

8 October 2014

MALAYSIA

External Trade August – Surprisingly higher

August trade performance was a surprise with both exports and imports above consensus expectations. Exports growth was again led by mining goods and there was a rebound in both the performance of E&E products and Chemicals & Chemical product. Imports showed the resilience of the domestic economy with consumption and capital goods rebounded in August. While the domestic economy showed resilience, global trade performance are mixed signalling exports will still be heading south for the rest of the year.

August's export grew slightly higher to +1.6% (July 14: +0.6% YoY; Consensus; -1.4% YoY) while imports rebounded to 7.6% YoY (July 14: -0.7% YoY; Consensus; +0.4% YoY), resulting a higher trade surplus of RM3.9b (July 2014: RM3.6b). In terms of monthly growth, exports rebounded to 4.5% MoM after recorded the 3rd straight month of decline. (July 14: -0.2% MoM), whilst imports surged higher to +4.4% MoM (July 14: +0.4% MoM).

Total trade for the period between January to August 2014 was up by +7.9% YoY due exports growing at 9.5% versus imports growth of +6.1% YoY which led to a trade surplus of RM52.3b.

The August performance was bolstered by strong performance of mining goods which increased by 7.5% YoY to RM8.6b due to higher exports of crude petroleum and LNG. LNG rebounded by 1.9% YoY (July 2014: -22.9% YoY) while crude petroleum maintained its strong performance at 21.4% YoY (July 2014: +26.2%). Manufactured goods increased by 1.3% to RM49.2b due to a rebound of both E&E products by 3.9% YoY (July 2014: -1.0% YoY) and chemicals & chemical products at 1.4% YoY (July 2014: -7.0% YoY). Exports of palm oil declined by -0.8% YoY (July 2014: 16.7% YoY) due to lower volumes.

Table 1: Malaysia-External Trade Summary

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	YTD 2014	2013
Exports (RMb)	58.9	65.0	66.2	64.9	61.2	61.1	63.9	505.2	719.8
% YoY	12.3	8.3	18.7	16.3	7.9	0.6	1.6	9.5	2.4
% MoM	(7.9)	10.3	2.0	(2.0)	(5.7)	(0.2)	4.5		
Imports (RMb)	48.5	55.4	57.5	59.2	57.3	57.5	60.0	453.0	649.1
% YoY	9.5	0.5	5.0	11.9	9.2	(0.7)	7.6	6.1	7.0
% MoM	(15.9)	14.4	3.7	2.9	(3.3)	0.4	4.4		
Total Trade (RMb)	107.4	120.4	123.7	124.1	118.5	118.6	123.9	958.2	1368.9
% YoY	11.0	4.6	11.9	14.2	8.5	0.0	4.4	7.9	4.5
% MoM	(11.7)	12.1	2.8	0.3	(4.5)	0.1	4.5		
Trade Balance (RMb)	10.4	9.5	8.9	5.7	4.0	3.6	3.9	52.3	70.7
Import Components									
Consumption (RMb)	3.5	4.4	4.3	4.2	4.3	4.2	4.2	33.4	47.5
% YoY	18.0	19.8	8.9	4.9	7.6	(8.9)	8.4	7.8	8.7
Capital	6.5	8.3	8.3	8.4	8.8	7.3	8.6	64.0	98.8
% YoY	(12.4)	(9.2)	4.3	8.5	15.1	(18.7)	9.9	(0.7)	2.8
Intermediate	27.7	32.3	32.8	34.6	33.7	34.7	37.6	267.3	379.2
% YoY	9.6	(3.3)	(3.9)	10.4	2.7	2.8	19.8		4.3

Source: DOS, MIDFR

Asean is still the top export destination accounting for 26.2% of total exports in August 2014 (July 2014: 27.8%), followed by China at 14.2% (July 2014: +14.9%) and the EU at 10.3% (July 2014: 9.6%). Exports to Asean inched slowly to +1.2% YoY (July 2014: +1.7% YoY), the fourth straight month of deceleration. Exports to Asean were mixed with exports to and Indonesia declined by -21.3% YoY (July 2014: -34.6%) due to lower exports of petroleum products but exports to Thailand reversed upwards to 4.8% YoY (July 2014: -16.2 YoY).

