



From the Desk
of the
Chief Economist

BANK ISLAM

EXPORTS SOARED BY 31.0% IN MARCH 2021 – THE HIGHEST SINCE JULY 2017

28 APRIL 2021

ECONOMIC RESEARCH

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March
31.0%
February
17.6%

Exports

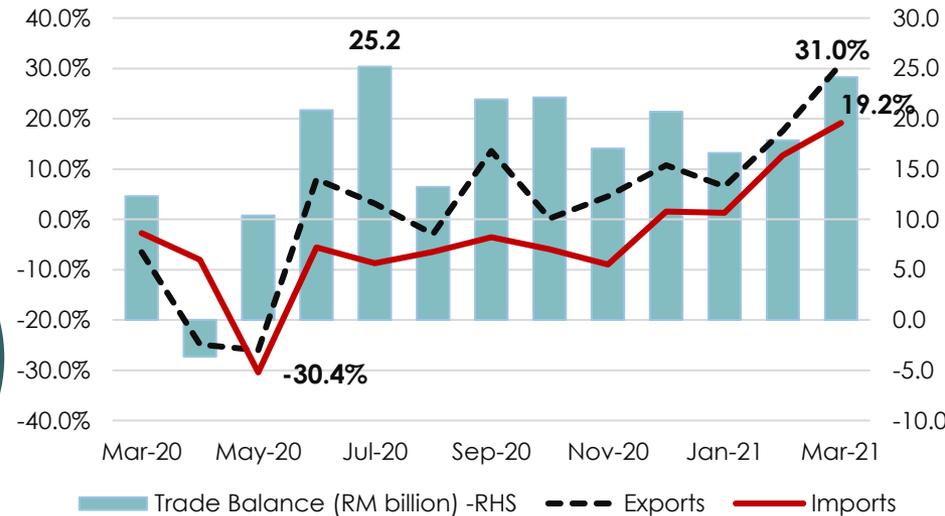
March
19.2%
February
12.7%

Imports

March
RM24.2 Billion
February
RM17.9 Billion

Trade Balance

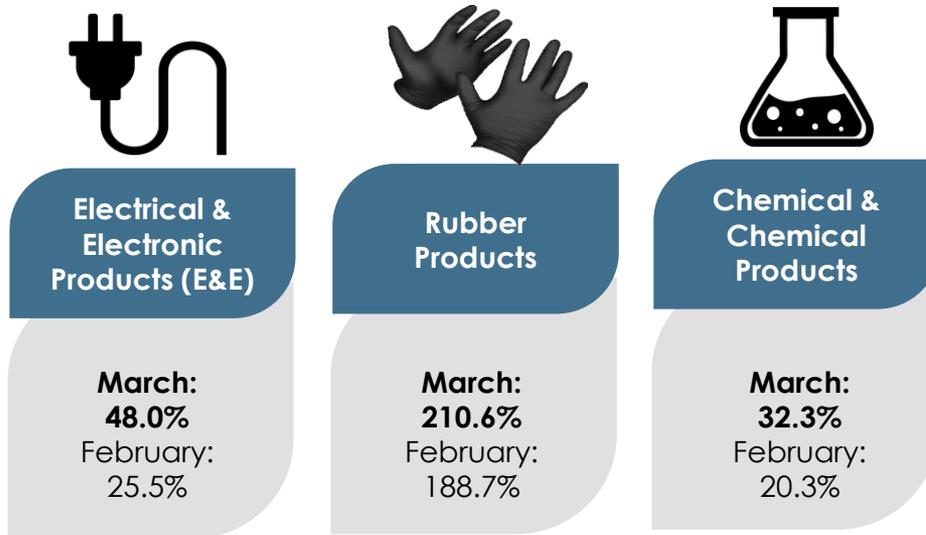
External Trade Performance



Source: CEIC

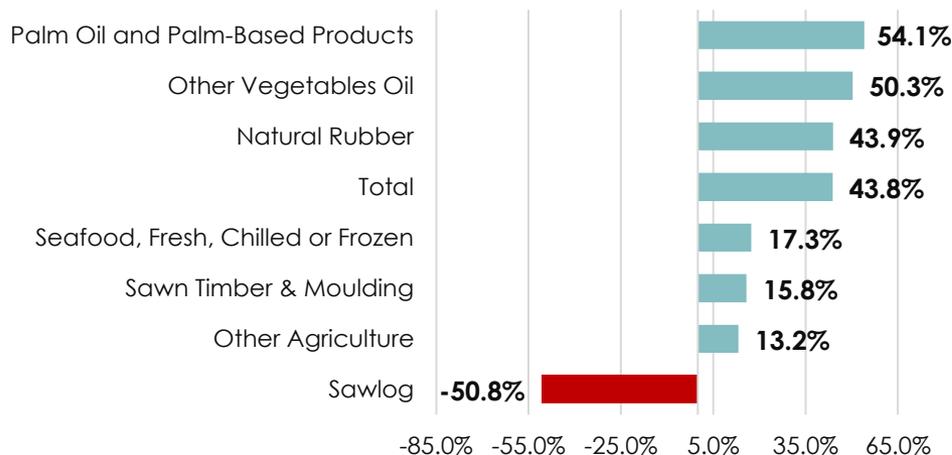
- ✓ Malaysia's exports jumped by 31.0% year-on-year (y-o-y) in March, extending the 17.6% gain in the preceding month (**Consensus: 18.9%, Bank Islam: 12.3%**).
- ✓ The strong expansion was mainly contributed by exports of the Manufacturing sector which increased by 35.8% in March (February: 20.9%). Apart from that, the Agriculture sector surged by 43.8% in March from a 9.7% growth in the previous month. Both sectors exports accounted for 94.6% of total exports during March.
- ✓ Nevertheless, exports of the Mining sector continued to drop, marking the 21st consecutive month of decline since July 2019 (March: -24.1% vs. February: -7.8%).

