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ECONOMICS

In this report:

Malaysia – Commodities drive April's exports growth

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Malaysia

Commodities drive April's export growth

The continued recovery in external demand amid a low-base effect pushed April's exports reading to its fastest growth since March 1998, up 63.0% y/y (Mar: 31.0% y/y). Imports grew 24.4% y/y in April (Mar: 19.2% y/y). The trade surplus narrowed to RM20.5bil (Mar: RM24.2bil).

The reimposition of tighter domestic restrictions from 1 to 14 June is a temporary setback to the economy as export-oriented industries will also feel the brunt. However, we expect the export-oriented sector to rebound faster post-phase 1 of the MCO given the improving global demand and expectations of a better domestic vaccination rate. For now, we maintain projection for our exports and imports to grow by 15% and 13%, respectively.

- The continued recovery in external demand amid a low-base effect pushed April's exports reading to its fastest growth since March 1998. It grew by 63.0% y/y (Mar: 31.0% y/y), 0.9% m/m (Mar: 19.8% m/m), and above the RM100bil mark at RM105.6bil (Mar: RM104.9bil). This brings the year-to-date export growth to 29.6% y/y, which is well above our projection of around 15%.
- The robust exports print was driven by the recovery in the commodity segments, led by agriculture exports, up 66.9% y/y (Mar: 43.8% y/y). We saw solid demand almost across the board i.e. palm oil (Apr: 46.8% y/y; Mar: 8.6% y/y); sawn logs (Apr: 202.9% y/y; Mar: -50.8% y/y), sawn timber & mouldings (255.0% y/y; Mar: 12.8% y/y), and other agriculture exports (April: 48.6% y/y; Mar: 18.6% y/y).
- The mining sector posted a notable recovery, up 24.5% y/y (Mar: -24.1% y/y), marking the first positive growth in 22 months supported by crude petroleum (Apr: 37.1% y/y; Mar: 27.2% y/y); and condensates and other petroleum oil (Apr: 2,325% y/y); and metalliferous ores and metal scrap (Apr: 77.2% y/y).
- The demand for manufacturing exports remains solid, up 65.5% y/y (Mar: 35.5% y/y) underpinned by healthy E&E products (Apr: 43.1% y/y; Mar: 48.0% y/y) and resource-based manufacturing exports i.e. rubber products (Apr: 207.2% y/y; Mar: 210.6% y/y), chemicals & chemical products (Apr: 39.4% y/y; Mar: 32.3% y/y), and manufactures of metal (Apr: 180.7% y/y; Mar: 88.4% y/y).

- Meanwhile, imports grew 24.4% y/y in April (Mar: 19.2% y/y) supported by intermediate (Apr: 64.4% y/y) and consumption goods imports (Apr: 29.9% y/y), which were more than enough to mitigate the decline in capital goods imports (Apr: -38.2% y/y). The contraction in capital goods imports was due to the one-off higher demand for floating structures in April 2020.
- The reimposition of tighter domestic restrictions from 1 to 14 June is a temporary setback to the economy. Export-oriented industries will also feel the brunt due to operations and/or transportations restrictions as well as disruption in the domestic supply chain.
- However, we expect the export-oriented sector to rebound faster post-phase 1 of the MCO given that the global demand for Malaysia's key export products and trading partners remains fairly strong. Unlike a year ago, our vaccination rate is set to improve in the coming months.
- Nevertheless, we remain cautiously optimistic that the business operation environment could be restored fairly quickly, assuming another round of targeted stimulus measures are injected and a gradual phase-out of containment measures in early 2H2021. For now, we maintain our projection of exports and imports to grow by 15% and 13%, respectively.

