



From the Desk  
of the  
**Chief Economist**

**BANK ISLAM**

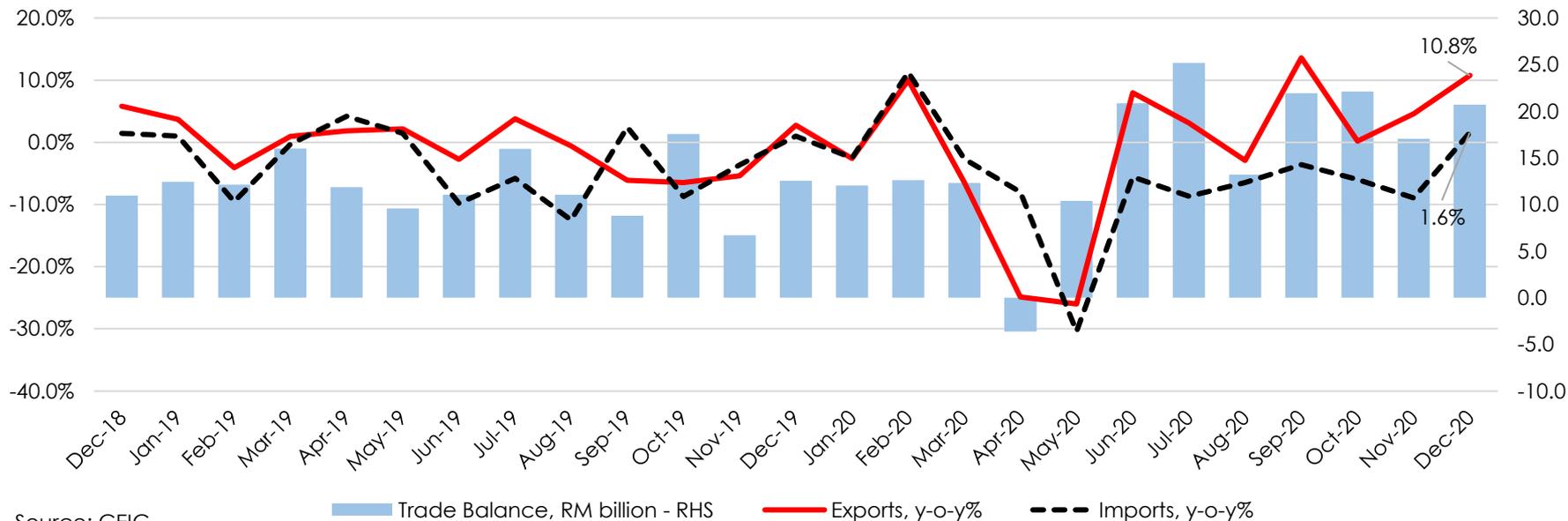
# **EXPORTS FELL BY 1.4% IN 2020 AFFECTED BY COVID-19 PANDEMIC**

**29 JANUARY 2021**

**ECONOMIC RESEARCH**

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## External Trade Performance

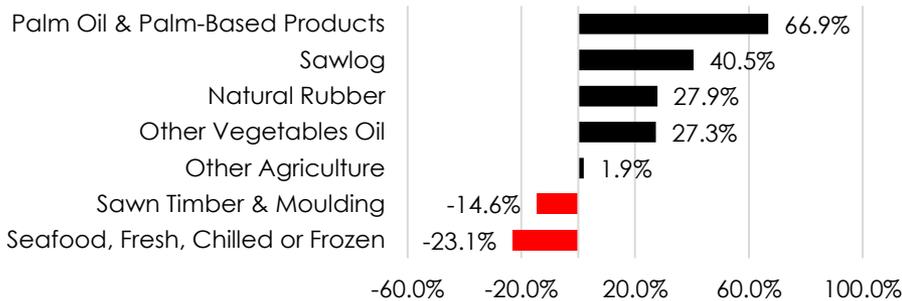


Source: CEIC

- ✓ Malaysia's exports recorded double-digit growth of 10.8% year-on-year (y-o-y) in December last year from 4.6% in November 2020 (Consensus: 3.5%, Bank Islam: 2.3%).
- ✓ The significant increase was boosted by exports in agriculture and manufacturing which went up by 47.1% (November 2020: 6.0%) and 12.4% (November 2020: 8.2%) during December 2020. These sectors formed a sizeable share of 94.3% of total exports.
- ✓ Nevertheless, exports of mining continued to wane though at a slower pace, marking the eighteenth consecutive month of decline since July 2019 (December 2020: -31.0% vs. November 2020: -32.1%).