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



- ✓ Within the Manufacturing industry, exports of E&E Products (March: 48.0% vs. February: 25.5%) and Rubber Products (March: 210.6% vs. February: 188.7%) continued to drive the growth, contributing for 51.3% of total manufactured goods exports.
- ✓ Apart from that, exports of Chemical & Chemical Products rose by 32.3% in March from a 20.3% increase in the preceding month.

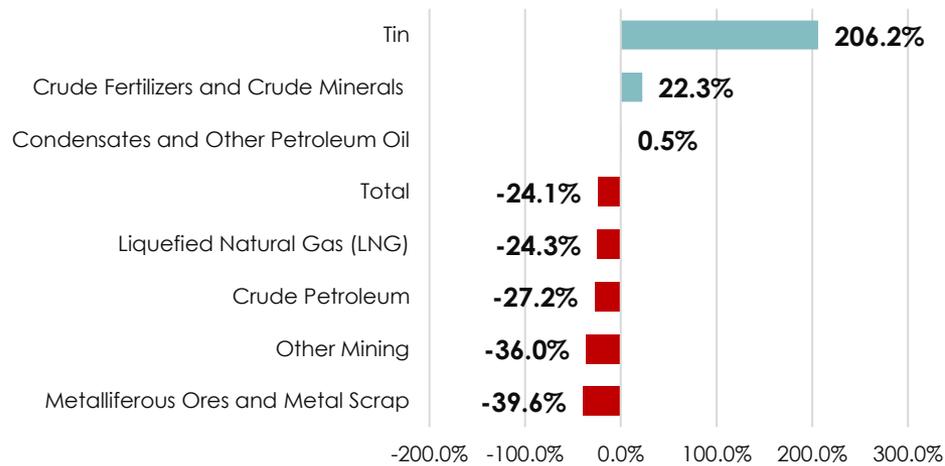
Exports by Sector - Agriculture, y-o-y%



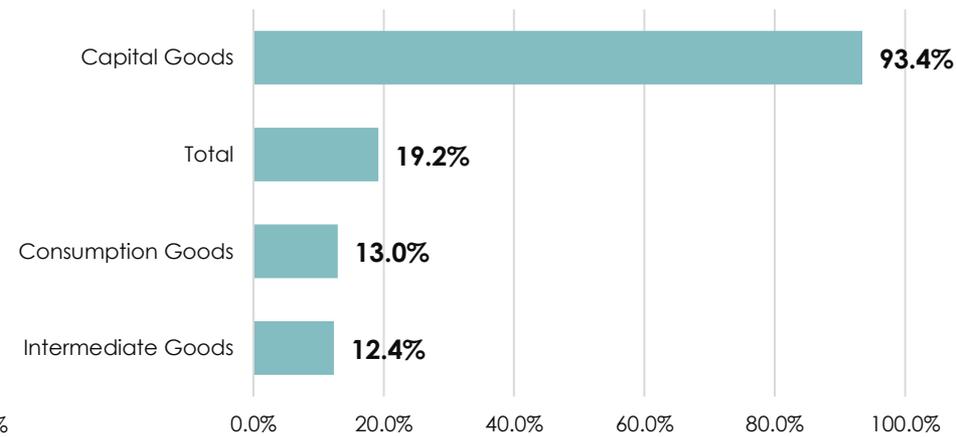
- ✓ As for the Agriculture sector, the expansion was mainly underpinned by higher exports of Palm Oil & Palm-Based Products (March: 54.1% vs. February: 10.7%). In addition, exports of Other Vegetables Oil increased by 50.3% in March from a 33.6% growth previously. Both products accounted for about 77.1% of total Agriculture product exports.

MINING REMAINED IN NEGATIVE TERRITORY FOR THE 21ST CONSECUTIVE MONTH

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



Imports by End Use & Broad Economic Categories (BEC) Classification, y-o-y%



Source: CEIC

- ✓ As for the Mining sector, the decline in exports of LNG (March: -24.3% vs. February: -17.0%) and Crude Petroleum (March: -27.2% vs. February: -24.3%) have continued to weigh on the sector's performance.
- ✓ On imports, it increased by 19.2% in March from a 12.7% growth previously. On further scrutiny, imports of Capital Goods surged by 93.4% in March (February: 38.3%), while imports of Intermediate Goods rebounded by 12.4% in March (February: -0.1%). Meanwhile, imports of Consumption Goods moderated by 13.0% in March from a 17.6% expansion previously. Consequently, the trade surplus balance widened from RM17.9 billion in February to RM24.2 billion in March.
- ✓ Cumulatively, total exports jumped by 18.2% during 1Q2021 after registering a 5.1% growth in the previous quarter. Meanwhile, total imports recovered by 10.8% in 1Q2021 from a 4.5% contraction during the final quarter of 2020. As such, the trade surplus balance narrowed to RM58.6 billion during 1Q2021 (4Q2020: RM59.9 billion).

