

Malaysia

20 May 2025

Strong April trade data supported by front-loading to the US

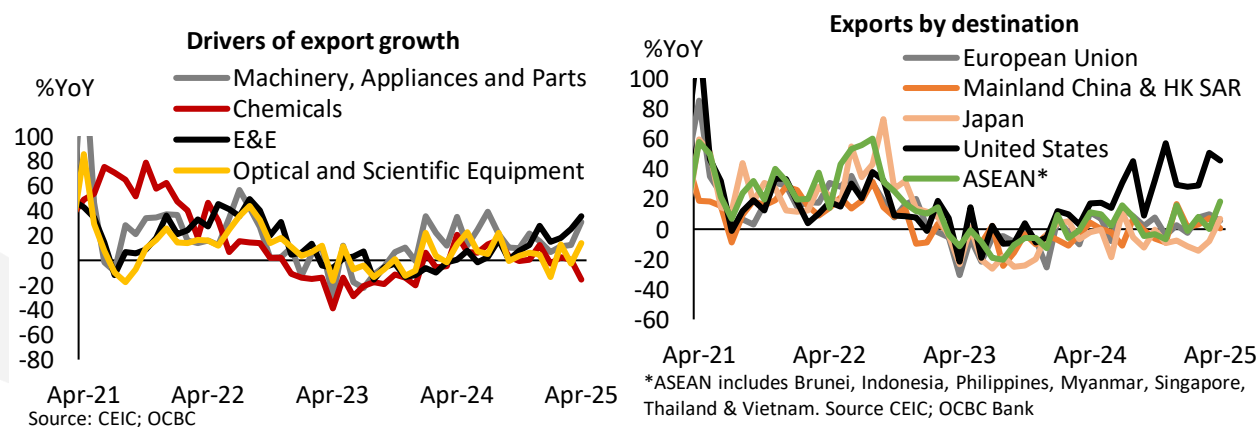
- April trade data beat expectations, with exports rising by 16.4% YoY and imports up by 20.0% YoY. The trade surplus narrowed sharply to MYR5.2bn versus MYR24.8bn in March.
- The front-loading of exports to the US continued in April while imports from the US also jumped sharply.
- The April trade data does not lend itself to very clear growth implications. We expect Bank Negara Malaysia (BNM) to cut its policy rate by a cumulative 50bps in 2H25.

Lavanya Venkateswaran
Senior ASEAN Economist
+65 6530 6875

lavanyavenkateswaran@ocbc.com

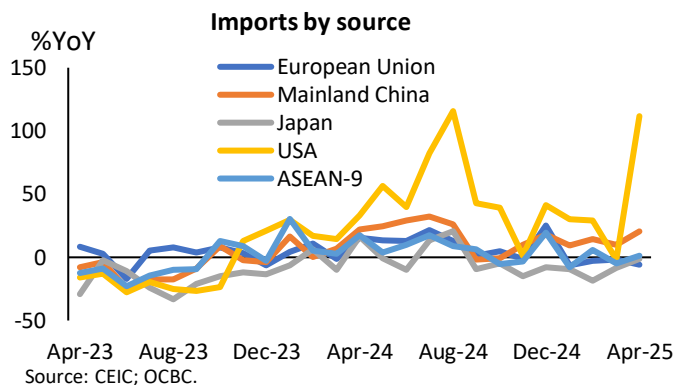
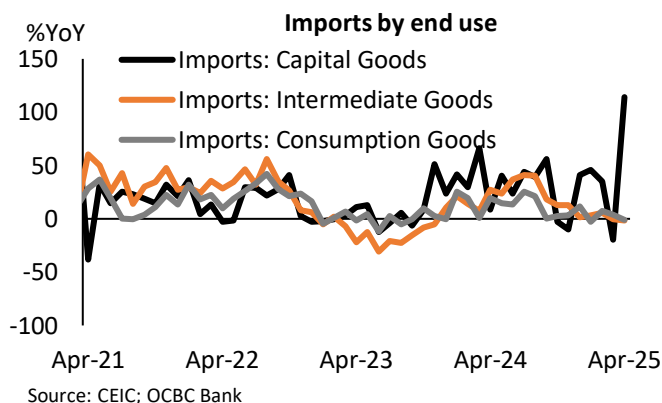
April trade data beat expectations. Exports rose by 16.4% YoY in April versus 6.8% in March (Consensus: 7.5%; OCBC: 15.2%) while import growth jumped to 20.0% (Consensus: 2.5%; OCBC: 2.0%) versus -2.9% in March. As a result, the trade surplus narrowed sharply to MYR5.2bn from MYR24.8bn in March (Consensus: MYR13.7bn; OCBC: MYR23.0bn).

