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ECONOMICS

In this report:

Malaysia – Exports growth trend to continue

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Malaysia

Exports growth trend to continue

A low base, improved global economic and trade activities, a semiconductor upcycle and firm commodity prices were the main drivers of exports in March. A further upside to exports will be influenced by the progression of global vaccination roll-outs and the spate of reopening of global borders. Also, our well-diversified export base and strong trade linkages helped sustain gains in trade despite lingering uncertainties.

The downside risks could come from new Covid-19 variants, delays or less effective vaccines and geopolitical tensions that could slow the global recovery. Thus, exports are expected to grow by 15% y/y and imports by 13.0% y/y.

- Exports surged 31% y/y to RM104.95bil in March, the strongest expansion in nearly four years. It not only extended the double-digit growth in February of 17.6%, but also surpassed the RM100 billion mark, a level not seen since July 2017.

- The strong exports were supported by higher global demand notably for E&E (semiconductors used in 5G technology and high-performance computing), resourced-based (chemical &chemical products, palm oil) and rubber products.

- Imports also grew at the highest rate since October 2017, up 19.2% y/y to RM80.79 billion. All import components grew in March with capital goods surging by 93.4% y/y; intermediate goods up (12.4% y/y) and consumption imports climbed 13.0% y/y. Thus, trade surplus widened to RM24.2 billion, the highest since July 2020, registering a double-digit growth of 96.1% y/y.

- For the 1Q21, total trade expanded 14.8% y/y to RM505.65 billion. Exports increased 18.2% y/y to RM282.14 billion while imports rose 10.8% y/y to RM223.51 billion.

- A low base, improved global economic and trade activities, a semiconductor upcycle and firm commodity prices were the main drivers of exports. Besides, further upside to exports will be influenced from the progression of global vaccination roll-outs and the spate of reopening of global borders.

- Also, our well-diversified export base and strong trade linkages helped sustain gains in trade despite lingering uncertainties. The downside risks could come from new Covid-19 variants, delays or less effective vaccines and geopolitical tensions that could slow the global recovery.

- Nonetheless, with an upside exports growth momentum envisaged, exports are expected to grow by 15% y/y and imports by 13.0% y/y.

Table 1: Key External Trade Data YoY (%)

	Mar'20	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar
X y/y (RM)	-6.5	-24.9	-26.0	8.0	3.1	-2.9	13.6	0.2	4.6	10.8	6.6	17.6	31.0
M y/y (RM)	-2.7	-8.0	-30.4	-5.6	-8.7	-6.5	-3.6	-6.0	-9.0	1.6	1.3	12.7	19.2
X y/y (USD)	-11.3	-29.0	-28.9	5.1	-0.2	-2.9	14.5	1.1	5.7	13.3	7.7	21.0	36.9
M y/y (USD)	-7.6	-13.0	-33.1	-8.1	-11.7	-6.4	-2.8	-5.1	-8.0	3.9	2.4	16.0	24.6
X-M RMbn	12.3	-3.6	10.4	20.9	25.2	13.2	21.9	22.1	17.1	20.7	16.6	17.9	24.2
X-M US$bn	2.9	-0.8	2.4	4.9	5.9	3.2	5.3	5.3	4.1	5.1	4.1	4.4	5.9

Source: CEIC/AmBank Research

Table 2: Imports by End Use YoY (%)

	Mar'20	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar
Imports	-2.7	-8.0	-30.4	-5.6	-8.7	-6.5	-3.6	-6.0	-9.0	1.6	1.3	12.7	19.2
Capital Import	-48.1	69.1	-27.8	2.8	-19.8	-15.6	-2.2	-14.9	-26.6	-2.1	-5.4	38.3	93.4
Intermediate Import	2.5	-30.6	-27.8	-10.7	-17.3	-5.6	-17.7	-6.0	-10.6	-5.0	1.4	-0.1	12.4
Consumption Import	6.8	-12.2	-22.2	8.9	0.1	2.9	11.2	3.1	-7.2	3.3	1.3	17.6	13.0
Re-exports	12.6	37.9	-30.1	5.2	15.6	8.5	38.6	-4.9	18.0	22.9	7.5	64.9	3.7

Source: DOS/CEIC/AmBank Research

Table 3: Major Exports Markets YoY (%)