Table 2: Malaysia-Exports on selected Asean Countries

	Jun -14		Jul-14		Aug-14	
	Value-RMb	% YoY	Value-RMb	% YoY	Value-RMb	% YoY
Singapore	8.4	6.5	9.9	16.6	9.3	7.5
Thailand	3.4	13.1	2.9	(16.2)	3.6	4.8
Indonesia	2.8	4.7	2.1	(34.6)	2.5	(21.3)
Phillipines	0.9	9.1	1.3	56.6	0.9	35.2
Vietnam	1.1	29.6	1.1	0.6	1.1	(3.0)

Source: DOS, MIDFR

Exports to the major economies were mixed, with China's appetite of Malaysian goods decreased by -21.8% YoY (July 2014: -14.4% YoY) the 4th straight month of decline. Exports to China contracted due to lower exports of metal, palm oil, E&E products as well as chemicals & chemical products. Exports to Japan rebounded by +9.9% (July 2014: -22.1% YoY) due to higher exports of LNG and E&E products. Exports to the EU surprisingly continues its modest expansion to +5.7% YoY (July 2014: +8.9% YoY) contributed mainly by increases in exports of electronic integrated circuits as well as optical and scientific equipment. **Exports to the USA** increased by 6.3% YoY (July 2014: 4.5% YoY) to RM5.3b in due to higher exports of E&E products (apparatus for transmission or reception of voices, images and other data), optical and scientific equipment as well as processed food.

Table 3: Malaysia-Exports (% YoY)

	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Total Exports									
Exports by Key Country/Region									
ASEAN	14.9	(4.8)	5.7	10.9	17.5	14.7	9.6	1.7	1.2
USA	1.6	(0.3)	8.4	5.2	17.1	13.8	9.5	4.5	6.3
EU	7.9	26.1	15.8	14.1	20.7	23.4	3.9	8.9	5.7
Japan	3.5	12.2	17.5	(0.9)	16.5	11.4	(2.6)	(22.1)	9.9
China	37.3	28.5	23.6	(1.8)	13.1	(0.4)	(1.9)	(14.4)	(21.8)
Hong Kong	30.6	52.3	41.9	15.5	58.5	40.3	27.0	18.0	14.9
Indonesia	23.5	11.7	(19.8)	9.2	11.7	28.2	4.7	(34.6)	(21.3)
Australia	25.3	53.7	13.1	46.0	28.0	58.8	11.1	16.7	7.5
India	(8.8)	(19.4)	(18.5)	(4.3)	(45.3)	10.7	9.0	18.9	(1.6)
Taiwan	41.6	11.8	2.5	(27.8)	(1.9)	35.8	(0.8)	46.2	41.6
Exports by Major Products									
E&E	12.0	14.6	18.0	6.2	22.0	12.3	5.5	(1.0)	3.9
Chemicals & Chemical Prod.	12.3	5.5	12.0	11.0	14.8	9.9	(6.3)	(7.0)	1.4
Crude Petroleum	24.2	(2.6)	(8.2)	(6.6)	37.1	73.4	24.5	26.2	21.4
LNG	20.6	26.6	18.8	3.2	31.8	17.3	11.2	(22.9)	1.9
Palm Oil	(8.5)	3.8	0.1	3.6	(4.0)	17.2	5.3	16.7	(0.8)
Petroleum Products	61.3	13.4	0.2	35.9	42.4	55.4	12.7	31.2	(24.7)

Source: DOS, CEIC

Imports rebounded in August, with consumption and capital goods registered a growth of +8.4% YoY (July 2014: -8.9%) and +9.9% YoY (July 2014: -18.7 YoY) respectively. Imports of intermediate products showed double digit growth of +19.8% YoY (July 2014: 2.8% YoY).

