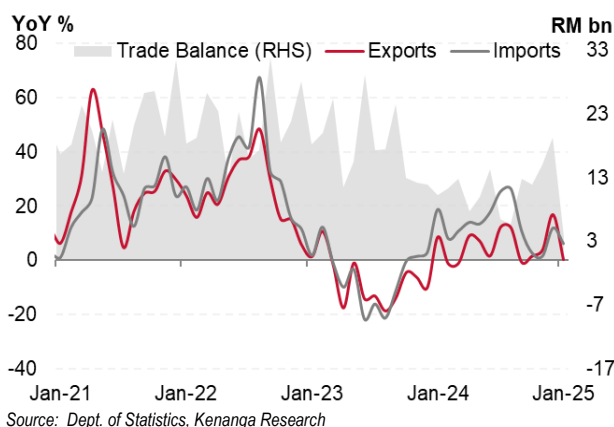


Malaysia External Trade

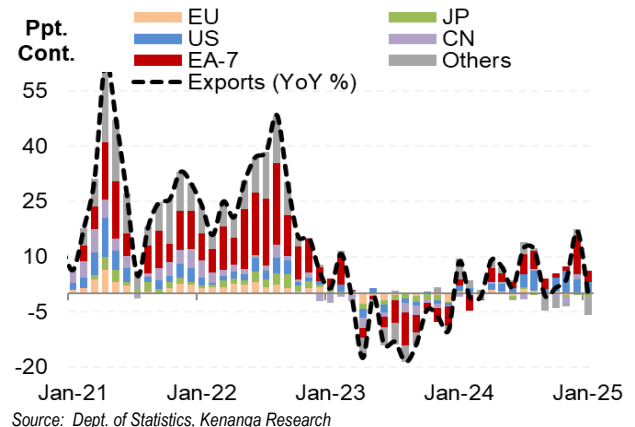
January exports slump amid seasonal trends, trade surplus narrows sharply

- Exports slowed sharply to 0.3% (Dec 24: 16.9%), far below expectations (KIBB: 10.3%; consensus: 5.0%) due to seasonal effects from the Chinese New Year holidays**
 - MoM (-11.3%; Dec 24: 9.6%): fell sharply to a 21-month low, tracking seasonal trends.
- Weaker exports to Singapore, China, Japan and the EU, as well as a broad-based slowdown across key sectors**
 - By destination:** it was a broad-based slowdown across key trading partners led by a sharp growth moderation of exports to Singapore (19.7%; Dec 24: 44.3%), and a decline in shipment to China (-4.0%; Dec 24: 9.6%), Japan (-11.2%; Dec 24: -7.5%) and the EU (-2.6%; Dec 24: 2.5%). Meanwhile, exports to the US remained resilient (28.1%; Dec 24: 29.4%).
 - By sector:** mining contracted further (-12.6%; Dec 24: -5.2%), while manufacturing (0.4%; Dec: 18.5%) and agriculture (11.0%; Nov: 28.8%) slowed sharply.
 - By major product:** declines in the export of petroleum products (-34.1%; Dec 24: 8.0%) and LNG (-13.3%; Dec: -7.4%) as well a slower electrical & electronics products (14.8%; Dec 24: 27.9%), weighed on overall export growth.
- Imports growth slowed sharply (6.2%; Dec 24: 11.9%) to a two-month low, slightly below the house forecast of 7.0%, but above the consensus of 2.5%**
 - Drivers:** a drop in re-exports (-8.7%; Dec 24: 33.5%) offset higher retained imports (11.0%; Dec 24: 6.6%).
 - By category:** due to a decline in consumption goods (-2.6%; Dec 24: 11.5%). But capital goods (45.9%; Dec 24: 41.3%) and intermediate goods (3.3%; Dec 24: 1.5%) gained.
 - MoM (-0.2%; Dec: 7.3%): contracted, in line with seasonal trends.
- Trade surplus shrank sharply to RM3.6b (Dec 24: RM19.1b), far below expectations (KIBB: RM14.9b; consensus: RM13.2b)**
 - Meanwhile, total trade slowed sharply to 3.1% YoY (Dec 24: 14.5%), with MoM contracting by 6.2% (Dec 24: 8.5%).
- 2025 exports forecast maintained at 5.0% (2024: 5.7%), with shipment expected to pick up from February onwards**
 - Drivers:** Mainly due to the ongoing global tech upcycle led by AI demand and 2024's approved investments, particularly in manufacturing and technology-related sectors. Growth will also be supported by key trading partners, China's gradual economic recovery, and potential spillover from trade diversion amid Trump's tariff threats.
 - Key markets:** Notably, US exports have grown MoM for 13 consecutive months since January 2024. The US is now Malaysia's second-largest export destination after Singapore, surpassing China, with a 14.1% share in January (Dec 24: 13.7%). While demand from China remains weak as uncertainty over US tariffs looms, a near-term recovery is expected, bolstering Malaysia's trade outlook.
 - Risks:** Uncertainty of US policy shifts and Trump tariff threats, alongside a slower-than-expected China recovery, pose downside risk. The complexity of global demand, supply dynamics, and interlinkages between countries adds to the murky trade outlook.
 - Outlook:** We maintain our 2025 GDP growth forecast at 4.8%, reflecting a moderate expansion following a better-than-expected growth achieved last year (2024: 5.1%). This projection accounts for economic normalisation and uncertainties arising from global policy shifts under the new US administration.

