

# Malaysia External Trade

Surged in March, signalling both global and domestic economic recovery

- **Exports jumped by 31.0% YoY in March (Feb: 17.6%), its strongest expansion since July 2017, a tad higher than house forecast (29.7%) and far above consensus (22.7%)**

- MoM (19.8%; Feb: -2.3%): rebounded sharply to a nine-month high.
- 1Q21 (18.2%; 4Q20: 5.1%): growth accelerated, fastest since 3Q17.

- **March's exports were bolstered by higher shipment to major trading partners on continued global economic recovery as well as a strong expansion in the manufacturing sector**

- By destination: sharp expansion led by the US (67.5%; Feb: 26.0%), followed by CN (46.6%; Feb: 35.8%), EU (45.9%; Feb: 15.3%), and SG (31.6%; Feb: 13.3%).
- By sector: Underpinned by sharp expansion in manufacturing sector (35.8%; Feb: 20.9%) and agriculture (43.8%; Feb: 9.7%). Bucking the trend, the mining sector remain in a contraction (-24.1%; Feb: -7.8%) for 21 straight months.

- **Imports surged 19.2% (Feb: 12.7%), lower than house forecast (23.4%) but beat market expectations (17.2%). It was the fastest growth since October 2017, driven by the second month of expansion in retained imports (24.4%; Feb: 2.9%)**

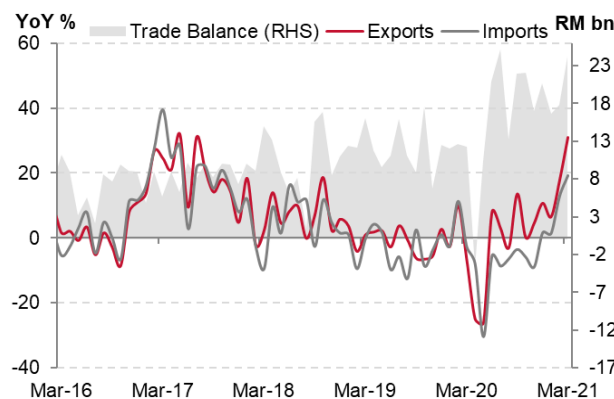
- Attributable to a strong rebound in intermediate goods (12.4%; Feb: -0.1%) which rose to a 13-month high, and a sharp expansion in capital goods (93.4%; Feb: 38.3%). The latter reflects the pickup in domestic demand on fiscal stimulus spending. Meanwhile, consumption goods moderated (13.0%; Feb: 17.6%).
- 1Q21: rebounded sharply (10.8%; 4Q20: -4.5%).

- **Trade surplus widen to eight-month high to RM24.2b (Feb: RM17.9b) bigger than expected (KIBB: RM20.2b; consensus: RM18.2b), as MoM exports (19.8%) far outpaced imports (15.9%). The trade surplus almost doubled (96.1%; Feb: 41.7%) than the same period last year and rose 18.2% in 1Q21 (4Q20: 5.1%) due to the low base effect.**

- **Exports forecast is revised up to 11.8% from 6.0% (2020: -1.4%) on better than expected 1Q21 performance**

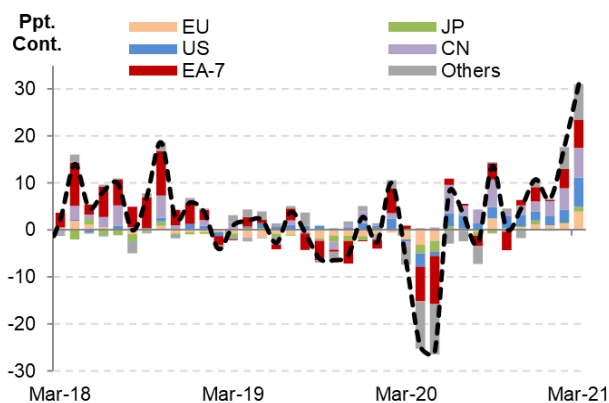
- Higher trade growth is expected to be sustainable backed by the low base effect in the near term along with external demand recovery on the back of continued expansion in the manufacturing sector fuelled by the technology upcycle, aggressive 5G adoption, and recovery in commodity prices amid the broader rollout of the COVID-19 vaccine globally.
- As growth is expected to gradually recover, we have recently revised our 2021 GDP growth forecast to 6.5% from 4.5% (2020: -5.6%). Nonetheless, we remain cautious due to the COVID-19 resurgence especially the spread of new virus strains, potentially hampering the global economic recovery.

