



# Economic Highlights

- Malaysia's total external trade surged 21.1% y/y to RM245.2bn in October 2022, marking the 21st straight months of double-digit growth. But it was the slowest pace since Feb'22.

## Malaysia – Signs of slowing external trade becomes apparent

### Highlights

Moving into 4Q22, Malaysia's total external trade surged 21.1% y/y to RM245.2bn (Sept'22: 31.3%) in October 2022, marking the 21st straight months of double-digit growth. But it was the slowest pace since Feb'22.

Export-wise, it rose 15.0% y/y to RM131.6bn (Sept'22: 30.1%), which brings the total exports for the first 10-months of 2022 to RM1.29tn (28.5% y/y) the highest level on record. Imports grew faster as it expanded 29.2% y/y to RM113.5bn (Sept'22: 32.8%), which translates to a total import of RM1.08tn (35.4%) over the same period.

On monthly basis, exports fell 8.7% m/m (Sept'22: 2.1%) while imports grew marginally by 1.0% m/m (Sept'22: -9.5%). Hence, our trade balance narrowed to RM18.1bn, sharply lower than RM31.8bn in the previous months.

Exports was supported by manufactured products, up 12.6% y/y (Sept'22: 28.6%) — petroleum products (Oct'22: 80.9%, Sept'22: 83.3%), and E&E products (Oct'22: 19%, Sept'22: 39.9%).

Mining grew 85.9% y/y (Sept'22: 89.0%), buoyed by crude petroleum (Oct'22: 103.4%, Sept'22: 74.3%) and LNG (Oct'22: 127.8%, Sept'22: 142.0%).

However, agriculture sector declined 7.0% y/y (Sept'22: +8.1% y/y), marking the first contraction since Jan'21, due to the decrease of natural rubber at -34.1% y/y (Sept'22: -10.1%) and decrease of palm-oil at -12.5% y/y (Sept'22: +8.3%).

Meanwhile, strong imports came from intermediate goods up 26.3% y/y (Sept'22: 35.2%), capital goods rose 42.1% y/y (Sept'22: 28.0%), and consumption goods gain by 21.6% (Sept'22: 28.2%).

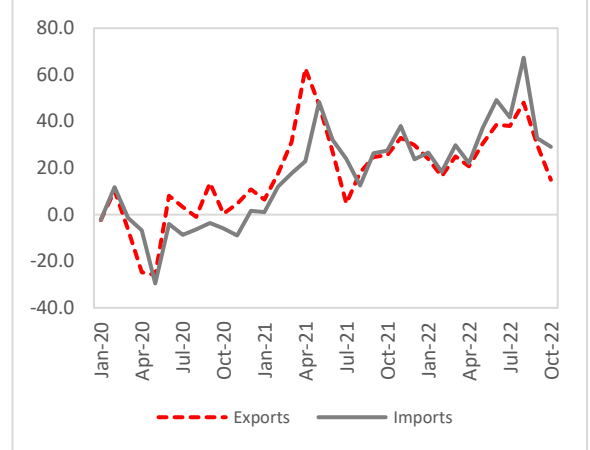
### Key Takeaways

Despite the healthy growth, our exports seem to be showing signs of slowdown. This can be seen from the manufacturing sector — certain sub products are coming off from their peaks including wood products and metal products which declined by 11.7% and 8.1% m/m, respectively. Both have been contracting for the fourth consecutive month.

Manufacturing of rubber products are already down to its pre-pandemic level at around RM2.0bn compared to its peak of RM7.5bn in Apr'21. The dissipating low base effects have helped eased exports growth.

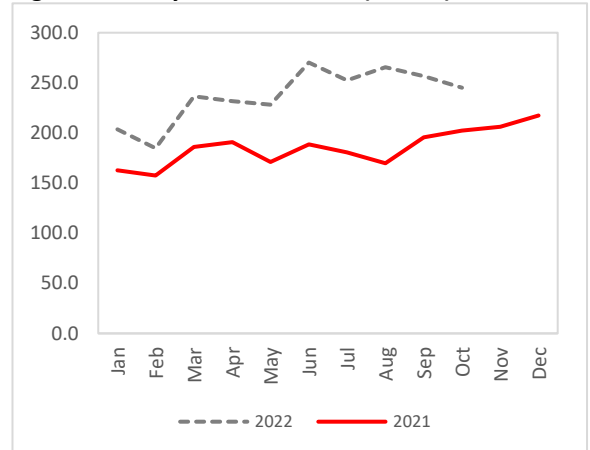
And more export components are now posting single digit or even contracting annual growth as well.

