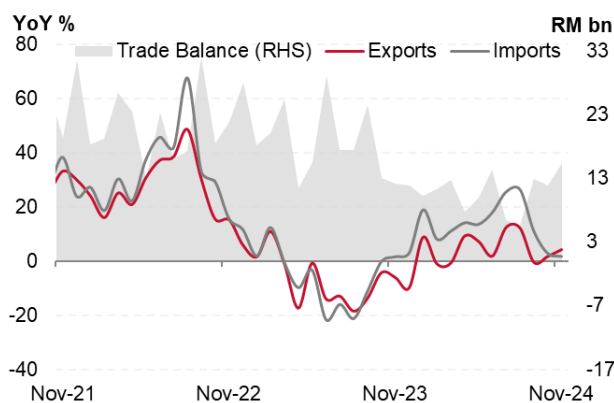


Malaysia External Trade

November exports rise on strong E&E and US demand; trade surplus widened

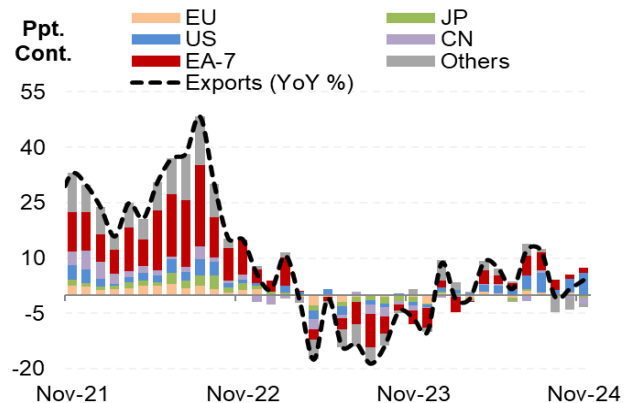
- **Exports expanded by 4.1% (Oct: 1.6%), slightly below the house forecast (4.5%) but beating consensus (1.9%)**
 - MoM (-1.2%; Oct: 3.7%): growth contracted after a positive rebound in the previous month.
- **Rising US demand along with strong manufacturing and agriculture drive export growth**
 - **By destination:** mainly led by an export surge to the US (57.3%; Oct: 32.5%) while shipment to Singapore (-1.3%; Oct: 5.6%), China (-11.9%; Oct: -6.6%), Japan (-6.0%; Oct: -0.4%) and the EU (-4.3%; Oct: 7.6%) contracted.
 - **By sector:** led by growth expansion in manufacturing (5.2%; Oct: 1.9%) and agriculture (13.4%; Oct: 8.9%) exports. However, persistent weakness in mining (-17.3%; Oct: -12.2%) capped overall growth momentum.
 - **By major product:** driven by expansion in key export products, led by electrical and electronics (E&E) (12.2%; Oct: 7.8%) and palm oil and palm-based products (19.9%; Oct: 11.9%).
- **Imports slowed (1.6%; Oct: 2.7%) to a 12-month low, below expectations (KIBB: 7.6%; consensus: 3.7%)**
 - **Drivers:** weighed by a decline in re-exports (-18.7%; Oct: -3.6%) but partially mitigated by expansion in retained imports (8.0%; Oct: 5.0%)
 - **By category:** slower growth due to a further decline in capital goods (-10.0%; Oct: -3.1%), but the slowdown was mitigated by expansion in intermediate goods (12.7%; Oct: 12.6%) and consumption goods (3.5%; Oct: 2.9%).
 - MoM (-4.3%; Oct: 4.9%): back into contraction after a positive turnaround in the preceding month.
- **Trade surplus widened to RM15.3b (Oct: RM11.9b), above expectations (KIBB: RM9.4b; consensus RM9.4b)**
 - Meanwhile, total trade expanded slightly to 2.9% YoY (Oct: 2.1%) but fell by 2.7% MoM (Oct: 4.3%).
- **2024 export growth may slightly settle below our target of 4.9% (2023: -8.0%), and we project growth to moderate to 3.5% in 2025**
 - Export growth ease slightly to 4.7% YoY in the first 11 months of this year (10 months: 4.8%), marginally below our full-year growth target. While we expect growth acceleration in December, it may not fully meet expectations amid rising uncertainty. Nevertheless, we expect growth to remain steady going into 2025, supported by the global tech upcycle led by AI demand, a resilient US economy, and potential trade diversion amid US-China trade tensions.
 - The US Semiconductor Industry Association (SIA) recently revised its global sales growth forecast to 19.0% YoY for 2024, and moderating to 11.2% in 2025. Despite the growth moderation, this outlook bodes well for Malaysia, where E&E products accounted for 46.3% of total exports in November.
 - Notably, exports to the US surge 22.6% YoY in the first 11 months, offsetting a 3.4% decline in exports to China. The US is now Malaysia's largest export destination, with a 16.0% share, followed by Singapore (14.2%) and China (12.0%). Despite China's stimulus measures and easing policies, its recovery remains uncertain, posing downside risk to our export outlook.
 - Likewise, we maintain the 4Q24 GDP growth forecast at 4.6% (3Q24: 5.3%), reflecting a moderation in domestic growth during the final quarter. This places full year GDP growth at 5.0% (2023: 3.6%). For 2025, we project growth to moderate to 4.8% as the economy normalises and considering the impact of global economic uncertainties, including renewed US-China trade tensions and geopolitical risks.

