

SIARAN MEDIA KEMENTERIAN KEWANGAN MALAYSIA

MALAYSIA'S EXPORTS FOR APRIL 2019 ROSE BY 1.1% TO RM85.2 BILLION, BEATING BLOOMBERG-COMPILED MARKET CONSENSUS OF A 2.1% CONTRACTION, WHILST IMPORTS FOR APRIL 2019 INCREASED BY 4.4% EXCEEDING BLOOMBERG MARKET CONSENSUS OF A 0.3% DECLINE

After two consecutive months of mild decline, Malaysian exports in April 2019 rose by 1.1% to RM85.2 billion from RM84.2 billion a year ago (Table 1). This beats the market expectations of a 2.1% 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.

Total trade also rose, hitting RM159.5 billion in April after increasing by 2.6% year-on-year from RM155.5 billion a year ago.

Table 1: April external trade figures for Malaysia

	Value (RM billion)	Growth (year-on-year)
Exports	85.2	1.1%
Imports	74.3	4.4%
Total trade	159.5	2.6%

Early signs suggest robust second quarter GDP growth

Just as important is the 4.4% year-on-year rise in April imports, which is better than Bloomberg's market consensus survey of a 0.3% 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. The April increase in imports suggests an increase in domestic demand, and it came after the first quarter Malaysian GDP expanded by 4.5% from a year ago, again besting Bloomberg market consensus of 4.3%.

There are additional hints of a second quarter expansion from import statistics. April 2019 imports for consumption goods rose by 18.9% year-on-year, after rising at an already strong rate of 10.5% in March. Furthermore, April 2019 imports for intermediate goods ballooned by 20.3% year-on-year after inching up by only 3.2% 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% year-on-year in April, low unemployment rate of 3.4% in March, and along with expected continuous expansion in industrial production this quarter. Nielsen's Consumer Confidence Index for the first quarter of 2019 also showed Malaysian consumers were confident of 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 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 4 months of 2019 to RM47.8 billion. In comparison, surplus for the January-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. This will shield the country from excessive volatility caused by external events like the disruptive, ongoing trade war

Malaysia has benefited from the trade war so far

So far, Malaysia has benefited from the trade war through 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. The diversion is already reflected in approved FDI, increasing by 48% in 2018 to RM80.5 billion from RM54.4 billion in 2017.

Nevertheless, Malaysia hopes that the trade war will end because eventually there will 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

Sayangi Malaysiaku!

Lim Guan Eng

Minister of Finance

Ministry of Finance Malaysia

Putrajaya

7 June 2019

[Tweet](#)

[Like](#)

Be the first of your friends to like this.