

# **EXPORTS GREW BY 47.3% IN MAY**

**28 JUNE 2021**

## **ECONOMIC RESEARCH**

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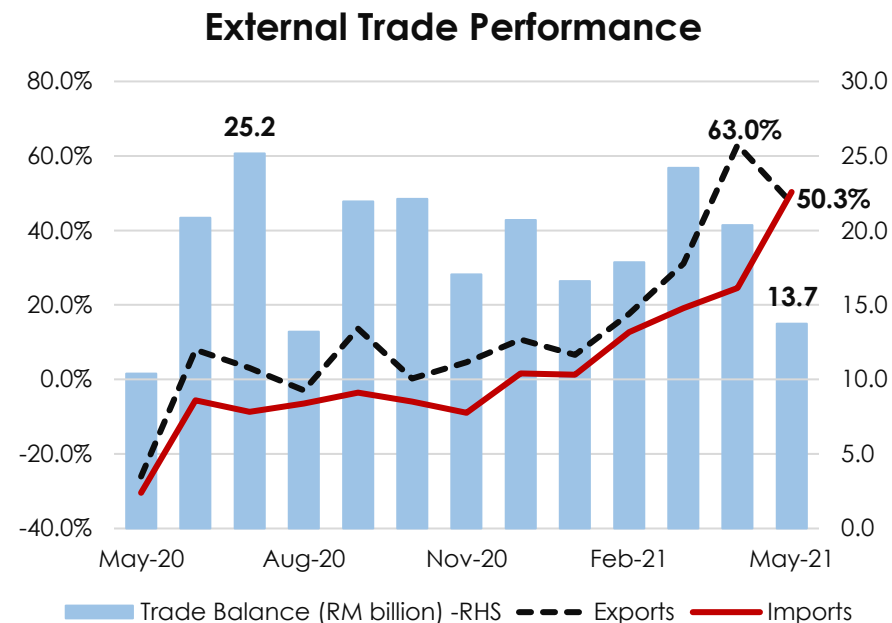
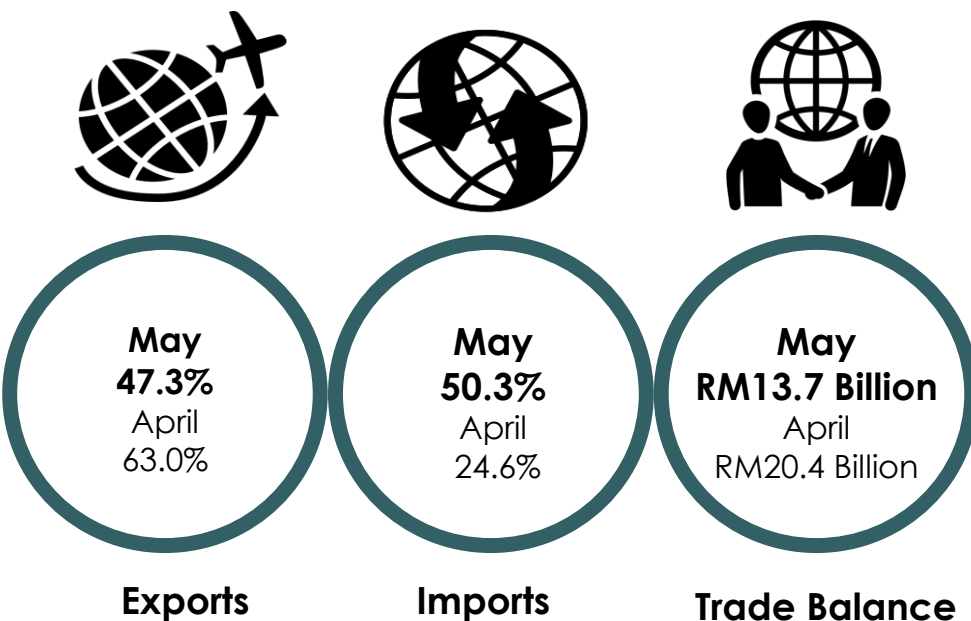
**ADAM MOHAMED RAHIM**

**SHAFIZ BIN JAMALUDDIN**

**NOR JANNAH ABDULLAH**

**RAJA ADIBAH RAJA HASNAN**

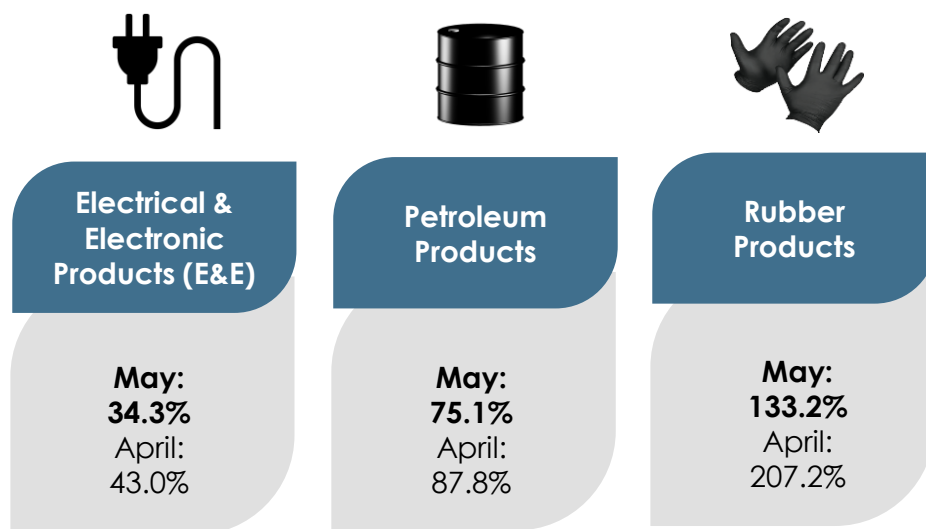
# EXPORTS RECORDED A STRONG DOUBLE-DIGIT GROWTH AT 47.3% IN MAY



