



AmBank Group

AmBank Research
20 May 2022

Economics – Malaysia Macro

Firm prices support exports

Quick Summary

- April's exports and imports continued to expand at a double-digit pace for the 9th and 15th straight months respectively. This brings the average first four months of 2022 to 21.7% and 24.2% respectively.
- While our export revenue remains strong, of concern is a drop in global trade volume, masked by the rising inflation notion.
- War-related interruptions to production, sanctions and significantly impaired access to cross-border payment systems will disrupt trade flows with China's zero-Covid policy (ZCP) forcing us to lower global trade volume by 1.0% to 4.8% for 2022. As for 2023, we have reduced global trade volume by 0.5% to 4.5%.
- Thus, on the back of a high base comparison (26.0% export growth in 2021), we would still maintain our current exports projection of 8% and 10% in 2022. We may review our projections in the coming months.

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Highlight

Figure 1: Malaysia's Total Trade & Trade Balance (RM bil)

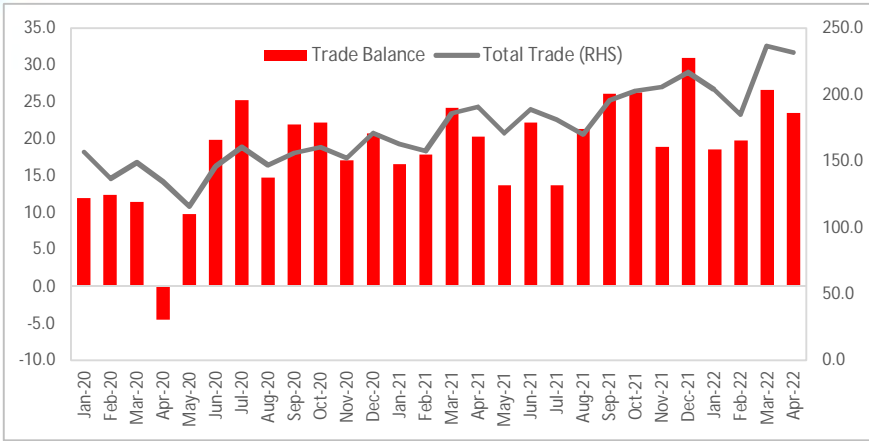
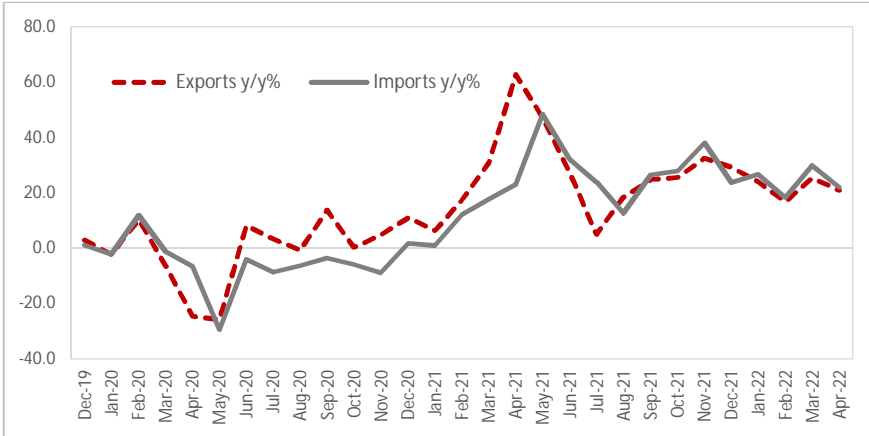


