

BUSINESS TIMES

AUGUST PERFORMANCE

EXPORTS FALL 18.6pc TO RM115.16B

Malaysia's trade will continue to contract until year end, say economists

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MALAYSIA'S trade is expected to continue contracting for the rest of the year, mainly due to the high base from last year and easing demand from abroad.

This is in line with the global Purchasing Managers' Index, which has been leaning towards a more "pessimistic view".

"We believe that it will continue to remain negative in the next four months or so," said Bank Muamalat Malaysia Bhd chief economist and social finance head Dr Mohd Afzanizam Abdul Rashid.

According to the Investment, Trade and Industry Ministry, Malaysia's total trade contracted 19.8 per cent to RM213.01 billion last month amid weaker global demand and lower commodity prices.

Exports fell 18.6 per cent to RM115.16 billion while imports declined 21.2 per cent to RM97.85 billion. However, the trade surplus inched up 0.1 per cent year-on-year to RM17.31 billion.

Exports of manufactured goods accounted for 85.4 per cent, or RM98.36 billion, of total exports, a decline of 17.7 per cent year-on-year. This followed reduced demand for electrical and electronics (E&E), petroleum and palm oil-based manufactured products.

Exports of mining goods (7.3 per cent overall share) dropped

23.1 per cent year-on-year to RM8.46 billion due to reduced exports of liquefied natural gas (LNG) and crude petroleum.

Agriculture goods exports (6.6 per cent overall share) decreased by 27.1 per cent year-on-year to RM7.61 billion.

OCBC Bank senior Asean economist Lavanya Venkateswaran said last month's trade data showed that external growth momentum remained lacklustre in the third quarter.

"This remains broadly consistent with our forecast for gross domestic product growth to remain subdued at four per cent this year."

"Despite the weaker growth outlook, we expect Bank Negara Malaysia to maintain the Overnight Policy Rate for the rest of the year," she said in a note.

Trade with Asean comprised 27.9 per cent, or RM59.46 billion, of Malaysia's total trade last month, a decline of 16.3 per cent year-on-year.

"Exports with Asean weakened by 20.6 per cent to RM33.48 billion as a result of reduced exports of petroleum and E&E products."

"Imports from Asean eased by 9.9 per cent to RM25.98 billion," said the ministry.

Exports to Vietnam grew by RM82.7 million while for the Philippines, it rose by RM333.8 million.

Afzanizam said Asean was mostly integrated with the global supply chains and, therefore, the slower global demand would have a material impact

to its economy.

"I think there will be more focus to promote the region's domestic demand. This may include expansionary fiscal and monetary policies next year."

"There should be sustained demand for services-related sectors such as tourism and logistics as the region's economy remains open to tourism activities," he added.

For the January-August period, total trade slid 8.1 per cent year-on-year to RM1718 trillion.

Exports shrank 7.6 per cent to RM935.22 billion while imports fell 8.6 per cent to RM782.29 billion. As a result, trade surplus slipped two per cent to RM152.92 billion.

Last month, trade with China comprised 16.7 per cent, or RM35.65 billion, of Malaysia's total, a decline of 18.7 per cent year-on-year.

"Exports to China fell 20.3 per cent to RM14.72 billion on lower exports of E&E products and LNG."

"Nonetheless, export growth was posted for paper and pulp products as well as petroleum products."

"Imports from China shrank by 17.5 per cent to RM20.94 billion," it added.

Trade with the United States, which constituted 9.7 per cent of Malaysia's total trade, weakened by 15.7 per cent year-on-year to RM20.68 billion.

Trade with the European Union contributed 8.2 per cent to Malaysia's total trade. It grew 0.6 per cent year-on-year to RM17.49 billion last month.



For the January-August period, total trade slid 8.1 per cent year-on-year to RM1.718 trillion. AFP PIC

MALAYSIA'S TRADE PERFORMANCE IN AUGUST*

Malaysia recorded 40th consecutive month of trade surplus with positive growth in August.

TRADE	EXPORTS	IMPORTS	TRADE SURPLUS
RM213.01 bil ▼ 19.8%*	RM115.16 bil ▼ 18.6%	RM97.85 bil ▼ 21.2%	RM17.31 bil ▲ 0.1%
<div> <div> <div>68.4% OF EXPORTS</div> <div>ASEAN ▼ 20.6%</div> <div>RM33.48 bil (29.1% share)**</div> </div> <div> <div>70.4% OF IMPORTS</div> <div>ASEAN ▼ 9.9%</div> <div>RM25.98 bil (26.6% share)</div> </div> </div>			
<div> <div>CHINA ▼ 20.3%</div> <div>RM14.72 bil (12.8%)</div> </div> <div> <div>U.S. ▼ 9.7%</div> <div>RM20.68 bil (11.7%)</div> </div> <div> <div>EU ▼ 4.6%</div> <div>RM17.49 bil (8.3%)</div> </div> <div> <div>JAPAN ▼ 19.3%</div> <div>RM7.43 bil (6.5%)</div> </div>			
<div> <div>62.9% OF EXPORTS</div> <div>E&E Products ▼ 15.3%</div> <div>RM43.38 bil (37.7% share)</div> </div> <div> <div>62.6% OF IMPORTS</div> <div>E&E Products ▼ 14.6%</div> <div>RM29.64 bil (30.3% share)</div> </div>			
<div> <div>Petroleum Products ▼ 38.6%</div> <div>RM12.44 bil (10.8%)</div> </div> <div> <div>Chemicals & Chemical Products ▼ 10.0%</div> <div>RM5.99 bil (5.2%)</div> </div> <div> <div>Palm Oil & Palm Oil-Based Agriculture Products ▼ 31.9%</div> <div>RM5.56 bil (4.8%)</div> </div> <div> <div>Machinery, Equipment & Parts ▼ 9.9%</div> <div>RM5.06 bil (4.4%)</div> </div>			
<div> <div>Petroleum Products ▼ 49.2%</div> <div>RM10.26 bil (10.5%)</div> </div> <div> <div>Chemicals & Chemical Products ▼ 20.0%</div> <div>RM8.26 bil (8.4%)</div> </div> <div> <div>Machinery, Equipment & Parts ▼ 0.9%</div> <div>RM7.84 bil (8.0%)</div> </div> <div> <div>Manufactures of Metal ▼ 4.3%</div> <div>RM5.30 bil (5.4%)</div> </div>			

*% Growth in August 2023 compared to August 2022.

** Share from total exports/imports.

Note: Total figure may not add up due to rounding.

Source: DOSM

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