Table 1: Key External Trade Data YoY (%)

	Apr'20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr
X y/y (RM)	-24.9	-26.0	8.0	3.1	-2.9	13.6	0.2	4.6	10.8	6.6	17.6	31.0	63.0
M y/y (RM)	-8.0	-30.4	-5.6	-8.7	-6.5	-3.6	-6.0	-9.0	1.6	1.3	12.7	19.2	24.4
X y/y (USD)	-29.0	-28.9	5.1	-0.2	-2.9	14.5	1.1	5.7	13.3	7.7	21.0	36.9	72.1
M y/y (USD)	-13.0	-33.1	-8.1	-11.7	-6.4	-2.8	-5.1	-8.0	3.9	2.4	16.0	24.6	31.4
X-M RMbn	-3.6	10.4	20.9	25.2	13.2	21.9	22.1	17.1	20.7	16.6	17.9	24.2	20.5
X-M US\$bn	-0.8	2.4	4.9	5.9	3.2	5.3	5.3	4.1	5.1	4.1	4.4	5.9	5.0

Source: CEIC/AmBank Research

Table 2: Imports by End Use YoY (%)

	Apr'20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr
Imports	-8.0	-30.4	-5.6	-8.7	-6.5	-3.6	-6.0	-9.0	1.6	1.3	12.7	19.2	24.4
Capital Import	69.1	-27.8	2.8	-19.8	-15.6	-2.2	-14.9	-26.6	-2.1	-5.4	38.3	93.3	-38.2
Intermediate Import	-30.6	-27.8	-10.7	-17.3	-5.6	-17.7	-6.0	-10.6	-5.0	1.4	-0.1	12.4	64.4
Consumption Import	-12.2	-22.2	8.9	0.1	2.9	11.2	3.1	-7.2	3.3	1.3	17.6	13.0	29.9
Re-exports	37.9	-30.1	5.2	15.6	8.5	38.6	-4.9	18.0	22.9	7.5	64.9	3.7	11.0

Source: DOS/CEIC/AmBank Research

Table 3: Major Exports Markets YoY (%)

	Apr'20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr
Singapore	-17.4	-22.0	3.5	4.1	0.7	13.7	1.9	16.0	19.0	5.0	13.3	32.1	55.1
China	2.8	3.7	46.1	13.9	20.9	41.9	4.9	13.2	13.5	26.0	35.8	46.6	28.0
US	-31.2	-9.4	27.5	28.6	13.6	22.1	25.6	24.6	18.2	18.4	26.0	67.5	128.6
Japan	-28.9	-33.2	9.1	-2.8	-13.9	-11.3	-6.0	3.5	13.7	-1.2	2.4	14.4	60.3
Hong Kong	-8.3	-23.6	30.9	1.5	-0.6	31.9	-15.0	27.4	30.1	8.9	33.3	39.0	0.8
Thailand	-38.2	-40.1	-10.2	-9.4	-23.0	-0.6	-9.1	-14.0	-0.8	-5.0	1.8	29.0	41.9
Vietnam	-40.0	-35.2	18.0	-4.9	-6.4	6.0	-3.8	-12.3	-8.3	52.8	33.4	101.1	86.3
India	-71.6	-81.9	-42.3	-7.4	-20.1	-4.5	17.6	1.1	59.9	-19.6	25.1	70.6	289.5
Taiwan	-23.4	-27.5	-0.6	-4.6	-12.0	-1.6	-30.2	5.2	-12.6	1.8	6.1	18.9	41.3
Australia	-29.0	-37.8	-18.6	-18.0	-2.4	-14.1	6.4	-13.0	-36.3	15.4	17.2	-2.4	98.1