EXTERNAL TRADE PERFORMANCE

Y-o-Y%	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	4Q2020	1Q2021
Exports	3.1%	-2.9%	13.6%	0.2%	4.6%	10.8%	6.6%	17.6%	31.0%	5.1%	18.2%
Imports	-8.7%	-6.5%	-3.6%	-6.0%	-9.0%	1.6%	1.3%	12.7%	19.2%	-4.5%	10.8%
Trade balance (RM billion)	25.2	13.2	21.9	22.1	17.1	20.7	16.6	17.9	24.2	59.9	58.6
Export by sector											
Manufacturing	4.7%	-0.1%	16.3%	2.5%	8.2%	12.4%	11.7%	20.9%	35.8%	7.6%	22.7%
Electrical & Electronic Products	9.2%	7.6%	33.0%	3.0%	23.6%	18.1%	13.1%	25.5%	48.0%	13.8%	27.9%
Chemical & Chemical Products	-23.2%	-23.4%	0.6%	-16.1%	-6.6%	0.9%	10.6%	20.3%	32.3%	-7.3%	21.5%
Machinery, Equipment & Parts	-4.5%	-11.3%	5.0%	3.2%	-5.0%	2.4%	-1.5%	-0.4%	49.7%	0.2%	14.4%
Petroleum Products	-6.5%	-16.0%	-29.5%	-25.6%	-27.1%	-22.0%	-32.4%	32.1%	-38.9%	-24.8%	-18.2%
Manufactures of Metal	-5.9%	-30.7%	-5.9%	-10.1%	-5.3%	34.9%	19.9%	27.0%	88.4%	5.6%	44.1%
Transport Equipment	-5.5%	-19.9%	-35.8%	-14.6%	-26.5%	-29.9%	4.9%	-8.7%	-55.2%	-23.7%	-30.7%
Optical & Scientific Equipment	9.9%	28.6%	6.2%	-3.0%	0.6%	4.6%	9.9%	-0.2%	30.8%	0.6%	13.3%
Processed Food	-1.1%	-7.0%	-0.4%	-0.6%	-12.5%	2.1%	9.2%	1.5%	29.5%	-3.7%	13.2%
Textiles, Apparels & Footwear	-10.2%	-12.2%	3.9%	10.8%	-10.8%	5.5%	-5.9%	-0.5%	30.4%	1.4%	6.5%
Iron & Steel Products	9.1%	23.3%	30.3%	21.4%	-20.2%	2.8%	3.9%	-20.4%	34.6%	-1.7%	3.8%
Manufacture of Plastics	-16.9%	-25.2%	-12.8%	-12.4%	-14.2%	4.2%	7.5%	-1.1%	29.6%	-7.7%	11.5%
Paper & Pulp Products	-15.2%	-15.5%	-16.6%	-4.1%	-15.0%	6.9%	16.3%	9.5%	21.4%	-4.3%	15.8%
Rubber Products	93.9%	66.8%	115.8%	127.3%	124.8%	126.9%	187.4%	188.7%	210.6%	126.3%	195.8%
Palm Oil-Based Manufactured Products	-17.7%	-10.3%	-5.0%	-10.7%	0.3%	6.3%	6.0%	9.8%	42.0%	-1.4%	19.4%
Non-Metallic Mineral Products	-19.9%	-21.3%	-14.4%	-9.4%	-7.4%	9.1%	14.2%	-0.4%	46.5%	-2.5%	18.1%
Beverages & Tobacco	-11.8%	-28.5%	-16.9%	-23.3%	-38.1%	11.8%	-8.2%	-31.6%	48.3%	-18.4%	-1.3%
Jewellery	-55.3%	-38.4%	-20.6%	-23.4%	-16.4%	-8.9%	-6.5%	-22.3%	90.3%	-16.4%	9.6%
Wood Products	13.6%	1.4%	15.2%	9.9%	3.1%	12.3%	2.2%	-3.7%	64.6%	8.4%	16.5%
Others	40.6%	8.5%	33.3%	29.6%	18.0%	16.6%	8.0%	-7.5%	25.9%	21.4%	8.6%
Agriculture	30.4%	-4.5%	26.6%	28.7%	6.0%	47.1%	-7.3%	9.7%	43.8%	27.7%	15.2%
Natural Rubber	-41.1%	-32.9%	-7.7%	2.8%	23.2%	27.9%	9.6%	14.5%	43.9%	17.7%	22.4%
Saw log	-24.7%	-6.9%	-11.3%	-49.5%	-68.8%	40.5%	-62.8%	2.6%	-50.8%	-31.3%	-43.4%
Sawn Timber & Mouldings	-8.6%	-39.2%	-6.2%	-28.2%	-10.7%	-14.6%	-15.6%	-25.2%	15.8%	-18.7%	-8.4%
Mining	-30.2%	-25.9%	-27.4%	-47.2%	-32.1%	-31.0%	-31.0%	-7.8%	-24.1%	-36.7%	-21.9%
Tin	-27.9%	0.0%	-22.2%	21.7%	19.1%	46.6%	78.2%	50.1%	206.2%	30.1%	99.4%
Crude Petroleum	-4.9%	0.0%	22.2%	-44.8%	-28.7%	-42.9%	-31.9%	-24.3%	-27.2%	-38.7%	-28.1%
Liquefied Natural Gas	-47.6%	-49.1%	-52.2%	-57.7%	-43.6%	-23.9%	-40.0%	-17.0%	-24.3%	-41.6%	-27.8%
Others	-51.9%	-57.9%	-28.6%	-25.0%	-44.8%	-29.1%	-38.1%	-30.2%	-7.3%	-33.1%	-26.8%
Import by End-Use											
Capital Goods	-19.8%	-15.6%	-2.2%	-14.9%	-26.6%	-2.1%	-5.4%	38.3%	93.4%	-15.0%	32.7%
Consumption Goods	0.1%	2.9%	11.2%	3.1%	-7.2%	3.3%	1.3%	17.6%	13.0%	-0.3%	10.1%
Intermediate Goods	-17.3%	-5.6%	-17.7%	-6.0%	-10.6%	-5.0%	1.4%	-0.1%	12.4%	-7.2%	4.6%

