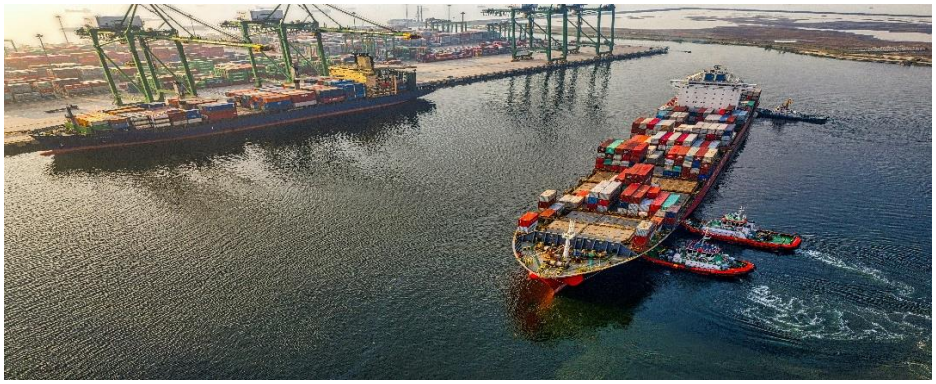
Malaysia's Exports Upbeat, Expanding Faster at +6.2%yoy in Feb-25

ECONOMIC REVIEW:
Feb-25 External Trade



Author
MIDF Research
research@midf.com.my

Economic Review

- Exports growth picked up in Feb-25. Malaysia's total trade expanded +5.9%yoy in Feb-25 (Jan-25: +3.1%yoy), driven by an improvement in exports (+6.2%yoy; Jan-25: +0.3%yoy) from the previous month's low, which was the weakest reading since Sep-24.
- Robust growth in E&E exports counterbalanced weakness in LNG and crude petroleum shipments. By sector, manufacturing exports (share: 85.2% of total exports) recorded stronger growth of +8.8%yoy (Jan-25: +0.4%yoy). This was primarily due to higher exports of E&E products (+18.1%yoy; Jan-25: +14.9%yoy), namely semiconductor (+20%yoy), automatic data processing (+60.2%yoy), and telecommunication parts (+9.8%yoy).
- Import growth continued to moderate. Import growth decelerated to +5.5%yoy in Feb-25 (Jan-25: +6.2%yoy) but expanding for 16 straight months on the back of continued expansion in domestic demand.
- Exports and imports are expected to continue expanding in 2025. We forecast exports to continue growing by +4.9% (2024: +5.7%) and imports by +4.5% (2024: +13.2%) this year. We anticipate rising demand for E&E products and palm oil to support export growth in the coming months.

Exports growth picked up in Feb-25. Malaysia's total trade expanded +5.9%yoy in Feb-25 (Jan-25: +3.1%yoy), driven by an improvement in exports (+6.2%yoy; Jan-25: +0.3%yoy) from the previous month's low, which was the weakest reading since Sep-24. The improved exports, which exceeded our and market estimates, mainly stemmed from higher shipments of E&E products (+18.1%yoy; Jan-25: 14.9%yoy) and exports of palm oil & palm oil-based products (+25.5%yoy; Jan-25: +10.5%yoy). On the other hand, the decline in petroleum products shipments eased to -12.3%yoy (Jan-25: -34.1%yoy), whereas the steep fall in LNG shipment of -24.5%yoy (Jan-25: -13.3%yoy) mainly dragged exports growth during the month. Re-exports and domestic exports grew faster by +7.3%yoy (Jan-25: -8.8%yoy) and +5.9%yoy (Jan-25: +3%yoy), respectively. Meanwhile, imports continued to expand albeit relatively slower at +5.5%yoy (Jan-25: +6.2%yoy), driven by increased imports of E&E products (+23.1%yoy) and transport equipment (+49.4%yoy). On a month-on-month basis, the monthly decline in exports was slower at -3.7%mom (Jan-25: -11.3%yoy) vis-à-vis -11.3%mom contraction in imports (Jan-25: +0.2%mom), which led to a broadening of trade surplus to +RM12.6b (Jan-25: +RM3.7b). Looking ahead, Malaysia's exports are expected to remain resilient, driven by steady demand for E&E products amid the sector's ongoing upcycle, along with sustained commodity exports. However, uncertainties surrounding US trade policy changes and weaker demand from key trading partners pose potential risks to Malaysia's trade outlook.