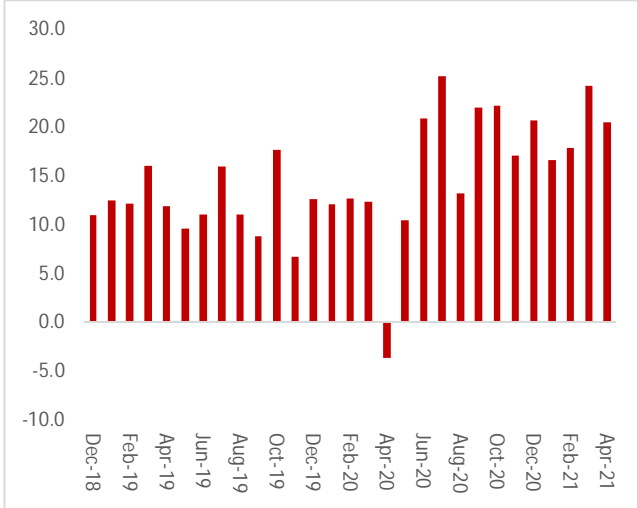
Source: CEIC/DOS/AmBank Research

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

Sector and Sub-Sector	Value RM million (FOB)			Share (%)	Val RM million (FOB)	% y/y	Value RM million (FOB)		Share (%)
	Apr 2020	Mar 2021	Apr 2021				Jan-Apr 2020	Jan-Apr 2021	
MANUFACTURING	55374.76	91908.21	91637.13	86.76	36262.37	65.49	257147.00	339229.67	87.47
Electrical & Electronic Products (E&E)	25906.15	39787.86	37067.05	35.09	11160.90	43.08	110318.72	145019.43	37.39
Petroleum Products	5287.06	4746.49	9929.74	9.40	4642.68	87.81	24772.47	25912.25	6.68
Rubber Products	2448.25	7323.84	7520.40	7.12	5072.16	207.17	9335.10	27890.24	7.19
Chemical And Chemical Products (Exclude Plastics In Non-Primary Forms)	3889.22	6324.70	5423.33	5.13	1534.10	39.44	17225.56	21625.08	5.58
Manufacture Of Metal	1663.25	5324.04	4668.65	4.42	3005.40	180.69	10538.57	17456.04	4.50
Machinery, Equipment And Parts	1644.56	4520.57	4484.76	4.25	2840.20	172.70	11584.23	15857.57	4.09
Optical & Scientific Equipment	2196.33	4115.00	4076.02	3.86	1879.69	85.58	11723.20	14867.54	3.83
Other Manufactures	2283.03	3966.94	3647.51	3.45	1364.48	59.77	11514.79	13671.23	3.53
Iron And Steel Products	2128.13	2393.58	2517.40	2.38	389.27	18.29	8026.21	8640.02	2.23
Palm Oil-Based Manufactured Products	1612.91	2605.17	2443.01	2.31	830.10	51.47	7069.26	8957.34	2.31
Processed Food	1475.48	2180.49	1968.22	1.86	492.73	33.39	6643.97	7816.55	2.02
Wood Products	641.12	1694.58	1585.06	1.50	943.95	147.24	4542.34	6129.73	1.58
Manufacture Of Plastics	859.86	1381.33	1352.17	1.28	492.31	57.25	4237.99	5119.46	1.32
Textiles, Apparels And Footwear	642.67	1398.97	1302.99	1.23	660.32	102.75	4347.84	5248.02	1.35
Transport Equipment	1600.35	1592.33	1290.48	1.22	-309.87	-19.36	8127.78	5813.10	1.50
Non-Metallic Mineral Products	405.88	967.91	879.78	0.83	473.90	116.76	2707.25	3597.06	0.93
Paper & Pulp Products	440.23	697.29	691.77	0.65	251.54	57.14	2093.25	2606.21	0.67
Jewellery	85.65	607.32	552.15	0.52	466.50	544.65	1490.53	2091.73	0.54
Beverages & Tobacco	164.64	279.81	236.65	0.22	72.01	43.73	847.93	911.07	0.23
AGRICULTURE	4703.21	7483.47	7849.56	7.43	3146.36	66.90	20484.64	26022.87	6.71
Palm Oil and Palm-Based Products	3435.02	5463.79	5942.64	5.63	2507.62	73.00	18679.15	12736.50	3.28
Other Agriculture	537.60	725.38	613.71	0.58	76.12	14.16	2570.52	1052.88	0.27
Natural Rubber	243.93	397.57	386.96	0.37	143.02	58.63	1439.84	918.99	0.24
Sawn Timber & Moulding	97.09	334.58	344.66	0.33	247.57	254.99	1129.81	785.15	0.20
Other Vegetables Oil	174.71	310.46	281.59	0.27	106.88	61.17	1200.58	636.97	0.16
Seafood, fresh, chilled or frozen	182.99	224.99	183.48	0.17	0.49	0.27	820.46	86.00	0.02
Sawlog	31.87	26.71	96.52	0.09	64.66	202.90	182.53	1956.80	0.50
MINING	4555.81	5233.57	5671.53	5.37	1115.73	24.49	24231.55	21031.19	5.42
Liquefied Natural Gas (LNG)	2857.57	2536.60	2820.68	2.67	-36.89	-1.29	13563.96	10545.53	2.72
Crude Petroleum	1251.90	1677.56	1716.83	1.63	464.93	37.14	7431.71	6160.68	1.59
Metalliferous Ores and Metal Scrap	283.95	584.37	503.00	0.48	219.05	77.15	1950.07	2515.67	0.65
Condensates and other petroleum oil	9.90	93.57	240.11	0.23	230.21	2325.09	443.29	499.11	0.13
Tin	118.82	212.04	224.01	0.21	105.19	88.52	406.31	797.20	0.21
Crude Fertilizers And Crude Minerals	33.34	128.14	166.18	0.16	132.83	398.38	429.35	505.87	0.13
Other Mining	0.33	1.30	0.74	0.00	0.41	125.02	6.86	7.12	0.00
Others	152.86	372.39	461.61	0.44	308.76	201.99	1607.44	1526.29	0.39
Total Exports	64786.63	104997.63	105619.84	100.00	40833.21	63.03	303470.62	387810.02	100.00