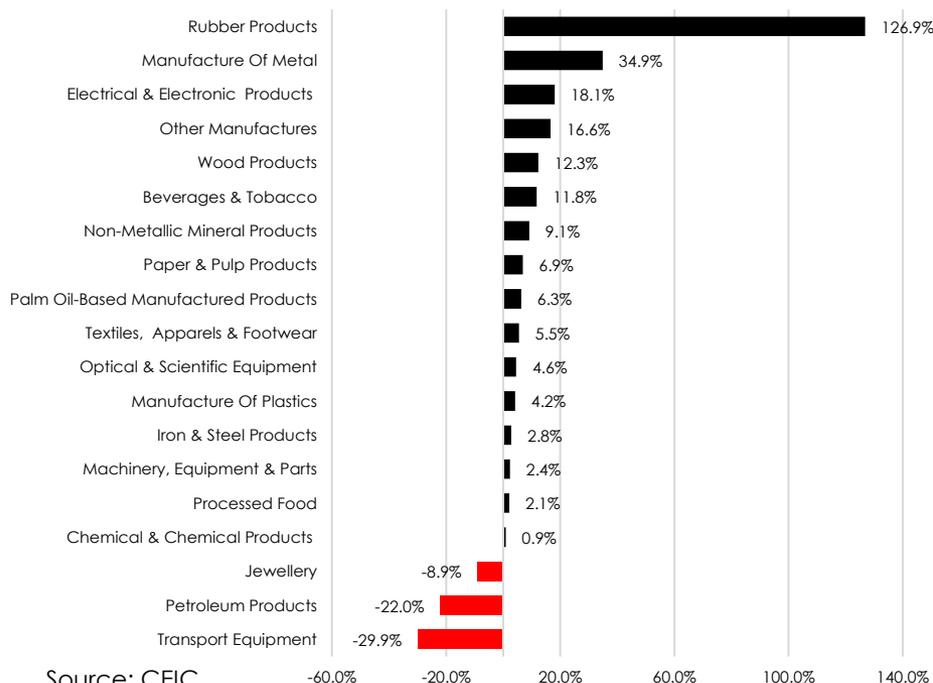
# AGRICULTURE AND MANUFACTURING WERE THE MAIN DRIVER OF GROWTH

## Exports by Sector- Agriculture, y-o-y%



- ✓ Within the agriculture sector, exports of palm oil & palm-based products soared by 66.9% in December 2020 (November 2020: 12.1%) while sawlog rebounded by 40.5% in December 2020 from -68.8% previously. In addition, natural rubber continued to gain its momentum, reaching higher by 27.9% in December 2020 (November 2020: 23.2%).

## Exports by Sector- Manufacturing, y-o-y%

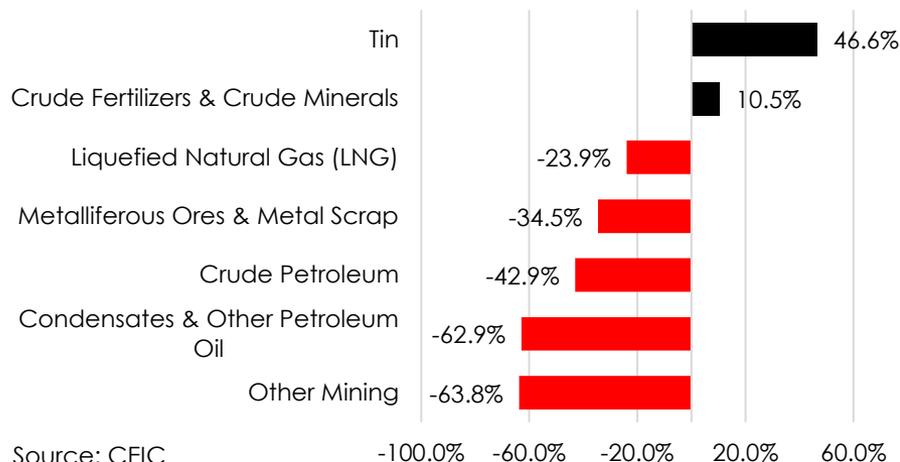


- ✓ As for manufacturing, exports of rubber products (December 2020: 126.9% vs. November 2020: 124.8%) and electrical & electronic (E&E) products (December 2020: 18.1% vs. November 2020: 23.6%) anchored the upturn, contributing for 51.3% of total exports.
- ✓ Apart from that, manufacture of metal (December 2020: 34.9% vs. November 2020: -5.3%) and beverages & tobacco (December 2020: 11.8% vs. November 2020: -38.1%) reversed its negative growth in December 2020.

Source: CEIC

# MINING REMAINED IN THE NEGATIVE TERRITORY FOR 18<sup>TH</sup> CONSECUTIVE MONTH

### Exports by Sector - Mining, y-o-y%



### Imports by End Use, y-o-y%

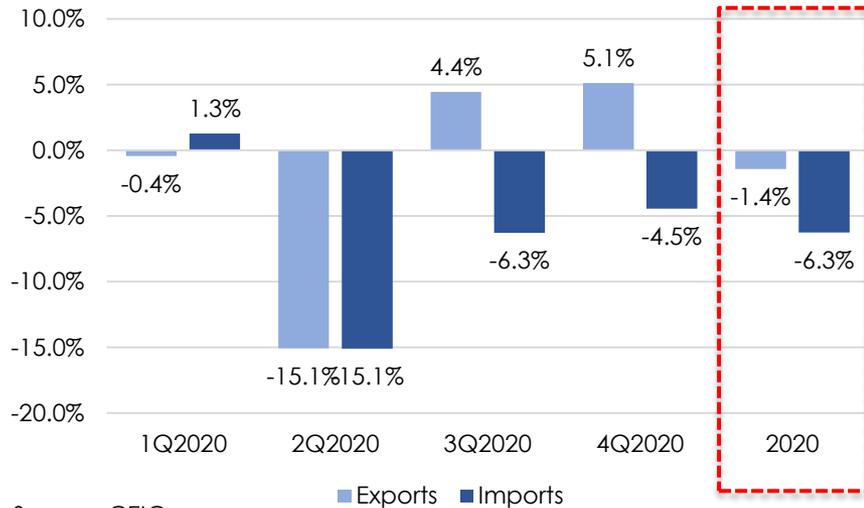


Source: CEIC

- ✓ Exports of condensates & other petroleum oil (December 2020: -62.9% vs. November 2020: -83.7%) and crude petroleum (December 2020: -42.9% vs. November 2020: -28.7%) registered sharp fall during December 2020 which have heavily weighed on the mining sector. On the contrary, exports of tin increased sharply by 46.6% in December 2020 from 19.1% in the preceding month.
- ✓ On imports, the capital goods (December 2020: -2.0% vs. November 2020: -26.6%), intermediate goods (December 2020: -5.0% vs. November 2020: -10.6%) and dual use goods (December 2020: -7.6% vs. November 2020: -50.0%) continued to decline albeit at a softer pace in December last year.

