



## Thai exports in December expanded 8.6%, driving annual growth to 9.9%

### Key point

- Thai export value continued its upward trajectory in December, the 10<sup>th</sup> consecutive month, recording 8.6%YOY. The main contributors to this trend were the export of oil-related products, such as rubber and products, and refined fuel, which grew by 32%YOY and 15%YOY respectively. At the same time, Thailand's exporting of key industrial products grew in-line with the global production trend. These include computer and parts (28%YOY) and auto and parts (13%YOY). The recovering export price of agricultural exports, especially rice and cassava, contributes to the export growth of the aforementioned products by 11% and 8% respectively. In sum, the strong growth of Thai export in December resulted in an annual export value increase of 9.9%YOY.
- Thai import value continued to grow at 16.6%YOY thanks to the import of fuel products which grew 27%YOY following a rise in oil prices. On the import of computer and parts, the growth of 27%YOY reflecting the rising export trend for these products. Meanwhile, the import of capital goods (excluding airplanes and ships) increased slightly by 2%YOY. Overall, the annual import value of 2017 increased by 14.7%YOY.

### Implication

- Thai export value in December grew strongly alongside the global manufacturing trend. This is reflected in the Global Manufacturing PMI, which showed an accelerated increase trajectory for the 6<sup>th</sup> consecutive month led by the developed economies. Additionally, Thailand's strong export growth correlated with other export-based economies in Asia such as China, Indonesia, South Korea, Taiwan, and Vietnam. EIC views that the positive trend in manufacturing outputs in both developed and developing economies in Asia will lead to a higher demand overall for the key industrial products of Thailand in 2018.
- EIC expects the 2018 annual export growth of Thailand to be 5.0%, in-line with the rising global production trend, as well as the price recovery of fuel and agricultural products. However, the main risk exporters face is the appreciation of Thai Baht which strengthened by 11.1% from the beginning of 2017. This factor will reduce the export revenue in Thai Baht. Similarly, the appreciation of Thai Baht by 5.2%YOY in the nominal effective exchange rate (NEER) in December 2017 weakened Thailand's international competitiveness in terms of foreign exchange rate in comparison to our trade competitors.
- In terms of import, EIC forecasts that the annual growth rate for 2018 will be 7.5%, rising alongside the demand for raw materials and capital goods from the recovering domestic investment and the increase in import of fuel products following the positive trend of oil prices.

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