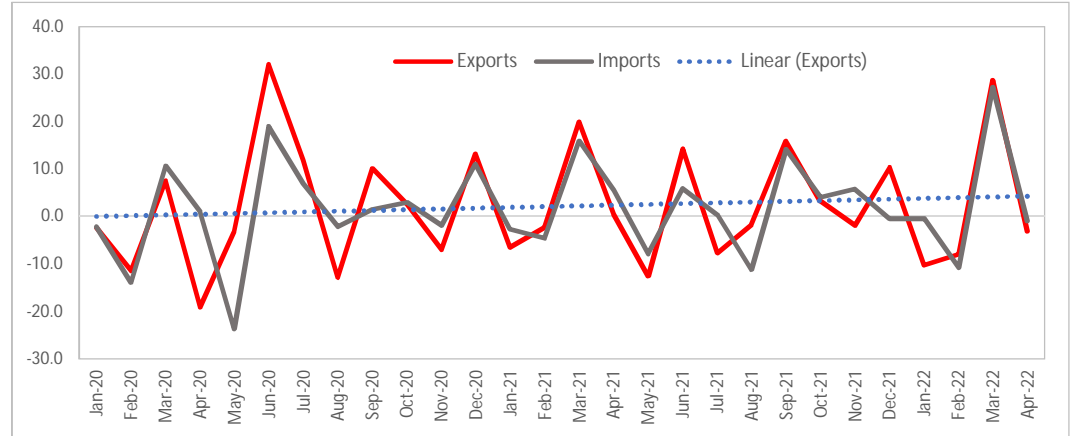
Figure 2: Exports & Imports (% y/y)



Source: CEIC, AmBank Research

- Despite a high base, imports continued its double-digit growth for the 15th straight month. In April 2022, it surged by 22.0% y/y to RM103.9bil following a record high RM104.9bil reported in March 2022.
- Exports also soared, continuing their double-digit growth for the 9th straight month. In April 2022, it expanded by 20.7% y/y to RM127.5bil.
- Hence, trade in April 2022 stood at RM231.4bil or a 21.3% y/y gain. This brings the total trade of Jan–April 2022 to RM856.2bil or up 22.9% y/y. Exports swelled by 21.8% y/y or RM84.6bil while imports surged 24.3%y/y or RM75.1bil for the first four months of 2022.

Figure 3: Exports & Imports (% m/m)



Key takeaway

Figure 4: Exports products by sectors (% y/y)

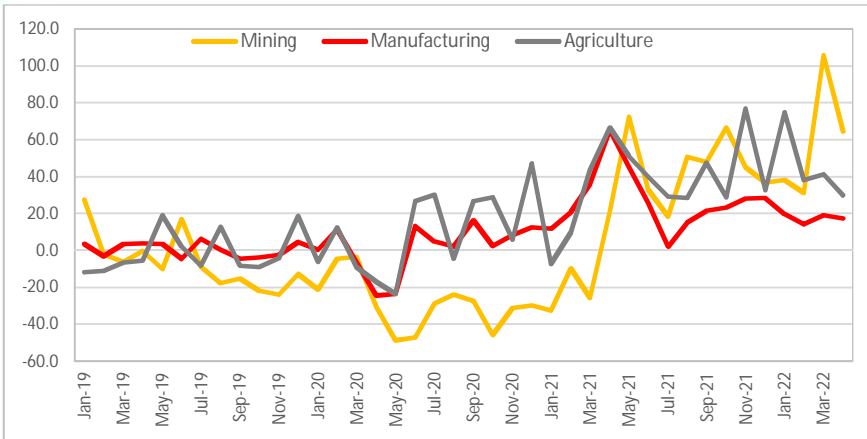
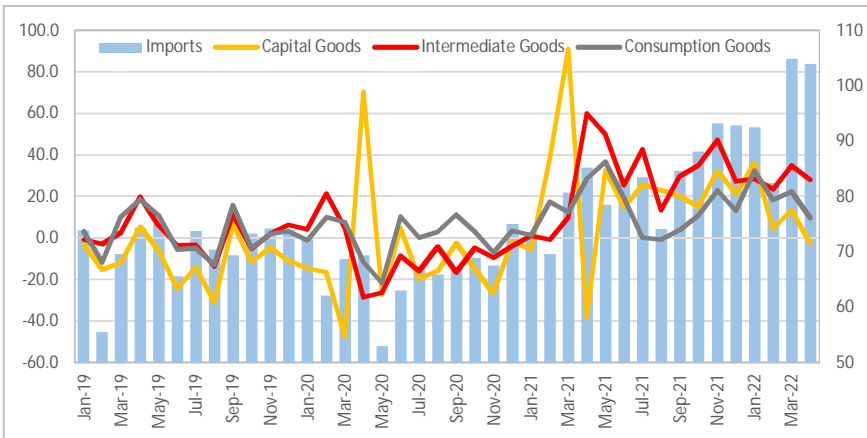