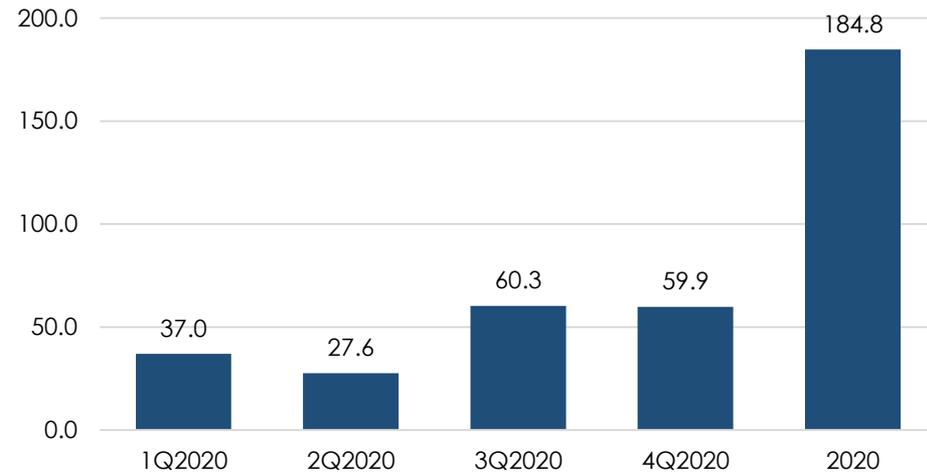
# EXPORTS DECLINED BY 1.4% IN 2020 DRAGGED BY COVID-19 PANDEMIC

Trade performance, y-o-y%



Source: CEIC

Trade Balance, RM billion



- ✓ On a quarterly basis, exports activities rose by 5.1% in 4Q2020 (3Q2020: 4.4%) after decreasing steeply by 15.1% in 2Q2020 amid imposition of nationwide lockdown. Nonetheless, imports recorded a softer contraction at 4.5% in 4Q2020 from 6.3% in 3Q2020. As for the trade surplus, it narrowed to RM59.9 billion in 4Q2020 from RM60.3 billion in 3Q2020.
- ✓ On a cumulative basis, exports fell by 1.4% in 2020 from -0.8% seen in 2019 while imports declined further by 6.3% in 2020 (2019: -3.5%). Consequently, the trade surplus widened from RM145.7 billion in 2019 to RM184.8 billion last year.

# EXPORTS PERFORMANCE

Sector and Sub-Sector	Value RM Million (FOB)			Share (%)	Annual Change (%)		Value RM Million (FOB)		
	Dec 2019	Nov 2020	Dec 2020		Val RM Million (FOB)	%	Jan-Dec 2019	Jan-Dec 2020	Share (%)
<b>MANUFACTURING</b>	<b>72,923</b>	<b>74,417</b>	<b>81,961.1</b>	<b>85.6</b>	<b>9,038.2</b>	<b>12.4</b>	<b>840,586</b>	<b>847,664.0</b>	<b>86.4</b>
Electrical & Electronic Products (E&E)	31,050	34,099	36,663	44.7	5,612.7	18.1	373,118	386,112	45.6
Petroleum Products	6,998	4,560	5,459	6.7	(1,539.3)	(22.0)	71,511	61,898	7.3
Chemical & Chemical Products (Exclude Plastics In N	4,956	4,461	5,000	6.1	43.5	0.9	57,477	50,688	6.0
Rubber Products	2,386	5,134	5,412	6.6	3,026.8	126.9	25,841	43,640	5.1
Optical & Scientific Equipment	3,634	3,606	3,800	4.6	165.5	4.6	39,905	41,545	4.9
Machinery, Equipment & Parts	3,631	3,348	3,718	4.5	86.7	2.4	41,599	39,367	4.6
Manufacture Of Metal	3,165	3,268	4,269	5.2	1,103.4	34.9	41,490	36,805	4.3
Iron & Steel Products	2,018	1,944	2,075	2.5	57.3	2.8	21,961	23,545	2.8
Processed Food	1,954	1,770	1,996	2.4	41.5	2.1	21,773	21,238	2.5
Palm Oil-Based Manufactured Products	1,851	1,835	1,967	2.4	115.8	6.3	23,338	20,920	2.5
Transport Equipment	1,935	1,217	1,357	1.7	(578.2)	(29.9)	19,143	18,475	2.2
Wood Products	1,467	1,519	1,647	2.0	180.0	12.3	15,777	16,077	1.9
Textiles, Apparels & Footwear	1,355	1,242	1,430	1.7	75.1	5.5	15,531	13,945	1.6
Manufacture Of Plastics	1,235	1,101	1,287	1.6	51.5	4.2	14,978	13,174	1.6
Non-Metallic Mineral Products	886	811	967	1.2	80.5	9.1	9,079	8,343	1.0
Paper & Pulp Products	570	504	609	0.7	39.1	6.9	6,405	6,356	0.7
Jewellery	573	486	522	0.6	(50.9)	(8.9)	6,974	4,157	0.5
Beverages & Tobacco	270	212	301	0.4	31.7	11.8	3,452	2,593	0.3
Other Manufactures	2,987	3,300	3,482	4.2	495.5	16.6	31,233	38,785	4.6
<b>AGRICULTURE</b>	<b>5,676</b>	<b>5,648</b>	<b>8,353</b>	<b>8.7</b>	<b>2,676.2</b>	<b>47.1</b>	<b>65,958</b>	<b>71,677</b>	<b>7.3</b>
Palm Oil & Palm-Based Products	3,903	4,009	6,515	78.0	2,611.1	66.9	44,208	52,334	73.0
Natural Rubber	294	336	375	4.5	81.8	27.9	3,773	3,286	4.6
Sawn Timber & Moulding	317	268	271	3.2	(46.3)	(14.6)	4,251	3,081	4.3
Other Vegetables Oil	214	221	272	3.3	58.3	27.3	2,806	2,853	4.0
Seafood, Fresh, Chilled or Frozen	265	195	203	2.4	(61.3)	(23.1)	2,347	2,301	3.2
Sawlog	50	22	70	0.8	20.3	40.5	760	510	0.7
Other Agriculture	634	598	646	7.7	12.3	1.9	7,814	7,312	10.2
<b>MINING</b>	<b>7,279</b>	<b>4,307</b>	<b>5,023</b>	<b>5.2</b>	<b>(2,255.2)</b>	<b>(31.0)</b>	<b>81,520</b>	<b>57,391</b>	<b>5.9</b>
Liquefied Natural Gas (LNG)	3,688	1,860	2,807	55.9	(880.9)	(23.9)	42,484	28,835	50.2
Crude Petroleum	2,495	1,565	1,423	28.3	(1,071.3)	(42.9)	26,346	18,864	32.9
Metalliferous Ores & Metal Scrap	445	593	292	5.8	(153.6)	(34.5)	6,752	5,960	10.4
Tin	143	145	209	4.2	66.5	46.6	1,768	1,508	2.6
Crude Fertilizers & Crude Minerals	141	114	156	3.1	14.8	10.5	1,369	1,308	2.3
Condensates & Other Petroleum Oil	365	28	135	2.7	(229.6)	(62.9)	2,772	901	1.6
Other Mining	2	1	1	0.0	(1.1)	(63.8)	29	15	0.0
<b>Others</b>	<b>558</b>	<b>289</b>	<b>404</b>	<b>0.4</b>	<b>(153.6)</b>	<b>(27.5)</b>	<b>7,007</b>	<b>4,256</b>	<b>0.4</b>
<b>Total Exports</b>	<b>86,436</b>	<b>84,661</b>	<b>95,741</b>	<b>100.0</b>	<b>9,305.6</b>	<b>10.8</b>	<b>995,072</b>	<b>980,988</b>	<b>100.0</b>