Source: CEIC

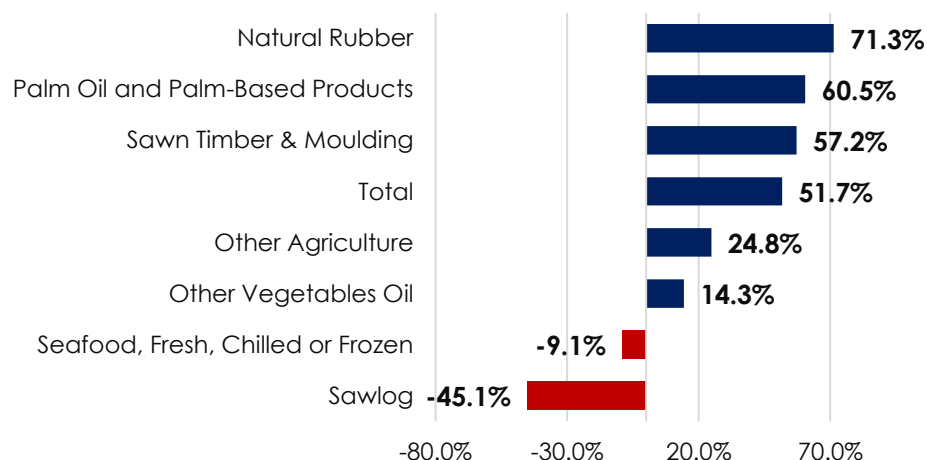
- ✓ Malaysia's exports performance maintained its strong double-digit growth by expanding to the tune of 47.3% year-on-year (y-o-y) in May, moderating from a 63.0% increase recorded in April (**Consensus: 57.5%, Bank Islam: 48.4%**).
- ✓ The Manufacturing sector and Agriculture sector both saw a slower growth as compared to the previous month, increasing by 45.4% (April: 65.4%) and 51.7% (April: 66.9%) respectively in May.
- ✓ Nevertheless, Mining activities showed a positive performance for two consecutive months, growing by 76.0% in May (April: 24.4%).

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

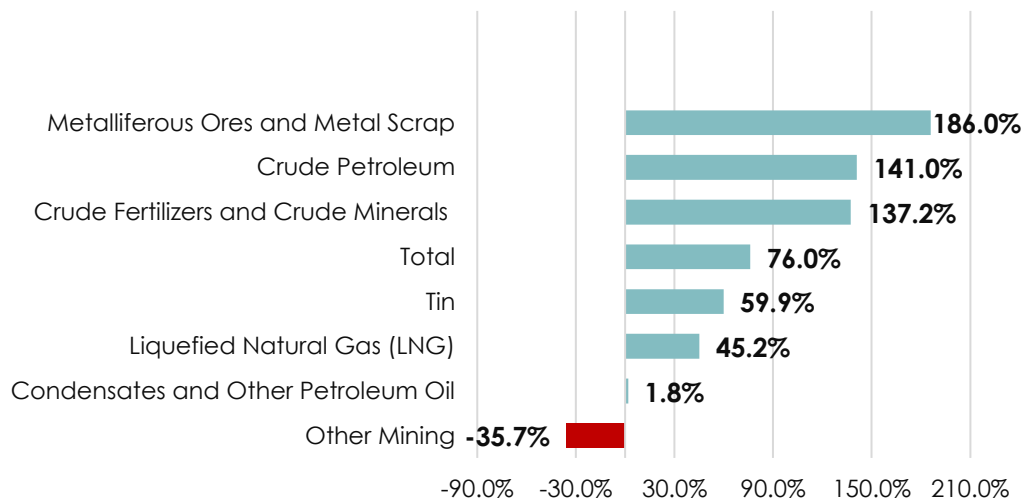


- ✓ Within the Manufacturing industry, exports of E&E Products (May: 34.3% vs. April: 43.0%) and Petroleum Products (May: 75.1% vs. April: 87.8%) continued to drive the sales, contributing for 48.8% of total manufactured goods exports.
- ✓ Apart from that, exports of Rubber Products have been growing by a triple-digit growth for the ninth straight month since September last year (May: 133.2% vs. April: 207.2%) amid higher demand for medical and hygiene purposes.
- ✓ As for the Agriculture sector, the expansion was mainly underpinned by exports of Natural Rubber (May: 71.3% vs. April: 58.6%), Palm Oil & Palm-Based Products (May: 60.5% vs. April: 73.0%), as well as Sawn Timber & Moulding (May: 57.2% vs. April: 255.0%). These products accounted for about 85.2% of total Agriculture product exports.

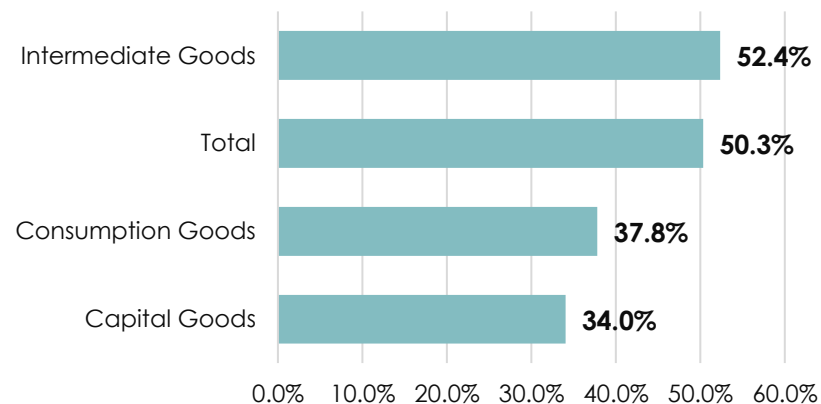
## Exports by Sector - Agriculture, y-o-y%



## 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, higher exports for LNG (May: 45.2% vs. April: -1.3%) and Crude Petroleum (May: 141.0% vs. April: 37.0%) have supported the sector's overall performance.
- ✓ Regarding imports, it surged by 50.3% in May from a 24.6% growth previously. On further scrutiny, imports of Consumption Goods increased by 37.8% in May (April: 29.6%), while imports of Capital Goods rebounded by 34.0% in May (April: -37.7%). Meanwhile, imports of Intermediate Goods moderated by 52.4% in May from a 64.6% expansion previously. Consequently, the trade surplus balance narrowed from RM20.4 billion in April to RM13.7 billion in May.
- ✓ Cumulatively, total exports recovered by 31.1% during 5M2021 after falling by 10.8% in the same period last year. Similarly, total imports improved by 20.1% in 5M2021 from a 7.5% contraction in 5M2020. As such, the trade surplus balance widened to RM92.8 billion during 5M2021 (5M2020: RM43.7 billion).

