

Malaysia

20 May 2024

Mixed April Trade Data

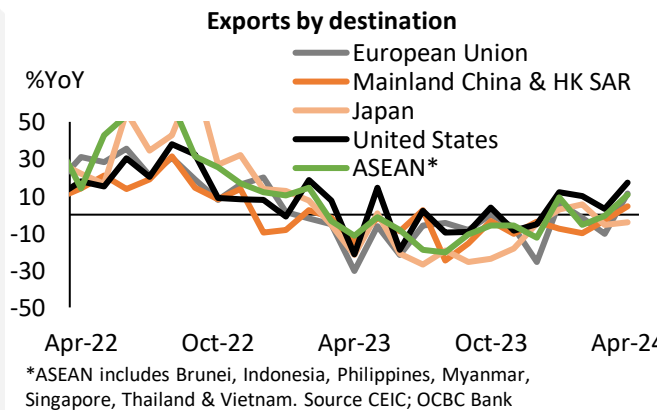
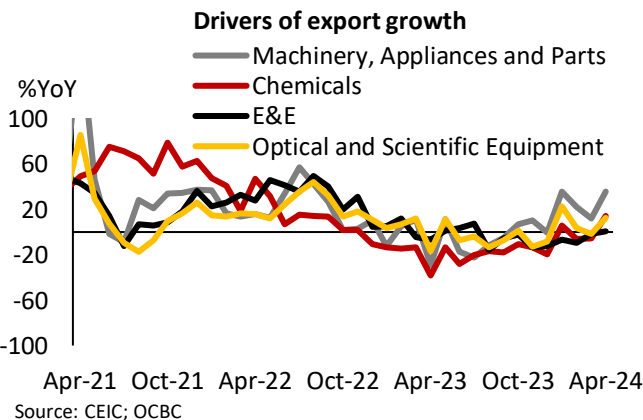
- April trade data was mixed. Although April export and import growth improved to 9.1% YoY and 15.6% YoY, respectively, it fell short of expectations.
- As a result, the April trade surplus narrowed to MYR7.7bn from MYR12.7bn in March.
- We expect the external surpluses to remain solid for the rest of this year and for Bank Negara Malaysia to remain on hold in 2024.

Lavanya Venkateswaran  
Senior ASEAN Economist  
+65 6530 6875  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

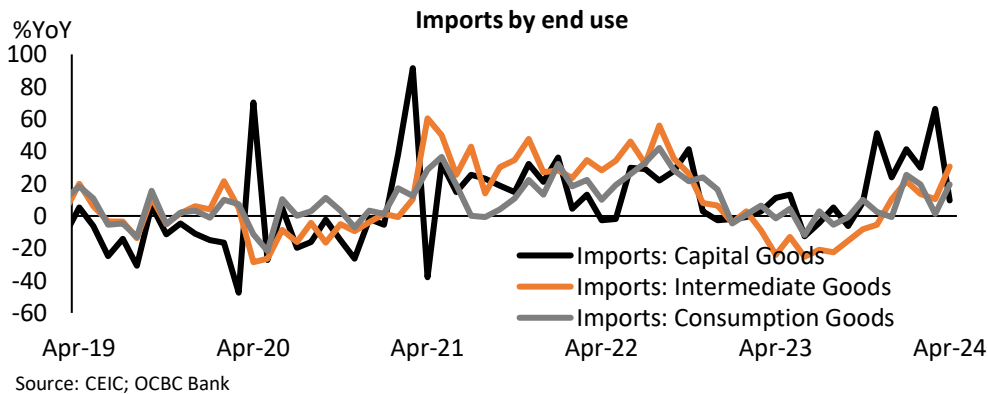
Although export and import growth improved in April, it fell short of expectations. Export growth improved to 9.1% YoY in April versus -0.9% in March (Consensus& OCBC: 14.1%); while import growth picked to 15.6% versus 12.5% in March (Consensus: 17.8%; OCBC: 16.6%). The trade surplus narrowed more-than-expected to MYR7.7bn in April from MYR12.7bn in March (Consensus: MYR11.8bn; OCBC: MYR12.1bn).

The improvements in export growth to 9.1% YoY versus -0.9% in March were due to some favourable base effects. On a seasonally adjusted sequential basis, export growth dropped to -7.0% MoM in April, according to the Department of Statistics.

Nevertheless, improvements were recorded in YoY terms for all major categories of exports including chemicals (22.3% YoY versus -3.8% in March), LNG (12.7% versus 8.4%), machinery and appliances (35.7% YoY versus 12.0% in March). Encouragingly, electrical and electronics exports grew by 0.6% YoY versus -1.7% in March, first positive growth in eight months. By destination, exports to ASEAN, Mainland China and HK SAR, USA, EU and Taiwan picked up in April 2024 versus March. Exports to Japan, however, remained weak.



Meanwhile, the pickup in import growth to 15.6% YoY was supported by strong growth in intermediate goods (+30.5%), consumption goods (+19.5%) and capital goods (+9.7%) imports. This suggests that domestic demand remained resilient in April and will continue to be a key driver of growth this year.



Looking ahead, there is likely to be some normalisation in export growth in YoY terms as favourable base effects fade. Notwithstanding, we expect there to be a trend improvement in export growth supported by electronics and electrical exports in 2H24 as global electronics demand improves, in line with our house view. The trade and current account surpluses should remain supported. We maintain our 2024 current account surplus forecast of 2.5% of GDP.

Resilient growth prospects and solid external balances amid benign inflationary pressures will allow Bank Negara Malaysia to keep its policy rate unchanged in 2024, under our baseline. The key risk to our forecasts is from the timing and mechanism regarding the introduction of targeted fuel subsidies.

## Macro Research

Selena Ling  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

Tommy Xie Dongming  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

Keung Ching (Cindy)  
Hong Kong & Macau Economist  
[Cindyckeung@ocbc.com](mailto:Cindyckeung@ocbc.com)

Herbert Wong  
Hong Kong & Macau Economist  
[HerbertWong@ocbc.com](mailto:HerbertWong@ocbc.com)

Lavanya Venkateswaran  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

Ahmad A Enver  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

Jonathan Ng  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

Ong Shu Yi  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

## FX/Rates Strategy

Frances Cheung, CFA  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

Christopher Wong  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

## Credit Research

Andrew Wong  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

Ezien Hoo, CFA  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

Wong Hong Wei, CFA  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

Chin Meng Tee, CFA  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W