



From the Desk
of the
Chief Economist

BANK ISLAM

EXPORTS JUMPED BY 63.0% IN APRIL, THE HIGHEST SINCE 1998

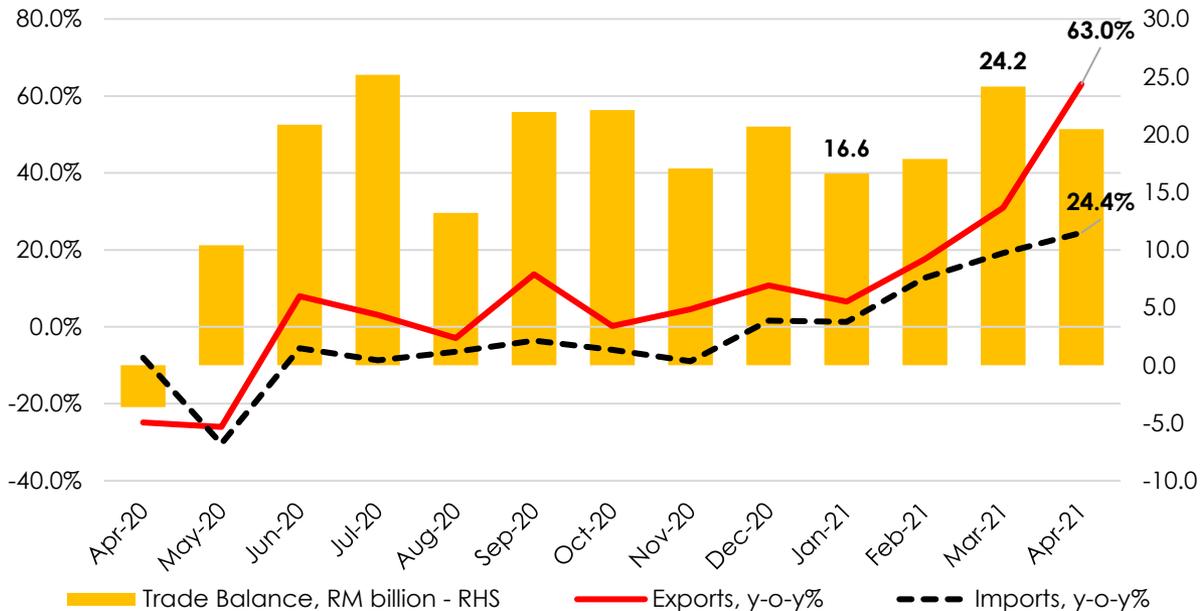
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ECONOMIC RESEARCH

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EXPORTS JUMPED BY 63.0% IN APRIL

External Trade Performance, y-o-y%



Exports

April 2021: 63.0%
March 2021: 31.0%

Imports

April 2021: 24.4%
March 2021: 19.2%

Trade Balance

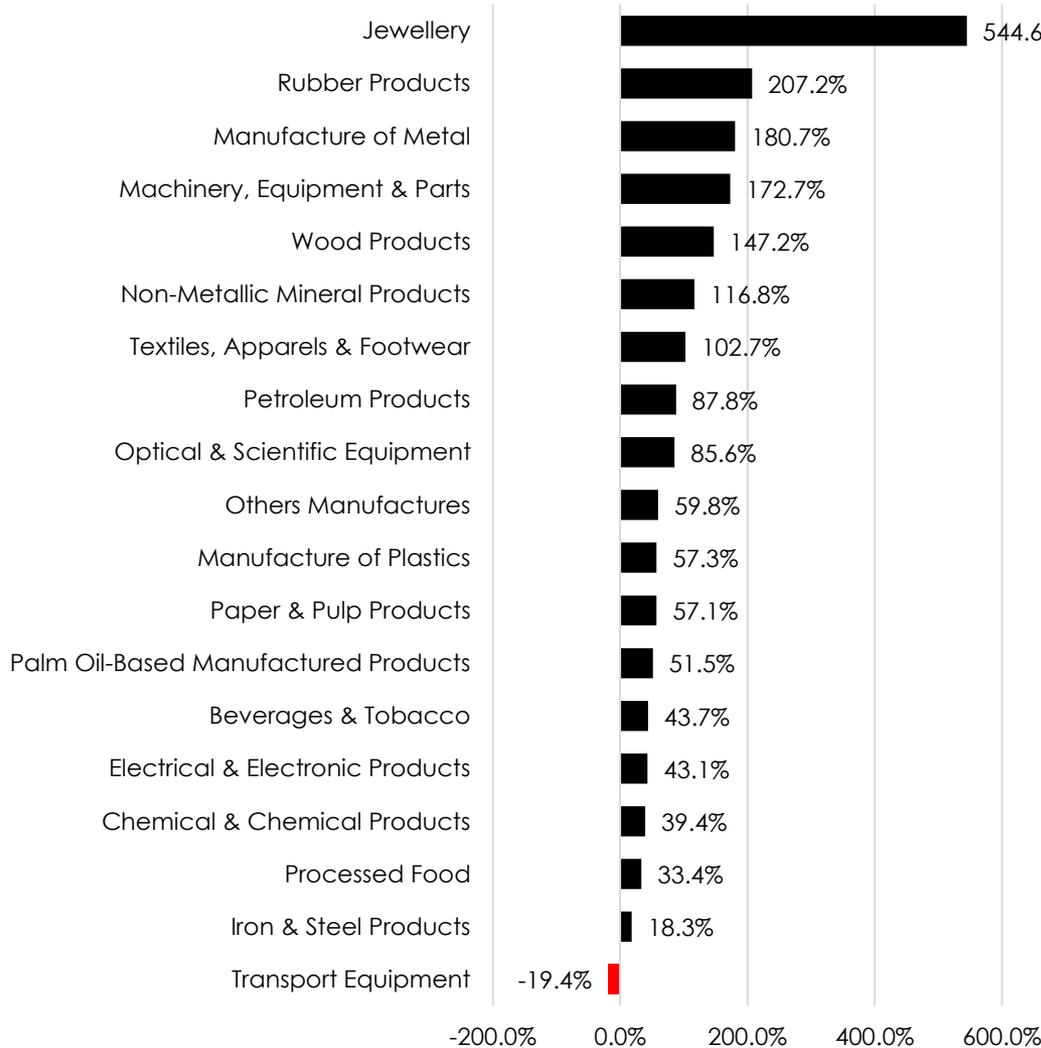
April 2021: RM 20.5 billion
March 2021: RM24.2 billion

