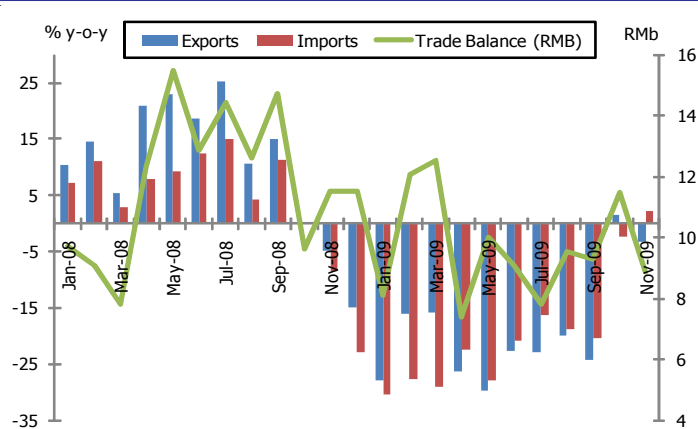


EXTERNAL TRADE

% YOY	Exports	Imports	Trade Balance (RMB)
2005	11.0	8.5	99.8
2006	10.3	10.8	108.2
2007	2.8	5.0	100.3
2008	9.6	3.3	142.0
Aug-09	-19.9	-18.7	9.6
Sep-09	-24.2	-20.3	9.3
Oct-09	1.5	-2.4	11.5
Nov-09	-3.3	2.3	8.9
4Q08	-7.5	-8.9	32.7
1Q09	-20.0	-29.0	34.3
2Q09	-26.3	-23.8	26.5
3Q09	-22.3	-18.3	26.7

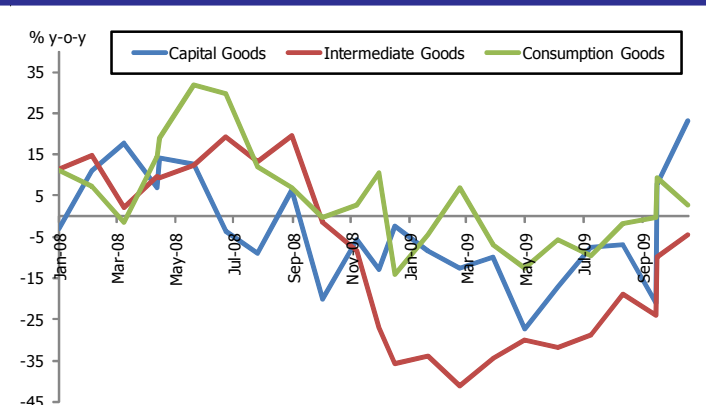
Source : MATRADE, Bank Negara Malaysia

EXPORTS, IMPORTS & TRADE BALANCE



Source : MATRADE, Bank Negara Malaysia

IMPORTS BY COMPONENTS



Source : MATRADE, Bank Negara Malaysia

- Malaysia exports in November came out weaker than expected, posting a 3.3% yoy contraction after growing by 1.5% in October and against consensus and our view of +3.0% and +1.2% respectively. Much of November decline was dragged by the monthly decline of 7.7%, reversing the outsized 15.0% surge in October. Despite the unexpected drop, we believe exports recovery is on the mend given the expected global recovery although the trajectory would be bumpy and uneven.

- The decline was led by sluggish exports on oil-related products. On yoy, liquefied natural gas (LNG) dropped by the most (Nov: -52.0%, Oct: -40.5%) followed by crude petroleum (Nov: -16.1%, Oct: -29.4%). This was on the back of a lethargic mom performance, as both LNG and crude petroleum decline by 5.3% and 6.8% from a surge of 29.6% and 40.2% respectively in the preceding month. Furthermore, growth in refined petroleum product eased significantly (Nov: +9.0%, Oct: +21.9%) on yoy in response to the huge mom decline of 24.9% (Oct: +4.7%).

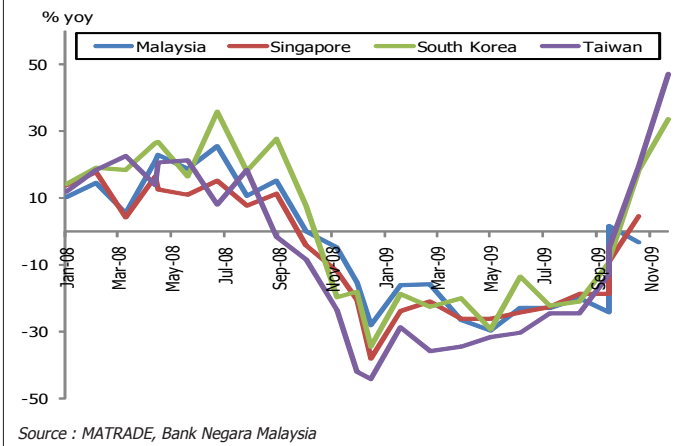
- November exports were also dragged down by the weakened demand for electrical and electronics (E&E) items. Exports of E&E products on mom declined by 7.2% after charting a double digit 17.0% gain in October. On an annual basis, it grew for the second straight month in November, but the pace was significantly slower compared to the previous month (Nov: +5.8%, Oct: +18.7%).