# EXTERNAL TRADE PERFORMANCE

Y-o-Y%	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	5M2020	5M2021
<b>Exports</b>	<b>-2.9%</b>	<b>13.6%</b>	<b>0.2%</b>	<b>4.6%</b>	<b>10.8%</b>	<b>6.6%</b>	<b>17.6%</b>	<b>31.1%</b>	<b>63.0%</b>	<b>47.3%</b>	<b>-10.8%</b>	<b>31.1%</b>
<b>Imports</b>	<b>-6.5%</b>	<b>-3.6%</b>	<b>-6.0%</b>	<b>-9.0%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>12.7%</b>	<b>19.2%</b>	<b>24.6%</b>	<b>50.3%</b>	<b>-7.5%</b>	<b>20.1%</b>
<b>Trade balance (RM billion)</b>	<b>13.2</b>	<b>21.9</b>	<b>22.1</b>	<b>17.1</b>	<b>20.7</b>	<b>16.6</b>	<b>17.9</b>	<b>24.2</b>	<b>20.4</b>	<b>13.7</b>	<b>43.7</b>	<b>92.8</b>
<b>Export by sector</b>												
<b>Manufacturing</b>	<b>-0.1%</b>	<b>16.3%</b>	<b>2.5%</b>	<b>8.2%</b>	<b>12.4%</b>	<b>11.7%</b>	<b>20.9%</b>	<b>35.9%</b>	<b>65.4%</b>	<b>45.4%</b>	<b>-9.4%</b>	<b>34.3%</b>
Electrical & Electronic Products	7.6%	33.0%	3.0%	23.6%	18.1%	13.1%	25.5%	48.0%	43.0%	34.3%	-13.0%	31.9%
Chemical & Chemical Products	-23.4%	0.6%	-16.1%	-6.6%	0.9%	10.6%	20.3%	32.3%	39.4%	42.5%	-12.9%	28.5%
Machinery, Equipment & Parts	-11.3%	5.0%	3.2%	-5.0%	2.4%	-1.5%	-0.4%	49.7%	172.4%	36.8%	-16.4%	36.8%
Petroleum Products	-16.0%	-29.5%	-25.6%	-27.1%	-22.0%	-32.4%	32.1%	-38.3%	87.8%	75.1%	-1.5%	14.3%
Manufactures of Metal	-30.7%	-5.9%	-10.1%	-5.3%	34.9%	19.9%	27.0%	88.4%	180.7%	81.6%	-23.1%	68.8%
Transport Equipment	-19.9%	-35.8%	-14.6%	-26.5%	-29.9%	4.9%	-8.7%	-55.2%	-19.3%	38.4%	23.9%	-22.5%
Optical & Scientific Equipment	28.6%	6.2%	-3.0%	0.6%	4.6%	9.9%	-0.2%	30.8%	85.6%	29.2%	-5.3%	27.3%
Processed Food	-7.0%	-0.4%	-0.6%	-12.5%	2.1%	9.2%	1.5%	29.5%	33.4%	14.2%	-4.2%	17.0%
Textiles, Apparels & Footwear	-12.2%	3.9%	10.8%	-10.8%	5.5%	-5.9%	-0.5%	30.4%	102.7%	51.1%	-19.6%	25.5%
Iron & Steel Products	23.3%	30.3%	21.4%	-20.2%	2.8%	3.9%	-20.4%	34.6%	18.3%	35.4%	4.4%	12.4%
Manufacture of Plastics	-25.2%	-12.8%	-12.4%	-14.2%	4.2%	7.5%	-1.1%	29.6%	57.3%	33.0%	-13.2%	23.1%
Paper & Pulp Products	-15.5%	-16.6%	-4.1%	-15.0%	6.9%	16.3%	9.5%	21.4%	57.1%	40.6%	7.4%	27.6%
Rubber Products	66.8%	115.8%	127.3%	124.8%	126.9%	187.4%	188.7%	210.6%	207.2%	133.2%	12.6%	184.0%
Palm Oil-Based Manufactured Products	-10.3%	-5.0%	-10.7%	0.3%	6.3%	6.0%	9.8%	42.0%	51.5%	32.8%	-15.7%	27.8%
Non-Metallic Mineral Products	-21.3%	-14.4%	-9.4%	-7.4%	9.1%	14.2%	-0.4%	46.5%	116.8%	85.1%	-4.9%	40.3%
Beverages & Tobacco	-28.5%	-16.9%	-23.3%	-38.1%	11.8%	-8.2%	-31.6%	48.3%	43.7%	8.7%	-32.6%	7.7%
Jewellery	-38.4%	-20.6%	-23.4%	-16.4%	-8.9%	-6.5%	-22.3%	90.3%	544.6%	434.0%	-48.7%	63.7%
Wood Products	1.4%	15.2%	9.9%	3.1%	12.3%	2.2%	-3.7%	64.6%	147.2%	53.4%	-13.3%	38.0%
Others	8.5%	33.3%	29.6%	18.0%	16.6%	8.0%	-7.5%	25.9%	59.8%	22.4%	16.2%	19.5%
<b>Agriculture</b>	<b>-4.5%</b>	<b>26.6%</b>	<b>28.7%</b>	<b>6.0%</b>	<b>47.1%</b>	<b>-7.3%</b>	<b>9.7%</b>	<b>43.8%</b>	<b>66.9%</b>	<b>51.7%</b>	<b>-9.9%</b>	<b>31.8%</b>
Natural Rubber	-32.9%	-7.7%	2.8%	23.2%	27.9%	9.6%	14.5%	43.9%	58.6%	71.3%	-13.4%	36.6%
Saw log	-6.9%	-11.3%	-49.5%	-68.8%	40.5%	-62.8%	2.6%	-50.8%	202.9%	-45.1%	-46.6%	-4.2%
Sawn Timber & Mouldings	-39.2%	-6.2%	-28.2%	-10.7%	-14.6%	-15.6%	-25.2%	15.8%	255.0%	57.2%	-40.8%	24.2%
<b>Mining</b>	<b>-25.9%</b>	<b>-27.4%</b>	<b>-47.2%</b>	<b>-32.1%</b>	<b>-31.0%</b>	<b>-31.0%</b>	<b>-7.8%</b>	<b>-24.1%</b>	<b>24.4%</b>	<b>76.0%</b>	<b>-23.1%</b>	<b>-2.8%</b>
Tin	0.0%	-22.2%	21.7%	19.1%	46.6%	78.2%	50.1%	206.2%	88.5%	59.9%	-37.3%	86.1%
Crude Petroleum	0.0%	22.2%	-44.8%	-28.7%	-42.9%	-31.9%	-24.3%	-27.2%	37.0%	141.0%	-26.4%	-2.3%
Liquefied Natural Gas	-49.1%	-52.2%	-57.7%	-43.6%	-23.9%	-40.0%	-17.0%	-24.3%	-1.3%	45.2%	-19.1%	-13.4%
<b>Others</b>	<b>-57.9%</b>	<b>-28.6%</b>	<b>-25.0%</b>	<b>-44.8%</b>	<b>-29.1%</b>	<b>-38.1%</b>	<b>-30.2%</b>	<b>-7.3%</b>	<b>202.0%</b>	<b>17.2%</b>	<b>-35.0%</b>	<b>-1.6%</b>
<b>Import by End-Use</b>												
Capital Goods	-15.6%	-2.2%	-14.9%	-26.6%	-2.1%	-5.4%	38.3%	93.3%	-37.7%	34.0%	-6.9%	5.9%
Consumption Goods	2.9%	11.2%	3.1%	-7.2%	3.3%	1.3%	17.6%	13.0%	29.6%	37.8%	-5.0%	19.0%
Intermediate Goods	-5.6%	-17.7%	-6.0%	-10.6%	-5.0%	1.4%	-0.1%	12.4%	64.6%	52.4%	-8.1%	22.7%