Sources: DOSM, CEIC

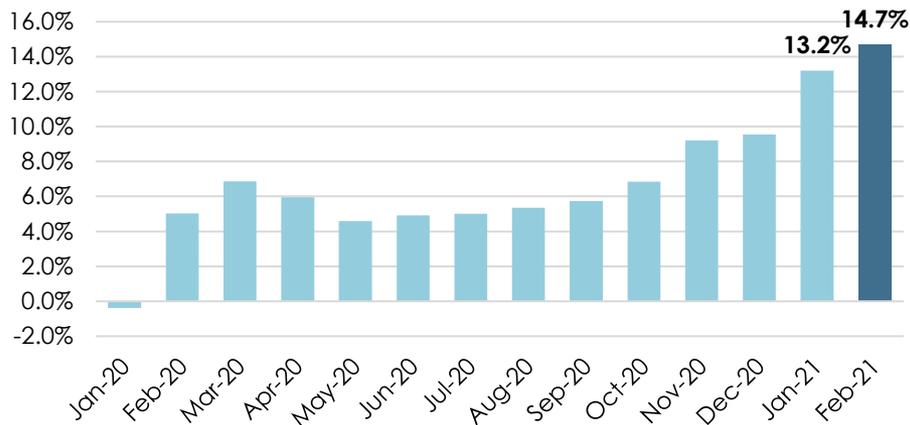
- ✓ All of the regional economies under our observation continued to record a positive exports growth in March this year as the progress of the vaccination programme had gradually improved demand conditions.
- ✓ For instance, India's exports jumped by 60.3% in March (February: 0.7%). The surge in exports was driven by key sectors such as engineering, gems, jewellery and pharmaceuticals.
- ✓ On the other hand, Thailand recorded the slowest exports growth in March, expanding by only 8.5% y-o-y (February: -2.6%) boosted by higher shipments of cars, rubber products and plastic pellets.
- ✓ Meanwhile on a quarterly basis, China's exports grew the fastest in 1Q2021 by 48.8% y-o-y (4Q2020: 17.0%). This was in line with China's Manufacturing Purchasing Managers' Index (PMI) which rose to 51.9 points in March (February: 50.6 points), the highest so far in 2021 according to data from the National Bureau of Statistics (NBS).

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	4Q2020	1Q2021
US	-29.6%	-35.1%	-23.8%	-15.8%	-13.2%	-9.6%	-7.4%	-6.5%	-2.7%	-0.5%	-5.0%	N.A.	5.5%	N.A.
China	3.5%	-3.3%	0.3%	7.3%	9.5%	9.9%	11.4%	21.1%	18.3%	24.8%	154.9%	30.2%	17.0%	48.8%
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%	-0.8%	6.0%
Singapore	9.7%	-4.7%	13.9%	5.8%	7.7%	5.8%	-3.1%	-5.0%	6.8%	12.6%	4.2%	12.1%	-0.5%	9.7%
India	-61.0%	-35.7%	-12.2%	-9.5%	-12.2%	6.0%	-4.9%	-8.5%	0.5%	6.2%	0.7%	60.3%	-4.2%	19.6%
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%	6.7%	17.1%
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%	-2.0%	2.3%
South Korea	-25.6%	-23.7%	-10.9%	-7.1%	-10.3%	7.1%	-3.9%	3.9%	12.4%	11.4%	9.2%	16.5%	4.1%	12.5%
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%	11.7%	24.5%
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%	5.1%	18.2%

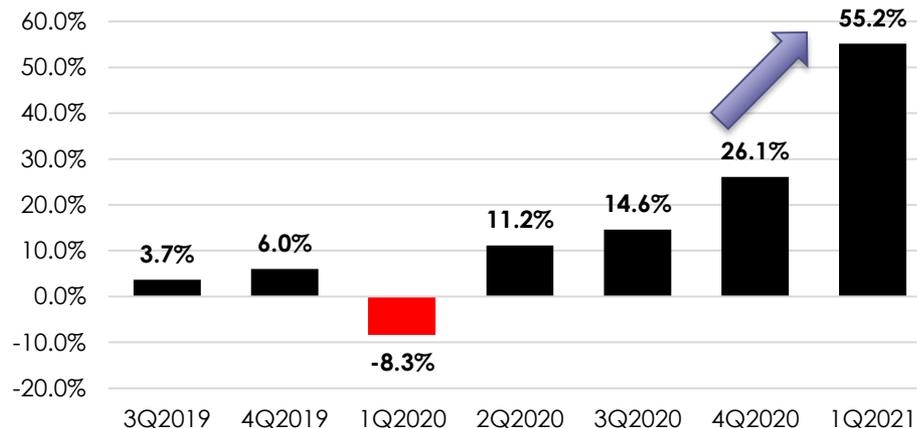
Sources: CEIC, Bloomberg

Global Semiconductor Sales (GSS), y-o-y%



Source: Semiconductor Industry Association (SIA)