Source: CEIC

- ✓ Malaysia's exports performance soared by 63.0% year-on-year (y-o-y) during April from a 31.0% increase recorded in March (**Bank Islam: 35.0%, Consensus: 51.0%**).
- ✓ It was the highest print since February 1998 (65.1%) largely propelled by Manufacturing and Agriculture sector which jumped by 65.5% (March: 35.9%) and 66.9% (March: 43.8%) in April.
- ✓ In addition, Mining activities rebounded by 24.5% in April (March: -24.1%) after falling for 21 straight months.

MANUFACTURING SECTOR CONTINUED TO RECORD DOUBLE-DIGIT GROWTH

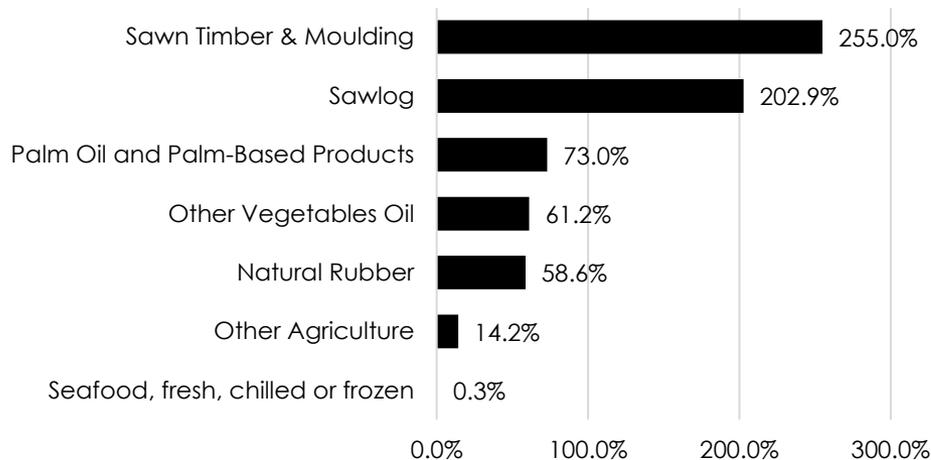
Manufacturing Sub-sector, y-o-y%



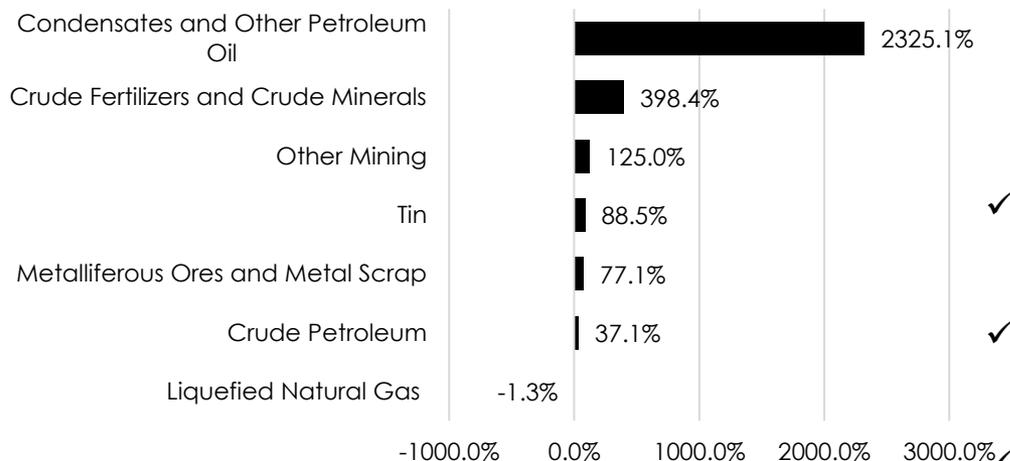
Within Manufacturing industry, exports of Jewellery posted spectacular growth at 544.6% in April (March: 90.3%). This was followed by Rubber Products (April: 207.2% vs. March: 210.6%) , Manufacture of Metal (April: 180.7% vs. March: 88.4%), Machinery, Equipment & Parts (April: 172.7% vs. March: 49.7%), Wood Products (April: 147.2% vs. March: 64.6%), Non-Metallic Mineral Products (April: 116.8% vs. March: 46.5%) and Textiles, Apparels & Footwear (April: 102.7% vs. March: 30.4%) which also posted significant increase during April.

✓ On the other hand, exports of Transport Equipment registered a slower decline of 19.4% in April compared to -55.2% previously.