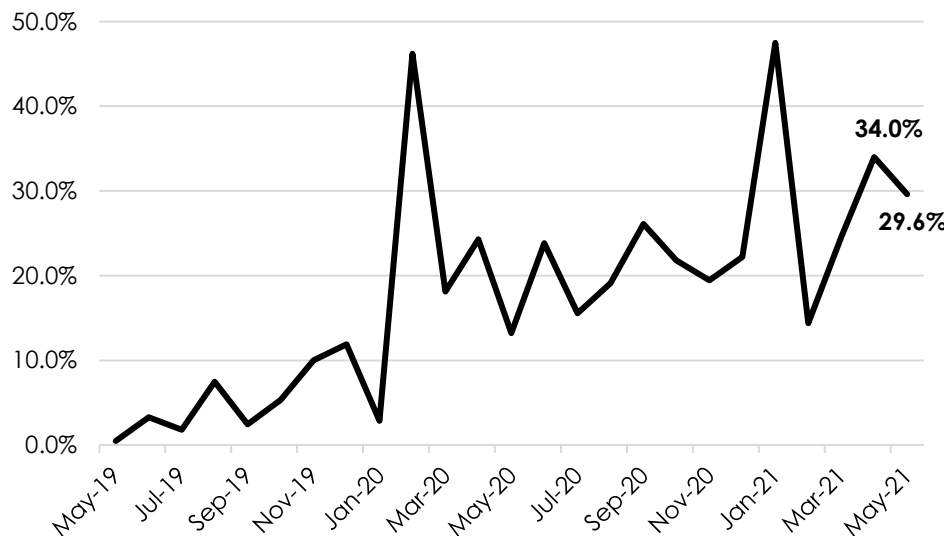
Sources: DOSM, CEIC

- ✓ Many countries continued to record a large growth in exports in May this year amid the pickup in the global demand alongside higher vaccination rate in many parts of the world which has enabled trading activities to be carried out on a larger scale.
- ✓ For instance, India's exports jumped by 69.4% y-o-y in May (April: 195.7%). The moderated growth in India's exports growth for May was inevitable due to the subsiding low base effect as the decline seen in May last year narrowed to 36.2% compared to the 60.2% drop in the preceding month.
- ✓ On the other hand, Singapore's Non-Oil Domestic Exports (NODX) recorded the slowest growth in May at just 8.8% (April: 6.0%). The pickup in Singapore's NODX growth in May was aided by electronic shipments which rose by 11.0% y-o-y (April: 10.9%) as exports of diodes and transistors jumped by 53.9% (April: 54.5%).
- ✓ Meanwhile on a cumulative basis, China's exports grew the fastest in 5M2021 by 54.1% (5M2020: -10.0%) as its major trading partners from developed countries emerged from their pandemic-driven downturns. At the same time, the resurgence of Covid-19 cases in emerging markets has led to a continued shift of orders to China.