Table 1: Malaysia's External Trade Summary

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Exports (RM b)	123.6	128.1	126.3	138.5	122.8	118.3
YoY%	(0.6)	1.6	3.9	16.9	0.3	6.2
MoM%	(4.2)	3.7	(1.4)	9.6	(11.3)	(3.7)
Imports	110.8	116.3	111.3	119.3	119.2	105.6
YoY%	10.9	2.7	1.6	11.9	6.2	5.5
MoM%	(10.3)	4.9	(4.3)	7.3	(0.2)	(11.3)
Total Trade	234.3	244.4	237.6	257.8	242.0	223.9

YoY%	4.5	2.1	2.8	14.5	3.1	5.9
MoM%	(7.2)	4.3	(2.8)	8.5	(6.1)	(7.5)
Trade Balance	12.8	11.9	15.1	19.1	3.7	12.6
Import Components						
Intermediate (RM b)	58.7	62.8	63.3	61.0	60.8	58.7
% YoY	18.0	12.6	12.7	1.5	3.4	5.8
Capital (RM b)	16.9	12.3	13.3	17.4	19.9	13.8
% YoY	56.3	(3.1)	(10.1)	41.3	45.6	35.3
Consumption (RM b)	8.8	9.6	10.1	10.3	10.1	9.0
% YoY	0.3	2.9	3.3	11.5	(2.6)	7.4

Note: MoM is non-seasonally adjusted figure
Source: Macrobond, MIDFR

Exports to US and Singapore grew vs. lower exports to China. By destination, exports to Singapore and the US, Malaysia's top 2 export markets in Feb-25 (share: 31% of total exports), grew further by +17.2%yoy (Jan-25: +19.7%yoy) and +28.9%yoy (Jan-25: +28.1%yoy), respectively. Export growth to these two markets was underpinned by rising demand for E&E products. Meanwhile, shipments to Taiwan slowed to +6.8%yoy in Feb-25 (Jan-25: +26.3%yoy), the first single-digit growth after 13 consecutive months of double-digit expansion. Higher shipments to Taiwan during the month were driven primarily by sustained demand for E&E products. Exports to other major regions, i.e. the EU and ASEAN rebounded, growing by +7.7%yoy (Jan-25: -2.6%yoy) and +8.3%yoy (Jan-25: -1.5%yoy), respectively. Contrastingly, Malaysia's exports to the China weakened again, declining further by -8.1%yoy (Jan-25: -4%yoy) due to lower shipments of LNG, palm oil, and chemicals. Shipments to Japan fell faster at -14.3%yoy (Jan-25: -11.2%yoy), contracting for the 7th consecutive month, due to reduced purchases of E&E products, chemicals, LNG, and crude petroleum. Looking ahead, we expect exports to key markets such as Singapore, the US, and Taiwan to remain supported by sustained demand for E&E products. However, escalating trade tensions, along with unfavourable tariffs and quotas—particularly the proposed tariffs on semiconductors—could weigh on Malaysia's exports and add uncertainty to the trade outlook. Meanwhile, we keep a cautious view on demand from China in view of the softer labour market and the deflation in Feb-25, which suggest still weak demand pressures. Nevertheless, the government's commitment to boost domestic spending in China will be positive for Malaysia's and regional trade outlook.