Agriculture Sub-sector, y-o-y%



Mining Sub-sector, y-o-y%



- ✓ Within Agriculture sector, the robust growth can be seen in Sawn Timber & Mouldings and Sawlog which rose by 255.0% (March: 15.8%) and 202.9% (March: -50.8%) in April.
- ✓ Apart from that, Palm Oil and Palm Based Products went up by 73.0% in April from 54.1% in March.
- ✓ As for Mining sector, Condensates and Other Petroleum Oil (April: 2,325.2% vs. March: 0.5%) and Crude Fertilizers and Crude Minerals (April: 398.4% vs. March: 22.3%) and Other Mining (April: 125.0% vs. March: -36.0%) also skyrocketed in April.
- ✓ As for imports, it increased by 24.4% (March: 19.2%), mainly supported by Intermediate Goods (April: 64.4% vs. March: 12.4%) and Consumption Goods (April: 29.9% vs. March: 13.0%). Nevertheless, Capital Goods contracted by 38.2% in April after rising by 93.3% in the preceding month.
- ✓ Consequently, the trade surplus narrowed to RM20.5 billion in April from RM24.2 billion in March.
- ✓ On a cumulative basis, exports and imports both returned to growth at 27.8% (4M2020: -6.9%) and 14.3% (4M2020: -1.2%) in 4M2021. As such, the trade surplus widened to RM79.1 billion in 4M2021 (4M2020: RM33.3 billion).

EXTERNAL TRADE PERFORMANCE

| Y-o-Y% | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | 4M2020 | 4M2021 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Exports | 0.2% | 4.6% | 10.8% | 6.6% | 17.6% | 31.0% | 63.0% | -6.9% | 27.8% |
| Imports | -6.0% | -9.0% | 1.6% | 1.3% | 12.7% | 19.2% | 24.4% | -1.2% | 14.3% |
| Trade balance (RM billion) | 22.1 | 17.1 | 20.7 | 16.6 | 17.9 | 24.2 | 20.5 | 33.3 | 79.1 |
| Export by sector | | | | | | | | | |
| Manufacturing | 2.5% | 8.2% | 12.4% | 11.7% | 20.9% | 35.9% | 65.5% | -5.7% | 31.9% |
| Electrical & Electronic Products | 3.0% | 23.6% | 18.1% | 13.1% | 25.5% | 48.0% | 43.1% | -11.4% | 31.5% |
| Chemical & Chemical Products | -16.1% | -6.6% | 0.9% | 10.6% | 20.3% | 32.3% | 39.4% | -9.7% | 25.5% |
| Machinery, Equipment & Parts | 3.2% | -5.0% | 2.4% | -1.5% | -0.4% | 49.7% | 172.7% | -12.7% | 36.9% |
| Petroleum Products | -25.6% | -27.1% | -22.0% | -32.4% | 32.1% | -38.3% | 87.8% | 11.3% | 4.6% |
| Manufacture of Metal | -10.1% | -5.3% | 34.9% | 19.9% | 27.0% | 88.4% | 180.7% | -19.2% | 65.6% |
| Transport Equipment | -14.6% | -26.5% | -29.9% | 4.9% | -8.7% | -55.2% | -19.4% | 46.1% | -28.5% |
| Optical & Scientific Equipment | -3.0% | 0.6% | 4.6% | 9.9% | -0.2% | 30.8% | 85.6% | -3.6% | 26.8% |
| Processed Food | -0.6% | -12.5% | 2.1% | 9.2% | 1.5% | 29.5% | 33.4% | 0.2% | 17.6% |
| Textiles, Apparels & Footwear | 10.8% | -10.8% | 5.5% | -5.9% | -0.5% | 30.4% | 102.7% | -14.0% | 20.7% |
| Iron & Steel Products | 21.4% | -20.2% | 2.8% | 3.9% | -20.4% | 34.6% | 18.3% | 11.5% | 7.6% |
| Manufacture of Plastics | -12.4% | -14.2% | 4.2% | 7.5% | -1.1% | 29.6% | 57.3% | -11.2% | 20.8% |
| Paper & Pulp Products | -4.1% | -15.0% | 6.9% | 16.3% | 9.5% | 21.4% | 57.1% | 12.8% | 24.5% |
| Rubber Products | 127.3% | 124.8% | 126.9% | 187.4% | 188.7% | 210.6% | 207.2% | 10.4% | 198.8% |
| Palm Oil-Based Manufactured Products | -10.7% | 0.3% | 6.3% | 6.0% | 9.8% | 42.0% | 51.5% | -13.5% | 26.7% |
| Non-Metallic Mineral Products | -9.4% | -7.4% | 9.1% | 14.2% | -0.4% | 46.5% | 116.8% | 5.7% | 32.9% |
| Beverages & Tobacco | -23.3% | -38.1% | 11.8% | -8.2% | -31.6% | 48.3% | 43.7% | -28.1% | 7.4% |
| Jewellery | -23.4% | -16.4% | -8.9% | -6.5% | -22.3% | 90.3% | 544.6% | -37.1% | 40.3% |
| Wood Products | 9.9% | 3.1% | 12.3% | 2.2% | -3.7% | 64.6% | 147.2% | -8.4% | 34.9% |
| Others Manufactures | 29.6% | 18.0% | 16.6% | 8.0% | -7.5% | 25.9% | 59.8% | 19.9% | 18.7% |
| Agriculture | 28.7% | 6.0% | 47.1% | -7.3% | 9.7% | 43.8% | 66.9% | -5.8% | 27.0% |
| Natural Rubber | 2.8% | 23.2% | 27.9% | 9.6% | 14.5% | 43.9% | 58.6% | -3.9% | 30.4% |
| Saw log | -49.5% | -68.8% | 40.5% | -62.8% | 2.6% | -50.8% | 202.9% | -32.6% | -0.7% |
| Sawn Timber & Mouldings | -28.2% | -10.7% | -14.6% | -15.6% | -25.2% | 15.8% | 255.0% | -35.7% | 18.4% |
| Mining | -47.2% | -32.1% | -31.0% | -31.0% | -7.8% | -24.1% | 24.5% | -17.3% | -13.2% |
| Tin | 21.7% | 19.1% | 46.6% | 78.2% | 50.1% | 206.2% | 88.5% | -46.7% | 96.2% |
| Crude Petroleum | -44.8% | -28.7% | -42.9% | -31.9% | -24.3% | -27.2% | 37.1% | -14.2% | -17.1% |
| Liquefied Natural Gas | -57.7% | -43.6% | -23.9% | -40.0% | -17.0% | -24.3% | -1.3% | -16.8% | -22.3% |
| Others | -25.0% | -44.8% | -29.1% | -38.1% | -30.2% | -7.3% | 202.0% | -27.9% | -5.0% |
| Import by End-Use | | | | | | | | | |
| Capital Goods | -14.9% | -26.6% | -2.1% | -5.4% | 38.3% | 93.3% | -38.2% | -1.0% | 0.0% |
| Intermediate Goods | -6.0% | -10.6% | -5.0% | 1.4% | -0.1% | 12.4% | 64.4% | -2.5% | 16.3% |
| Consumption Goods | 3.1% | -7.2% | 3.3% | 1.3% | 17.6% | 13.0% | 29.9% | -0.2% | 15.0% |