Source: DOSM

By BEC and End Use	Value RM Million (CIF)			Share (%)	Annual Change (%)		Value RM Million (CIF)		
	Dec 2019	Nov 2020	Dec 2020		Val RM Million (CIF)	%	Jan-Dec 2019	Jan-Dec 2020	Share (%)
<b>Capital Goods</b>	<b>8,605</b>	<b>7,178</b>	<b>8,435</b>	<b>11.2</b>	<b>(169.5)</b>	<b>(2.0)</b>	<b>100,179</b>	<b>90,380</b>	<b>11.4</b>
Capital good (except transport equipment)	7,937	6,839	7,973	10.6	35.7	0.4	91,762	90,993	11.4
Transport equipment, industrial	668	340	463	0.6	(205.1)	(30.7)	8,417	(613)	(0.1)
<b>Consumption Goods</b>	<b>6,819</b>	<b>6,274</b>	<b>7,043</b>	<b>9.4</b>	<b>223.9</b>	<b>3.3</b>	<b>74,155</b>	<b>73,908</b>	<b>9.3</b>
Durables	949	894	1,138	1.5	189.0	19.9	9,722	9,772	1.2
Food & beverages, primary, mainly for household consumption	1,079	886	1,071	1.4	(7.8)	(0.7)	10,258	10,972	1.4
Food & beverages, process, mainly for household consumption	1,823	1,829	1,971	2.6	148.6	8.2	20,524	21,613	2.7
Non-durables	1,510	1,465	1,580	2.1	69.9	4.6	18,977	18,171	2.3
Semi-durables	1,373	1,093	1,093	1.5	(279.6)	(20.4)	13,657	12,305	1.5
Transport equipment, non-industrial	86	107	190	0.3	103.8	120.9	1,017	1,075	0.1
<b>Dual Use Goods</b>	<b>1,814</b>	<b>1,685</b>	<b>1,676</b>	<b>2.2</b>	<b>(138.0)</b>	<b>(7.6)</b>	<b>32,482</b>	<b>17,264</b>	<b>2.2</b>
Fuel & lubricants, processed motor spirit	1,377	1,189	1,080	1.4	(297.4)	(21.6)	24,048	12,886	1.6
Transport equipment, passenger motor cars	437	496	596	0.8	159.4	36.5	8,433	4,379	0.5
<b>Goods n.e.s.</b>	<b>204</b>	<b>282</b>	<b>254</b>	<b>0.3</b>	<b>50.4</b>	<b>24.7</b>	<b>1,608</b>	<b>2,550</b>	<b>0.3</b>
<b>Intermediate Goods</b>	<b>41,926</b>	<b>36,660</b>	<b>39,827</b>	<b>53.1</b>	<b>(2,099.0)</b>	<b>(5.0)</b>	<b>467,211</b>	<b>422,910</b>	<b>53.1</b>
Food & beverages, primary, mainly for industries	620	652	498	0.7	(122.3)	(19.7)	7,190	7,961	1.0
Food & beverages, processed, mainly for industries	1,098	1,396	1,929	2.6	831.3	75.7	10,860	12,695	1.6
Fuel & lubricants, primary	3,762	1,362	1,454	1.9	(2,307.5)	(61.3)	38,318	25,752	3.2
Fuel & lubricants, processed, other	1,133	1,335	976	1.3	(156.7)	(13.8)	18,773	17,845	2.2
Industrial supplies, n.e.s. primary	3,099	2,894	3,449	4.6	349.9	11.3	30,035	31,360	3.9
Industrial supplies, n.e.s. processed	16,678	15,133	17,462	23.3	783.9	4.7	190,843	168,081	21.1
Parts and accessories of capital goods (except transport equipm	12,589	11,394	11,446	15.3	(1,142.8)	(9.1)	138,674	134,800	16.9
Parts and accessories of transport equipment	2,948	2,495	2,613	3.5	(334.7)	(11.4)	32,519	24,417	3.1
<b>Transaction Below RM5,000</b>	<b>185</b>	<b>182</b>	<b>191</b>	<b>0.3</b>	<b>6.1</b>	<b>3.3</b>	<b>2,188</b>	<b>1,946</b>	<b>0.2</b>
<b>Retain Imports</b>	<b>59,553</b>	<b>52,261</b>	<b>57,427</b>	<b>76.5</b>	<b>(2,126.0)</b>	<b>(3.6)</b>	<b>677,823</b>	<b>608,957</b>	<b>76.5</b>
<b>Re-exports</b>	<b>14,327</b>	<b>15,347</b>	<b>17,612</b>	<b>23.5</b>	<b>3,284.8</b>	<b>22.9</b>	<b>171,588</b>	<b>187,237</b>	<b>23.5</b>
<b>Gross Imports</b>	<b>73,880</b>	<b>67,608</b>	<b>75,039</b>	<b>100.0</b>	<b>1,158.8</b>	<b>1.6</b>	<b>849,411</b>	<b>796,194</b>	<b>100.0</b>

