



Flash by EIC

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 Thai exports maintained its growth in March at 7.1%. EIC expects 7.5% annual growth.

Key point

- **Thai exports in March maintained strong growth rate at 7.1%YOY.** Led by oil-related products including refined fuel, as well as chemical and plastic products which grew by 49.0%YOY and 15.3%YOY respectively. The export of key industrial products also rose alongside the global production trends including computer and parts, as well as integrated circuit that increased by 23.3%YOY and 19.0%YOY. However, exports of agricultural products shrank by 9.7%YOY because of the decline in rubber and sugar exports that decreased by 50.2%YOY and 4.1%YOY respectively. This is due to the weakening of global prices of the two products. In terms of export destination, exports rose in almost every important export markets except China which fell by 8.7%YOY due to the decrease in rubber export following decline in global price. Overall, Thai exports in the first quarter of 2018 grew by 11.3%YOY, the highest quarterly growth in 7 years.
- **The value of Thai imports continued to grow at 9.5%YOY.** From the importation of oil-related products that rose by over 13.2%YOY based on increasing oil prices. Computer and parts also experienced a strong import growth with an increase of 18.8%YOY alongside the increase in exports of products in the same category. In sum, Thai imports in the first quarter of 2018 increased by 16.2%YOY.

Implication

- **EIC raised its expected annual growth for Thai exports in 2018 to 7.5% from the previous 5%.** The world economy is still growing well in 2018 leading to increasing demands for goods worldwide. IMF recently adjusted its expected global imports of goods in 2018 to 5.7%YOY from 4.3%YOY. The mentioned factor will also lead to increasing demands for goods from Thailand. Additionally, Thailand received an extension on GSP from the US for 2018-2020 which lessen the worry on potential impacts of the protectionism policy by the US on Thailand. Meanwhile, impacts from trade war between US and China are limited but it is worth keeping an eye on the development. In addition, exports of oil-related products could be benefited from the increasing trend of global crude oil prices. EIC adjusted its expected Brent price in 2018 to USD 68 per barrel, a 26%YOY increase (from the previous USD 64 per barrel). However, the appreciation of Thai Baht against important trade partners and prices of agricultural products such as rubber and sugar that are still falling will continue to put downward pressure on Thai exports.

Nevertheless, the rising trend of Thai exports could help Thailand's economy in 2018 to grow better than the previous expectation of 4.0%

- EIC adjusted its evaluation of annual import growth value for 2018 to 12.2% from 9.2%. Import figure will grow alongside the increase in demands for raw materials and capital goods that are expected to rise with the trend of increasing investment in Thailand that is expected to recover. The increase in oil-related imports based on the increase in oil prices is also expected to contribute to import growth.

By : Pimnipa Boosang (pimnipa.boosang@scb.co.th)
Economic Intelligence Center (EIC)
Siam Commercial Bank Public Company Limited
EIC Online: www.scbeic.com