	Mar'20	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar
China	-7.5	2.8	3.7	46.1	13.9	20.9	41.9	4.9	13.2	13.5	26.0	35.8	46.6
Singapore	7.7	-17.4	-22.0	3.5	4.1	0.7	13.7	1.9	16.0	19.0	5.0	13.3	31.6
US	-4.4	-31.2	-9.4	27.5	28.6	13.6	22.1	25.6	24.6	18.2	18.4	26.0	67.5
Japan	-1.8	-28.9	-33.2	9.1	-2.8	-13.9	-11.3	-6.0	3.5	13.7	-1.2	2.4	14.4
Hong Kong	-12.6	-8.3	-23.6	30.9	1.5	-0.6	31.9	-15.0	27.4	30.1	8.9	33.3	39.0
Thailand	-38.8	-38.2	-40.1	-10.2	-9.4	-23.0	-0.6	-9.1	-14.0	-0.8	-5.0	1.8	29.0
Vietnam	-34.1	-40.0	-35.2	18.0	-4.9	-6.4	6.0	-3.8	-12.3	-8.3	52.8	33.4	101.1
ROK	9.4	-4.7	-6.9	-3.7	11.3	1.5	-1.1	-13.2	-18.5	-2.3	-23.0	-9.8	0.9
India	-42.5	-71.6	-81.9	-42.3	-7.4	-20.1	-4.5	17.6	1.1	59.9	-19.6	25.1	70.6
Indonesia	95.2	-4.8	-38.3	-6.2	-7.8	-20.9	-14.1	-24.6	-33.7	-21.3	-0.3	15.4	-46.4

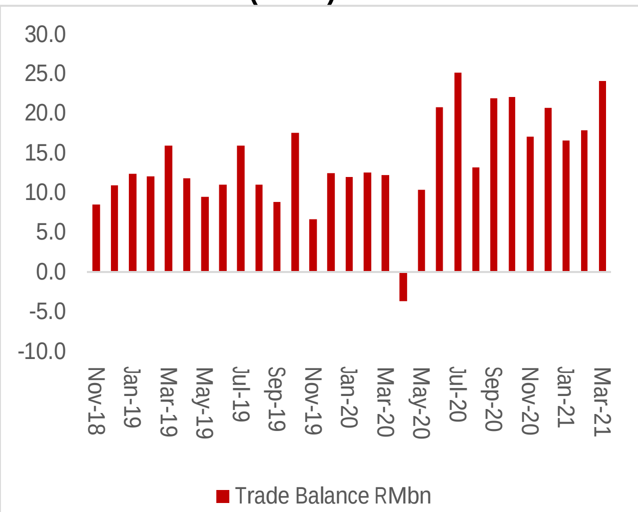
Source: CEIC/DOS/AmBank Research

Table 4: Exports by Sector and Sub-Sector (RM million)

Sector and Sub-Sector	Value RM million (FOB)				Annual Change (%)		Value RM million (FOB)		
	Mar 2020	Feb 2021	Mar 2021	Share (%)	Val RM million (FOB)	%	J-Mar 2020	J-Mar 2021	Share (%)
MANUFACTURING	**67,622**	**76,322**	**91,856.9**	**87.5**	**24,235.2**	**35.8**	**201,772**	**247,541.2**	**87.7**
Electrical & Electronic Products (E&E)	26,885	31,512	39,787	43.3	12,901.9	48.0	84,413	107,952	43.6
Rubber Products	2,358	6,684	7,324	8.0	4,966.2	210.6	6,887	20,370	8.2
Chemical And Chemical Products	4,782	5,176	6,325	6.9	1,542.7	32.3	13,336	16,202	6.5
Petroleum Products	7,688	6,675	4,695	5.1	(2,992.9)	(38.9)	19,485	15,931	6.4
Manufacture Of Metal	2,826	3,754	5,324	5.8	2,498.5	88.4	8,875	12,787	5.2
Machinery, Equipment And Parts	3,020	3,460	4,521	4.9	1,501.8	49.7	9,940	11,374	4.6
Optical & Scientific Equipment	3,146	3,306	4,115	4.5	968.7	30.8	9,527	10,792	4.4
Palm Oil-Based Manufactured Products	1,835	2,039	2,605	2.8	770.1	42.0	5,456	6,514	2.6
Iron And Steel Products	1,779	1,803	2,394	2.6	614.8	34.6	5,898	6,123	2.5
Processed Food	1,684	1,804	2,180	2.4	496.1	29.5	5,168	5,848	2.4
Wood Products	1,029	1,388	1,695	1.8	665.1	64.6	3,901	4,545	1.8
Transport Equipment	3,558	1,244	1,592	1.7	(1,965.4)	(55.2)	6,527	4,523	1.8
Textiles, Apparels And Footwear	1,073	1,257	1,399	1.5	326.2	30.4	3,705	3,945	1.6
Manufacture Of Plastics	1,066	1,148	1,381	1.5	315.7	29.6	3,378	3,767	1.5
Non-Metallic Mineral Products	661	845	968	1.1	307.1	46.5	2,301	2,717	1.1
Paper & Pulp Products	574	602	697	0.8	123.0	21.4	1,653	1,914	0.8
Jewellery	319	408	607	0.7	288.2	90.3	1,405	1,540	0.6
Beverages & Tobacco	189	174	280	0.3	91.2	48.3	683	674	0.3
Other Manufactures	3,151	3,042	3,967	4.3	816.2	25.9	9,232	10,024	4.0
AGRICULTURE	**5,203**	**5,695**	**7,483**	**7.1**	**2,280.3**	**43.8**	**15,781**	**18,173**	**6.4**
Palm Oil and Palm-Based Products	3,545	3,942	5,464	73.0	1,919.2	54.1	10,845	12,737	70.1
Natural Rubber	276	356	398	5.3	121.2	43.9	861	1,053	5.8
Other Vegetables Oil	207	315	310	4.1	103.9	50.3	656	919	5.1
Sawn Timber & Moulding	289	224	335	4.5	45.6	15.8	857	785	4.3
Seafood, fresh, chilled or frozen	192	205	225	3.0	33.2	17.3	517	637	3.5
Sawlog	54	36	27	0.4	(27.6)	(50.8)	152	86	0.5
Other Agriculture	641	617	725	9.7	84.7	13.2	1,895	1,957	10.8
MINING	**6,892**	**5,194**	**5,234**	**5.0**	**(1,658.8)**	**(24.1)**	**19,676**	**15,360**	**5.4**
Liquefied Natural Gas (LNG)	3,352	2,796	2,537	48.5	(815.7)	(24.3)	10,706	7,725	50.3
Crude Petroleum	2,303	1,273	1,678	32.1	(625.6)	(27.2)	6,180	4,444	28.9
Metalliferous Ores and Metal Scrap	968	854	584	11.2	(383.3)	(39.6)	1,666	2,013	13.1
Tin	69	148	212	4.1	142.8	206.2	287	573	3.7
Crude Fertilizers And Crude Minerals	105	112	128	2.4	23.4	22.3	396	340	2.2
Condensates and other petroleum oil	93	12	94	1.8	0.4	0.5	433	259	1.7
Other Mining	2	0	1	0.0	(0.7)	(36.0)	7	6	0.0
Others	**402**	**357**	**372**	**0.4**	**(29.2)**	**(7.3)**	**1,455**	**1,065**	**0.4**
Total Exports	**80,119**	**87,567**	**104,946**	**100.0**	**24,827.4**	**31.0**	**238,684**	**282,139**	**100.0**

