

# KERATAN AKHBAR

TARIKH : 20 JANUARI 2023  
AKHBAR : THE STAR  
MUKA SURAT : 6 (STARBIZ)

## Weaker export growth

### ECONOMY

PETALING JAYA: Malaysia's export growth is forecast to fall to as low as 1.5% this year from 25% in 2022 and 26.1% in 2021 as demand weakens from major trading partners due to high inflation and interest rates.

UOB Global Economics and Markets Research pointed out that the ongoing global tech down cycle, exporters' capacity in meeting the environmental, social and governance market demand as well as expectations of lower export earnings due to the stabilising commodity prices are also among other factors.

"Potential spillover effects from China's reopening and greater access to global markets following Malaysia's ratification of two multilateral trade agreements last year are seen as key contributors to Malaysia's export growth outlook this year," the research house stated in a report yesterday.

UOB is not alone with this view. Kenanga Research expects 2023 export growth to weaken to 5.8% (2022: 25%) amid the rising risk of a global growth slowdown. The deceleration is already in motion.

Malaysia's export growth moderated sharply to 6% growth in December (November 15.1%) as fourth quarter 2022 (4Q22) growth slowed to 11.8% from 38.3% in 3Q22.

The 4Q22 growth was also the slowest pace

# Weaker export growth

## Slower demand from major trading partners seen

**"Export growth would also be weaker following the ongoing global tech down cycle as well as exporters' capacity in meeting environmental, social and governance market demand."**

UOB Global Economics and Markets Research

in eight quarters.

Imports also slowed sharply to a seven-quarter low of 18.7% growth (3Q22: 46.5%).

December's export growth was hit by slower shipments of electrical and electronics products and commodity-based goods amid easing commodity prices.

Given the moderation in export performance in 4Q22, Kenanga Research forecast 4Q22 gross domestic product (GDP) growth slowed to 6.6% (3Q22: 14.2%), with 2022 GDP

growth likely at 8.6% (2021: 3.1%).

"Downside risk to export growth remains surrounded by slower than expected external demand and weak commodity prices due to the lingering risk of recession among major economies as a result of tighter financial conditions and inflation concerns.

"That said, we retain our GDP growth forecast at 4.3% for 2023," the research firm said.

In tandem with lower export growth, Malaysia's imports moderated for the fourth straight month to 12% in December

(November: 15.6%) due to a slowdown in re-exports and retained imports.

By category, the slower import growth was mainly weighed by a contraction in capital goods (December down 2.2% and November: 2.9%) as well as a slowdown in the import of intermediate goods (December 7.1% and November: 8.2%) as well as consumption goods (December 17.1% and November: 23.9%).

Nevertheless, last year was an exceptional year for Malaysia, as exports rose by 25% year-on-year (y-o-y) to RM1.55 trillion while imports accelerated by 31.3% y-o-y to RM1.29 trillion.

The trade surplus for December widened to RM27.8bil from RM21.8bil in November.

The 4Q22 cumulative trade surplus stood at RM67.6bil (3Q22: RM64.5bil), implying a larger current account surplus of RM16.5bil.

With that, the full-year trade surplus amounted to RM255.1bil in 2022 (RM253.7bil in 2021), a fresh record high.

This is expected to translate into a collective current account surplus of RM38bil in 2022 as compared with RM58.7bil in 2021.