



From the Desk  
of the  
**Chief Economist**

**BANK ISLAM**

# **EXPORTS VALUE HIT ANOTHER RECORD HIGH IN OCTOBER**

**29 NOVEMBER 2021**

**ECONOMIC RESEARCH**

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## Exports

October  
**25.5%**  
September  
24.7%



## Imports

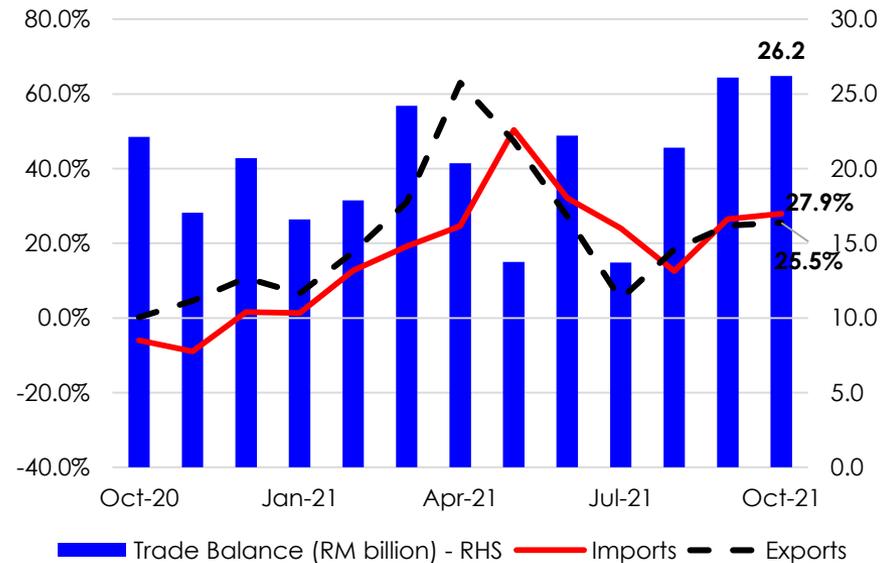
October  
**27.9%**  
September  
26.5%



## Trade Balance

October  
**RM26.2 billion**  
September  
RM26.1 billion

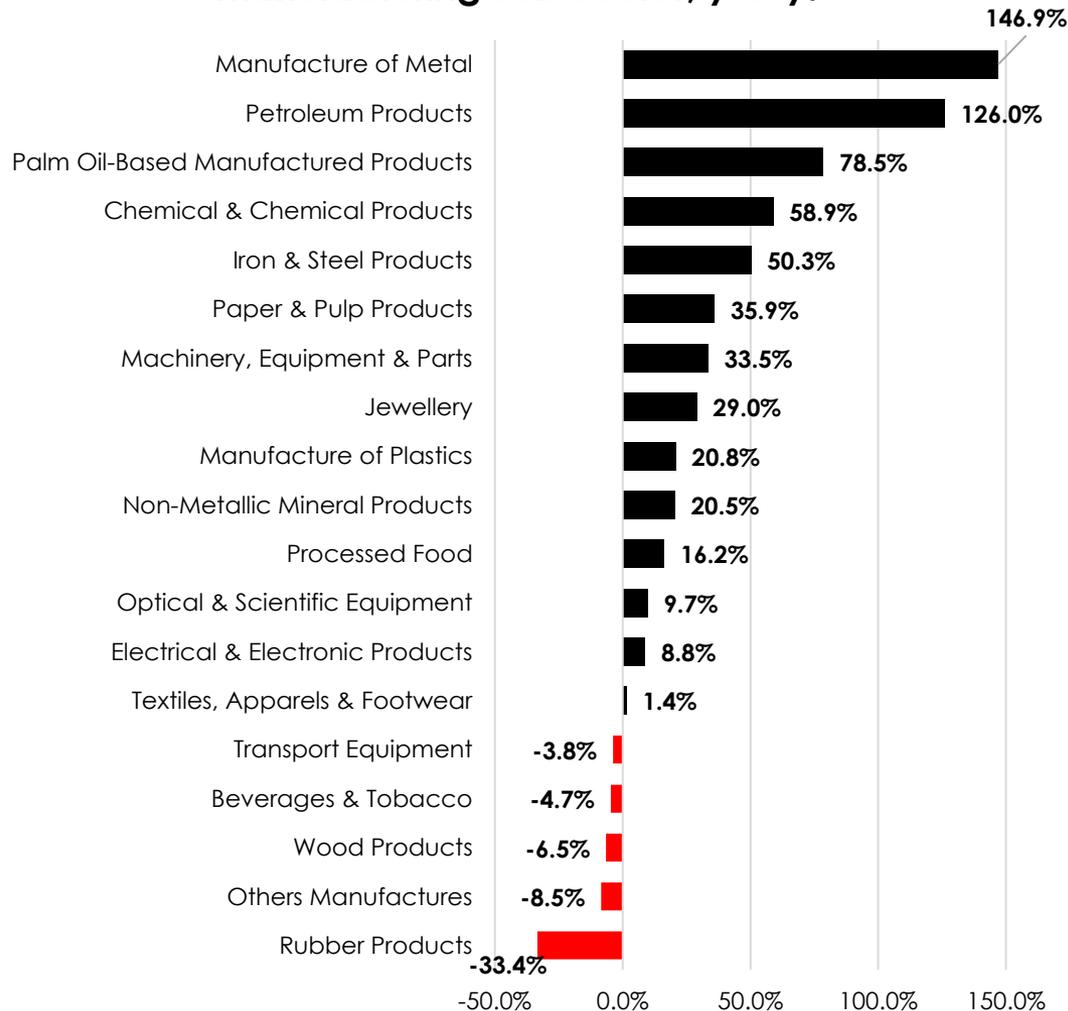
## External Trade Performance



Source: CEIC

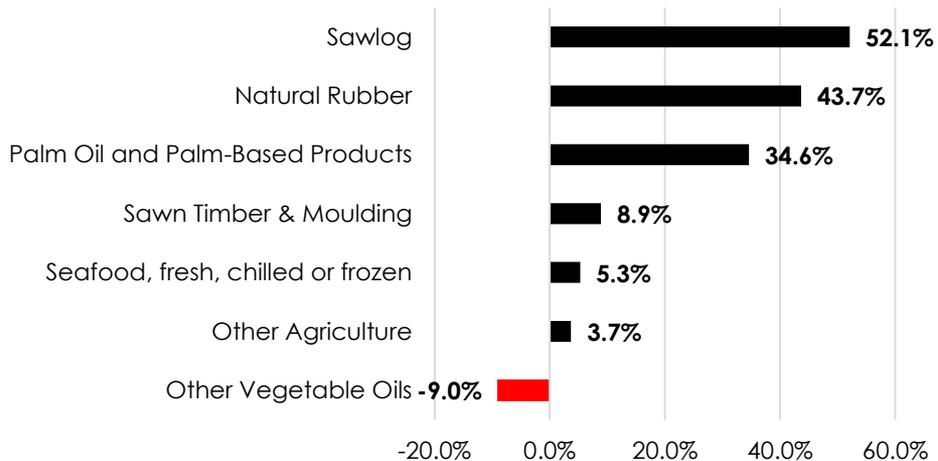
- ✓ Malaysia's exports continued to maintain its upward trend of recording a double-digit growth, increasing by 25.5% year-on-year (y-o-y) in October after posting a gain of 24.7% in the preceding month (**Consensus: 21.8%, Bank Islam: 12.8%**).
- ✓ The strong performance in exports was underpinned by further expansion seen in the Manufacturing sector (October: 23.3% vs. September: 21.6%), as well as the Mining sector (October: 66.7% vs. September: 48.1%) during the month.
- ✓ Meanwhile, exports growth in the Agriculture sector eased by 28.9% in October after rising by 47.7% in the previous month.