Graph 1: External Trade Growth



Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

19 December 2024

Table 1: Malaysia External Trade Growth Trend

		2020	2021	2022	2023	Nov-23	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Total Trade	%YoY	25.9	38.4	1.0	-16.4	-2.7	8.7	18.3	18.5	4.5	2.1	2.9
Trade Balance	RM bil	183.3	253.7	256.2	214.1	12.1	14.3	6.4	5.5	12.8	11.9	15.3
Exports	%YoY	-1.1	26.1	24.9	-8.0	-6.2	1.7	12.3	12.0	-0.6	1.6	4.1
	%MoM					-3.6	-1.6	4.0	-1.6	-4.2	3.7	-1.2
Manufacturing	%YoY	1.1	25.7	22.4	-6.9	-6.8	0.9	10.6	14.0	-0.5	1.9	5.2
	Shr	86.3	86.1	84.2	85.4	84.1	87.1	85.5	86.8	86.6	85.5	85.1
Agriculture	%YoY	8.7	36.8	23.3	-22.1	-5.3	1.6	32.5	19.3	10.8	8.9	13.4
	Shr	7.3	7.9	7.8	6.6	6.9	6.1	7.7	7.1	7.3	7.6	7.5
Mining	%YoY	-28.3	18.9	67.0	-10.1	-3.6	15.2	10.2	-16.3	-13.5	-12.2	-17.3
	Shr	5.9	5.6	7.6	7.4	8.3	6.3	6.1	5.6	5.6	6.0	6.6
Others	%YoY	-40.2	11.5	51.5	26.5	-9.2	-20.4	28.7	-23.8	2.2	63.5	-8.8
	Shr	0.4	0.4	0.5	0.6	0.7	0.6	0.7	0.6	0.6	0.9	0.9
Imports	%YoY	-5.8	23.3	31.0	-6.4	1.5	17.8	25.4	26.2	10.9	2.7	1.6
	%MoM					-3.3	-5.4	11.6	-1.0	-10.3	4.9	-4.3
Capital	%YoY	-9.4	14.4	15.8	7.2	51.4	23.6	44.3	39.4	56.3	-3.1	-10.0
	Shr	11.3	10.5	9.3	10.6	13.5	10.7	12.1	12.1	15.3	10.6	11.9
Intermediate	%YoY	-8.1	27.2	29.5	-12.1	-5.4	37.1	41.3	40.5	18.0	12.6	12.7
	Shr	53.6	55.3	54.6	51.2	51.2	54.4	55.4	58.6	53.0	54.0	56.8
Consumption	%YoY	0.0	13.2	24.0	0.1	2.4	13.6	25.5	21.2	0.3	2.9	3.5
	Shr	9.3	8.5	8.0	8.6	8.9	8.3	8.8	8.4	7.9	8.3	9.1

*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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