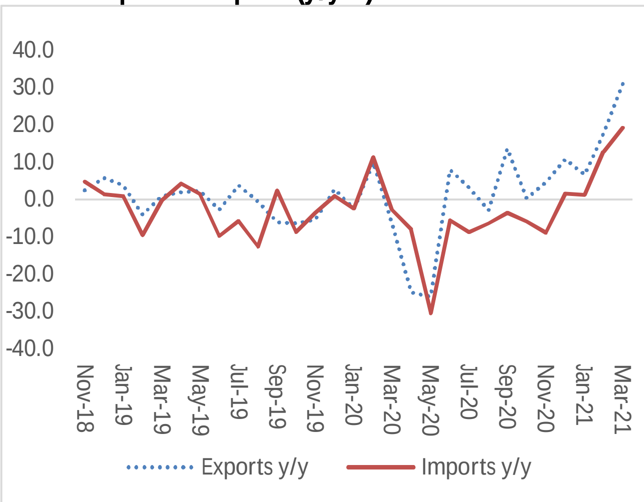
Source: DOS/AmBank Research

Chart 1: Trade Balance (RM bil)



Source: CEIC/AmBank Research

Chart 2: Exports & Imports (y/y %)

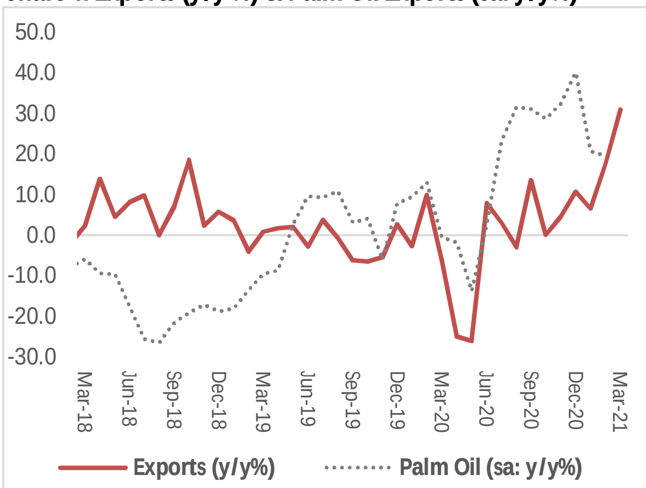


Source: CEIC/AmBank Research

Chart 3: Exports to US & China (sa: y/y %)

