

Dots & Plots

28 July 2020

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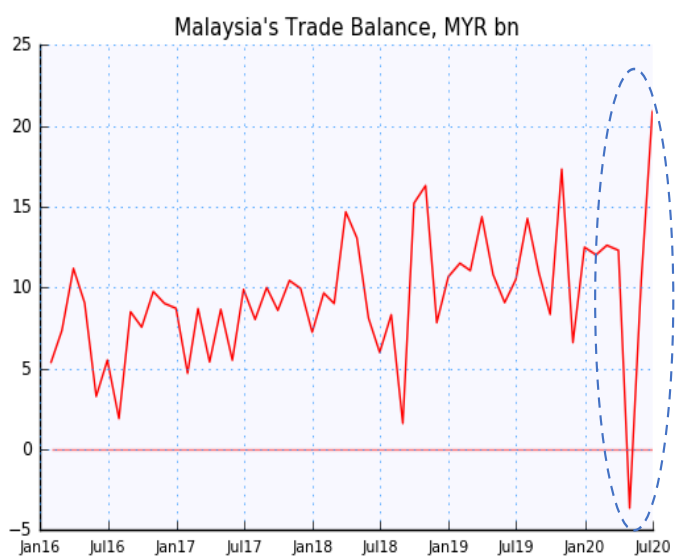
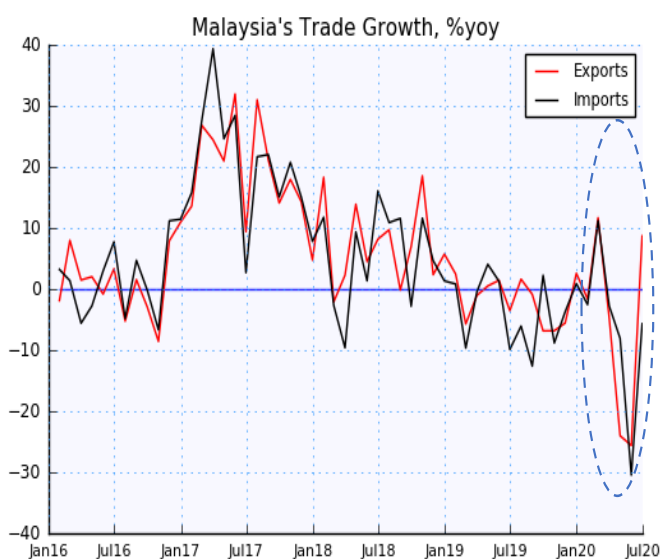
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## V for Vigorous

### Malaysia's exports surprised strongly on the upside on electronics uptick

- Malaysia's exports surprised strongly on the upside for the month of June, at +8.8%yoy, against expectation of a contraction of as deep as 10%. Compared to the -23.9% and -25.5% prints of April and May respectively, the upward lurch of the latest data point would come that much sweeter, as well.
- The surprise was largely driven by a robust pickup in the shipment of electrical and electronic products (+15.9%yoy in June vs. more than 20% contraction in Apr-May). Its uptick speaks to Malaysia's integral role in the global semiconductor supply chain. At nearly 40% of total exports, the momentum should bode well for overall exports recovery as well.
- In terms of destination, the strongest improvement was seen in exports to China, which grew by 46.8% yoy, compared to 4.5% before – in line with what we highlighted before about how [China's recovery would benefit ASEAN economies](#), especially Malaysia. Encouragingly, shipment to US improved considerably as well, at +27.6%yoy versus sharp declines before.
- Imports fell by less than expected (contraction of 5.6% yoy, vs 13% expected). Details suggest a pickup in imports of intermediate and capital goods, which should bode well for the manufacturing out-turn. In net terms, trade balance shot up to MYR20.9bn – a historic high.
- Overall, the trade data is an obvious boost to the sense that the Malaysian economy has been picking up steam by end of Q2. While the GDP data out on August 12<sup>th</sup> would still feel painful – we see a contraction of 7% – at least things were shaping up strongly by the end of the period rather than not.



Source: OCBC, Bloomberg.

## Treasury Research & Strategy

### Macro Research

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