Figure 5: Imports (RM bil) and its components (y/y %)



Source: CEIC, AmBank Research

- The E&E segment supported strongly the export growth, mainly semiconductors. This is attributed to global digitalisation trends. The segment grew by 27.0% in April which brings the YTD average to 27.0%.
- Also, the semiconductor average selling price (ASP) hike as a result of chip shortage continues to be a key driver for growth in the global semiconductor market.
- But overall semiconductor component supply constraints are expected to gradually ease in 2022 and prices will stabilize with an improving inventory situation.
- We expect business activities in this segment to remain a key driver to our export performance in 2022, given that global semiconductor sales are projected to grow by 14% in 2022 (23.6% in 2021) and 4.0% in 2023
- Besides, we foresee earnings from commodities remaining healthy. Export revenue from LNG and crude oil rose by 60.9% y/y and 64.5% y/y respectively. This brings the YTD average growth in revenue to 69.8% and 45.1% respectively.
- Export earnings from palm oil & palm oil-based products climbed by 35.0% y/y or 63.6% YTD while natural rubber export revenue contribution was 16.2% y/y (14.6% avg. YTD) and sawn timber & moulding up by 11.9% y/y (16.7% avg. YTD).
- Meanwhile, imports were supported by:
 1. Intermediate goods, up 28.1% (28.8% avg. YTD), maintaining double-digit growth for the 13th straight month;
 2. Consumption goods grew 9.7% (20.7% avg. YTD), the slowest growth in seven months;
 3. Capital goods however fell 2.4% (+12.9% avg. YTD), the first decline since April 2021.

Summary

Figure 6: Exports of E&E Products (RM bil)

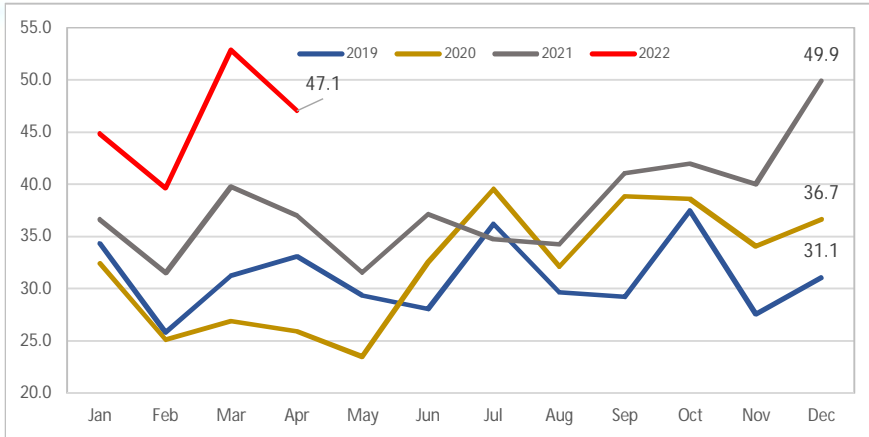
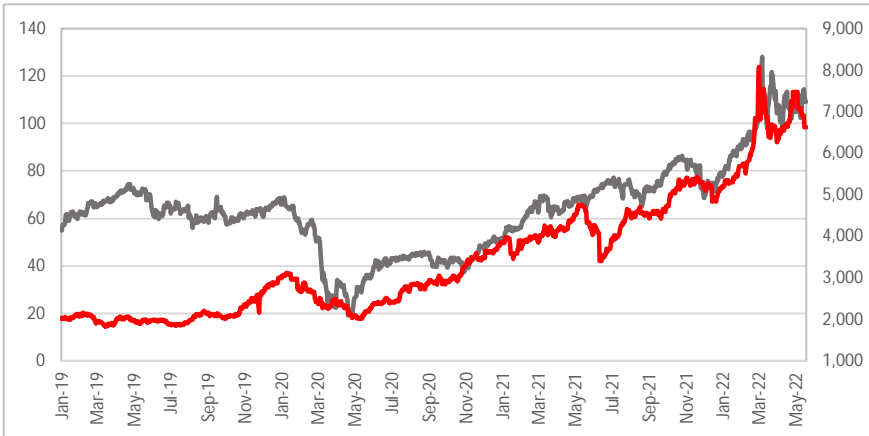


