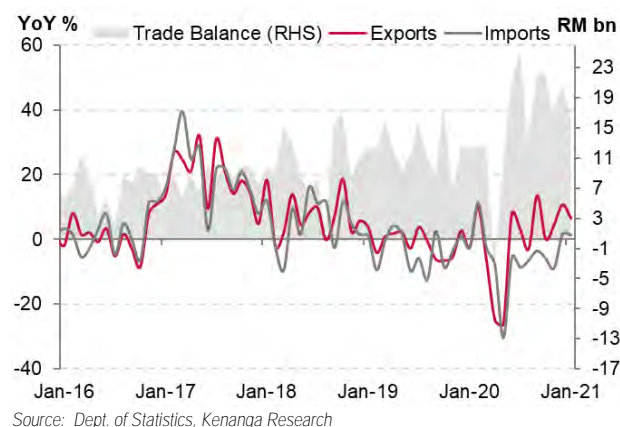


Malaysia External Trade

Exports slowed in January but demand from China and the US holding up

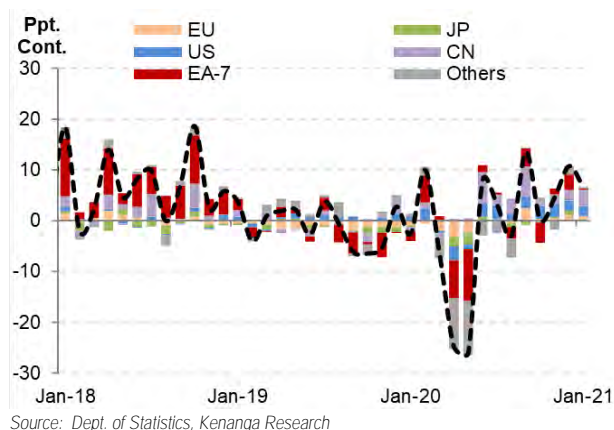
- Exports moderated to 6.6% YoY in January (Dec: 10.8%), beating house projection of 2.9%, but slightly lower than the consensus of 7.1%
 - MoM (-6.4%; Dec: 13.1%): fell sharply to a two-month low.
- January's exports were supported by higher shipments to China and the US but partially capped by the lower shipment to Singapore, Hong Kong and Japan
 - China (26.0%; Dec: 13.5%) rose to a four-month high, while exports to the US expanded slightly (18.4%; Dec: 18.2%).
 - Singapore (5.0%; Dec: 19.0%) and Hong Kong (8.9%; Dec: 30.1%) moderated sharply, while Japan fell to a three-month low (-1.2%; Dec: 13.7%).

