



## Flash by EIC

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### China and CLMV drives Thai exports growth to continue at 6.2%YOY

#### Key point

- Thai exports rose by 6.2%YOY thanks to rising exports to China and CLMV that grew by 27%YOY and 17%YOY, respectively, with exports of oil-related products growing quickly in these markets.
- The value of exports grew by 0.5%YOY in 2016, turning to positive growth for the first time in 4 years. Excluding gold exports, however, the value of exports would have contracted by 1.2%YOY.
- The value of imports continued to grow the fourth consecutive month by 10.3%YOY as imports of fuel increase following oil price recovery. As a result, the overall value of imports fell by 3.9%YOY in 2016.

#### Implication

- The drop in exports when excluding gold reflects that Thai exports have not yet fully recovered, especially with exports of main industrial goods like electronics and electrical appliances that have continued to suffer throughout 2016 from slow recovery of global markets, products becoming outdated and shifts in production bases.
- EIC expects exports to grow slightly by 1.5%YOY in 2017, as subdued global trade and risk from the US trade barriers with China that will affect Thai industrial exports used in China's exports supply chain, especially electronics, primary plastic and furniture wood, weigh down growth. Nevertheless, recovering oil prices will likely support improvement in prices and value of oil-related commodities exports, especially during the first half of 2017.
- EIC expects imports to return to growth at 3.5%YOY in 2017 as imports of fuel rise with oil prices and demand of consumer goods increases on the back of stronger household consumption. However, stalling investment condition among main industries that will prolong into 2017 will likely put downward pressure imports of on capital goods going forward.

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