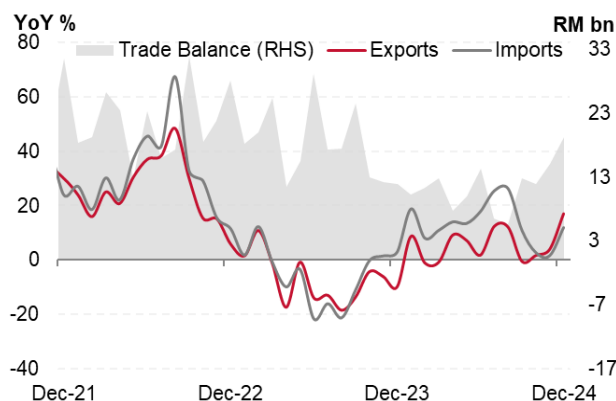


Malaysia External Trade

December exports surged on frontloading activity; tariff threat may cloud outlook

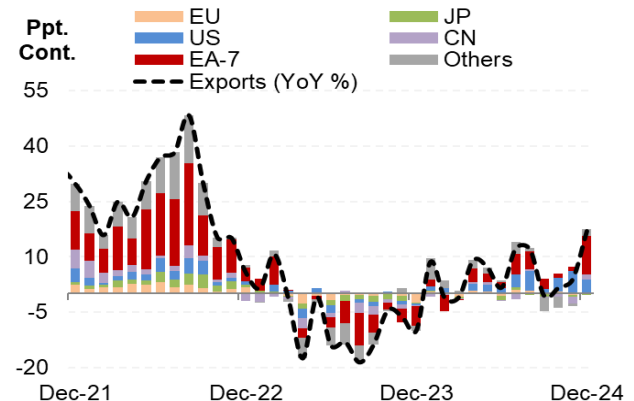
- Exports surged 16.9% (Nov: 3.9%), far beating expectations (KIBB: 9.0%; consensus: 8.8%). Full-year exports rebounded 5.7% in 2024 (2023: -8.0%), slightly above the house forecast of 4.9%**
 - MoM (9.7%; Nov: -1.4%): sharp recovery from prior month's decline.
- Strong exports to Singapore and key manufacturing products, driven by frontloading activity and low base**
 - By destination:** sharp rebound to Singapore (44.4%; Nov: -1.4%) and China (9.6%; Nov: -11.9%), but partially hampered by moderate growth to the US (29.4%; Nov: 57.3%) and weak exports to Japan (-6.0%; Nov: -0.4%).
 - By sector:** growth led by manufacturing (18.5%; Nov: 5.0%) and agriculture (28.9%; Nov: 13.2%) exports, but overall momentum was capped by persistent weakness in mining (-5.1%; Nov: -17.3%).
 - By major product:** key drivers included electrical and electronics (E&E) (27.8%; Nov: 12.4%) and palm oil and palm-based products (31.1%; Nov: 19.9%).
- Imports accelerated (11.9%; Nov: 1.6%) to a four-month high, slightly below the house forecast (13.8%) but far above consensus (5.6%). Full-year imports rebounded sharply to 13.2% in 2024 (2023: -6.4%)**
 - Drivers:** boosted by a sharp rebound in re-exports (33.5%; Nov: -18.7%) but partially capped by moderate retained imports (6.6%; Nov: 7.9%).
 - By category:** higher growth due to a sharp rebound in capital goods (41.5%; Nov: -10.1%), while consumption goods expanded (11.9%; Nov: 3.3%). However, intermediate goods growth slowed significantly (1.4%; Nov: 12.7%).
 - MoM (7.3%; Nov: -4.3%): rebounded following a contraction in the preceding month.
- Trade surplus widened to RM19.2b (Nov: RM15.1b), exceeding expectations (KIBB: RM7.9b; consensus: RM16.6b). Overall, trade surplus settled at RM136.9b in 2024 (2023: RM215.2b), lower than the previous year**
 - Meanwhile, total trade expanded sharply to 14.6% YoY (Nov: 2.8%), with MoM rebounding to 8.5% MoM (Nov: -2.8%). Total trade recovered in 2024 and rebounded by 9.2% (2023: -7.3%).
- 2025 exports forecast maintained at 5.0% (2024: 5.7%) after revising from 3.5% previously**
 - Drivers:** Steady export growth is expected despite rising global uncertainties from Trump's return to office. This is based on the expectation that Malaysia will likely benefit from strong investments recorded in 2024, the ongoing global tech upcycle led by AI demand, a resilient US economy, and trade diversion from US-China tensions.
 - Key markets:** exports to the US rose 23.2% YoY in 2024, offsetting a 2.2% decline in exports to China. The US now accounts for 13.2% share of Malaysia's export, second to Singapore (15.3%). Although demand from China remains uncertain for now, an upside surprise from China will further reinforce Malaysia's trade outlook.
 - Risks:** Despite positive growth drivers and revisions to our export forecast, we are pencilling a cautiously optimistic outlook in our trajectory. Sustaining technology-related exports remain a concern. Global semiconductor sales, which grew 20.7% (Oct: 22.1%) are expected to slow to 11.2% in 2025 (2024F: 19.0%), as projected by the US Semiconductor Industry Association (SIA). While global demand has registered a double-digit YoY growth expansion since December 2023, led by the surging demand from the US, we observed a fluctuation in Malaysia's exports of E&E in 2024.
 - Outlook:** Against this backdrop, we retain the 2025 GDP growth forecast at 4.8%, reflecting a moderation in GDP expansion from a 5.0% estimated last year (versus DOSM Advance Estimate: 5.1%). This reflects domestic economic normalisation amid 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