## Manufacturing Sub-sector, y-o-y%

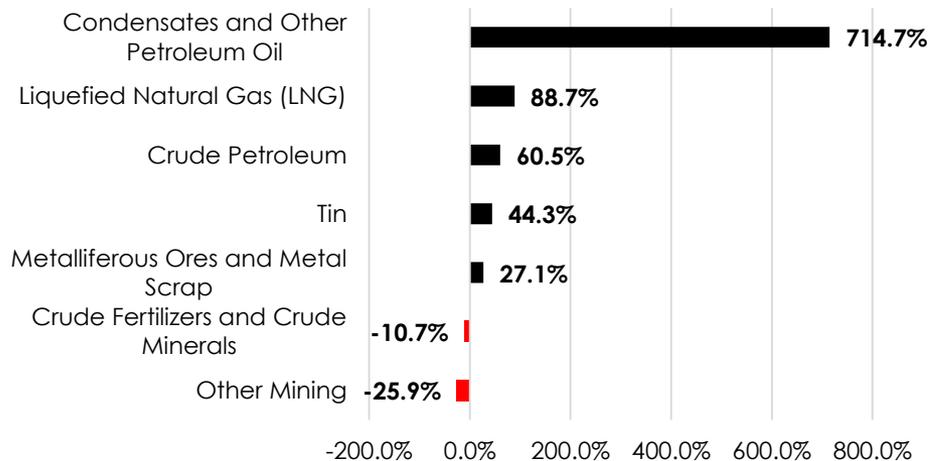


- ✓ Within the Manufacturing sector, higher exports were seen in Manufacture of Metal (October: 146.9% vs. September: 115.1%) and Petroleum Products (October: 126.0% vs. September: 148.0%), which continued to record a triple-digit growth during October.
- ✓ This was followed by further expansion in Palm Oil-Based Manufactured Products (October: 78.5% vs. September: 69.1%) and Chemical & Chemical Products (October: 58.9% vs. September: 38.7%).
- ✓ Meanwhile, Rubber Products was the biggest decliner, down further by 33.4% in October after contracting by 14.3% in the previous month.
- ✓ All in all, this sector contributed 86.2% to the total exports during the month.

## Agriculture Sub-sector, y-o-y%



## Mining Sub-sector, y-o-y%



- ✓ In the Agriculture sector, Sawlog exports rebounded significantly to reach a double-digit growth of 52.1% in October (September: -16.5%). Meanwhile, Natural Rubber exports grew moderately by 43.7% in the said month after increasing by 64.7% in September.
- ✓ During October, this sector constituted 8.1% (September: 8.7%) of the total exports.
- ✓ As for the Mining sector, robust growth was recorded in Condensates and Other Petroleum which grew to a triple-digit growth of 714.7% in October after contracting by 59.4% in the previous month.
- ✓ For imports, it rose further by 27.9% in October, a slight gain from the 26.5% increase in the previous month, mainly supported by expansion seen in both Intermediate Goods (October: 35.1% vs. September: 29.7%) and Consumption Goods (October: 10.8% vs. September: 3.7%). However, Capital Goods softened by 15.1% during the month from a 20.2% advance in September. As such, the trade balance was slightly higher at RM26.2 billion in October from RM26.1 billion in the previous month.
- ✓ Cumulatively, exports and imports rebounded by 25.0% (10M2020: -3.0%) and 21.8% (10M2020: -6.2%) respectively during 10M2021. Thus, the trade surplus widened to RM202.6 billion (10M2020: RM145.5 billion) during the said period.