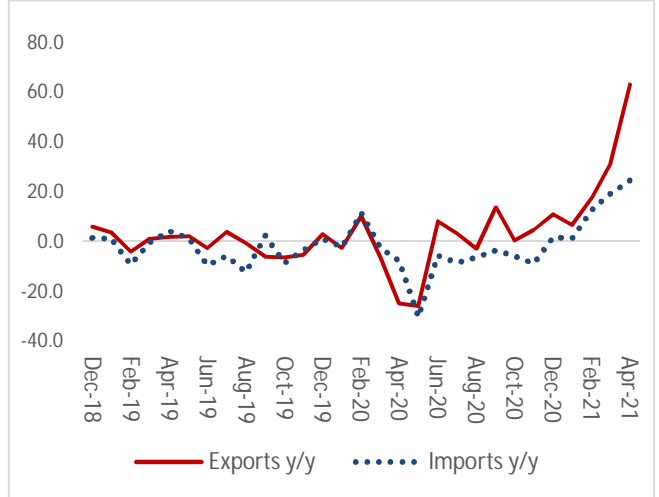
Source: DOS/AmBank Research

Chart 1: Trade Balance (RM bil)



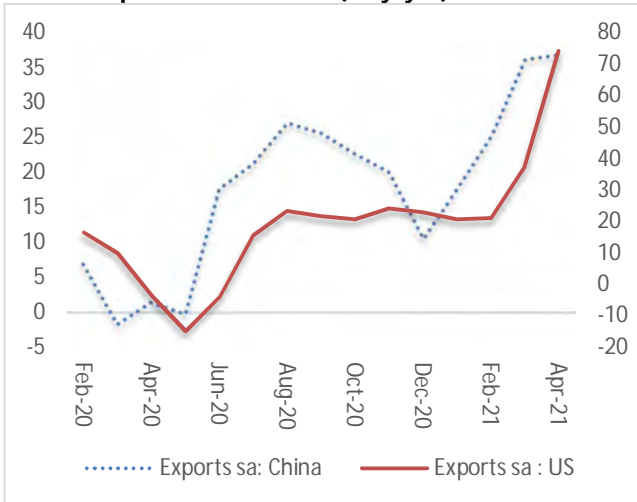
Source: CEIC/AmBank Research

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



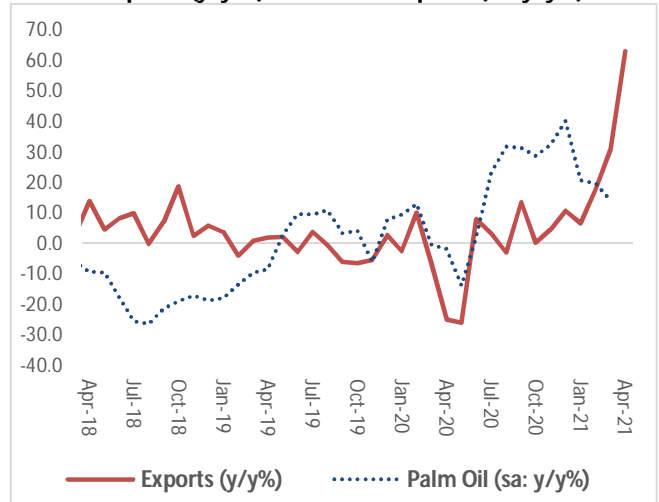
Source: CEIC/AmBank Research

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



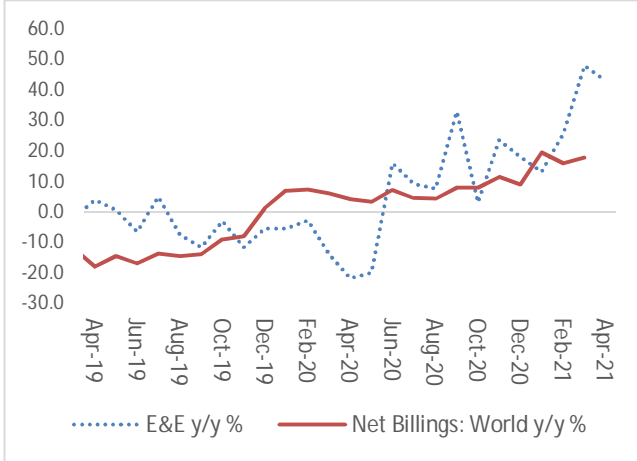
Source: CEIC/AmBank Research

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