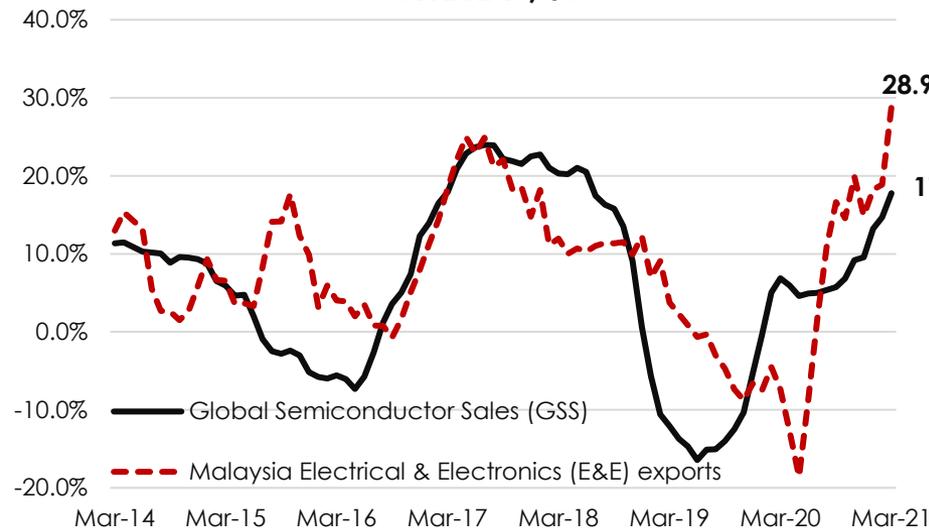
- ✓ Many countries posted stellar performance during April, partially attributed by low base effect last year following global trade disruption amid unprecedented Covid-19 pandemic which started in early last year. However, the global demand has started to pick up following ease in lockdown measures alongside higher vaccination rate in many parts of the world which allow the economies to continued to reopen.
- ✓ For instance, India's exports jumped by 195.7% y-o-y in April (March: 60.3%). Recall that exports in April last year had plunged by a record of 60.2% due to the Covid-19 pandemic-induced lockdown. Henceforth, a low base effect partly contributed to the spike in exports during April this year.
- ✓ On the other hand, Singapore's Non-Oil Domestic Exports (NODX) recorded the slowest growth in April at just 6.0% (March: 11.9%). The growth in key electronics exports anchored by demand for items such as diodes and transistors moderated to the tune of 10.9% in April after a 24.4% expansion in March.
- ✓ Meanwhile on a cumulative basis, China's exports grew the fastest in 4M2021 by 60.7% (4M2020: -11.7%). A brisk economic recovery in the US and stalled factory production in other countries hit by pandemic have propped up demand for goods made in China.

Exports growth in various countries (y-o-y,%)