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

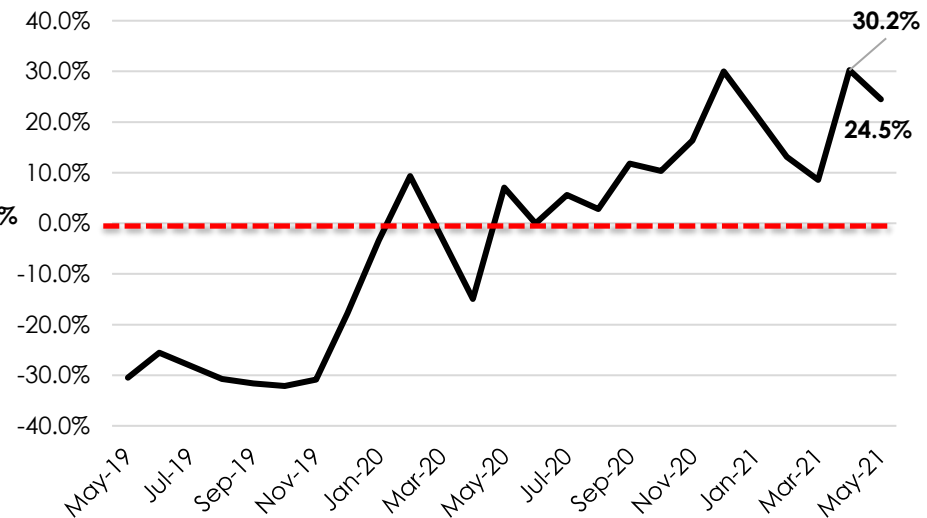
Exports	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	5M2020	5M2021
US	-34.6%	-23.9%	-16.0%	-13.1%	-9.9%	-7.5%	-6.6%	-3.6%	-0.5%	-3.8%	13.2%	52.5%	58.6%	-15.7%	19.6%
China	-3.3%	0.5%	7.2%	9.5%	9.9%	11.4%	21.1%	18.1%	24.8%	154.9%	30.6%	32.3%	27.9%	-10.0%	54.1%
Japan	-28.3%	-26.2%	-19.2%	-14.8%	-4.9%	-0.2%	-4.2%	2.0%	6.4%	-4.5%	16.1%	38.0%	49.6%	-13.1%	21.1%
Singapore	-4.7%	13.9%	5.8%	7.7%	5.8%	-3.1%	-5.0%	6.8%	12.6%	4.2%	11.9%	6.0%	8.8%	4.1%	8.7%
India	-36.2%	-12.2%	-9.5%	-12.2%	6.0%	-4.9%	-8.4%	0.4%	6.4%	-0.8%	60.3%	195.7%	69.4%	-26.4%	45.8%
Indonesia	-29.1%	2.1%	-10.1%	-8.2%	-0.8%	-3.5%	9.4%	14.6%	12.2%	8.5%	30.5%	52.0%	58.8%	-6.8%	30.5%
Thailand	-22.5%	-23.0%	-11.3%	-8.1%	-3.6%	-6.7%	-3.5%	4.7%	0.2%	-2.7%	8.3%	13.1%	41.6%	-3.5%	10.8%
South Korea	-23.7%	-10.9%	-7.1%	-10.3%	7.1%	-3.9%	3.9%	12.4%	11.4%	9.3%	16.4%	41.2%	45.6%	-11.4%	23.4%
Taiwan	-2.0%	-3.8%	0.3%	8.3%	9.3%	11.2%	12.0%	12.0%	36.8%	9.7%	27.1%	38.7%	38.6%	2.7%	30.2%
Malaysia	-26.0%	8.0%	3.1%	-2.9%	13.6%	0.2%	4.6%	10.8%	6.6%	17.6%	31.0%	63.0%	47.3%	-10.8%	31.1%

**Taiwan's Export: Parts of Electronic Products, y-o-y%**



Source: Taiwan's Ministry of Finance

**South Korea's Export: Semiconductor, y-o-y%**

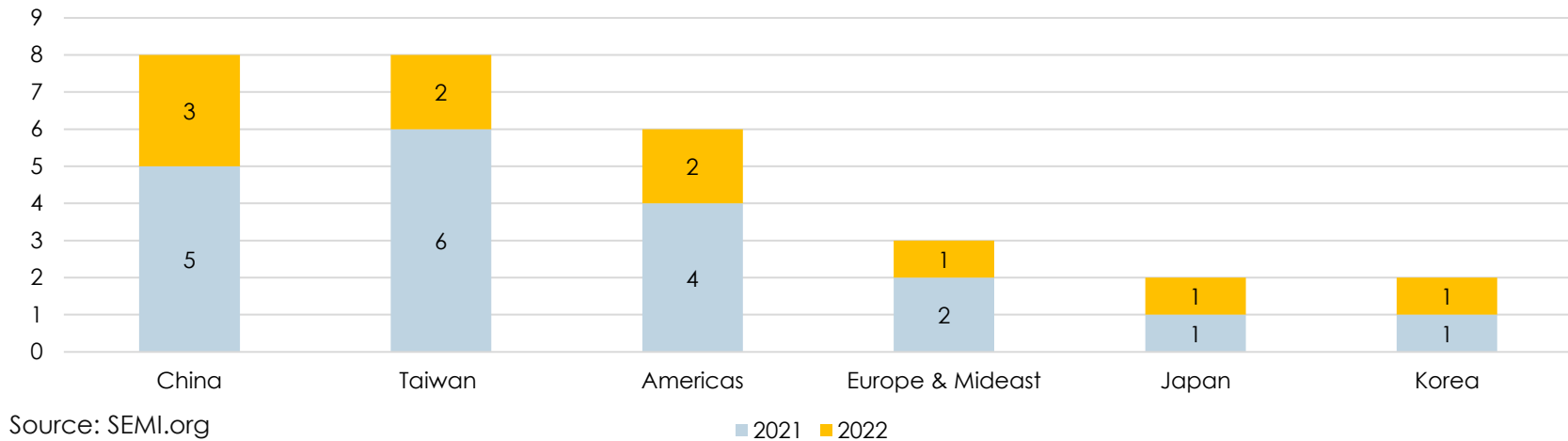


Source: CEIC

- ✓ Malaysia's export growth for E&E Products (May: 34.3% vs. April: 43.0%) remained solid since June last year (15.9%) as the Covid-19 pandemic hit, forcing people to work from home while education was conducted online.
- ✓ In addition, robust demand for E&E Products was sweeping across the globe as the world is moving towards technical innovations in Renewable Energy (RE), Electric Vehicles (EV) and Artificial Intelligence (AI).
- ✓ Within the regional countries, Taiwan's export for Parts of Electronic Products continued to record a double-digit increase of 29.6% y-o-y% in May (April: 34.0%). Similarly, South Korea's export for Semiconductor also registered significant growth at 24.5% y-o-y in May though at a softer rate compared to 30.2% in the preceding month.