The front-loading of exports to the US continued to fuel export growth. Exports to the US were up 45.6% YoY (March: 50.8%) complemented by higher exports to Mainland China, Japan and ASEAN. By product, export growth was driven by electronical and electronics (E&E) (35.4% YoY versus 25.4% in March), machinery & appliances (31.0% versus 10.4%) and optical & scientific equipment (14.0% versus -2.3%) exports. Key commodity exports such as palm oil and LNG were also up in April. These more than offset weaker exports of chemicals and rubber exports.

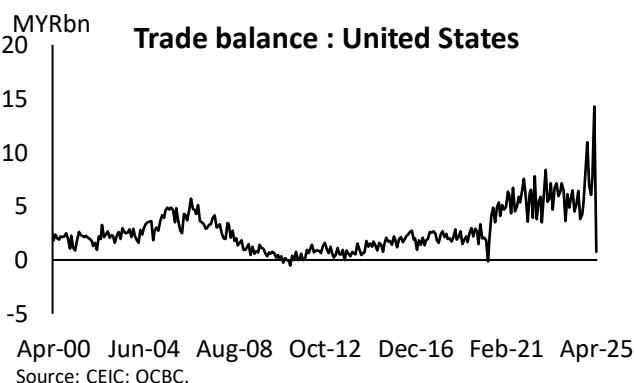
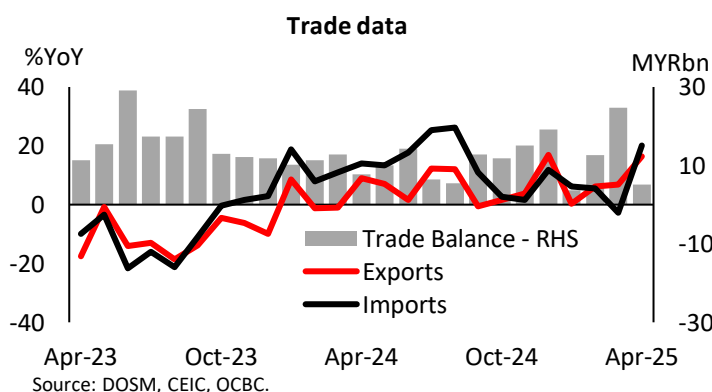


Interestingly, the April data showed that the front-loading was not limited to exports. Import growth from the US also jumped 111.8% YoY versus -1.9% in March. While this data is volatile, the three-moving average shows a clear uptick in imports from the US. Imports from other key destination such as Mainland China, Japan and

ASEAN also picked up in April versus March. By product, E&E imports rose by 65.1% YoY in April compared to 11.3% in March. By end use, capital goods imports jumped by 114.1% YoY versus -19.4% in March and more than offset weaker intermediate (-1.7% versus -0.6%) and consumption (-0.7% versus 3.7%) goods imports.



The trade surplus, as a result, narrowed sharply MYR5.2bn from MYR24.8bn in March. Specifically, Malaysia's trade surplus with the US dropped to its lowest since the pandemic. As we have mentioned previously, we expect wild swings in the trade balance for the remainder of the year. The outcome of tariff negotiations will have a significant impact on the trade balance in 2H25.



The April trade data does not lend itself to very clear growth implications. Higher export growth could be offset by higher import growth, resulting in a relatively neutral net export contribution. Incoming domestic demand data, the breakdown of the price and volume effects for the April trade data will offer more clues into growth momentum in 2Q25.

We do expect BNM to deliver a cumulative 50bps in rate cuts in 2H25. We will continue to determine the exact timing of the rate cuts in terms of 9 July, 4 September and 6 November meetings based on incoming economic data and tariff negotiation outcomes with the US.

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

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