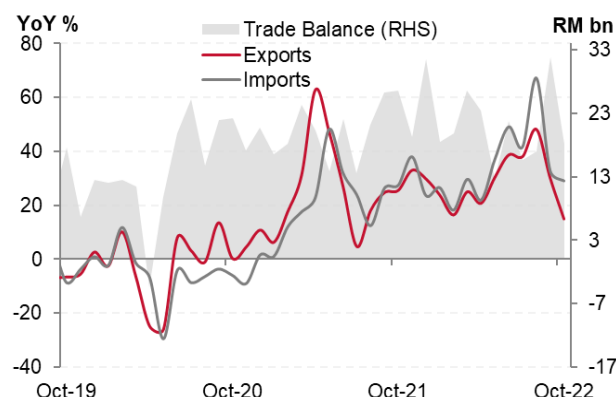


# Malaysia External Trade

Export growth hit 15-month low in October amid weak global economic outlook

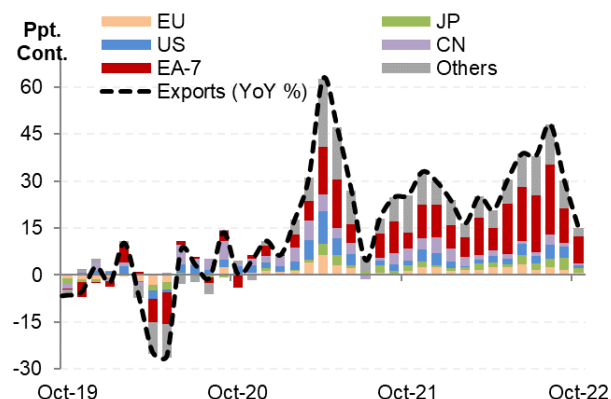
- Export growth slowed sharply to a fifteen-month low in October (15.0% YoY; Sep: 30.1%), below expectations (KIBB: 20.2%; consensus: 24.7%)**
  - MoM (-8.7%; Sep: 2.1%): plunged to a nine-month low suggesting subdued external demand at the start of 4Q22, clouded by rising global economic uncertainties and easing commodity prices.
- Moderate export growth due to subdued demand from major trading partners and weak shipments in key sectors: manufacturing and agriculture**
  - By destination: broad-based slowdown among key trading partners led by the US (8.8%; Sep: 32.5%), followed by JP (25.7%; Sep: 74.3%), EU (7.0%; Sep: 19.0%) and CN (4.3%; Sep: 8.0%).
  - By sector: attributable to a sharp slowdown in the export of manufacturing (12.6%; Sep: 28.6%) and weak agriculture exports (-7.0%; Sep: 8.1%). Nonetheless, the slowdown was partially mitigated by a relatively elevated mining (85.9%; Sep: 89.0%) sector.
- Imports moderated to 29.2% (Sep: 32.8%), lower than expectations (KIBB: 31.9%; consensus: 30.8%), a six-month low mainly due to a sharp slowdown in re-exports (31.6%; Sep: 46.4%)**
  - By category, moderation in import growth was attributable to the lower import of intermediate goods (26.3%; Sep: 35.2%) and consumption goods (21.6%; Sep: 28.2%) but partially mitigated by an expansion in capital goods (42.1%; Sep: 28.0%). On a MoM basis, imports rebounded (1.0%; Sep: -9.5%), following a sharp contraction in the preceding month.
- Trade surplus narrowed sharply to RM18.1b (Sep: RM31.8b), below expectations (KIBB: RM21.6b; consensus: RM29.9b).** The lower trade surplus was mainly due to MoM rebound in imports (1.0%), which exceeded exports (-8.7%). Overall, total trade moderated (21.1%; Sep: 31.3%) to a six-month low, reflecting weak external trade activity.
- 2022 exports forecast retained at 27.0% (2021: 26.1%) on the expectation of subdued 4Q22 outlook but would remain supported by weaker Ringgit**
  - Year-to-date, exports expanded by 28.5% YoY, underpinned by strong demand from key trading partners and partly contributed by the weaker Ringgit (averaged at 4.70; Sep: 4.54) amid strong USD driven by US Fed's hawkishness. This is also attributable to elevated commodity prices amid rising geopolitical tensions while also due to easing supply-chain pressures.
  - Given the better-than-expected exports and 3Q22 GDP growth performance, we have revised up the full-year 2022 GDP growth forecast to 8.6% (2021: 3.1%) from a previous range of 6.5% - 7.0%, higher than the Ministry of Finance (MoF) latest revised forecast of 6.5% - 7.0%. Nevertheless, we retain our cautious growth outlook for 2023, with growth forecast retained at 4.0% - 4.5%, considering the rising risk of global economic slowdown, geopolitical tensions and the impact of tighter financial conditions on the back of global monetary policy tightening.