## Projected High- Volume Fabs Starting Construction



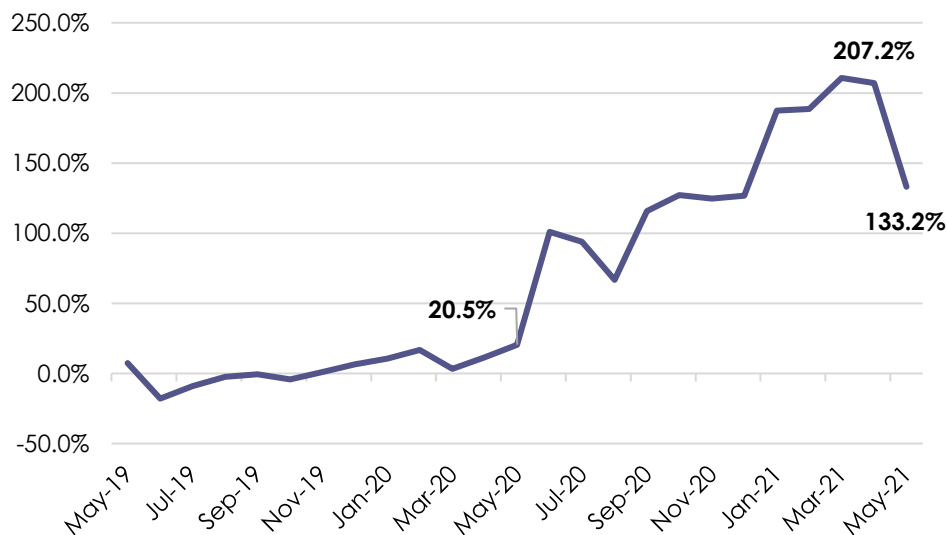
- ✓ The global supply shortage caused by rising demand for chips to power 5G devices, smart vehicles and cloud services has sparked an influx of investment for chip manufacturing in Asia.
- ✓ According to SEMI, semiconductor manufacturers worldwide will begin constructing 19 new high-volume fabrication (fab) plants by the end of this year and break ground on another 10 in 2022 to meet surge in demand for chips across a wide range of markets.
- ✓ For instance, Taiwan Semiconductor Manufacturing Co (TSMC), the world's largest contract chip maker is planning its first fab in Japan as Prime Minister Yoshihide Suga puts domestic supply chains for semiconductors high on the government's agenda.
- ✓ On top of that, U.S.-based GlobalFoundries, the world's fourth-largest foundry, announced a new plant in Singapore after discontinuing a plant in Chengdu, China last year. It plans to invest USD4.0 billion in a new factory in Singapore with the support of Singapore's Economic Development Board.
- ✓ All in all, we foresee that the gradual reopening of other countries will have a positive impact on the semiconductor industry in Malaysia in the long run. This will be further supported by the push towards digitalisation and the adoption of new technologies, fuelling chip demand.



# OTHER RUBBER GLOVE MAKERS TO FILL IN THE EXPORTS GAP CAUSED BY THE U.S. IMPORT BAN ON TOP GLOVE

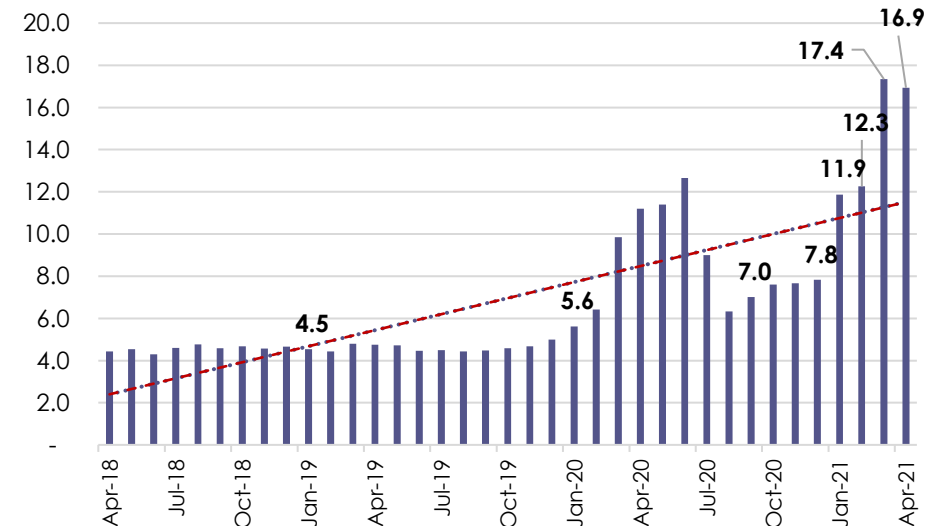
- ✓ Malaysia's exports for rubber products grew at a slower pace of 133.2% in May after increasing by 207.2% in the preceding month.
- ✓ One of the possible reasons for the decline in exports of rubber products is the import ban by other countries towards Malaysian rubber glove makers. For instance, Top Glove saw reduced sales to the United States for the quarter ended 31 May 2021 following the temporary halt in shipments from Malaysia in compliance with requirements of the U.S. Customs and Border Protection's (U.S. CBP) withhold release order (WRO) on its products amid forced labour allegations.
- ✓ Moreover, the restricted working capacity of 60.0% applicable to rubber glove makers under the full scale lockdown could limit the production major rubber glove makers,
- ✓ Nevertheless, we believe that other rubber glove makers such as Kossan, Comfort Gloves and Rubberex can fill in the gap in terms of production and exports of rubber glove shipments to overseas.
- ✓ Therefore this could sustain the Malaysian rubber glove of production which expanded by 51.2% y-o-y during April (March: 76.2%) and later prevent any further drop in Malaysia's exports of rubber products in the medium term.