Worldwide Traditional Personal Computer (PC) Shipments, y-o-y%



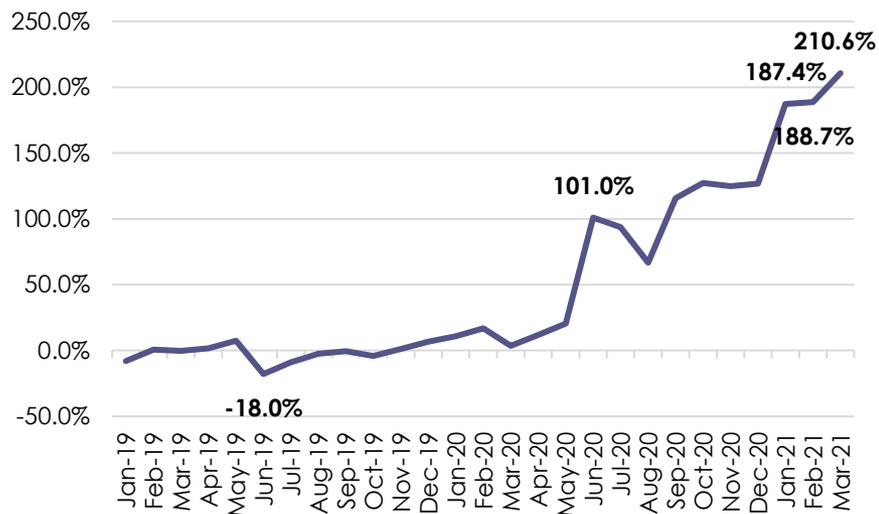
Source: International Data Corporation (IDC)

- ✓ The Covid-19 pandemic has caused semiconductor shortage amid surge in demand for new mobile devices, PCs and data center upgrades in response to remote work, online learning and other stay-at-home trends.
- ✓ Following this, the Global Semiconductor Sales (GSS) continued to record a double-digit growth at 14.7% y-o-y in February from 13.2% in the preceding month.
- ✓ Apart from that, the worldwide traditional PC (inclusive of desktops, notebooks and workstations) shipments soared by 55.2% y-o-y during first three months this year after rising by 26.1% in 4Q2020.
- ✓ Looking forward, we foresee the demand for semiconductor products would remain firm in light of emerging technologies such as 5G, Artificial Intelligence (AI) and Internet of Things (IoT).
- ✓ However, the market continues to struggle with setbacks including component shortages and logistics issues which could delay the production of consumer related devices such as PCs, mobile devices, home-entertainment systems, as well as networking devices.

RUBBER GLOVE EXPORTS CONTINUE TO SOAR AMID RISE IN COVID-19 INFECTIONS IN EUROPE

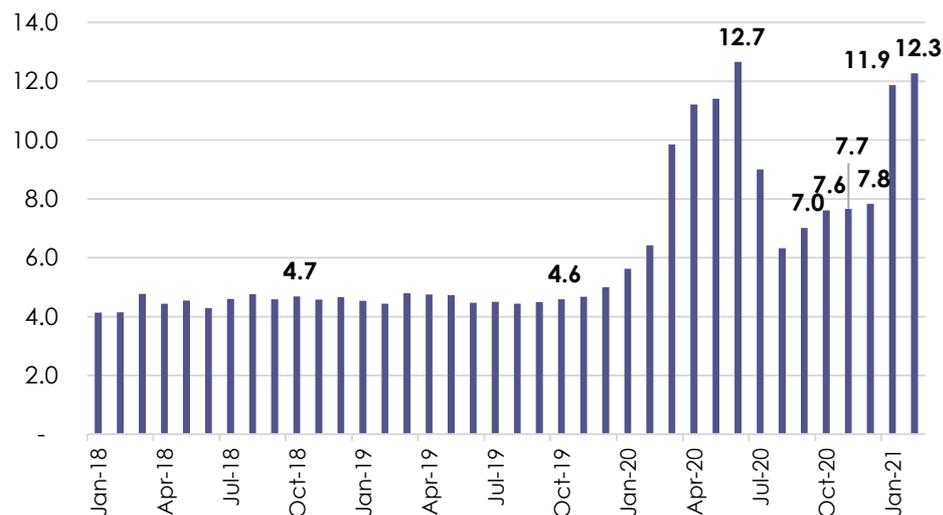
- ✓ As highlighted earlier, Malaysia's exports for rubber products jumped by 210.6% in March (February: 188.7%). Recall that some countries in Europe such as France and Italy reimposed lockdowns amid the sudden rise in Covid-19 cases in the region, giving rise to higher demand for rubber gloves.
- ✓ Meanwhile, Malaysia's rubber glove production increased by 91.2% y-o-y in March (February : 111.0%). This brings the rubber glove production to 12.3 billion pairs in March from 11.9 billion pairs in the preceding month.
- ✓ On a wider scale, the Bloomberg Covid-19 tracker indicates that it would take another 17 months to cover 75.0% of the global population based on the latest vaccination rate of 19.7 million doses per day*.
- ✓ Henceforth, the lengthy journey to reach herd immunity will support the demand for rubber gloves.