# EXTERNAL TRADE PERFORMANCE

Y-o-Y%	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	10M2020	10M2021
Exports	6.3%	17.4%	30.9%	62.7%	47.0%	27.2%	5.0%	18.4%	24.7%	25.5%	-3.0%	25.0%
Imports	1.1%	12.1%	17.5%	22.9%	48.4%	32.1%	24.0%	12.5%	26.5%	27.9%	-6.2%	21.8%
Trade balance (RM billion)	16.6	17.9	24.2	20.4	13.8	22.2	13.7	21.4	26.1	26.2	145.5	202.6
<b>Export by sector</b>												
<b>Manufacturing</b>	<b>11.7%</b>	<b>20.9%</b>	<b>35.9%</b>	<b>65.4%</b>	<b>45.4%</b>	<b>25.8%</b>	<b>2.3%</b>	<b>15.4%</b>	<b>21.6%</b>	<b>23.3%</b>	<b>-0.9%</b>	<b>25.0%</b>
Electrical & Electronic Products	13.1%	25.5%	48.0%	43.1%	34.3%	14.1%	-12.1%	6.8%	5.6%	8.8%	0.3%	15.9%
Chemical & Chemical Products	10.6%	20.3%	32.3%	39.4%	42.5%	53.3%	40.3%	59.1%	38.7%	58.9%	-13.6%	39.1%
Machinery, Equipment & Parts	-1.5%	-0.4%	49.7%	172.7%	36.8%	-1.4%	-8.8%	27.9%	21.3%	33.5%	-6.1%	23.6%
Petroleum Products	-32.4%	32.1%	-38.3%	87.8%	75.1%	113.6%	72.7%	56.5%	148.0%	126.0%	-10.9%	52.4%
Manufacture of Metal	19.9%	27.0%	88.4%	180.7%	81.6%	34.0%	19.6%	69.8%	115.1%	146.9%	-16.1%	72.2%
Transport Equipment	4.9%	-8.7%	-55.2%	-19.4%	38.5%	-26.9%	-21.2%	-22.3%	-6.0%	-3.8%	2.3%	-19.6%
Optical & Scientific Equipment	9.9%	-0.2%	30.8%	85.6%	29.2%	7.6%	-9.7%	-17.7%	-7.4%	9.7%	6.5%	9.0%
Processed Food	9.2%	1.5%	29.5%	33.4%	14.2%	5.5%	1.8%	13.9%	15.2%	16.2%	-1.8%	13.5%
Textiles, Apparels & Footwear	-5.9%	-0.5%	30.4%	102.7%	51.1%	9.2%	-6.7%	4.8%	5.3%	1.4%	-11.8%	13.1%
Iron & Steel Products	3.9%	-20.4%	34.6%	18.3%	35.4%	3.9%	-0.2%	17.4%	57.4%	50.3%	11.5%	18.9%
Manufacture of Plastics	7.5%	-1.1%	29.6%	57.3%	33.0%	18.7%	8.1%	24.7%	26.1%	20.8%	-2.7%	4.9%
Paper & Pulp Products	16.3%	9.5%	21.4%	57.1%	40.6%	20.4%	33.0%	44.9%	48.0%	35.9%	0.0%	31.7%
Rubber Products	187.4%	188.7%	210.6%	207.2%	133.2%	103.5%	13.3%	4.0%	-14.3%	-33.4%	59.4%	71.6%
Palm Oil-Based Manufactured Products	6.0%	9.8%	42.0%	51.5%	32.8%	71.1%	78.9%	68.8%	69.1%	78.5%	-12.7%	50.3%
Non-Metallic Mineral Products	14.2%	-0.4%	46.5%	116.8%	85.1%	26.9%	20.8%	19.8%	24.2%	20.5%	-10.3%	31.0%
Beverages & Tobacco	-8.2%	-31.6%	48.3%	43.7%	8.6%	-27.0%	-37.6%	2.5%	-17.7%	-4.7%	-26.8%	-5.1%
Jewellery	-6.5%	-22.3%	90.3%	544.6%	434.0%	140.6%	10.4%	-2.3%	27.7%	29.0%	-45.9%	46.2%
Wood Products	2.2%	-3.7%	64.6%	147.2%	53.4%	-29.1%	-45.4%	-31.4%	-24.4%	-6.5%	-10.0%	15.4%
Others Manufactures	8.0%	-7.5%	25.9%	59.8%	22.4%	2.0%	-8.9%	0.9%	33.9%	-8.5%	25.8%	10.6%
<b>Agriculture</b>	<b>-7.3%</b>	<b>9.7%</b>	<b>43.8%</b>	<b>66.9%</b>	<b>51.7%</b>	<b>40.0%</b>	<b>29.2%</b>	<b>28.5%</b>	<b>47.7%</b>	<b>28.9%</b>	<b>5.0%</b>	<b>33.5%</b>
Natural Rubber	9.6%	14.5%	43.9%	58.6%	71.3%	60.8%	42.0%	84.9%	64.7%	43.7%	-19.7%	47.3%
Saw log	-62.8%	2.6%	-50.8%	202.9%	-45.1%	85.7%	9.6%	-25.7%	-16.5%	52.1%	-34.7%	5.4%
Sawn Timber & Mouldings	-15.6%	-25.2%	15.8%	255.0%	57.2%	-47.6%	-36.5%	-19.0%	1.3%	8.9%	-29.5%	0.0%
<b>Mining</b>	<b>-31.0%</b>	<b>-7.8%</b>	<b>-24.1%</b>	<b>24.5%</b>	<b>76.0%</b>	<b>32.9%</b>	<b>18.3%</b>	<b>50.6%</b>	<b>48.1%</b>	<b>66.7%</b>	<b>-28.8%</b>	<b>16.8%</b>
Tin	78.2%	50.1%	206.2%	88.5%	59.9%	40.5%	29.8%	-15.9%	69.9%	44.3%	-22.9%	58.8%
Crude Petroleum	-31.9%	-24.3%	-27.2%	37.1%	141.0%	109.5%	-6.8%	-3.9%	9.1%	60.5%	-26.8%	8.7%
Liquefied Natural Gas	-40.0%	-17.0%	-24.3%	-1.3%	45.2%	12.4%	69.9%	110.2%	73.0%	88.7%	-31.1%	15.9%
<b>Others</b>	<b>-38.1%</b>	<b>-30.2%</b>	<b>-7.3%</b>	<b>202.0%</b>	<b>17.2%</b>	<b>39.4%</b>	<b>6.3%</b>	<b>15.3%</b>	<b>3.2%</b>	<b>20.3%</b>	<b>-40.0%</b>	<b>6.7%</b>
<b>Import by End-Use</b>												
Capital Goods	-5.4%	38.3%	93.3%	-38.2%	33.9%	14.9%	25.6%	22.9%	20.2%	15.1%	-8.5%	12.4%
Intermediate Goods	1.4%	-0.1%	12.4%	64.4%	52.4%	25.3%	42.7%	13.4%	29.7%	35.1%	-9.1%	25.8%
Consumption Goods	1.3%	17.6%	13.0%	29.9%	37.6%	19.3%	0.2%	-0.6%	3.7%	10.8%	0.2%	12.4%