Table 2: Malaysia's Exports (YoY%)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Total Exports (RM b)	123.6	128.1	126.3	138.5	122.8	118.3
Re-exports (RM b)	23.6	28.7	21.2	28.3	25.3	21.3
Domestic Exports (RM b)	99.9	99.4	105.1	110.2	97.5	97.0
Exports by Key Country / Region						
China	(2.9)	(6.6)	(11.9)	9.6	(4.0)	(8.1)
US	9.1	32.5	57.3	29.4	28.1	28.9
Japan	(12.1)	(0.4)	(9.4)	(7.5)	(11.2)	(14.3)
Taiwan	71.1	49.0	70.2	66.7	26.3	6.8
India	(12.1)	23.4	13.4	26.8	(5.0)	(5.4)
Hong Kong	3.6	(5.3)	(2.2)	33.5	12.3	35.5
Australia	(7.5)	(9.4)	(8.6)	33.2	(15.8)	(14.9)
EU	2.1	7.6	(4.3)	2.5	(2.6)	7.7
ASEAN	(4.6)	(3.1)	(6.4)	16.3	(1.5)	8.3
Singapore	(1.1)	5.6	(1.4)	44.3	19.7	17.2
Thailand	3.6	0.3	(9.7)	17.6	3.2	14.7
Indonesia	7.2	13.7	(7.2)	(14.3)	(23.5)	8.5
Vietnam	(26.0)	(30.6)	(30.6)	(15.9)	(47.4)	(13.5)
Philippines	(1.7)	(17.2)	7.1	(7.0)	3.8	(10.4)

Source: Macrobond, MIDFR

Robust growth in E&E exports counterbalanced weakness in LNG and crude petroleum shipments. By sector, manufacturing exports (share: 85.2% of total exports) recorded stronger growth of +8.8%yoy (Jan-25: +0.4%yoy). This was primarily due to higher exports of E&E products (+18.1%yoy; Jan-25: +14.9%yoy), namely semiconductor (+20%yoy), automatic data processing

(+60.2%yoy), and telecommunication parts (+9.8%yoy). Similarly, agriculture goods exports accelerated to +27.4%yoy (Jan-25: +11%yoy) maintaining double-digit growth during the month, mainly driven by exports of palm oil and palm oil-based agriculture products (+31.8%yoy). Coupled with higher growth in exports of palm oil-based manufactured goods (+14.8%yoy), the palm oil sector's exports increased faster at +25.5%yoy (Jan-25: +10.5%yoy). Exports of mining goods continued to decline double digits by -33%yoy due to weakness in exports of LNG (-24.5%yoy) and crude petroleum (-64.5%yoy). Lower crude oil prices suggest that petroleum-based exports will continue to decline in the coming months. The US plan to impose 25% tariffs on automobiles, pharmaceuticals, and semiconductors remains a key concern, given that E&E products accounted for 60.3% of Malaysia's total exports to the US in 2024. Until these tariffs take effect, we believe that strong demand for E&E products and palm oil will continue to drive Malaysia's export growth in the near term.

Table 3: Malaysia's Exports by Major Products (YoY%)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
E&E	0.5	7.8	12.4	27.9	14.9	18.1
Machinery, Equipment & Parts	10.2	9.8	21.6	15.7	6.9	12.4
Optical & Scientific Equipment	(0.6)	3.6	6.1	4.4	(13.4)	12.7
Palm oil & palm oil-based products	10.3	13.8	11.7	27.7	10.5	25.5
Crude Petroleum	(34.2)	(46.1)	(46.6)	(12.1)	(11.7)	(64.5)
Petroleum Products	(30.7)	(35.0)	(33.4)	8.0	(34.1)	(12.3)
LNG	2.9	8.9	2.8	(7.4)	(13.3)	(24.5)
Rubber products	14.0	34.1	21.3	29.8	13.4	8.5
Transport equipment	(0.8)	(18.1)	15.3	3.8	(8.1)	10.7

Source: Macrobond, DOSM, MIDFR

Import growth continued to moderate. Import growth decelerated to +5.5%yoy in Feb-25 (Jan-25: +6.2%yoy) but expanding for 16 straight months on the back of continued expansion in domestic demand. The growth was supported by the sustained double-digit growth in capital goods imports, which increased by +35.3%yoy (Jan-25: +45.6%yoy). This was primarily fueled by increased purchases of industrial transport equipment, in addition to still encouraging imports of capital goods related to data centres. Moreover, purchases of intermediate goods rose +5.8%yoy (Jan-25: +3.4%yoy), whereas consumption goods imports grew by +7.4%yoy (Jan-25: -2.6%yoy), reversing the decline seen in the previous month. By sector, imports of manufacturing goods, accounting 84% of total imports grew softer at +2.3%yoy (Jan-25: +8.5%yoy), mainly driven by inbound shipments of E&E products (+23.1%yoy) and machinery, equipment and parts (+10.9%yoy). Imports for the agriculture sector surged by +42%yoy, primarily due to higher purchases for natural rubber (+3.5%yoy) and palm oil & palm oil-based agriculture products (+122.5%yoy). Overall, we expect import growth to remain positive, driven by still strong domestic spending and expanding business activity, supported by Malaysia's resilient labor market and steady economic growth.