Malaysia's Exports Growth of Rubber Products, y-o-y%



Sources: CEIC, DOSM

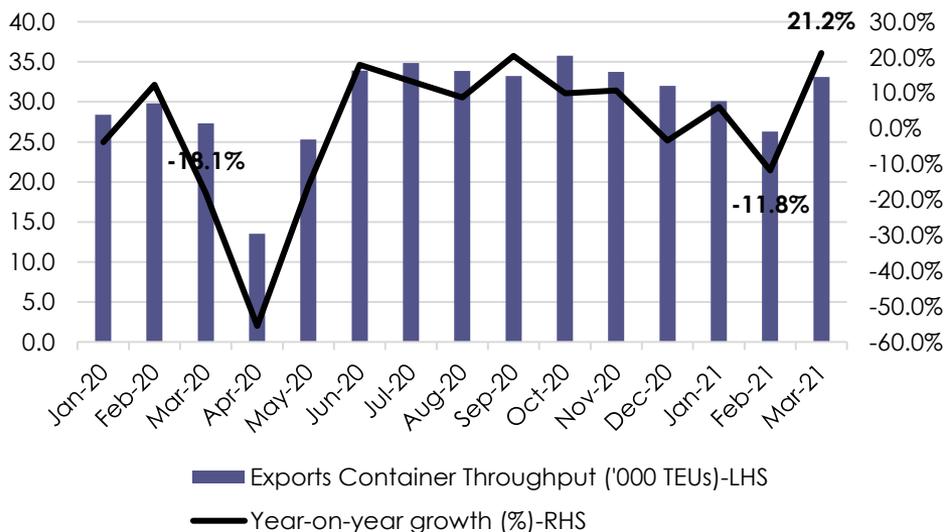
Malaysian Rubber Glove Production (Billion Pairs)



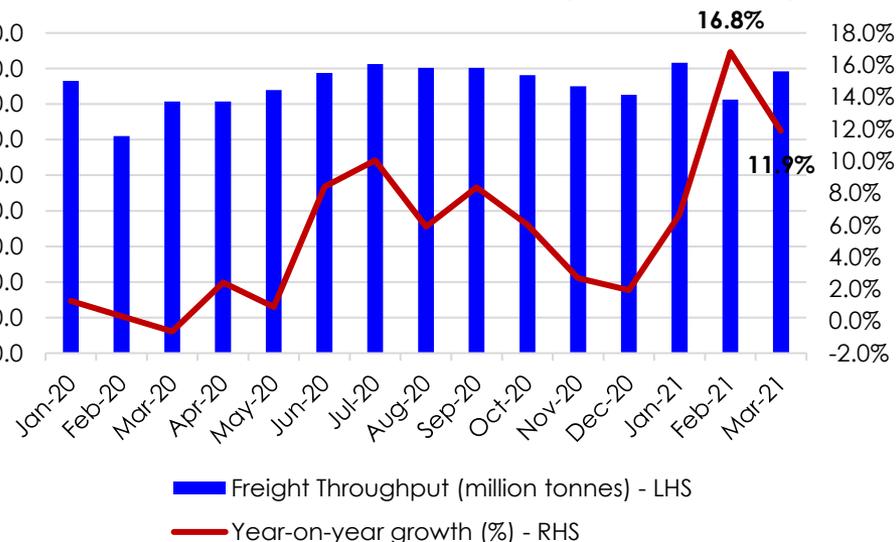
*<https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution/>

- ✓ In line with the 31.0% y-o-y jump in Malaysia's exports in March (February: 17.6%), the monthly exports container throughput at Port of Tanjung Pelepas (PTP) increased by 21.2% y-o-y in March (February: -11.8%) to reach 33.1k twenty-foot equivalent units (TEUs).
- ✓ The substantial increase in PTP's container throughput in March was in conformity with the rise in freight throughput at ports of Malaysia's trading partners such as China. China's freight throughput from foreign trade at its major coastal and river ports rose by 11.9% y-o-y in March (February: 16.8%). Although this showed a softer expansion, China's freight throughput has been registering a positive growth since April 2020.
- ✓ Overall, seaborne trade is expected to be stronger in 2021 following the guidance given by major container shipping company, Maersk which revised its global market demand growth this year to a range of 5.0% to 7.0% from a previous estimate ranging from 3.0% to 5.0%. The strength in global demand will be primarily driven by export volumes out of China to the US.

Monthly Export Container Throughput at Port of Tanjung Pelepas

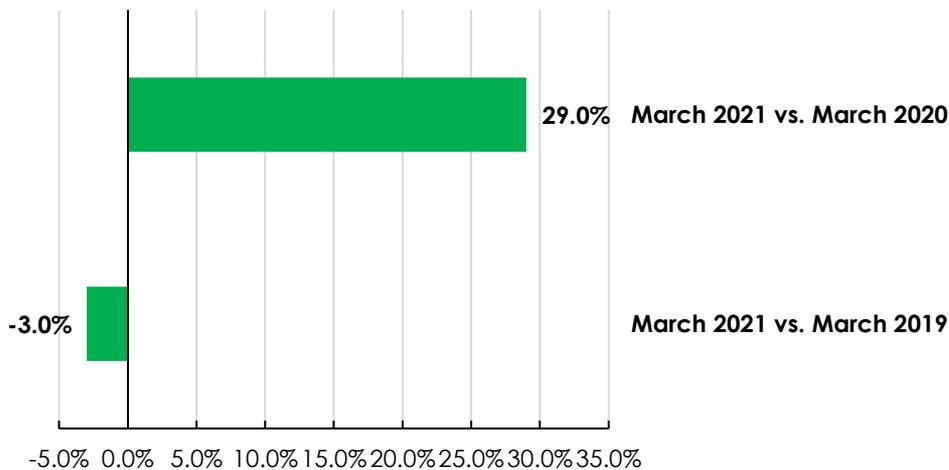


Freight Throughput From Foreign Trade: Major Coastal and River Ports in China (million tonnes)