Graph 1: External Trade Growth

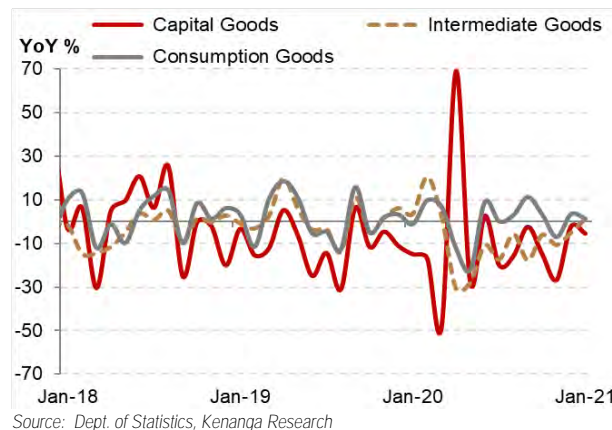


- Imports rise for the second straight month (1.3% YoY; Dec: 1.6%) beating expectations (KIBB: -0.5%; consensus: 0.7%) as slower re-exports (7.5%; Dec: 22.9%) was supported by a marginal decline of retained imports (-0.5%; Dec: -3.6%) on sign of improving domestic demand
 - Intermediate goods registered a positive growth after ten straight months of contraction (1.4%; Dec: -5.0%), and consumption goods grew 1.3% (Dec: 3.3%). Meanwhile, capital goods fell sharply (-5.4%; Dec: -2.1%) and remained in a contraction since July 2020.
- Trade surplus narrowed to RM16.6b (Dec: RM20.7b) bigger than house projection of RM14.9b but a tad lower than consensus (RM17.0b), as MoM exports fell sharply (-6.4%) than imports (-2.7%).
- Exports forecast retained (2021F: 6.0%; 2020: -1.4%) on the expectation of continued global economic recovery underpinned by wider and effective COVID-19 vaccine rollout
 - Trade activities are expected to gradually improve in tandem with global economic recovery and boosted by a resilient demand for manufactured products. This is expected to be further supported by the impact of aggressive rollout of mass inoculation campaign and continued stimulus support among the advanced economies. Relatively higher average Brent crude oil prices (YTD 2021: USD58.8/bbl; 2020: USD43.2/bbl) would also support better exports growth trajectory.
 - This would largely support our recently adjusted 2021 GDP growth forecast of 4.5% (2020: -5.6%) from 3.9% previously, apart from the base effect, as well as the impact from the various policy measures to the deal with the economic and social cost of COVID-19 pandemic.

Graph 2: Exports by Destination



Graph 3: Imports by End Use



01 March 2021

Table 1: Malaysia External Trade Growth Trend

		2018	2019	2020	Jan-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Total Trade	%YoY	6.3	-2.1	-3.6	-2.5	-4.6	5.5	-2.5	-1.9	6.5	4.1
Trade Balance	RM bil	123.8	145.7	184.8	12.0	13.2	21.9	22.1	17.1	20.7	16.6
Exports	%YoY	7.3	-0.8	-1.4	-2.6	-2.9	13.6	0.2	4.6	10.8	6.6
	%MoM				-2.7	-14.5	12.4	2.4	-7.0	13.1	-6.4
E&E	%YoY	11.2	-2.2	3.5	-5.5	7.6	33.0	3.0	23.6	18.1	N/A
	Shr	38.0	37.5	39.4	38.5	40.4	43.7	42.4	40.3	38.3	N/A
Commodities	%YoY	0.2	-8.2	-14.1	-17.9	-18.4	-2.0	-15.6	-17.8	3.4	N/A
	Shr	12.7	11.8	10.3	12.0	9.8	9.2	8.8	9.1	11.2	N/A
Others	%YoY	6.5	2.1	-2.1	4.6	-6.8	2.9	1.2	-2.5	7.4	N/A
	Shr	49.2	50.7	50.4	49.5	49.8	47.1	48.7	50.6	50.5	N/A
Imports	%YoY	5.2	-3.5	-6.3	-2.5	-6.5	-3.6	-6.0	-9.0	1.6	1.3
	%MoM				-2.4	-2.2	1.6	2.9	-1.9	11.0	-2.7
Capital	%YoY	-2.7	-10.9	-9.8	-14.8	-15.6	-2.2	-14.9	-26.6	-2.1	-5.4
	Shr	12.8	11.8	11.4	10.6	10.3	11.4	10.5	10.6	11.2	9.9
Intermediate	%YoY	22.3	-47.3	-107.3	3.6	-5.6	-17.7	-6.0	-10.6	-5.0	1.4
	Shr	52.5	55.0	53.1	53.9	55.9	49.1	51.2	54.2	53.1	53.9
Consumption	%YoY	2.8	1.5	-0.3	-1.2	2.9	11.2	3.1	-7.2	3.3	1.3
	Shr	8.3	8.7	9.3	9.0	9.7	9.9	9.2	9.3	9.4	9.0

*Shr = share to total exports or imports, E&E = Electrical & Electronic products

Source: Dept. of Statistics preliminary release, CEIC, Kenanga Research

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