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PUTRAJAYA: Malaysia's continued trade surplus will shield the nation from external volatility such as the trade war between China and the United States.

So far, Finance Minister Lim Guan Eng said Malaysia had benefited from the trade war between the world's two largest economies in the form of trade diversion and business relocation.

"Nomura, a Japanese financial institution, recently identified Malaysia as the fourth biggest beneficiary of trade diversion after Vietnam, Taiwan and Chile.

"Apart from trade diversion resulting in rising exports, Malaysia will likely benefit from investment diversion that arises from the reconfiguration of the global supply chain," he said here today.

"The diversion is already reflected in approved FDI (Foreign Direct Investment), increasing by 48 per cent in 2018 to RM80.5 billion from RM54.4 billion registered in 2017."

Nevertheless, the minister said Malaysia hoped that the trade war would end, because eventually there would be no winners, only losers.

"All parties should instead enhance cooperation at the regional and global levels to allow the global economy to grow sustainably."

Lim also revealed that after two consecutive months of mild decline, Malaysian exports in April rose by 1.1 per cent to RM85.2 billion compared with RM84.2 billion last year.

He said this achievement had beat market expectations of a 2.1 per cent decline as compiled by Bloomberg.

"The expansion was primarily contributed by greater foreign demand for Malaysian electrical and electronics (E&E), along with petroleum products, chemical products and liquefied natural gas (LNG).

"The export growth, despite the persisting trade war between two of the world's largest economies, highlights Malaysia's competitiveness at the global stage," he added.

Total trade rose to RM159.5 billion in April after increasing by 2.6 per cent year-on-year from RM155.5 billion last year, he said.

Lim said April imports also recorded a 4.4 per cent year-on-year rise, which is better than Bloomberg's market consensus survey of a 0.3 per cent contraction.

"Imports reflect domestic demand, and its increase suggests private consumption as well as the GDP are on course for a healthy second quarter growth," he said.

"The April increase in imports suggests an increase in domestic demand, and it came after the first quarter Malaysian gross domestic product (GDP) expanded by 4.5 per cent last year, again besting Bloomberg market consensus of 4.3 percent."

Lim said there were hints of a second quarter expansion from import statistics.

"April 2019 imports for consumption goods rose by 18.9 per cent year-on-year, after rising at an already strong rate of 10.5 per cent in March.

"Furthermore, April 2019 imports for intermediate goods ballooned by 20.3 per cent year-on-year after inching up by only 3.2 per cent in March.

"Intermediate goods are used to make end products.

"The strong expansion of both consumption and intermediate goods imports indicate that the second quarter GDP growth will be robust.

"This positive trade development happened amid a steady inflation rate of 0.2 per cent year-on-year in April, low unemployment rate of 3.4 per cent in March, and along with expected continuous expansion in industrial production this quarter," Lim added.

He said Nielsen's Consumer Confidence Index for the first quarter of this year showed that Malaysian consumers were confident about their economic prospects in the next 12 months, as the index surged 11 points to 115 points from 104 points a year ago.

"Current account surplus is also expected to continue this year.

"The improvement in exports enabled Malaysia to record a trade surplus of RM10.9 billion in April 2019.

"This brings Malaysia's total trade surplus for the first four months of 2019 to RM47.8 billion".

Lim said, in comparison, surplus for the January to April period last year was slightly lower at RM46.4 billion.

The comfortable year-to-date surplus will help keep Malaysia's annual current account balance in surplus, he said.