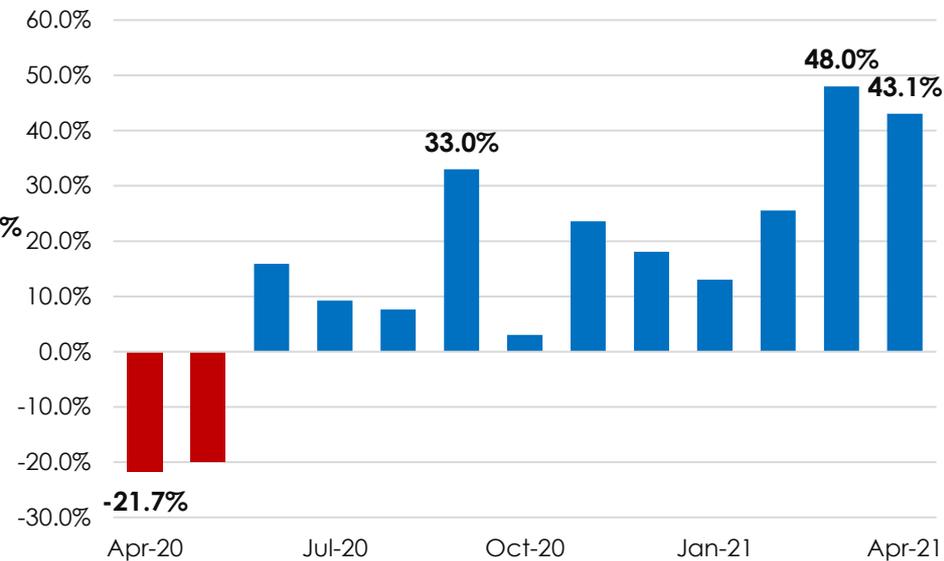
| Exports | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | 4M2020 | 4M2021 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| US | -29.6% | -35.1% | -23.8% | -15.8% | -13.2% | -9.6% | -7.4% | -6.5% | -2.7% | -0.5% | -4.9% | 11.8% | N.A. | -10.1% | N.A. |
| China | 3.5% | -3.3% | 0.5% | 7.2% | 9.5% | 9.9% | 11.4% | 21.1% | 18.1% | 24.8% | 154.9% | 30.6% | 32.3% | -11.7% | 60.7% |
| Japan | -21.9% | -28.3% | -26.2% | -19.2% | -14.8% | -4.9% | -0.2% | -4.2% | 2.0% | 6.4% | -4.5% | 16.1% | 38.0% | -9.3% | 14.0% |
| Singapore | 9.7% | -4.7% | 13.9% | 5.8% | 7.7% | 5.8% | -3.1% | -5.0% | 6.8% | 12.6% | 4.2% | 11.9% | 6.0% | 6.5% | 8.7% |
| India | -60.2% | -35.7% | -12.2% | -9.5% | -12.2% | 6.0% | -5.0% | -8.5% | 0.4% | 6.6% | -0.8% | 60.3% | 195.7% | -23.7% | 40.6% |
| Indonesia | -6.9% | -29.1% | 2.1% | -10.1% | -8.2% | -0.8% | -3.5% | 9.4% | 14.6% | 12.2% | 8.5% | 30.5% | 51.9% | -0.8% | 25.0% |
| Thailand | 2.1% | -22.5% | -23.1% | -11.4% | -7.9% | -3.9% | -6.7% | -3.6% | 4.7% | 0.3% | -2.6% | 8.5% | 13.1% | 1.3% | 4.8% |
| South Korea | -24.3% | -23.7% | -10.9% | -7.0% | -9.9% | 7.7% | -3.6% | 4.0% | 12.6% | 11.4% | 9.5% | 16.6% | 41.1% | -6.9% | 19.6% |
| Taiwan | -1.3% | -2.0% | -3.8% | 0.3% | 8.3% | 9.3% | 11.2% | 12.0% | 12.0% | 36.8% | 9.7% | 27.1% | 38.7% | 3.8% | 28.1% |
| Malaysia | -24.9% | -26.0% | 8.0% | 3.1% | -2.9% | 13.6% | 0.2% | 4.6% | 10.8% | 6.6% | 17.6% | 31.0% | 63.0% | -6.9% | 27.8% |

Sources: CEIC, Trading Economics

GSS, y-o-y% vs. Malaysia E&E Exports-3MMA*, %



E&E Exports, y-o-y%



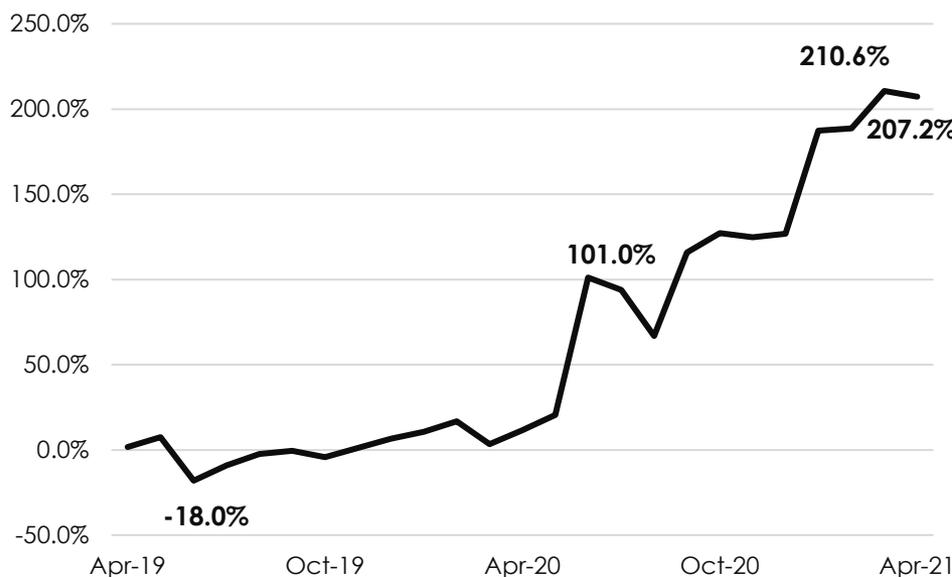
Sources: Semiconductor Industry Association (SIA), CEIC, Bank Islam
* 3 months moving average

- ✓ The Global Semiconductor Sales (GSS) rose by 17.8% y-o-y in March from a 14.7% growth previously, marking the fourteenth straight month of increases.
- ✓ The demand for semiconductors particularly for chip products in digital devices and automotive industry is expected to remain strong due to the digital transformation effort in light of the Covid-19 pandemic. This was in tandem with the E&E export performance which has been growing above its average level of 10.1% since 2016, rising by 43.1% in April from a 48.0% expansion previously.
- ✓ Apart from that, the global 5G rollout and the prospect of global economic recovery in 2021 are among the factors that would drive the semiconductor sector growth.
- ✓ Looking forward, we foresee the demand for semiconductor products would continue to be higher following mass adoption of 5G and digitalization of businesses and industries.