Graph 1: External Trade Growth



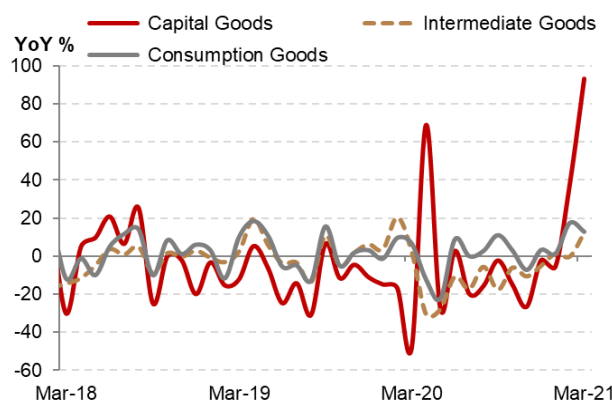
Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

Graph 3: Imports by End Use



Source: Dept. of Statistics, Kenanga Research

30 April 2021

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

		2018	2019	2020	Mar-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Total Trade	%YoY	6.3	-2.1	-3.6	-4.8	-2.5	-1.9	6.5	4.1	15.4	25.6
Trade Balance	RM bil	123.8	145.7	184.8	12.3	22.1	17.1	20.7	16.6	17.9	24.2
Exports	%YoY	7.3	-0.8	-1.4	-6.5	0.2	4.6	10.8	6.6	17.6	31.0
	%MoM				7.6	2.4	-7.0	13.1	-6.4	-2.3	19.8
Manufacturing	%YoY	8.9	0.6	0.8	-6.2	2.5	8.2	12.4	11.7	20.9	35.8
	Shr	83.7	84.5	86.41	84.4	87.8	87.9	85.6	88.5	87.2	87.5
Agriculture	%YoY	-14.2	-1.6	8.7	-9.0	28.7	6.0	47.1	-7.3	9.7	43.8
	Shr	6.7	6.6	7.3	6.5	7.9	6.7	8.7	5.6	6.5	7.1
Mining	%YoY	8.9	-7.1	-29.6	-5.5	-47.2	-32.1	-31.0	-31.0	-7.8	-24.1
	Shr	8.8	8.2	5.9	8.6	3.9	5.1	5.2	5.5	5.9	5.0
Others	%YoY	-12.4	-11.5	-39.4	-21.4	1.8	-20.4	36.6	-15.1	6.2	4.4
	Shr	0.8	0.7	0.4	0.5	0.4	0.3	0.4	0.4	0.4	0.4
Imports	%YoY	5.2	-3.5	-6.3	-2.7	-6.0	-9.0	1.6	1.3	12.7	19.2
	%MoM				9.7	2.9	-1.9	11.0	-2.7	-4.6	15.9
Capital	%YoY	-2.7	-10.9	-9.8	-48.1	-14.9	-26.6	-2.1	-5.4	38.3	93.4
	Shr	12.8	11.8	11.4	6.3	10.5	10.6	11.2	9.9	10.9	10.3
Intermediate	%YoY	22.3	-47.3	-107.3	2.5	-6.0	-10.6	-5.0	1.4	-0.1	12.4
	Shr	52.5	55.0	53.1	57.3	51.2	54.2	53.1	53.9	55.0	54.0
Consumption	%YoY	2.8	1.5	-0.3	6.8	3.1	-7.2	3.3	1.3	17.6	13.0
	Shr	8.3	8.7	9.3	9.3	9.2	9.3	9.4	9.0	8.5	8.8

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

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

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