



Thai Exports Welcomed 2018 by Rising 17.6% in January, Highest in 62 Months

Key point

- Thailand's export value rose by 17.6%YOY in January with strong growth recorded in most important export markets and product types. The main contributors to the strong export figure were oil-related products, including chemical and plastic products, as well as petroleum products which grew by 28%YOY and 26%YOY respectively. Meanwhile, the exports of main industrial goods have risen in accordance to the global production trends, such as computer and parts, and automobiles, auto accessories and parts that continue their increasing trajectories by 26%YOY and 18%YOY, respectively. At the same time, the export price of agricultural products including rice and cassava have recovered with 37%YOY and 42%YOY growth for each product.
- The total Thai import value continued to increase by 24%YOY through oil-related products that surged by 48%YOY due to the increasing oil price. The import of computer, computer parts, and accessories also soared by 31%YOY in-line with the increase in exporting of products in this category. Meanwhile, the import of capital goods ascended by 34%YOY, highlighting the trend of increasing investment in the country.

Implication

- EIC forecasts 5.0% growth for Thailand's total export value in 2018 alongside the growth in the global manufacturing sector and the price of oil and agricultural products that have been increasing. However, the appreciation of Thai Baht at 31-31.5 THB/USD may weaken the Thai exporters' income in the local currency. On the same note, the appreciation of Thai Baht by 5.4%YOY in the nominal effective exchange rate (NEER) in January 2018 has weakened Thailand's international competitiveness against our trade competitors in terms of foreign exchange rate. In addition, the renewed US trade protectionism policy has impacted the Thai export, as President Donald Trump approved the safeguard measure by imposing import tariffs on the washing machine and the solar panel. EIC analysis reveals that this measure will impact 0.2% of total Thai export.
- US trade protectionism policy may present risks for Thai exports. Barriers that could impact Thai exports include (1) Restrictions on the importation of steel and aluminum (2) The renewal of GSP programme for Thailand that may specifically impact some products, such as electrical goods, lenses, and some types of washing machines (3) The inspection of industrial and consumer goods that may violate intellectual property rights

and (4) Nafta renegotiations which have the potential to impact the export of automobiles, auto accessories and parts. Should all these factors occur, EIC expects Thailand's export to be affected by 2.7% of the total export value.

- **EIC expects Thailand's total import value to expand by 7.5%** based on an increase in demands for raw materials and capital goods. The import of these products will grow alongside the trend of increasing investment in Thailand and the rise in oil-related products that is predicted to grow alongside the increase in oil price.

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