Source: DOSM

- ✓ Malaysia's exports growth has been expanding for the fourth straight month since September 2020 and it was in line with some of its counterparts' performances.
- ✓ For instance, China has recorded the seventh consecutive month of growth, mainly supported by higher demand for medical supplies and electronic products for working from home.
- ✓ Meanwhile, Singapore's Non-Oil Domestic exports (NODX) which constitutes for about 74.9% of the nation's total exports rebounded by 6.8% in December 2020 from an 8.7% contraction in the previous month. This was predominantly driven by higher export sales for electronic products (December 2020: 13.7% vs. November 2020: -4.0%), including parts of personal computers (December 2020: 33.8% vs. November 2020: -12.1%) and integrated circuits (December 2020: 15.7% vs. November 2020: -8.3%).
- ✓ On a cumulative basis, Malaysia which has seen a 1.4% decline in exports during 2020 (2019: -0.8%). This is way better in comparison with its ASEAN peers such as Thailand and Indonesia which recorded a decrease in exports to a tune of more than 2.0% during the same period.

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

Exports	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2019	2020
US	-1.3	-0.4	-9.0	-29.4	-35.0	-23.7	-15.6	-13.1	-9.5	-7.3	-6.4	-2.6	-0.4	-12.8
China	n/a	n/a	-6.6	3.4	-3.2	0.5	7.2	9.5	9.9	11.4	21.1	18.1	5.0	7.1
Japan	-2.6	-1.0	-11.7	-21.9	-28.3	-26.2	-19.2	-14.8	-4.9	-0.2	-4.2	2.0	-5.6	-11.1
Singapore	-3.3	3.1	16.6	9.7	-4.6	13.9	5.9	7.7	5.8	-3.1	-5.0	6.8	-9.8	4.5
India	-2.1	3.3	-34.3	-61.0	-35.7	-12.2	-9.5	-12.2	6.0	-5.1	-8.7	0.1	-0.2	-14.3
Indonesia	-2.8	9.9	-2.6	-6.9	-29.1	2.1	-10.1	-8.2	-0.8	-3.5	9.4	14.6	-7.2	-2.3
Thailand	3.4	-4.5	4.2	2.1	-22.5	-23.2	-11.3	-7.9	-3.9	-6.7	-3.7	4.7	-2.4	-5.8
South Korea	-6.6	3.6	-1.7	-25.6	-23.8	-10.8	-7.1	-10.1	7.6	-3.6	4.0	12.6	-10.3	-5.1
Taiwan	-7.6	24.9	-0.7	-1.3	-2.0	-3.8	0.3	8.3	9.4	11.2	12.0	12.0	-1.5	5.2
Malaysia	-2.6	10.0	-6.5	-24.9	-26.0	8.0	3.1	-2.9	13.6	0.2	4.6	10.8	-0.8	-1.4

Sources: CEIC, Bloomberg

- ✓ Exports of E&E products marked its seventh consecutive month of expansion, growing by 18.1% in December 2020 from a 23.6% growth in the previous month. It constitutes the largest share (44.7%) out of total exports from the manufacturing sector.
- ✓ China's 14th Five-Year-Plan (2021-2025) could provide the right catalyst for Malaysia's E&E sector given that exports to China accounted for 16.3% of the total of manufacturing exports. This is especially true as the world's second largest economy is expected to emphasize on technological innovation which includes digital infrastructure, including 5G, smart cities and Internet of Things (IoT) applications for the manufacturing sector.
- ✓ In addition, the latest forecast from the International Data Corporation (IDC) on worldwide shipments of used smartphones indicates that the shipment would reach 351.6 million units in 2024 with a 5-year compound annual growth rate (CAGR) of 11.2% from 2019 to 2024. This is in contrast to the recent decline in the new smartphone market by 5.9% y-o-y in 2020. The higher usage of used smartphones would entail higher demand for batteries and spare parts which may be required for refurbishing the smartphones before sale.

### Malaysia E&E Exports Growth, y-o-y%

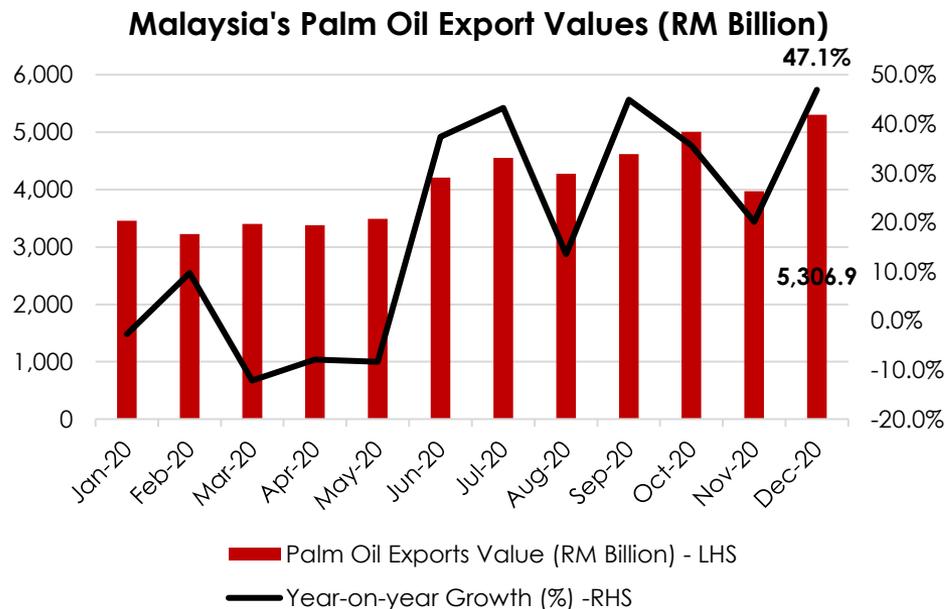


### Worldwide Used Smartphone Shipments Forecasts (millions of units)

Region	2020 Shipments	2020 Market Share	2024 Shipments	2024 Market Share	2019-2024 CAGR
North America	55.0	24.4%	94.9	27.0%	14.90%
Rest of World	170.4	75.6%	256.7	73.0%	10.10%
<b>Total</b>	<b>225.5</b>	<b>100.0%</b>	<b>351.6</b>	<b>100.0%</b>	<b>11.20%</b>

