



# Economic Commentary

## Malaysia - Trade numbers moderated in Nov'22

### Malaysia's total trade moderated

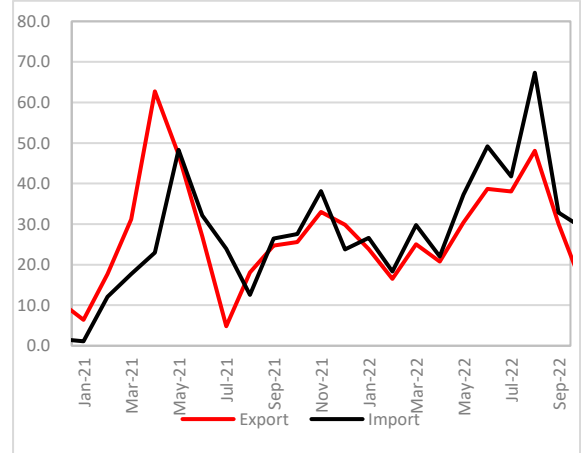
- Malaysia's total trade numbers in Nov'22 grew by 15.6% y/y to RM238.2bn as compared to RM206.1bn in Oct'22.
- Exports grew by 15.6% y/y in Nov'22 (Oct'22: 15.0% y/y), bringing total exports to RM130.2bn. The growth number was above market expectation of 13.2% y/y.
- This brings the overall exports growth so far this year to 27.4%, which is currently above of our forecast of 25.5 – 26.5%.
- Imports also grew at the same pace of 15.6% y/y in Nov'22 (Oct'22: 29.2% y/y), bringing overall imports to RM107.9bn. The year-to-date imports growth so far is at 33.6%.
- This translates to a trade surplus of RM22.3bn, a growth of 15.6% y/y from the same month in the previous year.

### Slowdown of shipment from the manufacturing sector.

- Trend shows a further moderation in trade. Looking at this on a month-on-month basis, exports declined by -1.0% m/m, which marked second back-to-back month of contractions, and imports also declined by -5.2% m/m.
- The slowdown is reflecting several factors, including lower shipments of manufacturing products, including petroleum products, machinery equipment, and palm oil-based products.
- On imports, we expect it will be mainly driven by capital goods, especially the industrial transport equipment that has been on an upward trend since Apr'22. This was driven by the realization of FDI this year and may continue until early of 2023.
- Domestically, the latest IP numbers also suggested further moderation in production. In particular, export-oriented production slowed down as of late. Plus, latest PMI is also in the contraction zone since Sept'22. Conditions did improve among manufacturers, but sentiment deteriorated.
- While supply chain disruption and higher input costs are no longer major issues among traders, the slowdown in trade is mainly driven by external factors, including slowing economic prospects entering 2023.
- Plus, economic slowdown from major trading partners, including the US, China and Eurozone are imminent.

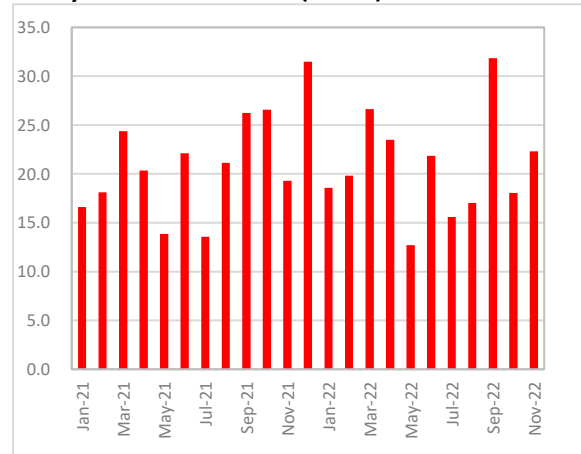
Tuesday, 20 December 2022

Malaysia – Exports and Imports (% y/y)