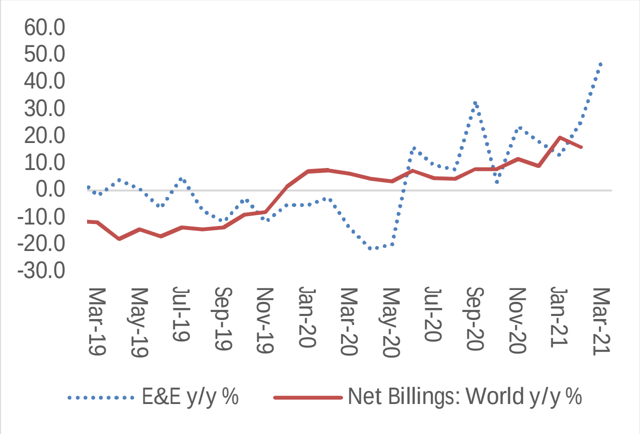
Source: CEIC/AmBank Research

Chart 4: Exports (y/y %) & Palm Oil Exports (sa: y/y%)



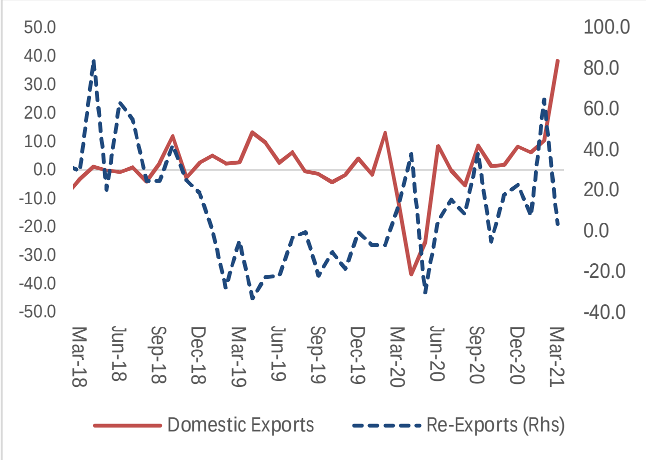
Source: CEIC/AmBank Research

Chart 5: E&E and Semiconductor Net Billings (sa y/y %)



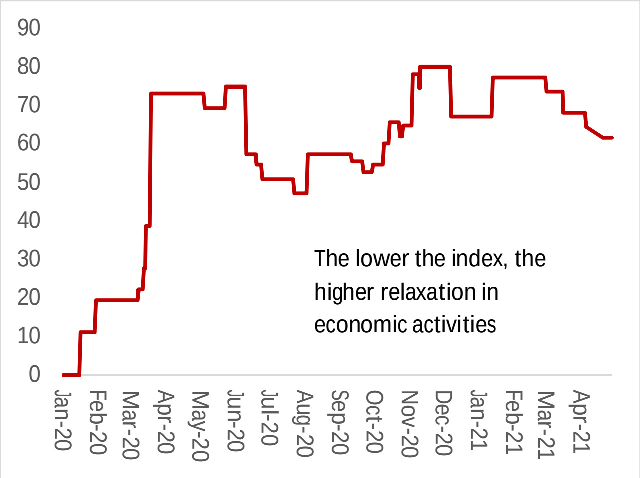
Source: CEIC/AmBank Research

Chart 6: Domestic Exports & Re-exports (y/y%)



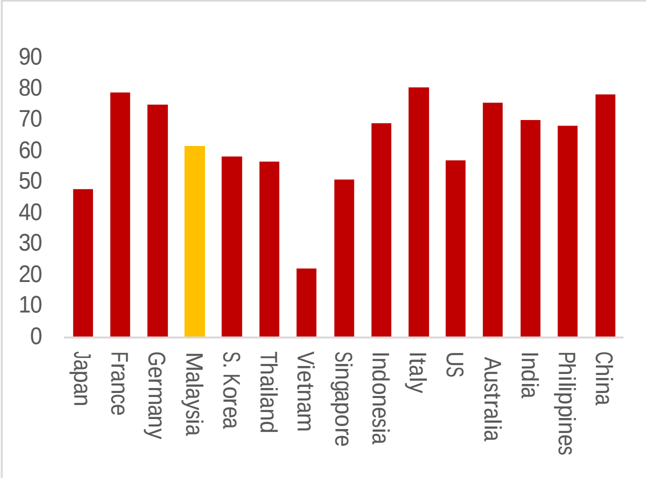
Source: CEIC/AmBank Research

Chart 7: Malaysia Government Stringency Index



Source: CEIC/AmBank Research

Chart 8: Regional Government Stringency Index



Source: CEIC/AmBank Research; *Data as at 27 Apr 2021*

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