Source: Worldwide Used Smartphone Forecast, 2020–2024, Dec 2020

# AGRICULTURAL EXPORTS-PALM OIL



- ✓ The reduction in import duty for crude palm oil by India from 37.5% to 27.5% previously which took effect on 27 November 2020 was one of the catalyst for the growth in Malaysia's agricultural exports. Palm oil exports value grew by 47.1% in December 2020 (November 2020: 20.1%).
- ✓ Palm oil importers were also rushing ahead of the reinstatement of export tax of 8.0% on crude palm oil effective 1 January 2021. This further pushed the demand for Malaysian palm oil in December 2020.
- ✓ Moving forward, we believe that the overall exports demand will be partially supported by India and China as these two key destinations continue to replenish supply amidst low inventory level, and carries out restocking activities.

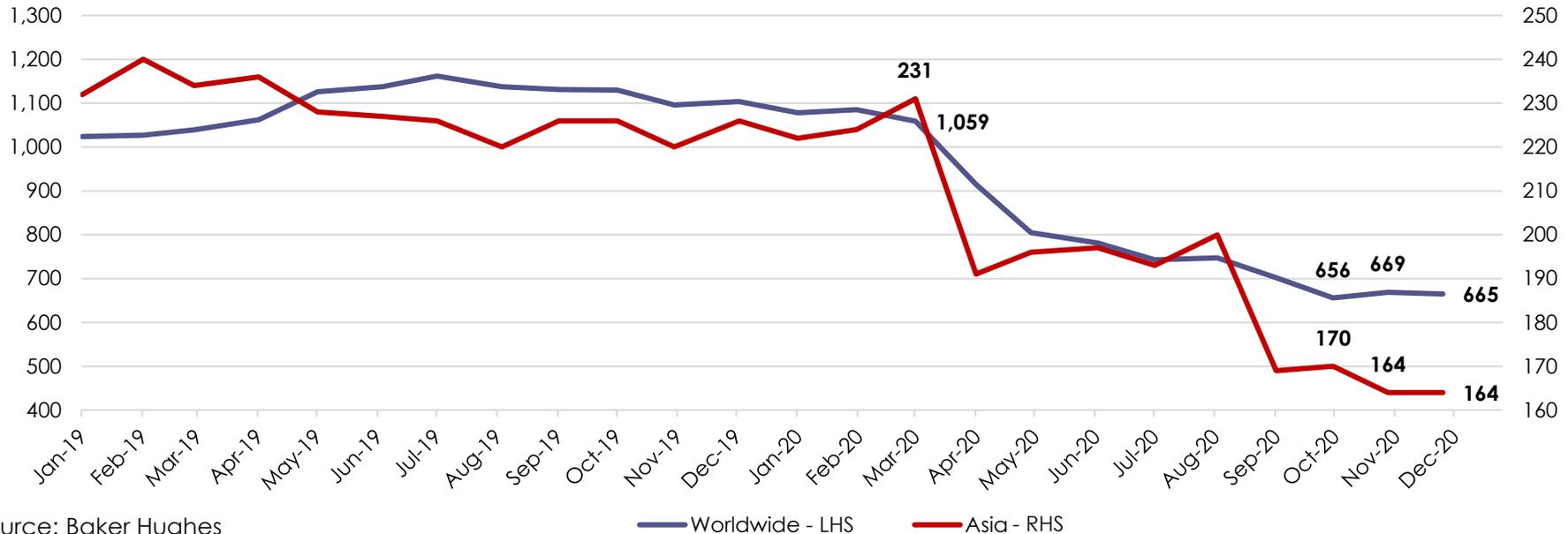
## Export Volume Performance of Crude Palm Oil ('000 tonnes)

Country	Dec-19	Dec-20	Year-on-year Growth	2019	2020	Year-on-year Growth
China	256.6	147.6	-42.5%	2,490.5	2,730.7	9.6%
India	138.7	548.4	295.4%	4,409.5	2,727.0	38.2%

Sources: CEIC, Malaysian Palm Oil Board

# LOWER EXPORTS OF CRUDE PETROLEUM IN LINE WITH SMALLER RIG COUNT

### Rig Count - Worldwide vs. Asia



Source: Baker Hughes

- ✓ Activities in the oil and gas space have been lacklustre for a protracted period. This was reflected by the persistent decline in the number of oil rigs.
- ✓ The total number of rigs worldwide saw a slight decrease to 665 rigs in December 2020 (November 2020: 669 rigs). In comparison to a year ago, the total worldwide rig count stood at 1,104 rigs in December 2019.
- ✓ Meanwhile, the total number of rigs in Asia remained unchanged at 164 rigs in December 2020 (November 2020: 164 rigs), in line with sluggish production activity.
- ✓ As such, it was no surprise that the exports of crude petroleum were down by 42.9% y-o-y in December 2020 (November 2020: -28.7%).

# FURTHER CUTS BY SAUDI TO LIMIT OIL PRODUCTION GROWTH AND SUBSEQUENTLY EXPORTS

- ✓ In January 2021, Saudi Arabia voluntarily planned to cut an additional 1.0 million barrels per day (bpd) in February and March 2021. This brings the OPEC+'s total output cut of 8.125 million bpd and 8.05 million bpd in February and March respectively.
- ✓ Specifically for Malaysia, the country's crude oil production in 1Q2020 has been slashed by 102,000 bpd to keep output at a level of 493,000 bpd.
- ✓ The decline in production is exacerbated by Petronas' plan to conduct the decommissioning of wells and facilities with the peak activity slated to be in 2022 amidst the current challenging operating climate. Taking into consideration of these matters, oil production followed by exports of Malaysia's crude oil is expected to remain sluggish in the next few months.
- ✓ Upside risks could emerge in the second half of the year if vaccination campaigns run smoothly and prompt up consumption and demand.

