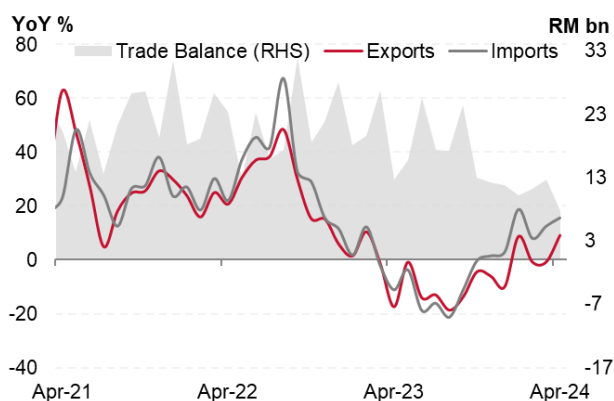


# Malaysia External Trade

April exports rebounded by higher shipments of key products

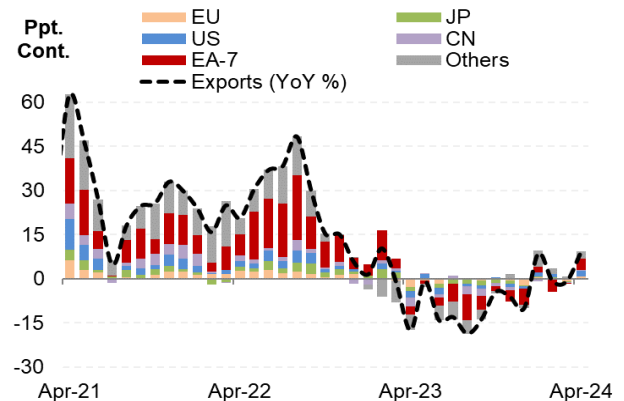
- Exports rebounded sharply by 9.1% in April after two straight months of decline, although this was below expectations (KIBB: 13.2%; consensus: 14.1%), partly due to a lower base effect**
  - MoM (-10.8%; Mar: 15.5%): fell sharply to a 12-month low, following a sharp rebound in the previous month.
- Higher shipments to major trading partners and key manufactured products suggest a positive turnaround**
  - By destination:** exports to key destinations showed a better performance, led by a significant increase to the US (17.3%; Mar: 3.0%), followed by Singapore (9.0%; Mar: -6.9%), and China (2.1%; Mar: -2.1%).
  - By sector:** improvement was broad-based, led by higher growth in the manufacturing sector (7.1%; Mar: 0.6%), which constitutes 84.8% share of total exports. This growth was also supported by significant increase in the mining (27.5%; Mar: 0.3%) and agriculture (13.8%; Mar: -17.4%) sectors.
  - By major product:** mainly due to higher exports of machinery, equipment, and parts (35.7%; Mar: 12.0%), followed by chemical & chemical products (22.3%; Mar: -3.8%), crude petroleum (64.8%; Mar: -7.3%), palm oil & palm oil-based products (13.7%; Mar: -22.8%) and iron & steel products (26.5%; Mar: 20.3%). Notably, Electrical & Electronic Products (E&E) rebounded marginally (0.6%; Mar: -1.7%), marking a positive turnaround, following eight months of growth contraction.
- Imports remained firm amid solid domestic demand, charting double-digit growth (15.6%; Mar: 12.5%), at a three-month high but lower than expectations (KIBB: 17.8%; Consensus: 17.8%)**
  - Growth was mainly contributed by higher retained imports (24.5%; Mar: 20.7%) but partially weighed down by subdued re-exports (-8.3%; Mar: -10.3%).
  - By category:** it was mainly driven by higher intermediate goods (30.5%; Mar: 10.6%) and consumption goods (19.5%; Mar: 1.2%) which partially mitigated the sharp slowdown in capital goods (9.7%; Mar: 66.3%).
  - MoM (-7.6%; Mar: 15.7%): contracted, following a sharp rebound in the previous month.
- Trade surplus narrowed sharply to RM7.7b (Mar: RM12.7b), lower than expectations (KIBB: RM10.0b; consensus: RM11.8b)**
  - Meanwhile, total trade accelerated (12.1% YoY; Mar: 5.1%), marking a fourth consecutive month of expansion.
- 2024 export growth forecast maintained at 9.4% (2023: -8.0%)**
  - Year-to-date, exports grew 3.8% YoY in the first four months of this year (Jan-Mar: 2.2%). Nonetheless, we continue to expect export growth to gradually improve in the coming months especially in the 2H24, mainly on the anticipation of technology upcycle and China's economic rebound supported by ongoing stimulus from the Chinese government. In addition, strong demand from regional economies and potentially a better-than-expected performance from advanced economies would also contribute to the positive outlook. However, we maintain a cautiously optimistic outlook, as the external trade outlook remains susceptible to external factors especially associated with the adverse effect of escalating geopolitical tensions and a potential economic slowdown in the advanced economies brought about by the higher interest rates environment.
  - Likewise, we continue to anticipate a sustained recovery in the manufacturing export-oriented sector, alongside positive domestic demand momentum to support our GDP growth outlook. That said, we maintain our 2024 GDP growth forecast of 4.5% - 5.0% (2023: 3.7%) on the back of a steadier growth momentum in the 2H24.