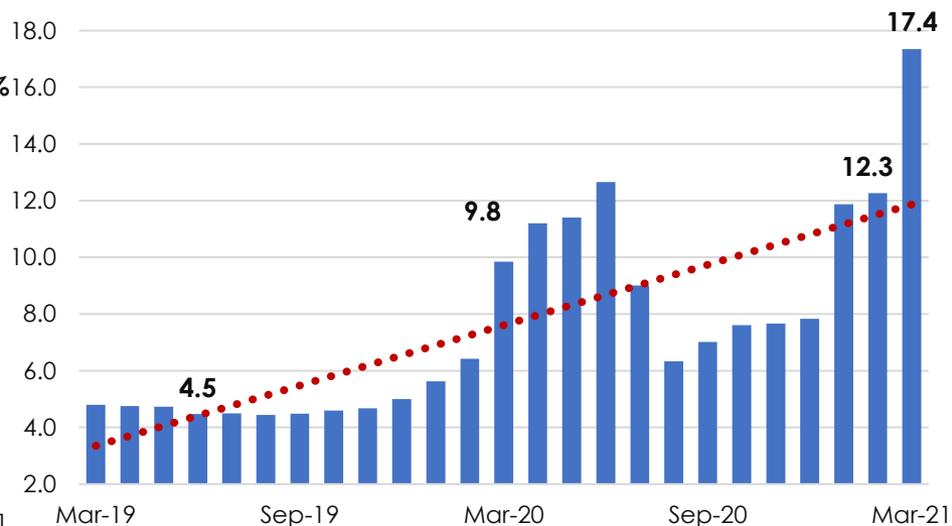
ROBUST DEMAND FOR RUBBER GLOVE AMID RISING COVID-19 INFECTIONS GLOBALLY

- ✓ Malaysia's exports for rubber products increased by 207.2% in April after accelerating by 210.6% in the previous month. This was driven by the higher demand from medical and health sectors globally in effort to contain the fast-spreading virus.
- ✓ As such, Malaysia's rubber glove production continued to record a double-digit growth, increasing by 76.2% y-o-y in March from a 91.2% expansion previously. This brings the rubber glove production to 17.4 billion pairs in March from 12.3 billion pairs in the preceding month.
- ✓ Apart from that, due to the surge in demand, there are more new glove players expected to join the bandwagon and could address the issue of rubber glove supply shortages.
- ✓ As the US, Germany and China are the major importers of rubber gloves from Malaysia, we anticipate that the resurging number of Covid-19 infections in those countries would continue to support the rubber glove sector moving forward. In addition, rising hygiene awareness and stricter standard operating procedures (SOPs) among businesses would help to keep the demand for gloves high.

Rubber Products' Export Growth, y-o-y%



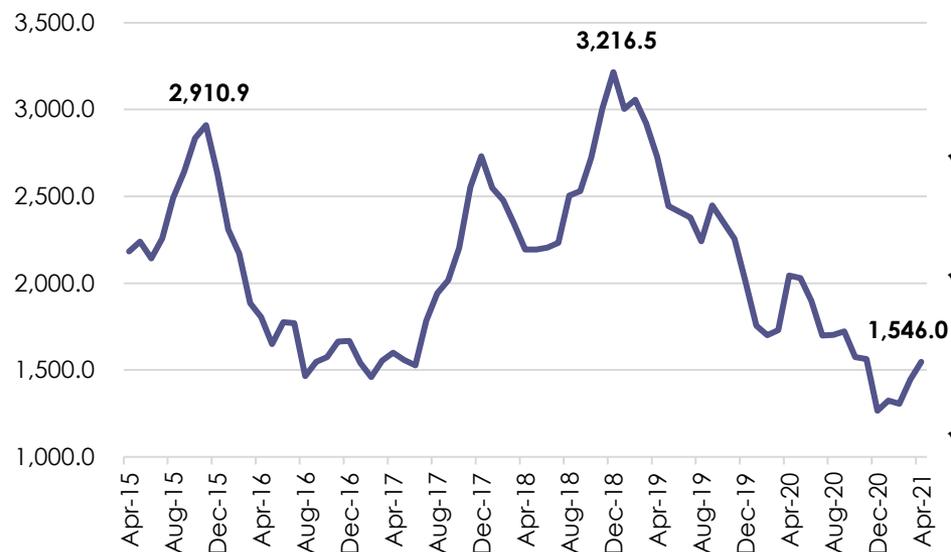
Malaysia Rubber Glove Production, Billion Pairs



Sources: CEIC, DOSM

PALM OIL EXPORTS GREW FOR THE SECOND MONTH AMID A LOW BASE EFFECT

Malaysian Palm Oil Inventory, '000 tonnes



- ✓ In line with the 24.4% y-o-y decline in Malaysia's palm oil inventory in April (March: -16.5%), palm oil exports increased by 8.3% y-o-y in April (March: 0.3%), partly attributable to stocking up activities for the Ramadhan month and Hari Raya celebration in April and May.
- ✓ On further scrutiny, palm oil exports to India continued to expand markedly by 1,945.5% in April (March: 2,537.6%) despite being recently hit by the pandemic.
- ✓ In January last year, India had banned the import of Malaysian refined palm oil to the country amid political factors in addition to demand pressures exerted by the pandemic.
- ✓ As a result, palm oil exports to India from January to May last year stood below 100k tonnes per month compared to normal average levels of 300k tonnes, creating a significantly low base.
- ✓ Nevertheless, palm oil exports to India improved further when India reduced import duty for crude palm oil from 37.5% to 27.5% effective from 27 November 2020.