Sources: CEIC, DOSM, Johor Port Authority

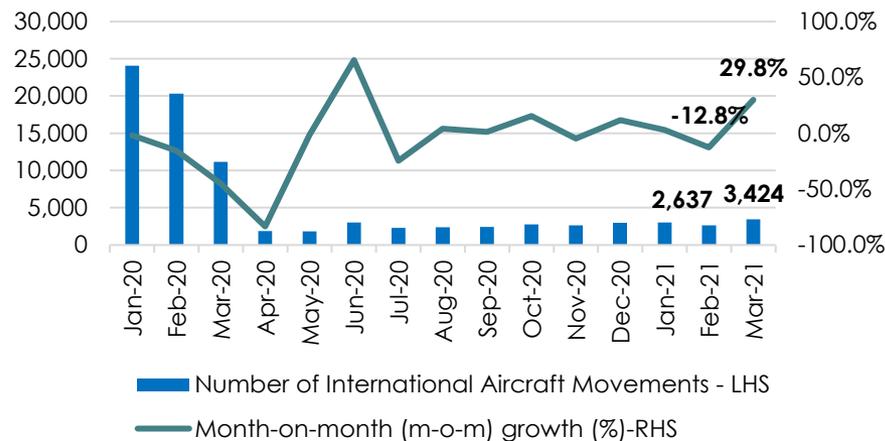
March 2021 Air Cargo Volume, y-o-y growth (%)



-5.0% 0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0%

Source: Clive Data Services

International Aircraft Movements at Kuala Lumpur International Airport

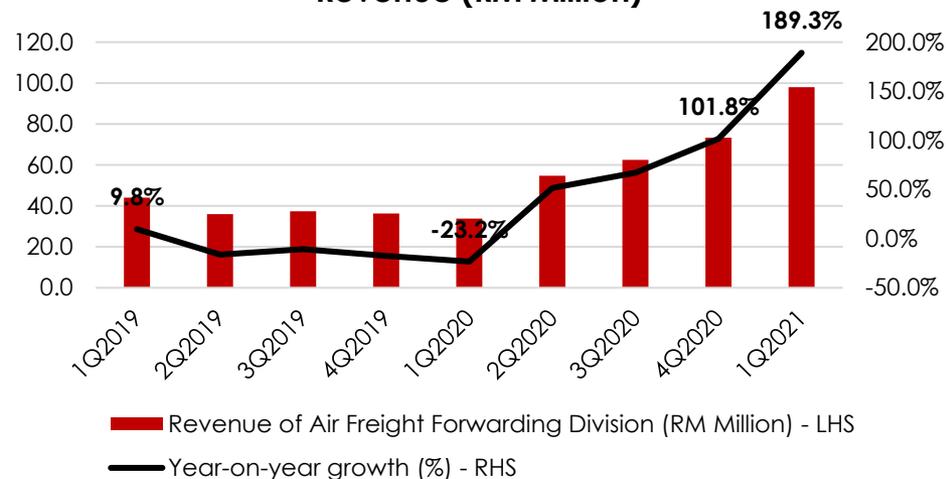


Source: Malaysia Airports Holdings Berhad

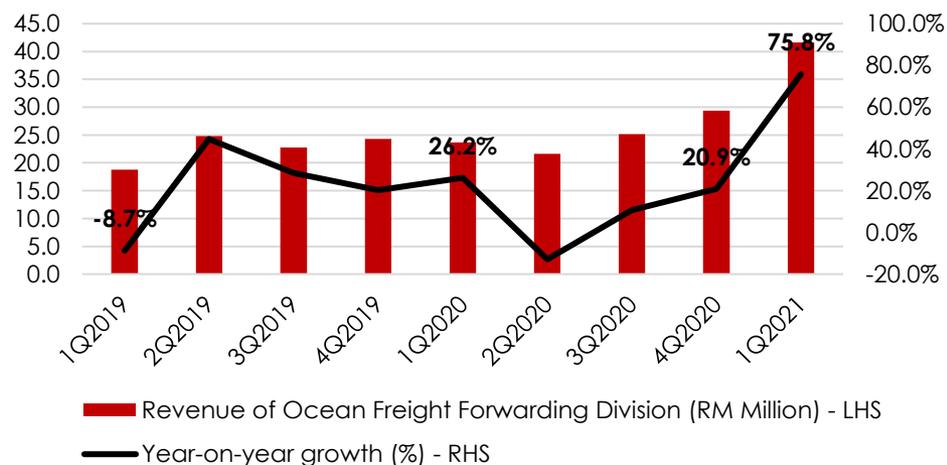
- ✓ The latest data from Clive Data Services shows that the global air cargo volume in March 2021 was 29.0% y-o-y higher than the outlier month of March 2020 during the beginning of the pandemic but was 3.0% lower than the demand in March 2019.
- ✓ The higher global air cargo volume in March this year could likely indicate that a sizeable portion of Malaysia's exports may have been transported via air freight.
- ✓ Referring to Malaysia Airports Holdings Berhad's operating statistics, the international aircraft movements at Kuala Lumpur International Airport (KLIA) increased by 29.8% month-on-month (m-o-m) in March (February: -12.8%) to 3,424 aircrafts, the highest in a year.
- ✓ With international travel restrictions still being in place, the higher number of international aircraft movements at KLIA could be contributed by air cargo planes transporting goods in and out of the country.