Figure 7: Brent (US\$/barrel) & CPO Price (RM/tonne)



Source: CEIC, AmBank Research

2022's exports to remain robust

- The outlook for our exports remains promising. Our trade is poised to benefit from firm commodity prices as opposed to volume growth.
- We expect the sharp rise in oil prices to be contained in the medium term once spare capacity in other countries and the release of petroleum reserves take place.
- But the relatively inflexible infrastructure needed to transport gas (pipelines are more important for gas than for oil, for example) means that there is less room for global supply to adjust, raising the prospect of higher prices for longer.
- Commodity prices are expected to stay firm also due to climate changes.
- War-related interruptions to production, sanctions and strongly impaired access to cross-border payment systems will disrupt trade flows with China's zero-Covid policy (ZCP) forcing us to lower global trade volume by 1.0% to 4.8% for 2022. As for 2023, we have reduced global trade volume by 0.5% to 4.5%.
- Thus, on the back of a high base comparison (26.0% export growth in 2021), we would still maintain our current exports projection of 8% and 10% in 2022. We may review our projections in the coming months.

Appendix

Figure 8: Sector & Sub-Sector Exports (y/y %)

Source: DOSM, AmBank Research



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	Apr'21	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec'21	Jan'22	Feb	Mar	Apr'22
Agriculture	66.9	51.7	40.0	29.2	28.5	47.7	28.9	76.8	32.5	75.6	38.7	41.8	29.9
Palm Oil and Palm-Based Products	73.0	60.5	51.0	41.2	35.1	57.6	34.6	97.4	38.3	107.1	58.9	53.5	35.0
Natural Rubber	14.2	71.3	60.8	42.0	84.9	64.7	43.7	29.5	-9.1	26.9	-0.2	15.5	16.2
Sawn Timber & Moulding	58.6	14.3	50.3	-15.7	11.7	16.2	-9.0	31.5	23.7	29.8	-15.7	40.8	11.9
Other Vegetables Oil	255.0	57.2	-47.6	-36.5	-19.0	1.3	8.9	30.3	33.9	-8.6	1.9	43.4	9.8
Seafood, fresh, chilled or frozen	61.2	-9.1	-10.5	-9.3	-5.5	13.8	5.3	20.9	42.0	-9.1	-33.9	5.0	16.2
Sawlog	0.3	-45.1	85.7	9.6	-25.7	-16.5	52.1	158.4	-54.6	97.7	-40.1	68.3	-62.7
Other Agriculture	202.9	24.8	2.4	6.3	6.0	8.8	3.7	18.1	8.2	12.9	2.2	11.2	27.2
Mining	24.5	76.0	32.9	18.3	50.6	48.1	66.7	45.2	37.0	38.4	30.7	105.8	64.6
Liquefied Natural Gas (LNG)	-1.3	45.2	12.4	69.9	110.2	73.0	88.7	99.5	52.2	71.9	45.7	100.5	60.9
