



Flash by EIC

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Thai exports showed vulnerability as reflected by 4.2% drop in October 2016.

Key point

- Thai export value in October fell by 4.2%YOY while market consensus expected a 1.2%YOY growth.
- Pressures stemmed from declining gold exports, both from a high base level in the same period last year and an earlier acceleration during the first half of the year. Also, exports of agricultural products, automotive, electronics and electrical appliances turned negative again.
- Value of imports grew by 6.5%YOY as import of fuel continued to expand following recovering oil prices.

Implication

- EIC sees that exports contracted once again for main manufacturing products such as automotive, electronics and electrical appliances, reflecting a fragile demand recovery of major trading partners, especially the US, Europe, Australia and the Middle East. Uncertainties surrounding a recovery of exports still persist.
- EIC expects the value of Thai exports in 2016 to contract by 0.5%YOY. In the remaining two months of the year, export value is expected to expand slightly on the back of higher oil and agricultural prices. Nonetheless, a fragile recovery of trading partners' economies and other global risks will still weigh on global trade volume.
- EIC expects Thailand's import value to drop by 6.2%YOY in 2016. Recovering oil prices remain a support factor for import growth as import of fuel-related products is expected to pick up in the remaining of the year. However, subdued domestic investment this year should continue to put pressures on imports of capital goods, especially with no recovery sign of private investment and delays in the government's mega-infrastructure projects than previously expected.

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