## COMPARISON WITH REGIONAL PEERS

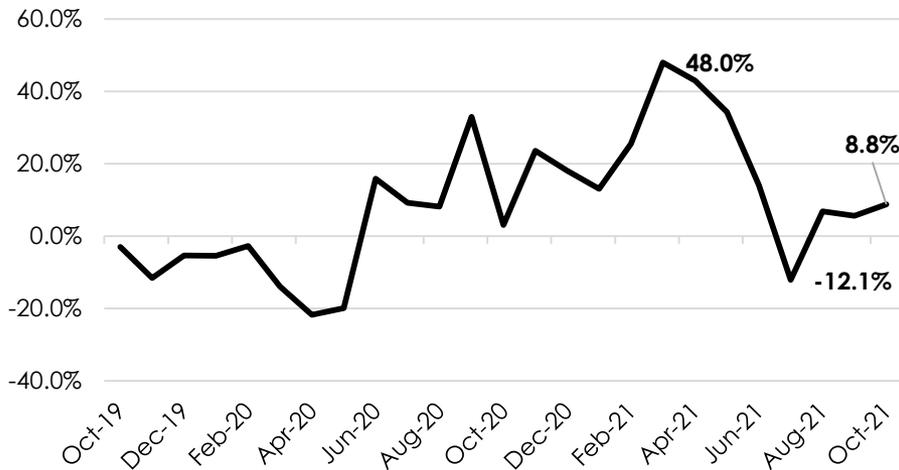
Countries	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	10M2020	10M2021
<b>U.S.</b>	-0.5%	-3.8%	13.2%	52.3%	59.5%	40.4%	28.0%	25.7%	16.8%	25.5%	-14.9%	23.3%
<b>China</b>	24.6%	154.7%	30.5%	32.2%	27.8%	32.2%	19.3%	25.6%	28.2%	27.1%	0.1%	32.3%
<b>Japan</b>	6.4%	-4.5%	16.1%	38.0%	49.6%	48.6%	37.0%	26.2%	13.0%	9.4%	-13.1%	22.1%
<b>Singapore</b>	-6.6%	-7.4%	12.7%	18.4%	27.7%	31.7%	19.4%	15.2%	21.9%	28.8%	-6.6%	15.3%
<b>India</b>	6.5%	-0.4%	64.1%	202.6%	68.2%	47.9%	49.6%	46.4%	22.6%	43.1%	-16.9%	43.9%
<b>Indonesia</b>	12.2%	8.6%	30.8%	52.1%	62.0%	54.4%	41.6%	64.1%	47.6%	53.4%	-5.7%	41.8%
<b>Thailand</b>	0.2%	-2.7%	8.3%	13.1%	41.6%	43.8%	20.3%	8.9%	17.1%	17.3%	-7.2%	15.6%
<b>South Korea</b>	11.4%	9.3%	16.3%	41.2%	45.6%	39.7%	29.7%	34.7%	16.7%	24.0%	-8.2%	26.0%
<b>Taiwan</b>	36.8%	9.7%	27.1%	38.4%	38.6%	35.1%	34.7%	26.9%	29.2%	24.6%	3.3%	30.0%
<b>Malaysia</b>	6.3%	17.4%	30.9%	62.7%	47.0%	27.2%	5.0%	18.4%	24.7%	25.5%	-3.0%	25.0%

Sources: CEIC, Official websites

- ✓ The rise in demand has translated into better trading activities globally. This can be seen via export performances from most of the regional peers, which continued to expand at a double-digit growth during October.
- ✓ Indonesia took the lead as its exports surged by 53.4% y-o-y in October (September: 47.6%). On further scrutiny, Indonesia's non-oil and gas export which accounted about 95.3% of total exports increased by 53.3% in October, extending the 47.6% expansion in the previous month.
- ✓ In a similar move, India's merchandise exports jumped by 43.1% in October from a 22.6% growth in the preceding month, underpinned by higher sales in non-petroleum, as well as non-gems and jewellery (October: 27.8% vs. September: 18.8%).
- ✓ Notwithstanding this, supply-side issues such as semiconductor shortages and port backlogs, together with the new Covid-19 strain may suppress supply chains and weigh on trade. However, we anticipate that the reopening of economies on a broader scale will support trade activities and reduce supply chains disruptions moving forward, barring any unforeseen circumstances from the Omicron variant.