## OPEC+ Production Cuts ('000 barrels per day (bpd))

Country	Jan-21		Feb-21		Mar-21	
	Cut in Production ('000 bpd)	Required Production ('000 bpd)	Cut in Production ('000 bpd)	Required Production ('000 bpd)	Cut in Production ('000 bpd)	Required Production ('000 bpd)
Malaysia	-102	493	-102	493	-102	493
OPEC+	-7,200	36,653	-7,125	36,728	-7,050	36,803
OPEC+ combined with Saudi Arabia's additional output cut	-7,200	36,653	-8,125	36,728	-8,050	36,803

Source: OPEC

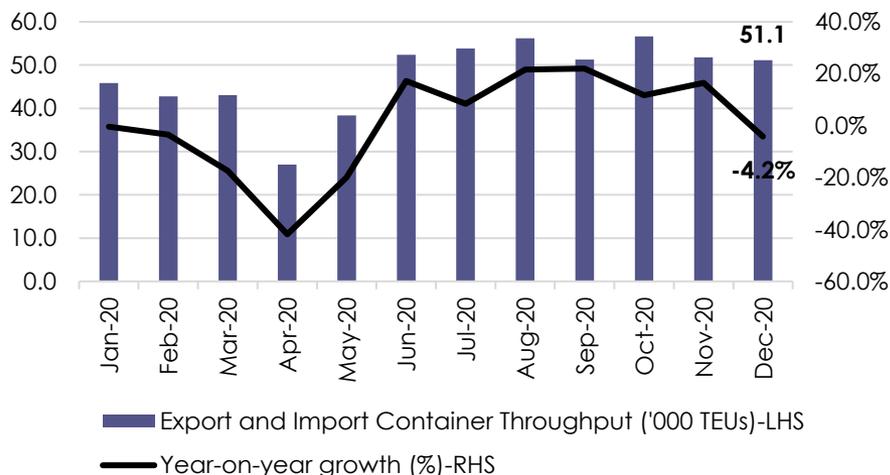
## Petronas Outlook For Decommissioning Of Facilities and Wells

Type of Facilities	2020	2021	2022	2023
Subsea Facilities	5	0	0	0
Floaters	1	0	2	1
Platform	0	0	1	3
Wells	15	18	24	29
Conductor Removal	0	0	51	10
<b>Total</b>	<b>21</b>	<b>18</b>	<b>78</b>	<b>43</b>

Source: Petronas Activity Outlook 2021-2023

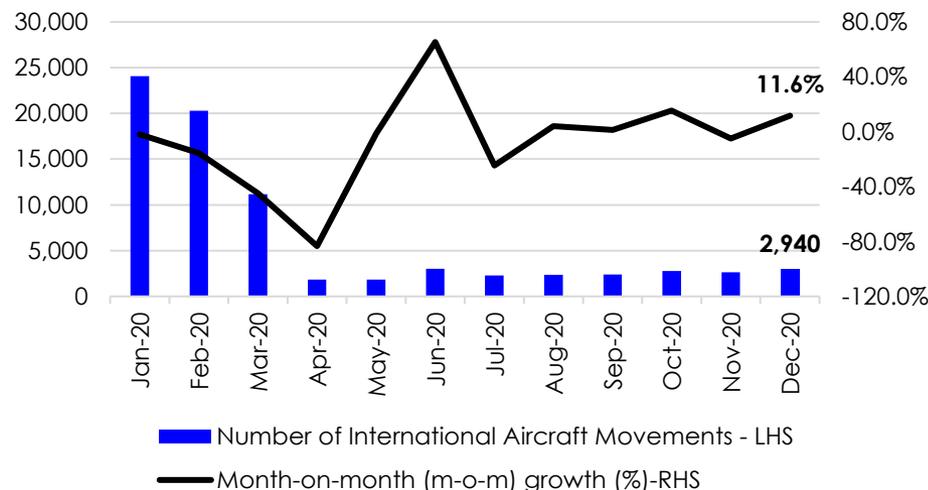
- ✓ From an industrial point of view, the export and import container throughput at Port of Tanjung Pelepas (PTP) recorded a 4.2% y-o-y decline for December 2020 (November 2020: 16.4%) despite the 10.8% increase in Malaysia's exports during the same month.
- ✓ We could not discount the possibility that a larger portion of Malaysia's exports may have been transported via air freight rather than container ships as suppliers wanted to ensure that shipments arrived on time ahead of the festive season especially Chinese New Year in February.
- ✓ Referring to Malaysia Airports Holdings Berhad's operating statistics, the international aircraft movements at Kuala Lumpur International Airport (KLIA) increased by 11.6% month-on-month to 2,940 aircrafts in December 2020 (November 2020: 2,635 aircrafts).
- ✓ Recall that cross border travel restrictions were still in place in December last year. Henceforth, it is likely that the higher international aircraft traffic at KLIA was contributed by air cargo planes transporting goods in and out of the country.