**Rubber Products' Exports Growth, y-o-y%**

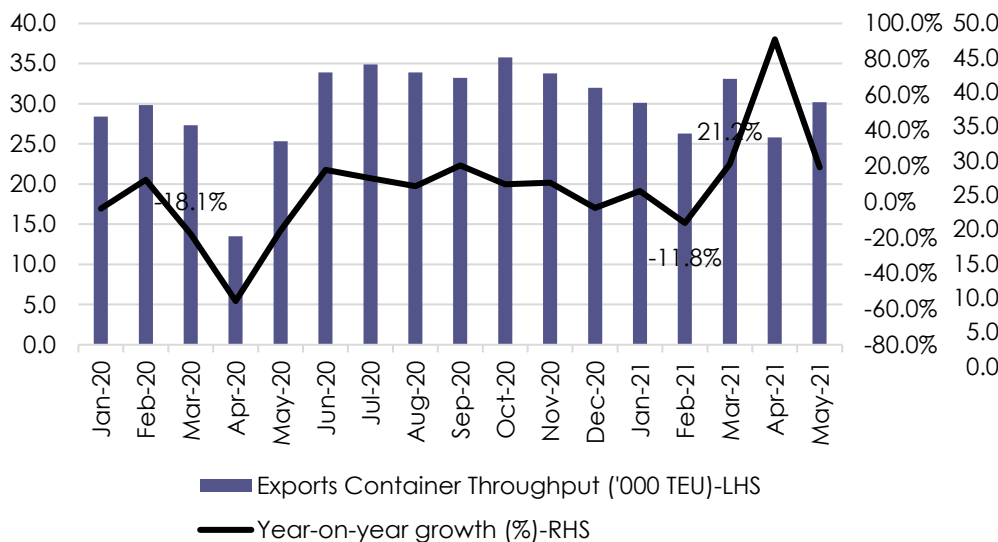


Sources: CEIC, DOSM  
ECONOMIC RESEARCH

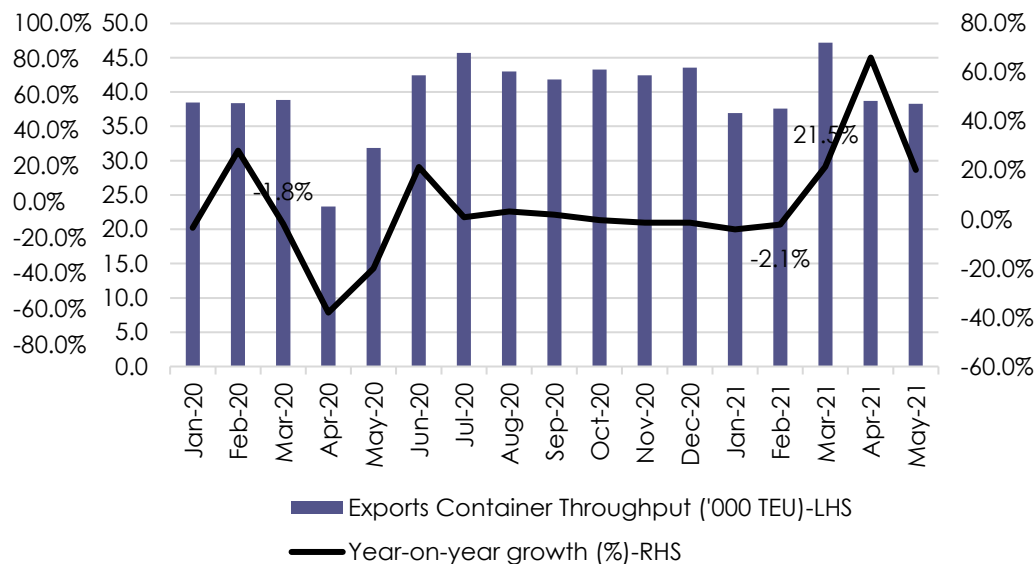
**Malaysian Rubber Glove Production (Billion Pairs)**



## Monthly Export Container Throughput at Port of Tanjung Pelepas



## Monthly Export Container Throughput at Port of Pasir Gudang

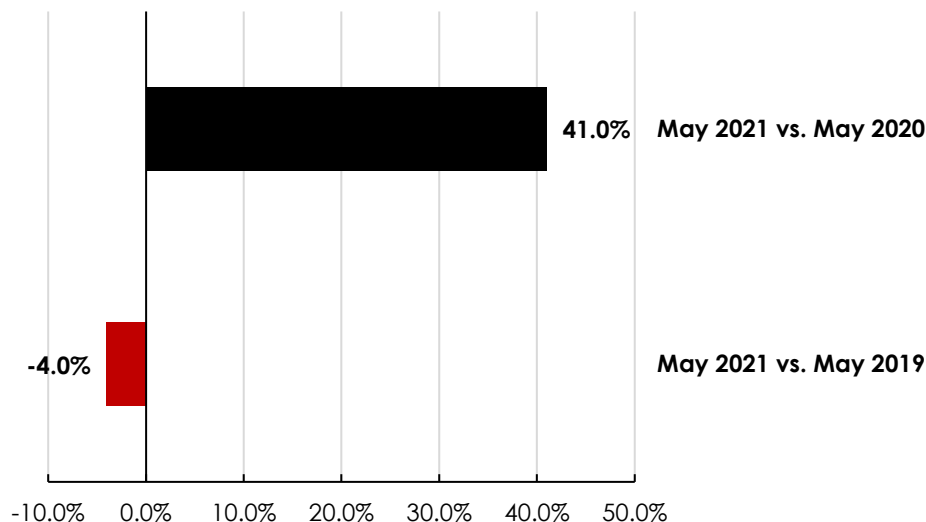


Source: Johor Port Authority

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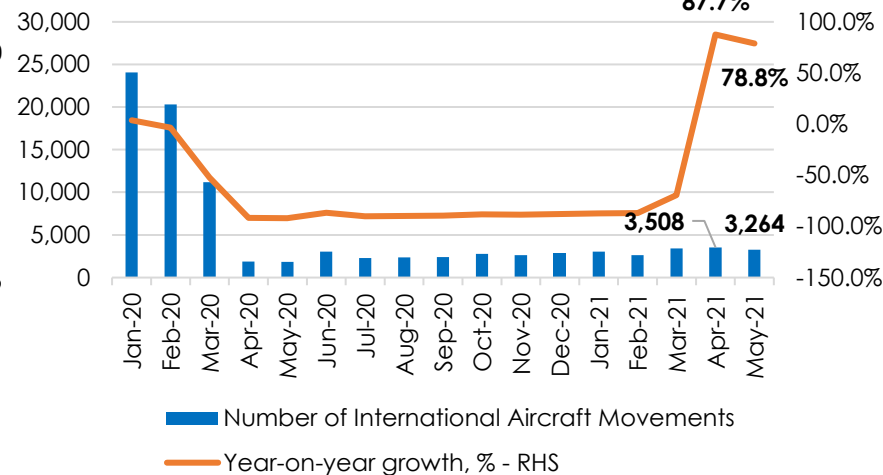
- ✓ The softer exports growth in Malaysia during May of 47.3% (April: 63.0%) was in line with the smaller increase in export container throughput at major Malaysian ports.
- ✓ For example, the Port of Tanjung Pelepas and Port of Pasir Gudang recorded a slower growth in its export container throughput during May at 19.3% (April: 91.0%) and 20.3% (April: 66.1%) respectively.
- ✓ Such growth was already expected as exports started to inch higher in May last year after April experienced a massive dip in exports container throughput due to lockdown measures in many parts of the world. As such, the low base effect was less profound in May this year.
- ✓ In spite of the slower growth in exports container throughput at major Malaysian ports, the underlying expectation that the economy is recovering remains intact with regard to robust external demand.