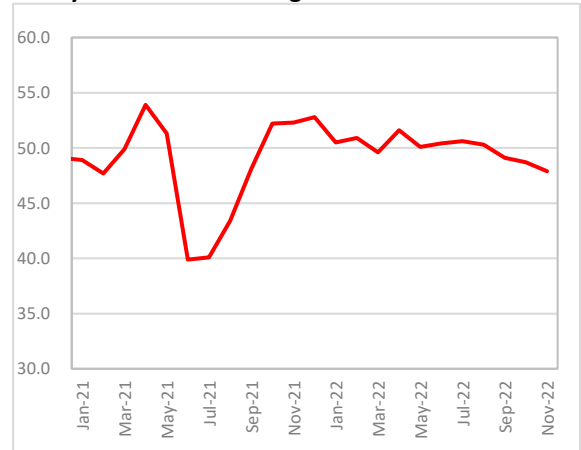
Source: CEIC, AmBank Research

Malaysia – Trade Balance (RMbn)



Source: CEIC, AmBank Research

Malaysia – Manufacturing PMI



Source: CEIC, AmBank Research

**E&E to lead exports growth in 2023.**

- We expect the E&E sector to continue support export growth next year, particularly those related to new energy and electrical vehicle production. Local companies this year have expanded production capacity to meet external demand.
- For 2023, exports growth is expected to moderate to 6.0%. The smaller growth number is also reflecting the high base-effect in 2022.
- Specifically, we foresee demand for energy-related such as solar panels and electric vehicles to remain robust next year. As for now, we are maintaining exports for 2022 to grow by 25.5 – 26.5%. This means the exports number for Dec'22 should remain in the double-digit territory.

**Table - Malaysia – Trade Data**

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Exports y/y	23.9	16.5	25.0	20.8	30.4	38.7	38.0	48.1	30.1	14.9	15.6
Exports m/m	-10.7	-7.9	28.6	-3.0	-5.6	21.2	-8.2	5.4	2.1	-8.8	-1.0
Domestic Exports y/y	26.2	17.5	22.3	21.6	22.0	30.6	33.4	34.8	25.8	10.7	10.5
Domestic Exports m/m	-11.7	-7.6	26.9	-3.2	-7.1	15.0	-7.6	4.2	3.8	-8.4	2.9
Imports y/y	26.6	18.3	29.7	22.1	37.3	49.2	41.8	67.3	32.8	29.1	15.6
Imports m/m	-0.5	-10.9	27.2	-0.8	3.5	15.2	-4.6	4.8	-9.5	1.0	-4.9
Trade Balance (RM mn)	18,561	19,814	26,648	23,480	12,698	21,863	15,585	17,037	31,837	18,061	22,305

Source: CEIC, AmBank Research

**Table - Malaysia – Export by Manufacturing Sector**

Date	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Exports	23.85	16.47	25.02	20.78	30.42	38.65	38.04	48.12	30.10	14.93
Manufactured Goods	19.7	14.1	19.1	17.4	27.0	33.7	35.4	47.6	28.6	12.6
Electrical and Electronic Products	22.4	25.8	32.9	27.5	45.5	40.9	35.2	49.4	39.9	19.0
Chemical and Chemical Products	31.6	28.2	9.1	33.1	17.2	4.1	18.9	15.2	14.5	0.3
Petroleum Products	38.7	9.2	96.5	-3.5	82.1	104.1	80.3	180.3	83.3	80.9
Manufactures of Metal	56.9	31.7	3.5	52.7	1.9	21.5	35.7	8.4	-26.6	-41.4
Machinery, Appliances and Parts	36.5	16.2	13.7	15.8	12.6	33.8	56.9	42.2	26.6	2.6
Optical & Scientific Equipment	14.6	13.8	16.8	15.7	11.7	25.7	36.4	44.0	32.2	13.4
Rubber Products	-53.5	-59.2	-60.5	-59.5	-62.9	-63.4	-52.1	-50.2	-45.7	-45.7
Processed Food	16.3	10.2	12.4	22.6	14.7	23.8	23.4	22.1	17.5	5.4
Wood Products	23.4	-6.1	6.2	18.9	-1.1	60.9	75.5	51.5	32.1	-13.8
Manufactures of Plastics	12.0	14.7	10.3	17.8	-1.5	8.4	22.8	17.5	12.3	-1.7
Textiles, Clothing & Footwear	9.4	7.9	14.0	13.0	8.6	31.2	29.8	20.2	10.8	-2.2
Transport Equipment	-22.0	-1.0	-8.8	14.9	7.6	56.1	14.6	48.2	38.3	3.1
Jewellery	20.7	-10.5	-3.9	5.3	13.5	109.5	133.2	109.8	46.3	5.1
Iron & Steel Products	53.3	36.7	18.4	37.9	25.2	32.8	31.7	19.3	-9.1	-2.6
Non-Metallic Mineral Products	7.3	-2.0	1.9	20.7	1.1	29.8	32.5	40.5	18.2	9.2
Beverages & Tobacco	-4.4	5.3	-19.0	4.6	9.4	26.3	57.9	21.5	18.4	12.1
Paper & Pulp Products	27.3	3.7	8.1	30.9	9.2	17.1	15.6	21.4	14.1	17.1
Other Manufactures	19.4	6.0	4.1	12.4	19.5	59.1	35.2	79.6	21.8	0.4