Source: Malaysian Palm Oil Board

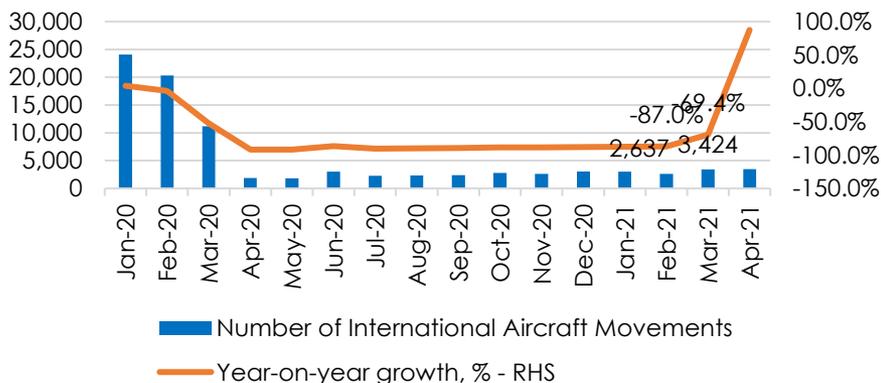
Growth in Malaysia's Palm Oil Exports to Other Countries, y-o-y%

| Exports Destination | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | 4M2020 | 4M2021 |
|---------------------|---------------|---------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|---------------|---------------|-------------|-------------|---------------|--------------|
| China | -0.8% | 77.7% | 225.1% | 215.7% | -0.6% | 12.3% | -31.0% | -11.5% | -42.5% | -35.7% | -46.6% | -50.9% | -44.3% | -11.8% | -44.0% |
| India | -96.7% | -89.6% | -42.9% | -1.4% | -40.1% | 20.6% | 92.6% | 42.9% | 295.6% | 205.6% | 684.0% | 2537.6% | 1945.5% | -94.2% | 851.4% |
| Pakistan | -20.1% | 39.3% | 70.5% | 42.6% | -44.8% | -50.4% | -3.6% | -26.7% | -47.4% | -75.6% | -49.5% | -8.6% | 0.9% | -5.2% | -45.4% |
| European Union | 47.0% | -26.2% | -34.1% | 17.3% | 8.1% | 12.0% | -40.3% | 1.8% | -4.4% | -46.3% | -27.2% | -16.7% | -54.8% | -0.9% | -37.0% |
| US | 48.3% | -63.8% | -10.6% | 36.3% | -16.7% | 50.3% | 105.6% | -83.7% | 44.2% | -16.2% | -64.6% | -79.0% | -47.5% | 17.1% | -52.0% |
| Others | 3.8% | 19.9% | 48.7% | 4.9% | 18.7% | 23.8% | -3.8% | -14.1% | -5.0% | -13.2% | -23.4% | -9.3% | -1.9% | 2.4% | -11.6% |
| Total | -25.3% | -20.2% | 22.1% | 20.0% | -9.1% | 14.4% | 2.0% | -7.2% | 16.2% | -21.9% | -17.4% | 0.3% | 8.3% | -24.8% | -7.4% |

Source: Malaysian Palm Oil Board
ECONOMIC RESEARCH

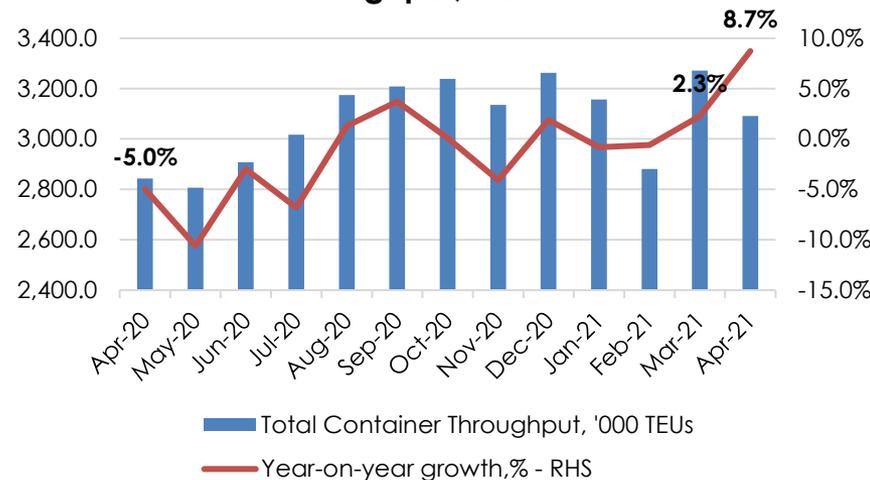
- ✓ Following the 63.0% y-o-y jump in Malaysia's exports in April (March: 31.0%), our view posits that the container throughput at major Malaysian ports such as Port Klang's Westports to also record growth in the same month.
- ✓ The Chief Executive Officer of Westports, Datuk Ruben Gnanalingam during an analyst briefing mentioned that April's growth in container throughput was trending at double-digit growth as at 28 April 2021. This was not surprising as Westports' container throughput faced a massive dip in April last year due to the lockdowns when the Covid-19 started, causing a lot of cargo to be idle.
- ✓ Aside from that, we believe that the growth in Westports' container throughput will resonate with the Port of Singapore's container throughput which grew by 8.7% in April (March: 2.3%).