Crude Petroleum	37.1	141.0	109.5	-6.8	-3.9	9.1	60.5	-13.4	-1.2	5.2	18.4	92.5	64.5
Metalliferous Ores and Metal Scrap	77.1	186.0	-57.6	-57.3	65.0	144.1	27.1	11.7	132.6	32.7	-11.1	97.7	150.4
Tin	2325.1	59.9	40.5	29.8	-15.9	69.9	44.3	7.2	-41.2	-33.2	1,591	33.1	49.1
Condensates and other petroleum oil	88.5	137.2	35.9	-10.2	116.5	-59.4	714.7	625.4	49.8	-14.6	12.5	844.0	2.6
Crude Fertilizers And Crude Minerals	398.4	1.8	384.8	-	14.6	-20.7	-10.7	15.6	1.2	3.2	-23.7	2.7	-22.3
Other Mining	125.0	-35.7	335.7	-62.9	-48.2	-29.3	-25.9	12.0	4165.9	-83.0	241.5	12.2	197.4
Manufacturing	65.5	45.4	25.8	2.3	15.4	21.6	23.3	28.2	28.4	19.3	14.2	19.1	17.2
Electrical & Electronic Products (E&E)	43.1	34.3	14.1	-12.1	6.8	5.6	8.8	17.4	36.1	22.1	25.8	32.8	27.0
Petroleum Products	87.8	75.1	113.6	72.7	56.5	148.0	126.0	111.6	25.6	39.2	9.6	96.5	-4.0
Chemical And Chemical Products	207.2	133.2	103.5	40.3	4.0	-14.3	-33.4	45.9	36.3	31.6	28.2	9.1	33.1
Manufacture Of Metal	39.4	42.5	53.3	13.3	59.1	38.7	58.9	-33.7	-39.5	53.9	31.8	3.5	52.6
Machinery, Equipment And Parts	180.7	81.6	34.0	19.6	69.8	115.1	146.9	75.9	26.5	36.6	16.7	14.5	18.8
Optical & Scientific Equipment	172.7	36.8	-1.4	-9.7	27.9	21.3	33.5	34.3	37.3	13.6	12.5	15.5	13.0
Palm Oil-Based Manufactured Products	85.6	29.2	7.6	-8.8	-17.7	-7.4	9.7	16.4	25.8	68.1	56.4	41.4	72.9
Rubber Products	59.8	35.4	71.1	78.9	68.8	69.1	78.5	72.9	90.3	-53.5	-59.3	-60.6	38.0
Iron And Steel Products	18.3	32.8	3.9	-0.2	17.4	57.4	50.3	54.0	54.5	50.4	37.0	18.8	-59.6
Processed Food	51.5	14.2	5.5	1.8	13.9	15.2	16.2	28.8	23.7	15.8	9.9	12.0	22.4
Wood Products	33.4	53.4	-29.1	8.1	-31.4	26.1	20.8	15.0	13.5	21.8	7.9	6.3	18.4
Textiles, Apparels And Footwear	147.2	33.0	18.7	-21.2	24.7	-24.4	-6.5	26.0	16.1	8.9	14.7	14.0	17.7
Manufacture Of Plastics	57.3	51.1	-26.9	-6.7	4.8	5.3	-3.8	33.5	10.2	11.6	-6.2	10.2	14.4
Transport Equipment	102.7	38.4	9.2	-45.4	-22.3	-6.0	1.4	22.3	7.3	-22.1	-1.9	-9.8	13.0
Non-Metallic Mineral Products	-19.4	85.1	26.9	20.8	19.8	24.2	20.5	19.8	3.1	6.9	-2.0	1.8	20.7
Paper & Pulp Products	116.8	40.6	20.4	33.0	44.9	48.0	35.9	47.8	22.8	15.0	3.7	8.1	30.9
Jewellery	57.1	434.0	140.6	10.4	-2.3	27.7	29.0	18.8	19.9	20.5	-8.9	-4.8	5.0
Beverages & Tobacco	544.6	8.7	-27.0	-37.6	2.5	-17.7	-4.7	9.2	-4.2	-4.4	5.5	-19.0	4.5
Other Manufactures	43.7	22.4	2.0	-8.9	0.9	33.9	-8.5	25.3	33.8	20.6	7.7	6.2	14.2