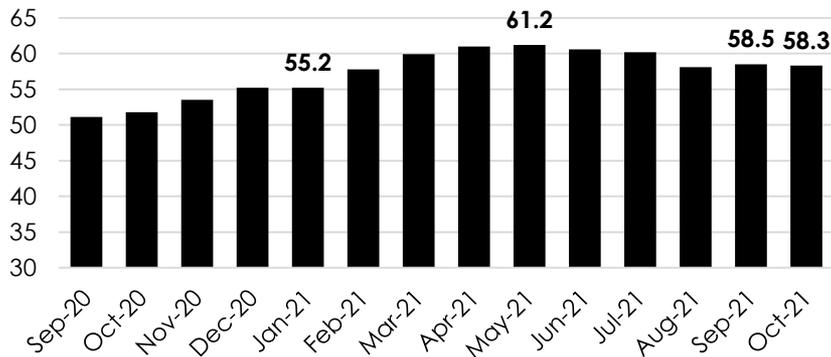
# CHIPS SHORTAGES WOULD CONTINUE TO HOLD BACK PRODUCTION ACTIVITIES ACROSS THE INDUSTRY WORLDWIDE

**Malaysia's E&E Products Exports, y-o-y%**



Source: CIEC

**IHS Markit Global Electronics PMI, points**



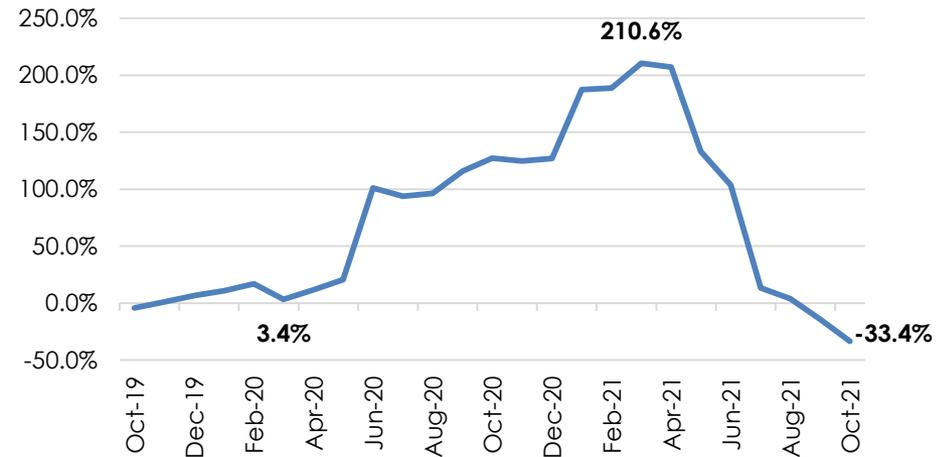
Source: IHS Markit

- ✓ Malaysia's exports of E&E products continued to record a double-digit growth since November last year until June this year amid higher adoption of 5G devices and increased investment in expanding technology infrastructure globally.
- ✓ However, the latest data shows sign of moderation after the exports of E&E products posted a single-digit growth of 5.6% in September and 8.8% in October.
- ✓ Apart from that, the IHS Markit Global Electronic Purchasing Manager's Index (PMI) also softened to 58.3 points in October (September: 58.5 points) from its peak of 61.2 points registered in May.
- ✓ According to the IHS Markit, slower growth was mainly affected by short supplies of raw materials and key components.
- ✓ These factors have constrained production activities and led to rise in backlogs which have dampened the sector's growth considerably.
- ✓ Nevertheless, demand conditions still remain strong across the globe as firms are scaling up their business for growth with employment rising sharply.
- ✓ Therefore, the narrative for now remains firmly focused on the supply-related issues which has been weighing across market segments rather than demand-related problems.

# EXPORT SALES FOR RUBBER PRODUCTS CONTRACTED FURTHER IN OCTOBER

- ✓ Rubber glove manufacturers have been experiencing a normalisation in average selling prices (ASP) for their products in the past few months. For example, Top Glove's ASP has reached a current level of USD30.0 per 1,000 gloves compared to a peak of USD120.0 per 1,000 gloves seen in 2Q2021. The reason being is that demand for spot supplies of rubber gloves are not as high as before with many customers opting for a normal delivery in light of less urgent usage of rubber gloves in many countries.
- ✓ Such conditions have been reflected in Malaysia's rubber glove production which has been showing a declining trend since March this year. In fact, the 7.1 billion pairs of rubber gloves produced in September (August: 7.3 billion pairs) was the lowest seen since a year ago.
- ✓ Taking cue from lower rubber glove production, Malaysia's exports for rubber products plunged deeper by 33.4% in October (September: -14.3%).
- ✓ That being said, the discovery of the new Covid-19 variant called Omicron could likely bolster demand for immediate deliveries of rubber gloves provided that scientists find that the variant is deadlier and more infectious compared to other variants.
- ✓ If the situation was proven to be otherwise, then the ASP of rubber gloves will continue to trend downwards.

