The Impact of Bilateral Exchange Rate on Trade Between Thailand and China

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The purpose of this article is to investigate the impact of the real exchange rate volatility on trade between Thailand and China. It focuses on the monthly aggregate export and import of Thailand to China for the full period from 1997 to 2011. And the full period will divided into sub period 1997:6 to 2000:5 and 2000:6 to 2011:12. Therefore our findings are summarized as follows: Fist, the GLS (Genarally Least Square) regression indicates real exchange rate volatility have positive impact on aggregate export between Thailand and China in period 1997:06 to 2000:12. Because the finance crisis make the exchange rate of Thai have uncertainty and volatility. But the real exchange rate volatility has no impact on aggregate import of Thailand from China in the same time. Second, the GLS (Genarally Least Square) regression indicates the real exchange rate volatility have no impact on aggregate export and import between Thailand and China in period 2000 to 2011 and 1997 to 2011 And the real exchange rate has no impact on trade between Thailand and China in the same time. On the other hand, the GDP of importing countries turn out to have positive effects in every period. So it know that the aggregate export and import of Thailand and China depend on the income of population, if the income is bigger, the export and import will bigger.