Appendix



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Figure 9: Imports (y/y %)

	Apr'21	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec'21	Jan'22	Feb	Mar	Apr'22
Imports	22.9	48.4	32.1	23.9	12.5	26.5	27.9	37.9	23.6	26.4	18.3	29.9	22.0
Capital Import	-37.7	33.9	14.9	25.6	22.8	20.2	15.1	32.0	21.0	37.7	4.3	14.3	-2.4
Intermediate Import	64.6	52.4	25.3	42.7	13.5	29.7	34.9	47.4	27.1	28.3	23.6	34.9	28.1
Consumption Import	29.7	37.6	19.3	0.2	-0.7	3.7	10.8	22.7	13.1	32.0	18.2	22.4	9.7
Re-exports	10.9	56.1	61.2	2.0	16.7	34.1	34.8	23.9	22.3	13.2	11.7	38.0	16.8

Figure 10: Malaysia External Trade Data (y/y %)

	Apr'21	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec'21	Jan'22	Feb	Mar	Apr'22
Export (RM)	62.7	47.0	27.2	5.0	18.4	24.7	25.5	32.4	29.2	23.9	16.8	25.3	20.7
Import (RM)	22.9	48.4	32.1	23.9	12.5	26.5	27.9	38.0	23.6	26.7	18.3	29.9	22.0
Export (USD)	71.7	54.4	31.5	6.5	17.4	24.1	25.1	30.5	24.4	19.4	12.8	22.6	16.6
Import (USD)	29.7	55.9	36.6	25.7	11.6	25.9	27.5	36.0	19.0	22.1	14.3	27.1	17.7
Trade Balance RM'bn	20.4	13.8	22.3	13.8	21.4	26.1	26.3	18.9	49.5	11.8	10.8	10.1	15.7
Trade Balance US\$'bn	4.9	3.3	5.4	3.3	5.1	6.3	6.3	4.5	43.9	7.7	7.1	7.7	11.7

Figure 11: Major Exports Market (y/y %)

	Apr'21	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec'21	Jan'22	Feb	Mar	Apr'22
China	27.7	17.3	18.5	-7.6	5.7	19	24.8	20.5	28.8	29.7	19.2	10.7	12.4
Singapore	55.1	46.2	15.1	9.0	21.5	32.4	7.1	19.7	21.8	16.5	14.4	34.0	9.1
US	128.8	46.3	32.1	-1.1	12.1	19.2	12.4	33.6	33.4	17.6	4.0	10.2	18.1
Japan	57.4	51.6	17.9	11.4	40.8	18.3	29.3	27.3	11.9	11.6	15.8	30.6	22.1
Hong Kong	0.8	20.6	6.5	-12.2	20.2	16.5	-1.2	12.6	21.0	13.3	5.4	5.3	20.4
Thailand	41	29.5	25.6	-1.5	20.8	7.3	8.6	28.0	18.4	21.2	34.7	32.5	23.7
Vietnam	86.2	52.9	37.4	12.7	15.7	9.7	44.5	94.2	53.0	19.5	43.3	21.3	26.5
India	289.1	403.2	88.7	7.4	8.8	50.4	32.7	69.7	18.7	78.3	22.9	25.4	37.9
Indonesia	15.8	105.3	39.9	26.3	54.6	84.1	93.4	89.7	63.6	31.7	25.8	50.7	24.0
Australia	97.5	102	78.2	42.3	38.9	31.4	77.3	17.6	65.0	1.4	10.8	44.9	57.7

Source: DOSM, AmBank Research

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