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



### Malaysian Rubber Glove Production



Sources: CEIC, DOSM

# AIRBORNE TRADE – AIR CARGO MARKET REMAINS ROBUST

## Asia Pacific Air Freight Traffic Statistics

Air Freight Metrics	Oct-20	Sep-21	Oct-21	Year-on-year % change	Month-on-month % change	10M2020	10M2021	Year-on-year % change
Freight Tonne Kilometres (million tkm)	5,384.0	6,093.0	6,585.0	22.3%	8.1%	48,696.0	58,961.0	21.1%
Freight Available Tonne Kilometres (million tkm)	7,394.0	8,008.0	8,876.0	20.0%	10.8%	73,875.0	79,186.0	7.2%
Freight Load Factor (%)	72.8%	76.1%	74.2%	+1.4 ppts	-1.9 ppts	65.9%	74.5%	+8.6 ppts

Source: Association of Asia Pacific Airlines

Note: tkm-tonne-kilometres

- ✓ International air cargo markets continued to exhibit strength underpinned by a sustained global demand which supported trading activity on a regional level. Asia Pacific airlines recorded a 22.3% y-o-y increase in international air cargo demand as measured in freight tonne-kilometres (FTK) to 6,585 million tkm in October (September: 6,093 million tkm) which exceeded the volumes recorded in October 2019 of 6,269 million tkm.
- ✓ The average international freight load factor climbed by 1.4 percentage points (ppts) to 74.2% in October (September: 76.1%) from a year ago, after accounting for a 20.0% y-o-y increase in offered freight capacity in the same month (September: 14.8% y-o-y).
- ✓ Meanwhile, the international aircraft movements at Kuala Lumpur International Airport (KLIA) increased by 56.5% y-o-y in October (September: 64.1%) to 4,334 aircrafts. Although international travel resumed from 11 October onwards, we observed that the number of international passengers only increased by 22 passengers to 116 in October from 94 in the preceding month. Henceforth, the bulk of international aircraft movements in October was still likely attributable to air freighter jets transporting goods.

**Freight Tonne Kilometres (FTK):** Measure of the actual freight carried by a flight. It is calculated by multiplying the number of tonnes of actual freight carried on an aircraft by the distance travelled in kilometres.

**Freight Available Tonne Kilometers (FATK):** Measure of a flight's freight carrying capacity. It is calculated by multiplying the number of tonnes of freight capacity available on an aircraft by the distance travelled in kilometres.

**Freight Load Factor:** The ratio of the average load carried to total available freight capacity obtained by dividing FTK with FATK.

