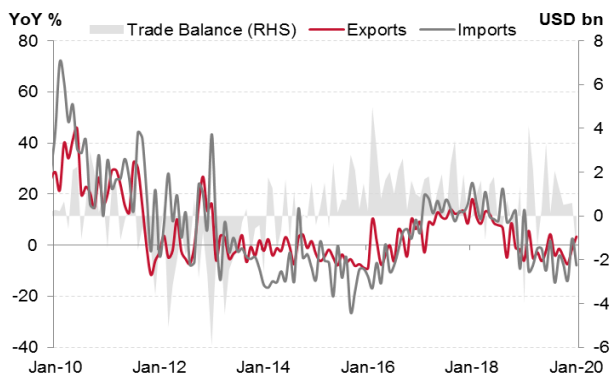


Thailand External Trade

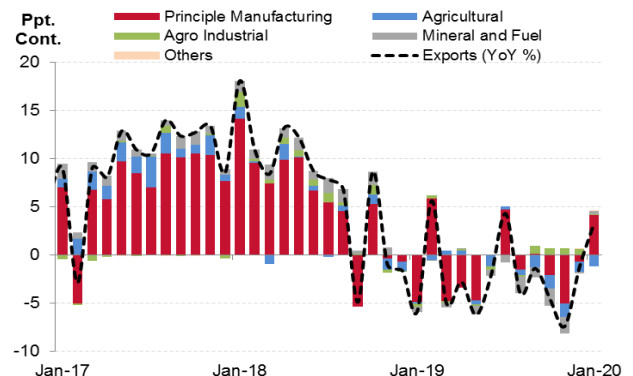
Exports rebound in January on surge in gold shipments, bucked regional trend

- Exports charted its first expansion in six months (3.3% YoY; consensus: -3.0%; Dec: -1.3%) in January.
- By segment, the better export performance was led by manufacturing and mineral & fuel
 - Manufacturing (5.2%; Dec: -0.9%): accelerated to a six-month high solely on a surge in shipments of unwrought gold (299.6%; Dec: -40.8%).
 - Mineral & fuel (7.3%; Dec: -3.0%): fastest growth in two years underpinned by positive turnaround in exports of refined fuels, specifically diesel (10.6%; Dec: -15.0%), as refineries recommenced operations after maintenance shutdowns.
- By destination, the improvement was steered by higher demand from regional peers
 - Exports to the EA-8 (0.3%; Dec: -4.9%) and EU (2.5%; Dec: -1.6%) rebounded to a 13-month and 16-month high, respectively.
- Imports reverted to a contractionary mode (-7.9%; consensus: -15.9%; Dec: 2.5%)
 - Slowdown led by arms & munitions used in official services (-96.8%; Dec: 431.6%) amid a high base effect, followed by raw materials & intermediates (-10.2%; Dec: 0.4%) and consumer goods (9.6%; Dec: 14.8%), pointing towards lacklustre domestic activities.
 - Trade balance recorded its largest deficit in a year (-USD1.6b; Dec: USD0.6b) as imports (14.1%) posted a larger expansion compared to exports (2.5%) on a MoM basis.
- 2020 exports forecast revised down to -2.0-0.0% from -2.0-1.0% (2019: -2.7%) on adverse spillovers from the COVID-19 outbreak
 - Exports recovery driven by the tech cyclical upturn spurred by the 5G rollout is expected to be delayed by the ongoing drought conditions and COVID-19 epidemic, which has disrupted the global supply chain and resulted in softer demand from China.
 - With depressed growth outlook and possibly slow containment of the coronavirus, we retain our expectation that the BoT may embark on another 25 bps rate cut in the immediate term, after cutting the policy rate to a fresh record-low of 1.00% in early-February.

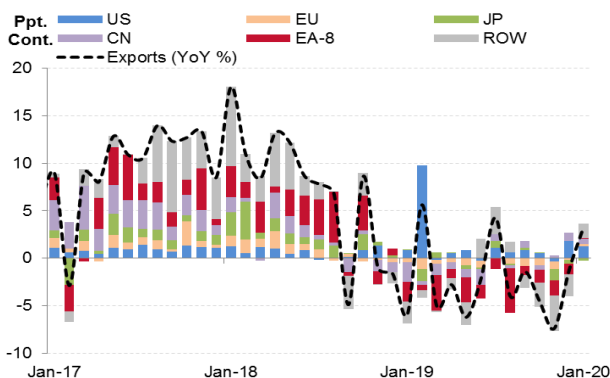
Graph 1: External Trade Growth Trend



Graph 2: Exports by Product

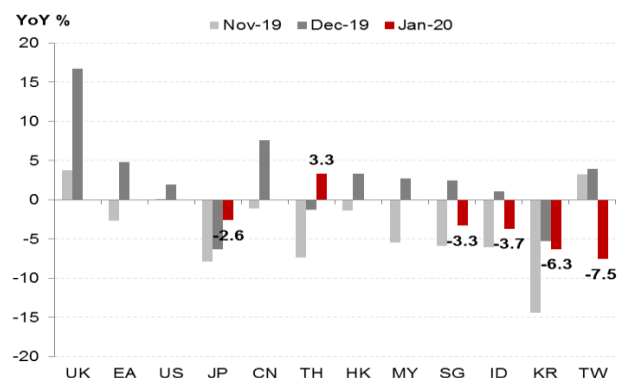


Graph 3: Exports by Destination



Source: Ministry of Commerce, Kenanga Research

Graph 4: Export Growth of Selected Countries



Source: Ministry of Commerce, Kenanga Research

25 February 2020

Table 1: Thailand External Trade Growth Trend

		2018	2019	Jan -19	Jul -19	Aug -19	Sep -19	Oct -19	Nov -19	Dec -19	Jan -20
Total Trade	YoY %	9.4	-3.6	4.0	3.0	-9.4	-2.8	-6.1	-10.7	0.6	-2.8
Trade Balance	USD bn	4.8	9.6	-4.0	0.1	2.1	1.3	0.5	0.5	0.6	-1.6
Exports	YoY %	6.9	-2.7	-5.9	4.3	-4.0	-1.4	-4.5	-7.4	-1.3	3.3
Manufacturing	YoY %	6.6	-1.8	-6.1	6.0	-1.9	0.2	-2.6	-6.4	-0.9	5.2
	Share	79.2	79.9	79.0	79.8	80.7	81.0	79.9	79.8	79.2	80.4
Agricultural	YoY %	1.1	-6.2	-2.0	3.3	-6.6	-14.4	-15.3	-14.2	-11.3	-12.2
	Share	9.2	8.9	9.8	8.9	9.2	7.7	8.1	8.6	8.7	8.3
Imports	YoY %	12.0	-4.7	13.8	1.7	-14.6	-4.2	-7.6	-13.8	2.5	-7.9
Raw Materials & Intermediates	YoY %	9.7	-7.6	7.9	-2.5	-27.7	-5.4	-9.3	-6.1	0.4	-10.2
	Share	40.3	39.1	37.4	39.1	39.0	40.1	39.2	40.1	36.2	36.5
Capital Goods	YoY %	5.2	-4.0	-3.1	11.9	-7.9	-0.8	3.1	-8.9	0.3	5.8
	Share	25.8	26.0	23.2	27.0	25.4	26.8	28.1	27.3	26.3	26.7
Consumer Goods	YoY %	10.0	3.5	4.3	18.5	-0.9	11.0	-0.8	3.0	14.8	9.6
	Share	11.1	12.1	11.1	11.5	11.5	12.1	12.5	14.3	13.6	13.2

Source: Ministry of Commerce, CEIC, Kenanga Research

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Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

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