- ✓ On the corporate level, we observed that Tasco Berhad (Tasco), a company involved in logistics has recorded a tremendous increase in revenue for its air freight forwarding (AFF) and ocean freight forwarding (OFF) division.
- ✓ In 1Q2021, Tasco's AFF division saw a 189.3% y-o-y (4Q2020: 101.8%) increase in its revenue to reach RM98.0 million. The rise was due to a newly secured tender of client involved in the E&E sector combined with elevated airfreight rates due to reduced airfreight supply capacity amid Covid-19 pandemic. Henceforth, the performance of this division can be linked to the improvement of the Malaysia's E&E exports in March which increased by 48.0% y-o-y (February: 25.5%).
- ✓ Tasco's OFF division also recorded a commendable set of results in 1Q2021 as the division recorded a 75.8% y-o-y (4Q2020: 20.9%) advance in its revenue to reach RM41.6 million. This was partly attributable to the higher amount of shipments by clients involved in the business of rubber gloves and medical consumables. As mentioned earlier, Malaysia's exports of rubber products grew by 210.6% y-o-y in March (February: 188.7%) in light of the resurgence of Covid-19 cases worldwide.

Tasco Berhad's Air Freight Forwarding Division Revenue (RM Million)

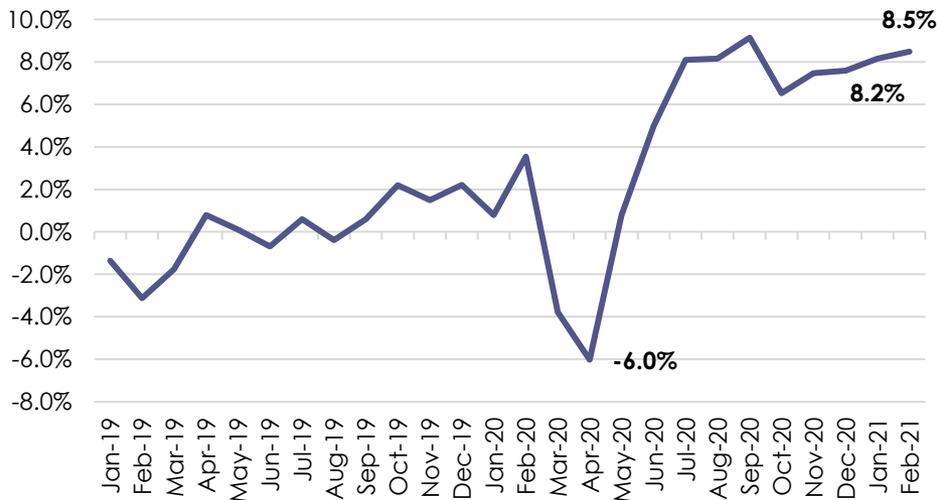


Tasco Berhad's Ocean Freight Forwarding Division Revenue (RM Million)



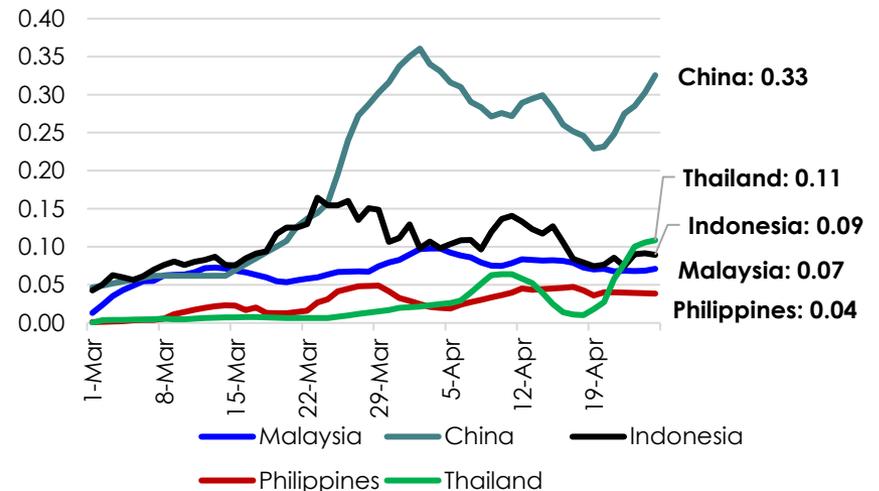
- ✓ The outstanding performance in the external trading activities during March this year was in tandem with Malaysia's Manufacturing Purchasing Manager's Index (PMI) which inched higher to 49.9 points in March from 47.7 points in the previous month.
- ✓ Moreover, Malaysia is expected to chart a decent economic recovery in the coming months based on the smooth growth rate of the Leading Index (LI), which increased by 8.5% y-o-y to reach 111.2 points in February compared to an 8.2% growth in the preceding month. The LI is used to predict the economic direction in an average of four to six months ahead.
- ✓ However, the recent rise in Covid-19 cases particularly in India, Japan and Malaysia warrants a prudent assessment on how the economic activities will pan out.
- ✓ On further scrutiny, the number of vaccine doses administered per 100 people in Malaysia seems to be lagging behind its Asian peers such as China, Thailand and Indonesia.
- ✓ All in all, **we reiterate our exports growth forecast of 4.5% in 2021 (2020: -1.2%)**. The reason being is that the growth trajectory will be lower in the second half of 2021 as the low base effect diminishes from June 2020 onwards. Nevertheless, external demand will continue to be supported by countries such as China and also the US whereby consumption will be supported by its huge stimulus measures.

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 25 April 2021

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A cityscape at sunset with a pink bar at the bottom. The sky is filled with soft, golden light and scattered clouds. The city buildings are silhouetted against the bright horizon. A prominent road with traffic is visible in the foreground.

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