Figure 1: Malaysia Exports and Imports (% y/y)



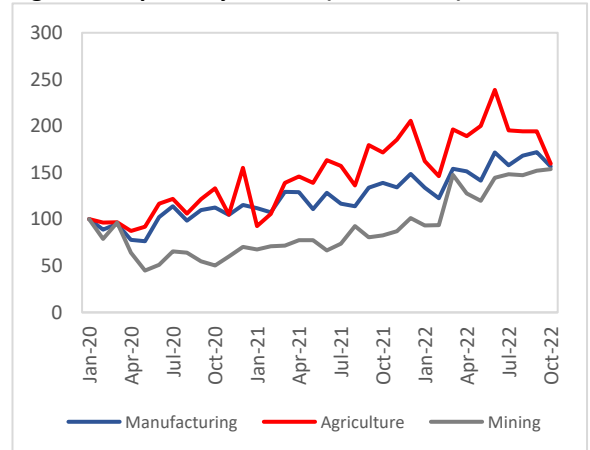
Source: CEIC, AmBank Research

Figure 2: Malaysia Total Trades (RM'bn)



Source: CEIC, AmBank Research

Figure 3: Exports by Sectors (Jan'20=100)



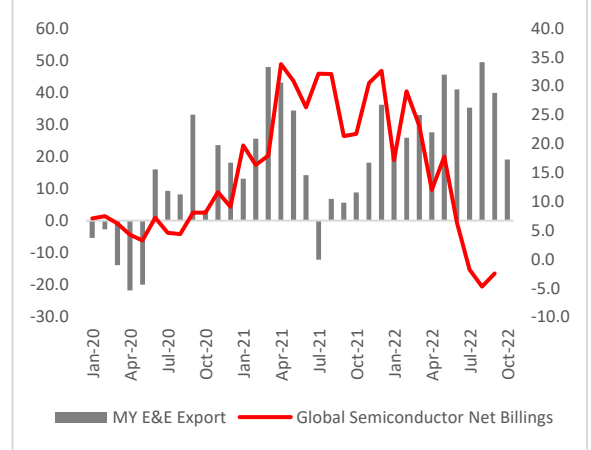
Source: CEIC, AmBank Research



Meanwhile, imports are still looking healthy as it continues to post more than 20% annual growth for the past eight months. This could be attributed to re-exports. Throughout 2019, the average share of re-exports of all the gross imports value was around 20.1% and in Jan-Oct'22, it rose to 25.3%. This is amidst the steady falling segment of consumption goods (7.5% in Oct'22 vs. 8.3% in Oct'19).

With the YTD exports growth average now at 26.4% y/y, we revise upwardly our export growth projection for 2022 to 25.5% - 26.5% (previous 24% - 25%) where the growth will be slower in 4Q22 due to high base (Nov and Dec'21 average at 31.4%) and slowing global growth. We maintain our 2022 GDP growth at 8.5% - 9.0%.

**Figure 4: E&E exports & Global Net Billing (% y/y)**



Source: CEIC, AmBank Research

**Figure 5: Malaysia Re-Exports & Imports (RM'bn)**



Source: CEIC, AmBank Research

**Table 1: Malaysia External Trade**

	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
<b>Exports (RM'bn)</b>	110.9	114.5	112.7	124.4	111.1	102.3	131.6	127.6	120.5	146.0	134.1	141.3	144.3	131.6
<b>Exports (% y/y)</b>	24.7	25.5	33.0	29.8	23.9	16.5	25.0	20.8	30.4	38.7	38.0	48.1	30.1	15.0
<b>Exports (% m/m)</b>	16.3	3.3	-1.6	10.4	-10.7	-7.9	28.6	-3.0	-5.6	21.2	-8.2	5.4	2.2	-8.7
<b>Imports (RM'bn)</b>	84.7	87.9	93.4	92.9	92.5	82.5	104.9	104.1	107.8	124.2	118.5	124.2	112.6	113.5
<b>Imports (% y/y)</b>	26.4	27.5	38.1	23.7	26.6	18.3	29.7	22.1	37.3	49.2	41.8	67.3	33.0	29.2
<b>Imports (% m/m)</b>	14.0	3.8	6.2	-0.5	-0.5	-10.9	27.2	-0.8	3.5	15.2	-4.6	4.8	-9.4	1.0

Source: CEIC, AmBank Research

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