

## Malaysia's April Exports Rise 20.6 Percent

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Malaysia's April exports rose 20.6% from a year earlier thanks to higher shipments to China and robust demand for electronics, official data showed Monday.

Exports in April totaled 74 billion ringgit (\$17.36 billion) compared with 61.4 billion ringgit recorded during the same month last year, according to Department of Statistics. That compared to March's 24.1% year-on-year gain. On a month-on-month basis, exports shrank 10.5% in April, Nikkei reported.

Economists said the latest data suggests that Malaysia's export growth may have peaked, although external trade will likely remain resilient through 2017 on the back of stronger global growth prospects.

"The latest regional manufacturing PMIs suggest some slippage in factory activity, while the uplift from commodity prices is likely to dwindle in the backend of 2017," said CIMB Investment Bank's economist Michelle Chia. "That said, trade could still boost Malaysia's economy, at least mathematically."

Shipments of electrical and electronics goods, which accounts for more than one-third of Malaysia's total exports, increased 22.2% in April from a year earlier, while palm oil and palm-based products climbed 24.1%. However, exports of refined petroleum products fell by 15.8%.

In terms of markets, exports to Malaysia's largest trading partner China surged 50.6% year-on-year in April followed by a 26.5% gain in shipments to the European Union.

Between January and April, exports of electrical and electronic products to key markets US and China grew 8.0% and 26.7% respectively. "This could indicate that demand for Malaysian manufactured products still continues to be steady, indicating upside in exports growth," said AllianceDBS Research.

Imports, meanwhile, rose 24.7% to 65.2 billion ringgit in April from 52.3 billion ringgit a year earlier, largely driven by intermediate and capital goods. On a month-on-month basis, imports decreased 15.6% in April.

Trade surplus narrowed to 8.8 billion ringgit in April from 9.1 billion ringgit a year ago.

"Moving forward, the recovery in global trade remains on track, indicated by the strong pick-up in exports across the region since late last year," said RHB Research Institute.

However, current account surplus could narrow to 1.6% of gross domestic product in 2017 from 2.0% of GDP in 2016 as stronger import growth would likely outpace the increase in exports, RHB Research said. “Stronger economic growth would also result in a higher deficit in the services and income accounts.”