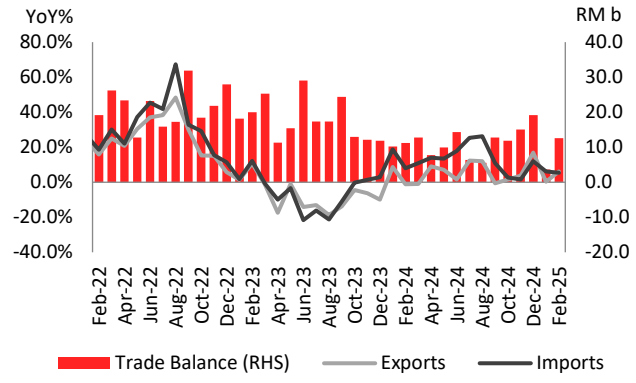
Volume change had a larger impact on trade performance in Jan-25. Based on the latest data as of Jan-25, weaker export and import growth was driven mainly by lower trade volume. The slowdown in export growth to +0.3%yoy in Jan-25 (Dec-24: +16.9%yoy) was attributable to the decline in export volume (-2.4%yoy; Dec-24: +14.9%yoy), mainly for products such as transactions & commodities, and beverage and tobacco. Volume declines were also recorded across all components, except for machinery & transport equipment, which moderated by +12.7%yoy (Dec-24: +25%yoy). The continued rise in export prices, which accelerated to +2.7%yoy (Dec-24: +1.8%yoy) and more than offset the volume decline, kept Jan-25 export growth positive. Meanwhile, the moderation in import growth (+6.2%yoy; Dec-24: +11.9%yoy) was largely due to slower increase in import volume (+6.9%yoy; Dec-24: +12.5%yoy) and slight fall in import prices (-0.7%yoy; Dec-24: -0.5%yoy). The continued rise in import volume was primarily seen in imports of animal & vegetable oils & fats; machinery & transport equipment; and inedible crude materials. In contrast, import volume of food registered the first decline of -0.5%yoy in Jan-25 after 16 straight months of expansion. Continuous decline in import prices were recorded for various import products such as mineral fuels, lubricants & related materials; chemicals; inedible crude materials; manufactured goods; and machinery & transport equipment. Import prices for oil & fats rose by +13.2%yoy (Dec-24: 17.5%yoy), maintaining double-digit growth for three consecutive months.

The trade surplus widened to more than RM12b. In Feb-25, the monthly trade surplus expanded to +RM12.6b (Jan-25: +RM3.7b), recovering from the previous month's low, the smallest surplus recorded since Apr-20. The larger surplus in manufactured goods trade (+RM14.8b; Jan-25: +RM2.6b), mainly contributed by the increased surplus in E&E trade (+RM10.8b; Jan-25: +RM4.2b) and turnaround in trade of manufactures of metal, which recorded surplus of +RM0.56b (Jan-25: -RM0.6b). Transport equipment, on the hand, registered a larger deficit of nearly -RM4.0b (Jan-25: -RM3.2b). The trade balance for mining products also registered deficits of -RM1.8b in Feb-25 (Jan-25: +0.7b), attributable to wider deficit in crude petroleum trade (-RM3.8b; Jan-25:

-RM2.1b) and smaller surplus in the LNG trade, which decreased to +RM3.7b (Jan-25: +RM4.9b). The plantation sector continued to be a major contributor to the overall trade surplus as trade of palm oil & palm oil-based products recorded nearly +RM8.0b in surplus (Jan-25: +RM8.2b). This will likely continue given the elevated CPO prices, while lower crude oil prices will continue to affect petroleum exports (and contributing to continued deficits). Overall, we expect Malaysia will continue to record positive trade balance, mainly supported by the sustained surplus in E&E trade.