- Further decline can be seen in other sub-sectors such as machinery/appliances (Nov: -8.0% yoy, Oct: +6.5%), wood products (Nov: -10.1% yoy, Oct: +3.9%), optical/scientific equipment (Nov: -10.3% yoy, Oct: +8.5%) and manufactures of metal (Nov: -13.4% yoy, Oct: -3.3%). On mom, all groups dropped after charting growth in October.

- Exports of palm oil on the other hand grew stronger, restraining a steeper decline in total exports. This could be partly due to higher palm oil prices for that month (RM2,427/tonne vs RM2,151/tonne in October). Supported by improvement in global demand, palm oil exports grew 20.5% on yoy basis, its first growth in twelve months. Similarly, it charted a monthly increase of 0.1%, reversing the 0.7% decline charted in October. Chemicals/chemical products also recorded a strong annual growth (Nov: +16.4%, Oct: -4.9%) but declined on the monthly basis (Nov: -5.2%, Oct: +3.9%).

- The downward pressure on the annual exports came mainly from sluggish demand from the US and Japan, contributing to the lower exports for E&E items. Exports to the US and Japan charted a bigger yoy decline of 13.1% and 29.6% in November from -7.7% and -15.3% respectively in the

REGIONAL EXPORT PERFORMANCE (%YOY)



preceding month. Exports to Singapore, China, Thailand and Hong Kong on the other hand gained higher in November. Meanwhile, the drop in mom exports across all major trade partners was broad based as recovery in global economies remains fragile.

- Imports for November posted a growth of 2.3%, the first increase in twelve months. Such improvement was mainly due to base effect given the huge drop showed during November last year. The mom data decline 3.7% after registered growth of 12.8% in October.
- The yoy imports was supported by strong demand for capital goods, which grew 6.1% mom to result in a larger annual growth of 23.3% in November (Oct: 7.8%). This underscored the view that manufacturers have begun to increase their production to meet rising global orders. In contrary, both consumption goods and intermediate goods imports continued to drop as businesses and consumers remained cautious over future growth.

- In November, the trade surplus narrowed to RM8.9 billion from RM11.5 billion as exports dropped faster than imports, taking the cumulative trade surplus to RM106.3bn since January 2009. Exports and imports contracted by 19.2% and 19.4% respectively in January to November 2009.
- On expectation of a further recovery in global demand, we expect December exports to rebound and chart a 5.0% mom growth. The lower base effect may result in a double-digit yoy growth of 14.0% for the month, thus averaging the whole 2009 decline to -17.0% (2008: +9.4%). Exports for 4Q09 would chart an average growth of 3.7% (3Q09: -22.4%), supporting our GDP estimates of +2.9% yoy (3Q: -1.2%) in final quarter of 2009.
- Generally, global trade has been showing an uptrend in recent months. Taiwan and South Korea already recorded strong export growth in December, climbing for a second month as global economic recovery fuelled consumer demand. Global industrial activities subsequently have improved throughout the year as signaled by the strong global Purchasing Manager Index (PMI) data which posted a 44-month high in December.
- For 2010, we expect exports to regain traction as global financial crisis unwinds and the commencement of inventory cycle globally prompts demand for Malaysian goods. Major export products such as E&E items in particular, could be boosted by higher chip sales as indicated by Semiconductor Industry Association (SIA). Exports are also set to benefit from firmer commodity prices following recovery in global demand. On that note, we forecast overall exports for this year to edge higher between 4.0% to 5.0% to help support overall GDP growth of 4.0% to 4.5%.

EXPORTS- MAJOR PRODUCTS & COUNTRIES

	November			October		
	RMB	%yoy	%mom	RMB	%yoy	%mom
Electrical & Electronic Products	21.7	5.8	-7.2	23.4	-18.7	17.0
Crude Petroleum	2.6	-16.1	-6.8	2.8	-29.4	40.2
Chemicals & Chemical Products	2.9	16.0	-5.2	-4.9	2.0	3.9
LNG	2.5	-52.0	-5.3	2.6	-40.7	29.6
Palm Oil	3.5	20.5	0.1	3.5	-5.2	-0.7
Refined Petroleum Products	1.9	9.0	-24.9	2.5	21.9	4.7
Machinery, Appliances & Parts	1.6	-8.0	-12.7	1.8	6.5	12.9
Optical & Scientific Equipment	1.2	-10.3	-17.9	1.4	8.5	27.1
Manufactures Of Metal	1.3	-13.4	-12.3	1.5	-3.3	25.7
Singapore	7.364	1.7	-3.3	7.615	-2.9	13.5
USA	5.475	-13.1	-7.8	5.941	-7.7	24.5
China	6.312	52.9	-6.9	6.778	39.1	1.1
Japan	4.941	-29.6	-2.9	5.087	-15.3	16.8
Thailand	3.098	35.9	8.9	2.844	14.2	16.9
Hong Kong	2.768	35.3	5.7	2.619	28.1	5.9

Source : MATRADE, Bank Negara Malaysia