

# 'EXPORT RECOVERY REMAINS ON TRACK'

But experts cautious on sustainability as global Covid-19 cases remain elevated

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**T**HE recovery of Malaysia's exports remains on track despite the resurgence of Covid-19 cases globally, said economists.

The country's exports had been improving steadily since the initial shocks from the pandemic in April and May, and in line with the resumption of economic activities globally, they added.

Malaysia's exports rose 4.3 per cent to RM84.43 billion last month from the same period a year ago, marking three consecutive months of year-on-year growth.

It was also much higher than the tepid 0.2 per cent expansion in October.

Bank Islam chief economist Dr Mohd Afzanizam Abdul Rashid said the improvement in exports was a favourable development considering the lockdown measures still in effect in

many countries.

"It gives hope that the global economic recovery will remain sturdy, which will help Malaysia's external sector.

"However, we remain cautious on its sustainability in view of the Covid-19 cases remaining at elevated levels," he told the *New Straits Times* yesterday.

The International Trade and Industry Ministry said yesterday the overall trade expansion was supported mainly by higher exports to the United States, Singapore, China and Hong Kong.

Trade surplus increased by 151.6 per cent to RM16.82 billion, the highest ever for the month of November.

The ministry said for the first 11 months of this year, trade surplus rose 23.1 per cent year-on-year to RM163.86 billion.

Putra Business School associate professor Dr Ahmed Razman Abdul Latiff said the export expansion was consistent with projections, such as the Leading Index (LI).



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The LI acts as an indicator on the future movement of the overall economy.

"The LI rose 6.3 per cent year-on-year in October to 108.7 points and the growth rate of smoothed LI continued above trend."

He said the confidence brought by the distribution of Covid-19 vaccines had signalled an improved economic condition for

next year.

He said the Industrial Production Index remained positive and this also indicated higher export growth.

"Higher rubber and palm oil prices in the past few months also contributed to the higher export value," he added.

MIDF Research noted that Malaysia's imports contracted at

an even higher pace of -9.0 per cent year-on-year, the largest drop since May.

Overall, total trade fell 2.0 per cent year-on-year last month, compared with -2.5 per cent growth year-on-year in October.

The research firm has revised its export and import growth forecasts for this year to -2.5 and -6.8 per cent, respectively.