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Robust export growth continues at 20.6% in April

Supriya Surendran|June 06, 2017 08:49 am

KUALA LUMPUR: Malaysia's exports continued to be on double-digit growth track in April driven by higher commodity prices and global semiconductor sales.

The Department of Statistics Malaysia's data shows the country's exports grew at 20.6% to RM74 billion in April from RM61.3 billion a year ago. Although the pace was slower compared with 24.1% in March and 26.5% in February, economists concur that the growth was robust. Export growth in January had come in at 13.6%.

"As the robust pace in exports looks to be sustainable, we expect exports to grow by 10% this year," said RHB Research.

In a statement yesterday, the Department of Statistics said that the main products that contributed to the April export numbers were the electrical and electronic products (E&E), which grew 22.2% year-on-year to RM26.2 billion, and the palm oil and palm oil-based products which grew 24.1% to RM6.1 billion. E&E products made up 35.5% of total exports.

Exports of refined petroleum products, however, declined by 15.8% to RM3.8 billion due to the decrease in export volume, as average unit value increased by 12%.

Imports also increased by 24.7% in April to RM65.2 billion from RM52.3 billion a year ago, due to the higher imports of intermediate goods, which constituted 58.9% of total imports, capital goods and consumption goods.

Total trade in April 2017 was valued at RM139.2 billion, 22.5% higher than RM113.6 billion from a year ago.

AffinHwang Investment Bank Bhd chief economist Alan Tan said that the softer ringgit against the US dollar may have contributed to the strong export growth, which had weakened to levels of 4.2633 against the US dollar in April compared to 4.0985 a year ago. However, he noted that the weak ringgit was not the main driver for stronger exports.

"The export numbers were mainly driven by the performance of the E&E sector, which was in tandem with the recovery in the global semiconductor sector.

"A weak ringgit does help to boost the export of manufactured goods, but there is also an offset in terms of higher imports of intermediate goods which make up close to 59% of Malaysia's total imports," Tan told The Edge Financial Daily.

UOB Malaysia senior vice-president of global economics and market research, Julia Goh, meanwhile, pointed out that should the ringgit appreciate above 4.00 against the greenback, it could have some impact on exports.

“However. we do not think it will derail the recovery path which is supported by an improving global outlook,” she wrote in a note to investors yesterday.

Goh said that the outlook for the coming months remains promising given the strength in global demand as manufacturing activities remain steady, and the world’s semiconductor sales entered its fourth month of double-digit increase in March, and commodity prices continue to hold its gains compared to a year ago.

“Having said that, we are projecting a moderation in Malaysia's exports going into the second half. We expect China's growth momentum to ebb as the reflation and restocking cycles wane, while manufacturers might slow down their fixed asset investment amid pressure from the government’s tightening policies and higher refinancing costs.

“Also, with producer price inflation easing in China and Malaysia, this might take some of the wind out of export and import levels,” said Goh.