

# June trade surplus drops

Figure shrinks to five-month low of RM3.3 billion

**KUALA LUMPUR:** The country's trade surplus shrank to a five-month low in June and narrowed 10% year-on-year in the first half of 2001, hit by a prolonged slump in electronics exports and economists warned of worse to come.

Department of Statistics data released yesterday showed a trade surplus of RM3.3 billion in June, down from RM4.7 billion in the same month last year.

For the first half, Malaysia's trade surplus touched RM25.8 billion compared with RM28.8 billion during the same period last year.

Economists said demand for electronics products the country's

largest export revenue earner – was likely to worsen in coming months.

"The numbers were within expectations, so there's nothing to be alarmed about," said Lee Heng Guic, an economist at HLG Research.

"Going forward, it will probably be worse in the third quarter. We have not seen any signs of visibility in the electronics cycle," he said.

Last year's second-half surge in the trade surplus means the year-on-year drop in the trade balance for the next six months is likely to be steeper due to a base effect.

Malaysia recorded a trade surplus of RM14.8 billion in the third quarter

of 2000 and RM7.1 billion in the final three months, and since then a slowdown in exports to the United States and Japan has hurt the national economy.

The US and Japan together take up about a third of Malaysia's exports while Singapore, which recently fell into a technical recession, accounts for another 18%.

Last month, the independent think-tank Malaysian Institute of Economic Research cut its full-year gross domestic product growth forecast to 2.2%, well below the 8.5% expansion recorded in 2000.

Yesterday's data showed total exports down 13.5% year-on-year in June

to RM27.5 billion.

Electrical and electronic products, which account for 56% of total exports, fell 6.4% year-on-year in the January to June period.

Electronic makers are already showing the effects.

Unisem Bhd, one of the country's largest chipmakers, slumped to a loss of RM7.4 million in the second quarter from a profit of over RM37 million for the same period a year earlier.

Total imports of intermediate and capital goods dipped 10.2% in June, supporting expectations of further weakness in manufacturing activity in the coming months. Reuters