### Monthly Export and Import Container Throughput at Port of Tanjung Pelepas



Sources: CEIC, Port Klang Authority  
ECONOMIC RESEARCH

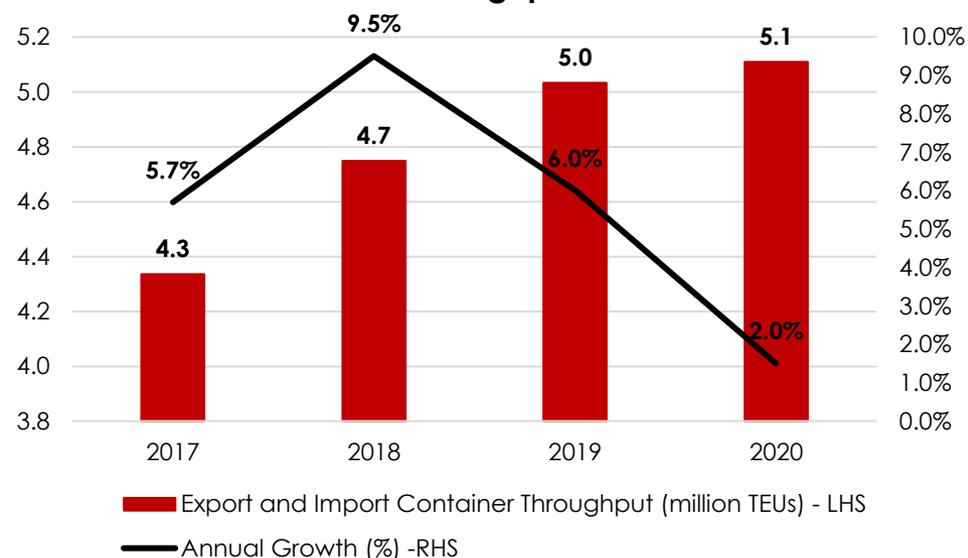
### International Aircraft Movements at Kuala Lumpur International Airport



Sources: Malaysia Airports Holdings Berhad

- ✓ Although there was a 4.2% drop in export and import container throughput experienced by PTP in December 2020, the annual figure increased to a tune of 0.4%.
- ✓ Other ports such Port Klang also saw a yearly increase in its export and import container throughput by 2.0% in 2020, indicating the resilience of trading activities despite the pandemic.
- ✓ On further scrutiny, we observed that the transshipment container throughput at PTP jumped by 8.9% in 2020 to 9,270.4k TEUs (2019: 8,509.7k TEUs)
- ✓ Transshipment containers are cargoes that are moved from one vessel to another while in transit to its final destination. While transshipment containers do not contribute to the exports and imports of a country, the growth in transshipment container throughput signals that regional trading activities remain strong even as many countries struggle with the pandemic.

### Port Klang's Export and Import Container Throughput



Source: CEIC

## Breakdown of Container Throughput at Port of Tanjung Pelepas

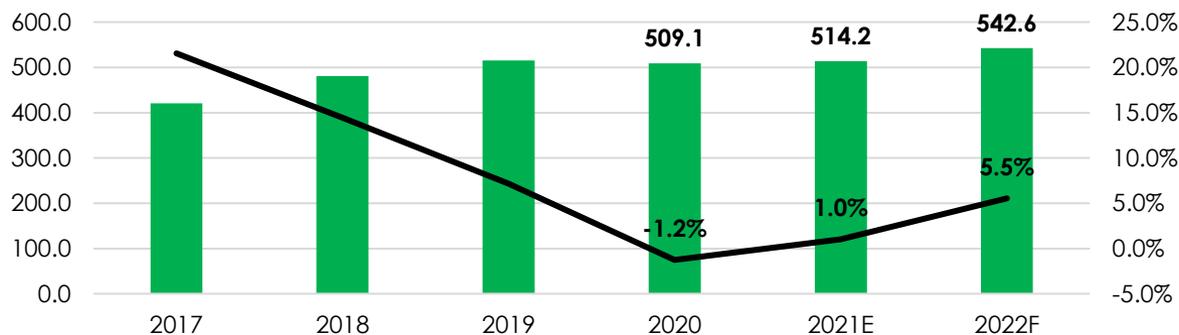
Type of container throughput	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2019	2020
Transshipment container throughput ('000 TEUs)	822.5	670.1	774.1	710.7	724.4	685.2	726.1	733.1	805.3	831.2	871.1	916.7	8,509.7	9,270.4
Year-on-year growth (%) in Transshipment container throughput	14.6%	7.1%	5.5%	-4.1%	-6.0%	-4.0%	12.6%	0.7%	21.4%	14.7%	28.5%	19.1%	1.3%	8.9%
Export and Import container throughput ('000 TEUs)	45.9	42.7	43.0	27.0	38.3	52.4	53.8	56.2	51.3	56.6	51.8	51.1	567.8	570.1
Year-on-year growth (%) in Export and Import container throughput	-0.4%	-3.5%	-17.4%	-41.8%	-20.0%	17.2%	8.4%	21.6%	21.9%	11.7%	16.4%	-4.2%	1.7%	0.4%

Source: Johor Port Authority

Sources: Bloomberg

- ✓ The overarching concern ahead is whether the MCO 2.0 will dent overall exports and imports. Based on our own calculations, the daily output loss for the current MCO is estimated to be at RM578 million which is quite in line with the Ministry of Finance’s estimates of RM600.0 million. This is lower than the RM2.4 billion output loss seen during 2Q2020 when the first MCO took place.
- ✓ Sectors deemed essential such as manufacturing, construction, services, trade & distribution and plantation & commodities are allowed to continue operating subject to the approved standard operating procedures (SOPs). On the demand side, the re-imposition of physical movement restrictions (particularly the ban on cross-district travels) would adversely impact both the level, as well as the variety of consumption activities but by a smaller magnitude.
- ✓ Business sentiment could turn brighter later in the second half of the year should the vaccination campaign be rolled out smoothly as businesses severely disrupted by the pandemic such as aviation and tourism could ramp up their operations.
- ✓ In the meantime, the latest RM15.0 billion Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) assistance package combined with a low interest rate environment should help support the capacity for local businesses to produce and meet the overseas demand.
- ✓ All in all, **we are projecting a 4.5% exports growth in 2021 after a 1.4% decline last year.** The growth will be particularly contributed by semiconductor products which is mainly on account of the deployment of 5G technology in cities around the world along with smart devices due to the proliferation of the IoT. All this should translate into higher revenue for the global semiconductor players in 2021 and 2022.

**Global Semiconductor Revenue (RM Billion)**



Global semiconductor revenue (RM Billion) - LHS — Year-on-year growth (%) -RHS

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