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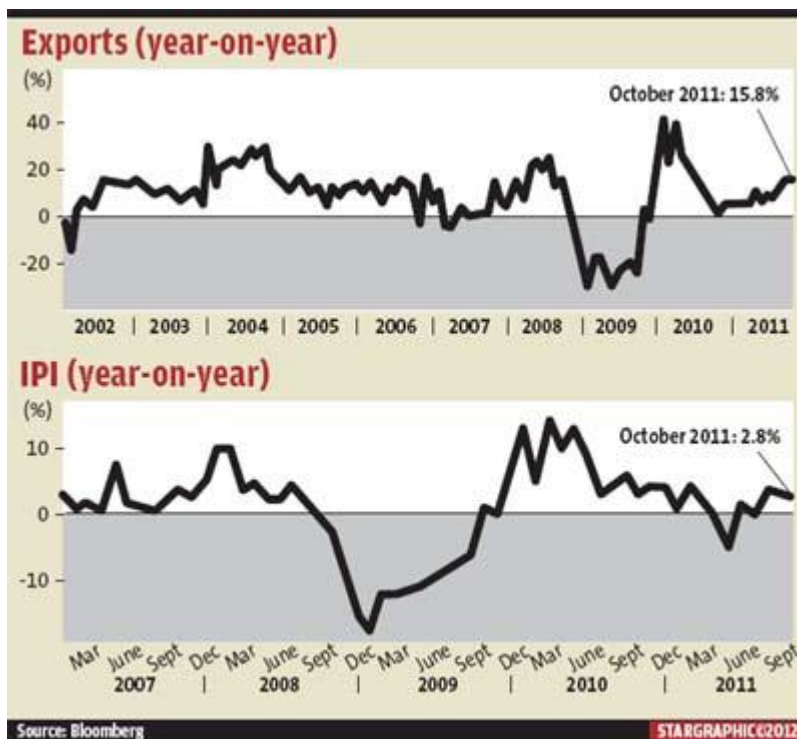
November exports may be lower

PETALING JAYA: The country's November exports will likely be lower as uncertainties going into 2012 continue to dampen demand in the developed economies amid slow growth.

Economists expect the electrical and electronic (E&E) segments to drag overall exports lower as consumer sentiment remained fragile on a combination of austerity measures and stubbornly high unemployment in the developed countries.

External trade data for November, which includes that of exports and imports, would be released by the Statistics Department on Wednesday while the industrial production index, an indicator of factory output and overall manufacturing activity, would be released tomorrow.

Exports and factory output had been volatile for most of 2011 with exports up 15.8% in October from a year ago while factory output grew 2.8%.



Affin Investment Bank Bhd economist Alan Tan told *StarBiz* that the October leading indicator index for the 33 members of the Organisation for Economic Cooperation and Development (OECD) showed

that the outlook was still pointing south.

“The index is a good indicator of the outlook and the data shows that it continues to moderate,” he said, adding that Malaysia's exports for November would be in-line with the OECD indicators.

Tan said exports would continue to be weak in the first-half of 2012 due to lower demand from the E&E segments and would only find support due to strong demand for commodities.

“Another point to make is that the October drop in imports of intermediate goods (which declined 4.5% versus September's 7.6% rise) is a good indicator that future exports will remain weak,” he said.

TA Securities Holdings Bhd economist Patricia Oh said exports would still see double-digit growth for November as Japan's rebuilding efforts continued apace but was trending downwards.

She said for the early part of this year, exports might be sluggish due to the Chinese New Year holidays and thereafter could be a drag for the rest of the first quarter.

“We're uncertain of the export outlook for the second quarter because of the eurozone problem,” Oh said. However, she said, there could be some support for exports as Asia's growth remained robust through December.

Bank Islam Malaysia Bhd chief economist Azrul Azwar said developments in the eurozone continue to be the major source of risks going forward. “As for the months ahead, there may be an upside surprise given the improvements seen in the purchasing managers' indices in December,” he said.