Source: CEIC, AmBank Research

**Table - Malaysia – Import by End Use**

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Imports	26.6	18.3	29.7	22.1	37.3	49.2	41.8	67.3	32.8	29.1	15.6
Capital Goods	36.3	4.3	13.1	-2.6	-1.8	29.9	29.1	22.0	28.0	41.2	3.2
Consumption Goods	32.4	18.2	22.3	9.9	19.0	25.8	33.1	42.2	28.2	21.6	23.6
Intermediate Goods	28.1	23.4	34.7	28.1	34.2	46.8	32.1	56.1	35.2	26.4	8.2

Source: CEIC, AmBank Research



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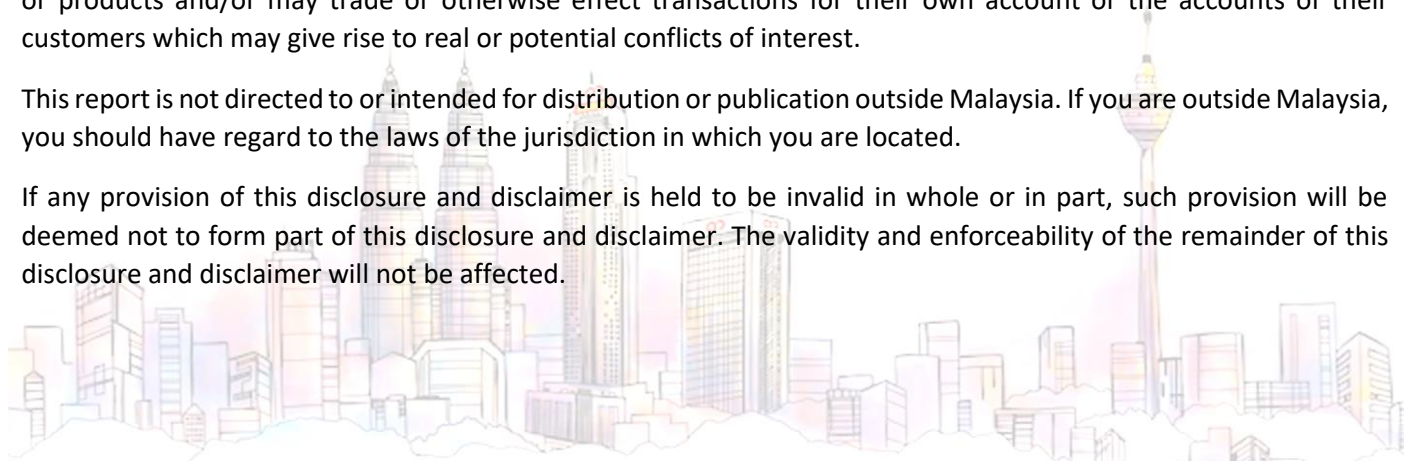
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