Graph 1: External Trade Growth



Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

21 May 2024

**Table 1: Malaysia External Trade Growth Trend**

		2020	2021	2022	2023	Apr-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Total Trade	%YoY	25.9	38.4	1.0	-16.4	-14.6	-2.7	-4.3	13.3	3.2	5.1	12.1
<b>Trade Balance</b>	<b>RM bil</b>	<b>183.3</b>	<b>253.7</b>	<b>256.2</b>	<b>214.1</b>	<b>12.6</b>	<b>12.2</b>	<b>11.7</b>	<b>10.2</b>	<b>11.2</b>	<b>12.7</b>	<b>7.7</b>
<b>Exports</b>	<b>%YoY</b>	<b>-1.1</b>	<b>26.1</b>	<b>24.9</b>	<b>-8.0</b>	<b>-17.5</b>	<b>-6.1</b>	<b>-10.1</b>	<b>8.7</b>	<b>-0.8</b>	<b>-0.9</b>	<b>9.1</b>
	%MoM					-18.9	-3.5	-2.8	3.4	-9.0	15.5	-10.8
Manufacturing	%YoY	1.1	25.7	22.4	-6.9	-15.5	-6.7	-10.4	9.3	-2.4	0.6	7.1
	Shr	86.3	86.1	84.2	85.4	86.4	84.1	83.6	84.7	83.6	85.2	84.8
Agriculture	%YoY	8.7	36.8	23.3	-22.1	-29.2	-6.0	-25.9	17.3	-5.1	-17.4	13.8
	Shr	7.3	7.9	7.8	6.6	6.9	6.9	6.9	6.7	6.1	6.0	7.2
Mining	%YoY	-28.3	18.9	67.0	-10.1	-30.9	-2.3	9.0	-4.9	17.3	0.3	27.5
	Shr	5.9	5.6	7.6	7.4	6.1	8.4	8.8	7.9	9.7	8.1	7.2
Others	%YoY	-40.2	11.5	51.5	26.5	-25.9	-8.5	3.8	-12.5	-12.2	11.6	24.9
	Shr	0.4	0.4	0.5	0.6	0.6	0.7	0.8	0.7	0.6	0.6	0.9
<b>Imports</b>	<b>%YoY</b>	<b>-5.8</b>	<b>23.3</b>	<b>31.0</b>	<b>-6.4</b>	<b>-11.1</b>	<b>1.5</b>	<b>2.9</b>	<b>18.7</b>	<b>8.0</b>	<b>12.5</b>	<b>15.6</b>
	%MoM					-10.1	-3.3	-2.6	5.3	-10.8	15.7	-7.6
Capital	%YoY	-9.4	14.4	15.8	7.2	11.3	51.3	23.7	41.5	30.0	66.3	9.7
	Shr	11.3	10.5	9.3	10.6	10.9	13.5	11.5	12.2	10.2	14.0	10.4
Intermediate	%YoY	-8.1	27.2	29.5	-12.1	-24.1	-5.6	10.2	21.3	13.7	10.6	30.5
	Shr	53.6	55.3	54.6	51.2	49.0	51.1	56.3	52.4	55.4	51.2	55.3
Consumption	%YoY	0.0	13.2	24.0	0.1	-1.6	2.4	-0.7	25.3	19.6	1.2	19.5
	Shr	9.3	8.5	8.0	8.6	8.8	8.9	8.6	9.2	8.4	8.1	9.1

\*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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