



Thai Exports Surged Slightly by 8.3%YOY in July while Key Products Faced A Slowdown

Key point

- The value of Thai exports in July grew by 8.3%YOY, a slight improvement from 8.2%YOY growth of the month earlier. The growth was led by oil-related products namely refined fuel, and chemical and plastic products which increased by 52.7%YOY and 26.4%YOY from the increases of 23.6%YOY and 13.6%YOY in June, respectively, due to Brent price's growth of 39.8%YOY. However, exports of key products shrank. Exports of key industrial products including computers, accessories and parts, and electrical integrated circuit, grew by 7.7%YOY, a slowdown from 8.2%YOY in the previous month. Exports of agricultural and agro-industrial products increased by 3.2%YOY, a drop from 4.5%YOY growth in June. For the first time in 8 months, the value of rice exports plunged by -4.9%YOY. For the first 7 months of 2018, the growth of Thai exports is at 10.6%YOY.
- U.S. import tariffs began to affect Thai exports however limitedly. In July, Thailand's total exports value of solar panels, and washing machines, dryers and parts decreased by 25.6%YOY and 8.8%YOY respectively due to the exports of these products to the U.S. which dropped significantly by 77.7%YOY and 21.9%YOY respectively. The value of solar panel exports fell further from June while the value of exports of washing machines, dryers and parts just declined this month after an increase in the previous month. The other export products affected by the U.S. import tariffs including iron, steel and steel products; and aluminum products grew by 6.4%YOY and 31.0%YOY respectively.
- The value of imports maintained its rise at 10.5%YOY, led by imports of fuel products which grew by 64.4%YOY alongside the increased oil price. Imports of computers, accessories and parts also increased by 12.0%YOY following the rise of exports of products in the same category. Meanwhile, imports of capital goods (exclusive of airplanes and ships) grew by 6.6%YOY. For the first 7 months of 2018, the growth of Thai imports is at 14.8%YOY.

Implication

- EIC forecasts the annual growth of Thai exports in 2018 to be at 8.5%YOY, led by growing economies of key trading partners, a potential growth in global trade, and the increasing oil price. EIC expects the average price of Brent oil in 2018 to be at USD 72 per barrel, an increase of 33%YOY. However, Thai exports in the remaining months of 2018 may grow at slower rates due to world's economy which has shown a sign of deceleration, high base effect from last year, and the U.S. imports tariffs which have

begun to affect a number of Thai exports.

- **Thai exports to face higher risk from U.S. – China trade war.** Although the effects from the U.S. import tariffs on Thai exports in 2018 are currently minimal, the moves from U.S. – China trade war which have been activated since July 6, 2018, may impact Thai exports to China in the near future. Affecting exports include intermediate goods particularly computers, accessories and parts, machinery and parts, and automobile and parts which are accounted for around 1.8% of all Thai exports. Meanwhile China's countermeasure of imports tariffs on U.S. exports will not impact Thai exports much as most affected products are not significantly related to Thai exports. However Thai exports may benefit from the U.S. – China trade war in case U.S. importers turn to Thai exports instead of the Chinese.
- **EIC forecasts the annual growth of Thai imports in 2018 to be at 13.5%YOY.** Strong domestic investment, which is likely to grow well in the second half of 2018, is leading the demands for raw materials and capital products; a push for imports growth. Moreover, the growth is due to import products' prices which have a potential to rise alongside oil price. With the growth of Thai imports being higher than the growth of Thai exports, Thailand faced a trade deficit of USD 516 million in July. However, for the first 7 months of 2018, Thailand still has a high trade surplus of USD 2,939 million which reflects the country's strong external stability.

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