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



Source: Clive Data Services

**International Aircraft Movements at Kuala Lumpur International Airport**

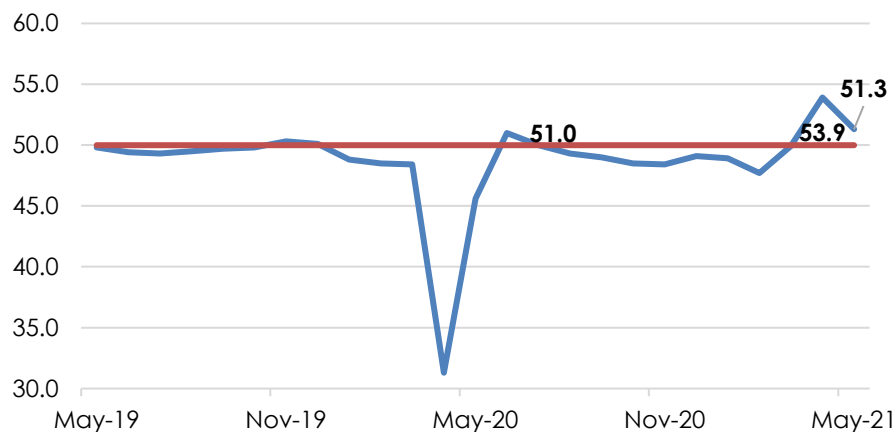


Source: Malaysia Airports Holdings Berhad

- ✓ The latest data from Clive Data Services shows that the global air cargo volume in May 2021 was 41.0% y-o-y higher than the month of May 2020 when the impact of the pandemic was being felt but was still 4.0% lower than the demand in May 2019.
- ✓ Similarly, the the international aircraft movements at Kuala Lumpur International Airport (KLIA) increased by 78.8% y-o-y in May (April: 87.7%) to 3,264 aircrafts.
- ✓ With international travel restrictions still being in place but the number of international aircraft movements at KLIA is growing, the likelihood of a meaningful contribution by air cargo planes is high.
- ✓ The higher traffic of air cargo planes indicate that demand coming from overseas is not just strong but also urgent as consumers in other countries want their products to arrive fast.
- ✓ This serves as a testament to the growing external demand underpinned by the ongoing economic recovery.

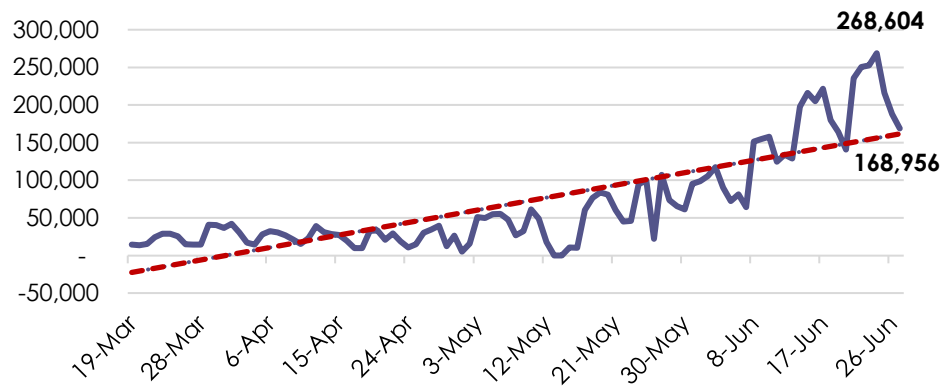
- ✓ The strong performance in the external trading activities during May this year was in tandem with Malaysia's Manufacturing Purchasing Manager's Index (PMI) which stood at 51.3 points in May (April: 53.9 points).
- ✓ As highlighted earlier, external demand appears strong seen from growth in export container throughput at Malaysian ports. However, a point of concern may arise if manufacturers in Malaysia are not able to fulfill export orders under a restricted work capacity. Repercussions for manufacturers can occur in the form of losing customers as they may seek other suppliers in other countries that have higher production capacity.
- ✓ On the flip side, the progress of Malaysia's vaccination programme has been encouraging as of late. The number of vaccination doses administered per day remained above 150,000 doses for the week ended 28 June 2021. This brings the total number of people fully vaccinated to 2.1 million people or 6.4% of Malaysia's population. Meanwhile, while the number of people who had their first dose reached 5.3 million people or 16.3% of Malaysia's population.
- ✓ In relation to the manufacturing sector, workers will be vaccinated under the Public-Private Partnership Covid-19 Industry Immunisation Programme between July and September at 49 designated industry vaccination centres. Therefore, this could prevent further infections at factories while enabling working capacity to be gradually increased later on. With that, the impact from bottleneck supply chain issues could be mitigated.
- ✓ All in all, **we are adjusting our exports growth forecast downwards to 13.8% for 2021 (previously 16.8%) after a 1.4% contraction in 2020.** The main reason for the revision is to impute the impact from reduced working capacity under the full scale lockdown.

**Malaysia's Manufacturing PMI, points**



Source: IHS Markit  
ECONOMIC RESEARCH

**Total Number Of Daily Vaccination Doses Administered In Malaysia**



Source: Covid-19 Immunisation Task Force  
Note: As at 27 June 2021

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