21 January 2025

Table 1: Malaysia External Trade Growth Trend

		2021	2022	2023	2024	Dec-23	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Total Trade	%YoY	24.9	27.6	-7.3	9.2	-4.3	18.3	18.5	4.5	2.1	2.8	14.6
Trade Balance	RM bil	253.7	256.2	215.2	136.9	11.8	6.4	5.5	12.8	11.9	15.1	19.2
Exports	%YoY	26.1	24.9	-8.0	5.7	-10.0	12.3	12.0	-0.6	1.6	3.9	16.9
	%MoM					-2.6	4.0	-1.6	-4.2	3.7	-1.4	9.7
Manufacturing	%YoY	25.7	22.4	-6.9	5.9	-10.4	10.6	14.0	-0.5	1.9	5.0	18.5
	Shr	86.1	84.2	85.3	85.5	83.5	85.5	86.8	86.6	85.5	85.0	84.6
Agriculture	%YoY	36.8	23.3	-21.8	11.7	-25.4	32.5	19.3	10.8	8.9	13.2	28.9
	Shr	7.9	7.8	6.6	7.0	6.9	7.7	7.1	7.3	7.6	7.5	7.7
Mining	%YoY	20.6	67.0	-10.0	-2.6	9.7	10.2	-16.3	-13.5	-12.2	-17.3	-5.1
	Shr	5.7	7.6	7.4	6.8	8.8	6.1	5.6	5.6	6.0	6.6	7.1
Others	%YoY	11.4	51.5	26.8	15.3	4.3	28.7	-23.8	2.2	63.5	-9.8	-24.6
	Shr	0.4	0.5	0.6	0.7	0.8	0.7	0.6	0.6	0.9	0.9	0.6
Imports	%YoY	23.3	31.0	-6.4	13.2	2.9	25.4	26.2	10.9	2.7	1.6	11.9
	%MoM					-2.6	11.6	-1.0	-10.3	4.9	-4.3	7.3
Capital	%YoY	14.4	15.8	7.1	29.6	23.7	44.3	39.4	56.3	-3.1	-10.1	41.5
	Shr	10.5	9.3	10.6	12.2	11.5	12.1	12.1	15.3	10.6	11.9	14.6
Intermediate	%YoY	27.2	29.5	-12.2	20.7	10.3	41.3	40.5	18.0	12.6	12.7	1.4
	Shr	55.3	54.6	51.2	54.6	56.3	55.4	58.6	53.0	54.0	56.9	51.0
Consumption	%YoY	13.2	24.0	0.1	12.8	-0.7	25.5	21.2	0.3	2.9	3.3	11.9
	Shr	8.5	8.0	8.6	8.6	8.6	8.8	8.4	7.9	8.3	9.0	8.6

*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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