

## Thailand Economics

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## News Update

### Weak October trade

- Custom-based export fell 4.4% y-y in October.
- That was against a 2.1% y-y drop of import.
- This implies a global slowdown to us.
- Ironically, this gives an upside to 2022F GDP

Ministry of Commerce reported October trade figures yesterday. These figures are custom-based and will be adjusted and reported by the Bank of Thailand (BOT) a few days later. However, both sources of data tend to be in the same direction.

Both export and import fell in October 2022 and they were weaker than expected. We believe that was due to an impact from a global slowdown. However, as import was much weaker-than-expected than export, we see an upside to our 2022F GDP forecast of 3.2%.

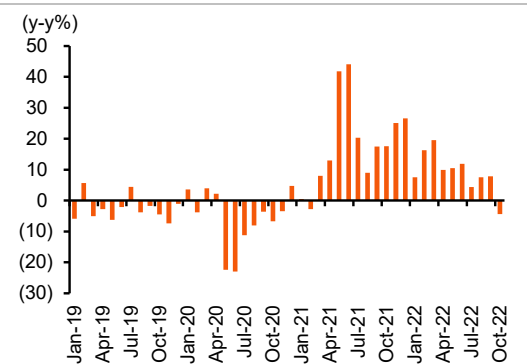
- Export fell 4.4% y-y in October vs. our BOT-report based forecast of 1% y-y growth in 4Q22F. The weakness was seen across the board (Exhibit 4) but the most prominent one was petroleum & petrochemical products (-21% y-y) which we believe due to China's weak petrochemical import and very low spreads. Metal & steel fell 12% y-y which should be due to falling product prices. The areas of growth were seen in jewelry (+23% y-y) and auto sector (+5% y-y). Electronics held up flat which is considered decent.
- Import fell 2.1% y-y in October. This is considered much better than expected given we forecast BOT-based growth rate of 16% y-y in 4Q22F. Note that the reason of still high growth forecast for import is due to higher base of energy prices this year compared to pre-Russia/Ukraine war in 2021. The drop in import was led by capital goods which fell 16% y-y in October. Energy import still grew 7% y-y due to the low pre-war base last year but it fell on a monthly basis at a fast rate of a 10% per month since the peak import in June 2022 (Exhibit 6).
- The weaker trade flows, both export and import, in October implied to us of a global slowdown trend. We however already factor in a global slowdown in our export forecast of -1.5% and import of -0.6% in 2023F.
- Note that, although the report on the customs basis shows a trade deficit figure of US\$586m, it is not expected to be the case with the BOT's balance of payment account basis which we use in our GDP forecast. We still expect the BOT to report a trade surplus in October and also a current account surplus, driven by a fall in energy import and freight payment.

### Ex 1: GDP Forecast

(% growth)	21A	22F	23F	24F
<b>GDP growth</b>	<b>1.5</b>	<b>3.2</b>	<b>4.0</b>	<b>4.0</b>
Consumption	0.3	5.9	3.1	3.1
Private inv.	3.3	5.2	5.2	4.6
Govt inv.	3.8	(4.6)	1.0	1.6
Export - US\$	19.2	7.8	(1.5)	1.1
Import - US\$	23.9	19.5	(0.6)	2.2
Current acc./GDP	(2.2)	(3.0)	0.9	3.3
Bt/US\$ - avg	32.0	35.2	34.3	33.0

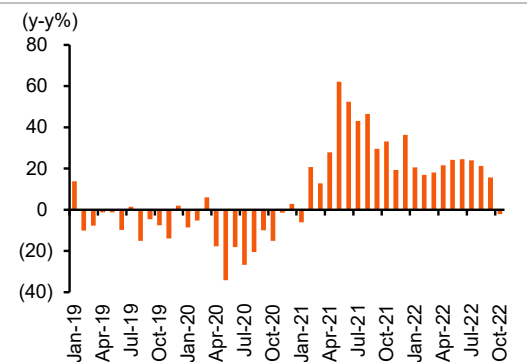
Sources: Bank of Thailand, NESDC, Thanachart estimates

### Ex 2: Custom-based Export Growth



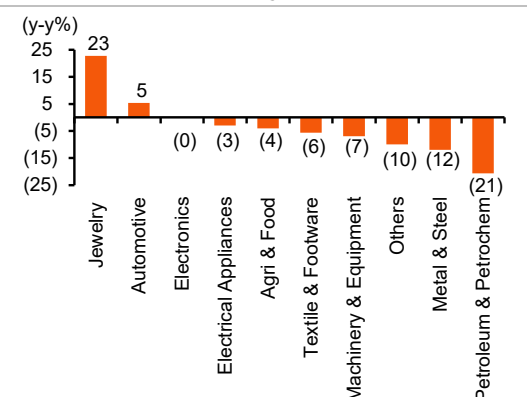
Source: Ministry of Commerce

### Ex 3: Custom-based Import Growth



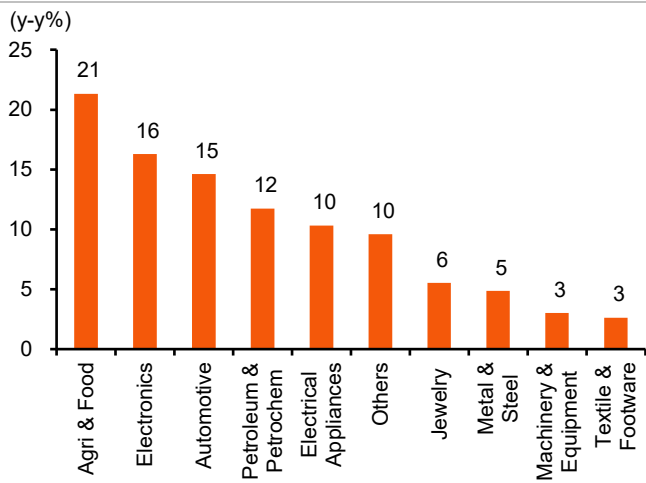
Source: Ministry of Commerce

### Ex 4: Export Growth By Sector (Oct-22)



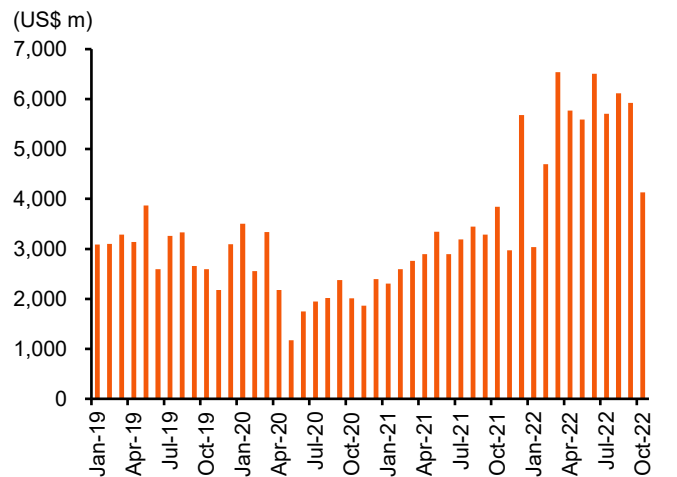
Source: Minister of Commerce

**Ex 5: Export Breakdown By Sector In October 2022**



Source: Ministry of Commerce

**Ex 6: Energy Import Fell 30% M-M In October 2022**



Source: Ministry of Commerce

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