Graph 1: External Trade Growth



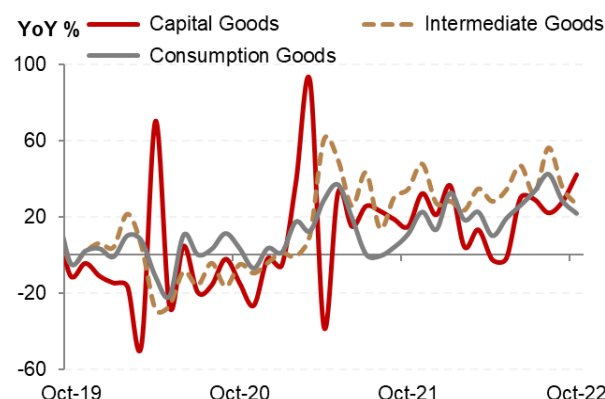
Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

Graph 3: Imports by End Use



Source: Dept. of Statistics, Kenanga Research

21 November 2022

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

		2019	2020	2021	Oct-21	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Total Trade	%YoY	-2.1	-3.3	24.9	26.4	33.6	43.3	39.8	56.5	31.3	21.1
<b>Trade Balance</b>	<b>RM bil</b>	<b>145.7</b>	<b>183.3</b>	<b>253.7</b>	<b>26.6</b>	<b>12.7</b>	<b>21.9</b>	<b>15.6</b>	<b>17.0</b>	<b>31.8</b>	<b>18.1</b>
<b>Exports</b>	<b>%YoY</b>	<b>-0.8</b>	<b>-1.1</b>	<b>26.1</b>	<b>25.5</b>	<b>30.4</b>	<b>38.7</b>	<b>38.0</b>	<b>48.1</b>	<b>30.1</b>	<b>15.0</b>
	%MoM				3.3	-5.6	21.2	-8.2	5.4	2.1	-8.7
Manufacturing	%YoY	0.6	1.1	25.7	23.5	27.4	33.7	35.4	47.6	28.6	12.6
	Shr	84.5	86.4	86.1	86.3	83.3	83.6	83.7	84.6	84.7	84.5
Agriculture	%YoY	-1.6	8.7	36.8	28.9	43.9	46.0	24.1	42.4	8.1	-7.0
	Shr	6.6	7.3	7.9	8.1	8.9	8.8	7.8	7.4	7.2	6.5
Mining	%YoY	-7.1	-28.3	19.0	63.9	54.6	116.7	100.4	58.7	89.0	85.9
	Shr	8.2	5.9	5.6	5.3	7.3	7.2	8.1	7.6	7.7	8.5
Others	%YoY	-11.5	-40.2	11.5	17.6	1.0	5.4	-19.0	23.9	-10.8	17.4
	Shr	0.7	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.5
<b>Imports</b>	<b>%YoY</b>	<b>-3.5</b>	<b>-5.8</b>	<b>23.3</b>	<b>27.5</b>	<b>37.3</b>	<b>49.2</b>	<b>41.8</b>	<b>67.3</b>	<b>32.8</b>	<b>29.2</b>
	%MoM				3.8	3.5	15.2	-4.6	4.8	-9.5	1.0
Capital	%YoY	-10.9	-9.4	14.4	14.9	-1.8	29.9	29.1	22.0	28.0	42.1
	Shr	11.8	11.3	10.5	9.4	8.1	8.9	9.2	8.2	10.3	10.4
Intermediate	%YoY	-47.3	-107.3	-925.9	34.5	34.2	46.8	32.1	56.1	35.2	26.3
	Shr	55.0	53.6	55.3	54.6	58.5	51.8	52.2	53.5	52.1	53.4
Consumption	%YoY	1.5	0.0	13.2	10.9	19.0	25.8	33.1	42.2	28.2	21.6
	Shr	8.7	9.3	8.5	8.0	7.9	7.4	7.2	7.3	7.9	7.5

\*Shr = share to total exports or imports.

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

**For further information, please contact:**

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Zalman Basree**  
Economist  
[zalman@kenanga.com.my](mailto:zalman@kenanga.com.my)

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published by:

**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)