## International Aircraft Movements at Kuala Lumpur International Airport

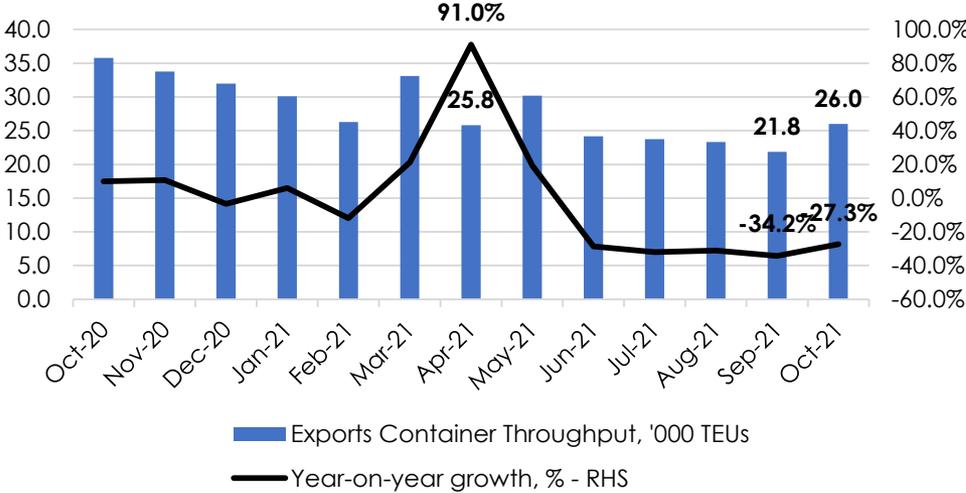


Source: Malaysia Airports Holdings Berhad

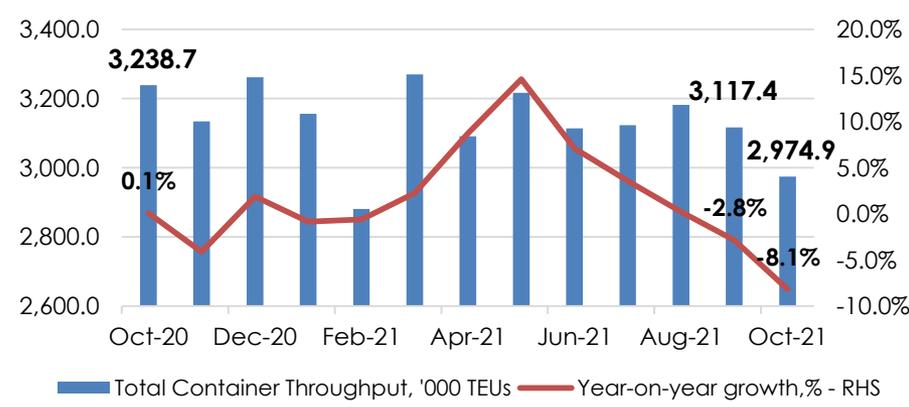
# SEABORNE TRADE – PORT OPERATORS CONTINUE TO FEEL THE PRESSURE AS AIR FREIGHT REMAINS HIGHLY PREFERRED COMPARED TO SEA FREIGHT

- ✓ With international air cargo markets remaining attractive in light of supply chain disruptions at ports, major port operators in Malaysia such as Port of Tanjung Pelepas (PTP) continue to feel the pressure.
- ✓ During the month of October, the export container throughput at PTP declined at a softer pace of 27.3% y-o-y (September: -34.2%), marking the fifth straight month of contraction. Nevertheless, the number of export container throughput handled at PTP was higher by 19.1% month-on-month (m-o-m) at 26.0k twenty-foot equivalent units (TEUs) in October (September: 21.8k TEUs).
- ✓ Likewise, the Port of Singapore recorded a 8.1% y-o-y drop in the container throughput handled during October (September: -2.8%). As highlighted in our exports report in October, Singapore's new mega-port that is just months away from full operations, has opened its storage area early to accommodate containers and tackle the issue of port congestion.
- ✓ Notwithstanding such situations for the abovementioned ports, other port operators such as Westports in Port Klang noted that its yard utilization rate has eased to approximately 90.0% in October compared to over 100.0% in August, translating into lesser congestion. This gives a glimpse of hope that the supply chain ecosystems are gradually recovering from the bottleneck.

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



### Port of Singapore's Monthly Container Throughput



Source: Johor Port Authority  
ECONOMIC RESEARCH

Source: Maritime and Port Authority of Singapore

- ✓ Looking at the remainder of 2021, we foresee that external demand will continue to grow as retailers have booked their shipment orders ahead of the festive season which includes Christmas and Chinese New Year.
- ✓ However, the recent discovery of the Omicron variant presents some downside risks to global trading activity whereby lockdowns could be reimposed and restrictions towards the manufacturing sector may be in place.
- ✓ At this juncture, the level of danger posed by the Omicron variant is still in early stages of identification but certain parts of the world such as New York have decided to impose lockdowns starting from 3 December while the Netherlands has resumed to enforce tighter restrictions as at least 13 people were found to be infected with the Omicron variant in the country as at 29 November.
- ✓ Assuming that the Omicron variant is later found to cause more severe diseases compared to the Delta variant accompanied with a series of more lockdowns throughout the globe, global trade prospects may be hampered.
- ✓ On the flip side, external demand for components of electrical gadgets and software may remain resilient since technology plays a crucial part for businesses to function properly during the pandemic. The only hurdle relates to the supply of such materials as the supply chain bottleneck is expected to linger until next year.
- ✓ **In light of the stellar performance, we are revising our exports growth forecast higher for 2021 to 24.5% (previously 17.8%) following a 1.1% contraction in 2020.** This is after taking into account the stronger-than-expected growth in overall exports for October especially for the manufacturing and mining sector.
- ✓ Nevertheless, we cannot rule out the possibility of forecasting a slower exports growth in 2022 in the event that the spread of the Omicron variant gets out of control.

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A cityscape at sunset with a pink banner at the bottom. The sky is filled with soft, golden light and scattered clouds. The city buildings are silhouetted against the bright horizon. A multi-lane highway with traffic is visible in the foreground. A solid pink banner runs across the bottom of the image.

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**Thank You**