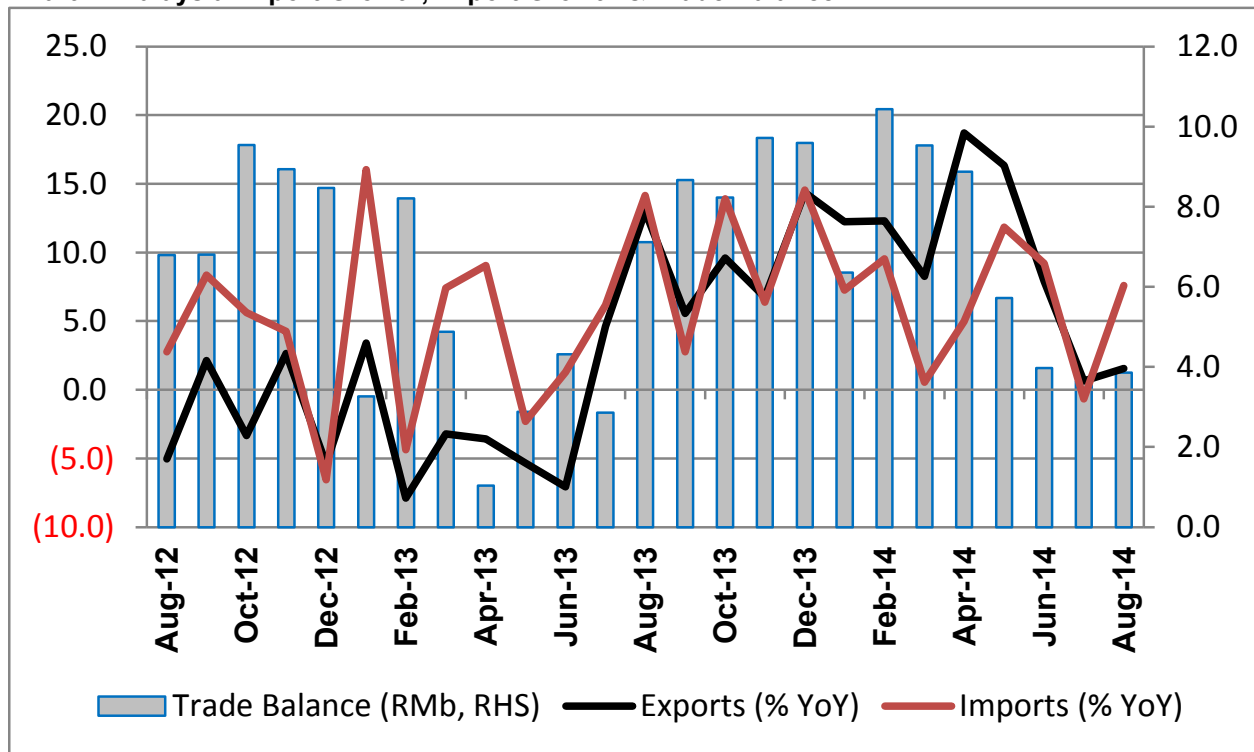
Global manufacturing-hence trade growth momentum remains mixed. Except for the USA, PMI for most of the major economies seems to be on a standstill. Eurozone, Japan and China seemed to be slowing down. With uneven dynamics in the global trade, Malaysia's trade momentum seemed to be uneven but likely to head for the rest of the year.

Table 4: Global Manufacturing PMI

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Global Manufacturing	53	53.2	52.4	51.9	52.1	52.7	52.4	52.6	n.a
US	51.3	53.2	53.7	54.9	55.4	55.3	57.1	59.0	56.6
Eurozone*	54.0	53.2	53.0	53.4	52.2	51.8	51.8	50.7	50.3
Japan*	56.6	55.5	53.9	49.4	49.9	51.5	50.5	52.2	51.7
China	50.5	50.2	50.3	50.4	50.8	51	51.7	51.1	51.1
India	51.4	52.5	51.3	51.3	51.4	51.5	53.0	52.4	51.0
S. Korea	50.9	49.8	50.4	50.2	49.5	48.4	49.3	50.3	48.8
Taiwan	55.5	54.7	52.7	52.3	52.4	54	55.8	56.1	53.3
Singapore	50.5	50.9	50.8	51.1	50.8	50.5	51.5	49.7	50.5

Source: Bloomberg, Markit*

Chart 1: Malaysia-Export Growth, Import Growth & Trade Balance



Source: DOS, MIDFR

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