International Aircraft Movements at Kuala Lumpur International Airport



Source: Malaysia Airports Holdings Berhad
ECONOMIC RESEARCH

Port of Singapore's Monthly Container Throughput, '000 TEUs

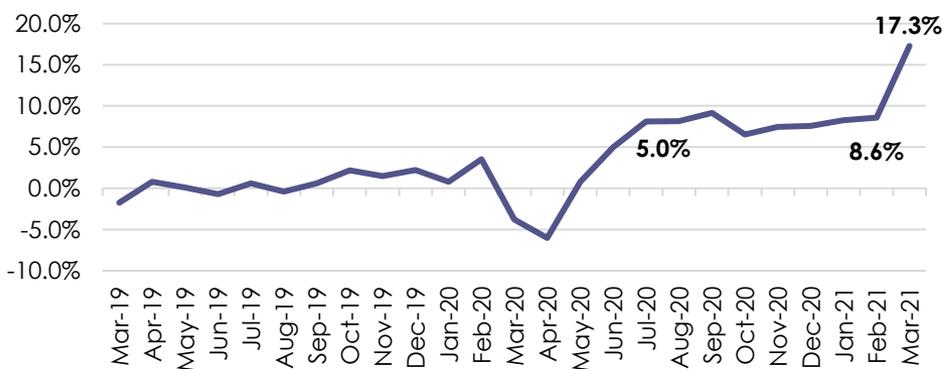


Source: Singapore Maritime Port Authority

- ✓ Referring to Malaysia Airports Holdings Berhad's operating statistics, the international aircraft movements at Kuala Lumpur International Airport (KLIA) increased by 87.7% y-o-y in April (March: -69.4%) to 3,508 aircrafts, the first gain since February 2020.
- ✓ With international travel restrictions still being in place, the higher number of international aircraft movements at KLIA, the likelihood of a meaningful contribution by air cargo planes is high,
- ✓ Furthermore, such trends in aircraft movement augurs well with dynamic load factor of the global air freight which was higher at 71.0% in April compared to 67.0% a year ago.

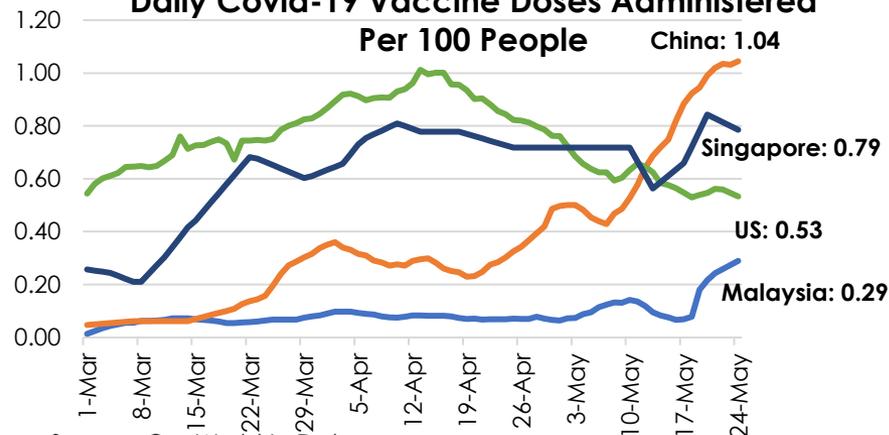
- ✓ The outstanding performance in the external trading activities during April this year was in tandem with Malaysia's Manufacturing Purchasing Manager's Index (PMI) which reached a record high of 53.9 points in April from 49.9 points in the previous month.
- ✓ Moreover, Malaysia is expected to chart a decent economic recovery in the coming months based on the smooth growth rate of the Leading Index (LI), which increased by 17.3% y-o-y to reach 113.3 points in March compared to an 8.6% growth in the preceding month. The LI is used to predict the economic direction in an average of four to six months ahead.
- ✓ Malaysia continues to record a high number of daily Covid-19 cases with the latest reaching 8,290 cases as at 28 May 2021. Notwithstanding this, it is encouraging to note that the number of daily Covid-19 vaccine doses administered per 100 people has risen to 0.29 in Malaysia as at 24 May 2021 compared to just 0.07 on 17 May 2021 .
- ✓ Malaysia's major trading partners such as China and Singapore too have seen an increase in terms of their number of daily Covid-19 vaccine doses administered per 100 people as at 24 May 2021 while the US has been seeing a downtrend after its vaccination rate peaked in mid-April 2021.
- ✓ Due to the impressive exports growth in April, **we are revising our exports growth forecast to 16.8% for 2021 (previously: 4.5%) after a 1.4% contraction in 2020.** China's commendable vaccination rates combined with the US's declining trend in Covid-19 cases provides some ground that these major trading partners of Malaysia will continue to support demand for Malaysia's goods in the coming months.

Malaysia's Leading Index, y-o-y%



Source:CEIC
ECONOMIC RESEARCH

Daily Covid-19 Vaccine Doses Administered Per 100 People



Source: Our World In Data
Note: As at 24 May 2021

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