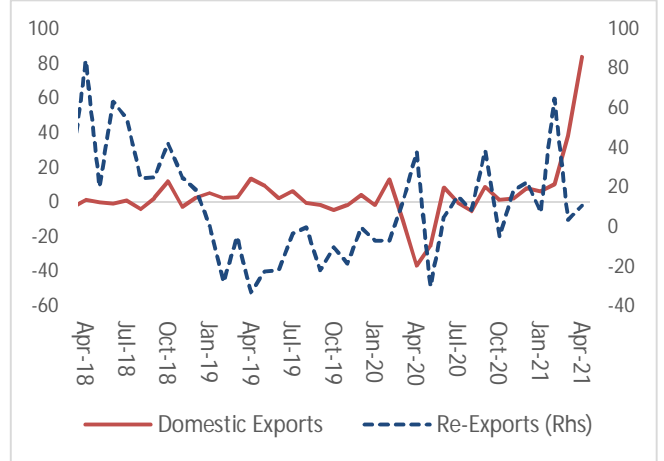
Source: CEIC/AmBank Research

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



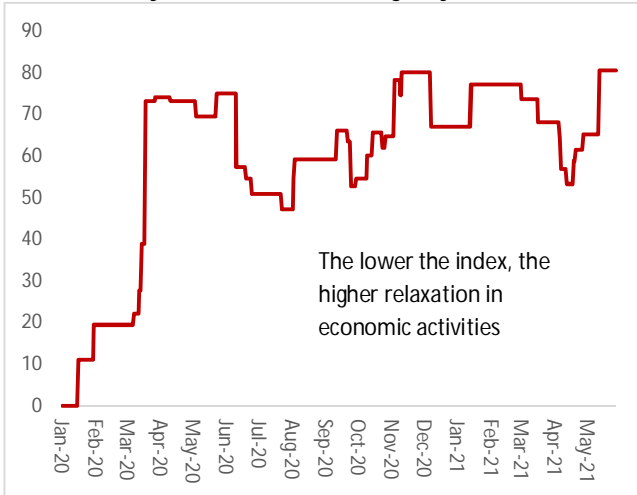
Source: CEIC/AmBank Research

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



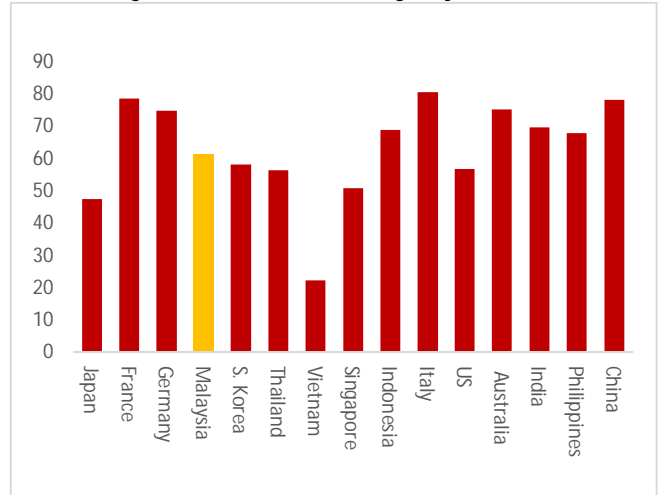
Source: CEIC/AmBank Research

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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