Flash by EIC

SCB Economic Intelligence Center

21 December 2017

Thai exports in November expanded 13.4%, hoping to drive GDP growth of 2017 to 4%

Key point

- Thai export value continued its upward trend for 9 consecutive months, recording 13.4%YOY in November. This was led by exports of oil-related products such as refined fuel, rubber and rubber products, which grew 16%YOY and 41%YOY respectively. Exports of key industrial products continue to grow in line with global economy. These included computer and parts, and auto auto-parts and accessories, which expanded 23%YOY and 13%YOY respectively. Meanwhile, exports of agricultural products such as rice also expanded over 50% from exports to Cameroon, South Africa, Benin and Bangladesh that resumed their rice orders from Thailand after having paused for over 5 years. Nevertheless, exports, excluding gold export which dropped by over 73%YOY, recorded a remarkable rate of 15.5%YOY in November, reflecting a solid growth in merchandise exports. Overall, Thai exports during the first 11 months of this year grew 10.0%YOY.
- Thai import value continued to grow 13.7%YOY thanks to imports of fuel which increased over 21%YOY following a rise in oil prices, while imports of computer and parts still expanded over 22%YOY in line with exports in related products. Moreover, imports of capital goods (excluding airplanes and ships) grew by 7%YOY, reflecting a recovery in domestic investment. On the whole, Thai imports expanded 14.5%YOY for the first 11 months of this year.

Implication

- EIC adjusted its 2017 growth forecasts for export and import values to 10.0% and 14.0%, from previous forecasts of 8.5% and 13.0% respectively. Thus, Thai economy will likely grow at 4% in 2017 instead of 3.8% as previously projected.
- EIC expects export value in 2018 to increase by 4.2% driven mainly by increasing volume due to better growth outlook of main trading partners, which will raise demand for Thailand's key manufacturing products. Moreover, increasing demand from households, particularly from major advanced economies and ASEAN especially from China's policy to reduce income inequality, will be supporting factor in boosting demand for Thailand's consumer products to continually grow from 2017 onward. However, export sector might be weighed down by slower growth of oil prices which will likely slow down growth of oil-related products that accounts for 17% of total exports. At the same time, exports of commodities might face pressures from declining prices of some commodities and baht appreciation relative to

export competitors in the region, which may weaken price competitiveness of exporters. Nevertheless, growth of Thai exports in 2018 may be slower than in 2017. This is in line with growth outlook of Asian exports (excluding Japan) in 2018 which is expected to expand by 5.1%, a slower rate than 7.1% of 2017, according to survey of Asia Pacific Consensus as of December 2017.

- EIC expects import value for 2018 to expand by 7.2% due to rising demand for raw materials and capital goods following expected recovery in domestic investment. However, imports of fuel may be affected by slower growth of oil prices than in 2017.

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