Graph 1: External Trade Growth



Graph 2: Exports by Destination



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Table 1: Malaysia External Trade Growth Trend

		2021	2022	2023	2024	Jan-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Total Trade	%YoY	24.9	27.6	-7.3	9.1	13.3	18.5	4.5	2.1	2.8	14.5	3.1
Trade Balance	RM bil	253.7	256.2	215.2	136.8	10.2	5.5	12.8	11.9	15.1	19.1	3.6
Exports	%YoY	26.1	24.9	-8.0	5.7	8.6	12.0	-0.6	1.6	3.9	16.9	0.3
	%MoM					3.3	-1.6	-4.2	3.7	-1.4	9.6	-11.3
Manufacturing	%YoY	25.7	22.4	-6.9	5.9	9.3	14.0	-0.5	1.9	5.0	18.5	0.4
	Shr	86.1	84.2	85.3	85.5	84.7	86.8	86.6	85.5	85.0	84.6	84.8
Agriculture	%YoY	36.8	23.3	-21.8	11.7	17.3	19.3	10.8	8.9	13.2	28.8	11.0
	Shr	7.9	7.8	6.6	7.0	6.7	7.1	7.3	7.6	7.5	7.6	7.4
Mining	%YoY	20.6	67.0	-10.0	-2.6	-4.9	-16.3	-13.5	-12.2	-17.3	-5.2	-12.6
	Shr	5.7	7.6	7.4	6.8	7.9	5.6	5.6	6.0	6.6	7.1	6.9
Others	%YoY	11.4	51.5	26.8	15.3	-12.8	-23.8	2.2	63.5	-9.8	-25.2	28.9
	Shr	0.4	0.5	0.6	0.7	0.7	0.6	0.6	0.9	0.9	0.6	0.8
Imports	%YoY	23.3	31.0	-6.4	13.2	18.8	26.2	10.9	2.7	1.6	11.9	6.2
	%MoM					5.3	-1.0	-10.3	4.9	-4.3	7.3	-0.2
Capital	%YoY	14.4	15.8	7.1	29.6	41.5	39.4	56.3	-3.1	-10.1	41.3	45.9
	Shr	10.5	9.3	10.6	12.2	12.2	12.1	15.3	10.6	11.9	14.5	16.8
Intermediate	%YoY	27.2	29.5	-12.2	20.7	21.3	40.5	18.0	12.6	12.7	1.5	3.3
	Shr	55.3	54.6	51.2	54.6	52.4	58.6	53.0	54.0	56.9	51.1	51.0
Consumption	%YoY	13.2	24.0	0.1	12.8	25.3	21.2	0.3	2.9	3.3	11.5	-2.6
	Shr	8.5	8.0	8.6	8.6	9.2	8.4	7.9	8.3	9.0	8.6	8.4

*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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