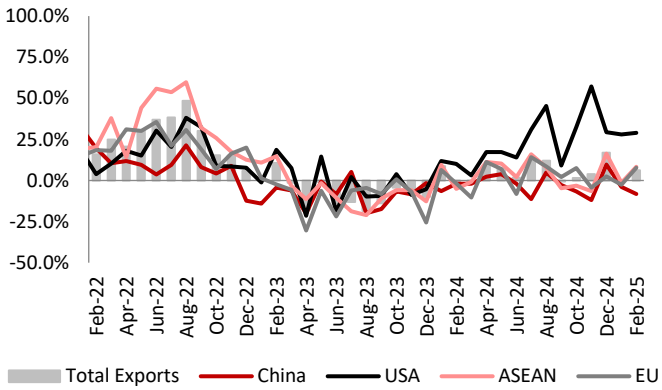
Exports and imports are expected to continue expanding in 2025. We forecast exports to continue growing by +4.9% (2024: +5.7%) and imports by +4.5% (2024: +13.2%) this year. We anticipate rising demand for E&E products and palm oil to support export growth in the coming months. Weaknesses in petroleum exports may persist in view of lower crude oil prices. Meanwhile, imports are likely to remain strong, driven by robust domestic demand and increased business activities. However, we remain cautious about potential risks to Malaysia's external trade outlook. Uncertainties surrounding the US tariff policies, resurgence of price pressures, escalating geopolitical conflicts and weaker demand from key trading partners could pose significant downside risks to global trade. Trade environment for Malaysia could be more challenging in the coming months, especially if the US imposes higher tariffs on semiconductors and other manufactured goods. However, Malaysia remains well-positioned to navigate these challenges, supported by strong economic fundamentals, robust domestic demand, resilient household spending, and increased investments. Efforts to encourage stronger trade relations with other regions will also cushion the effect of weaker demand from traditional markets.

Chart 1: Exports & Imports (YoY%) vs Trade Balance (RM b)



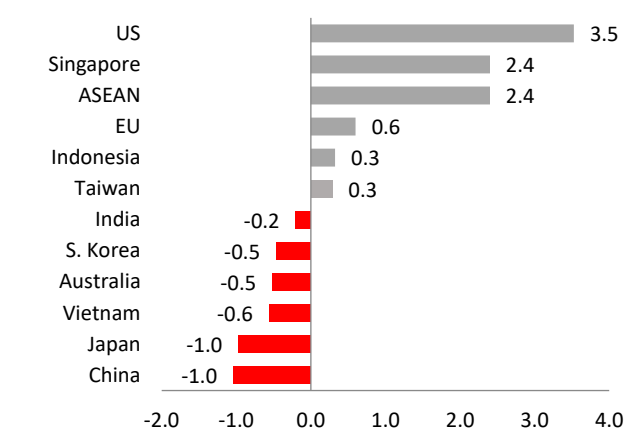
Source: MATRADE, Macrobond, MIDFR

Chart 2: Exports Growth by Major Destination (YoY%)



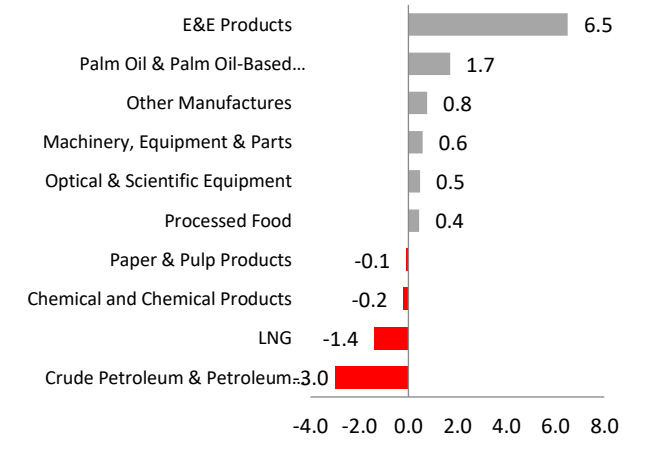
Source: MATRADE, Macrobond, MIDFR

Chart 3: Contribution to Total Exports Growth in Feb-25 by Destinations (%-points)



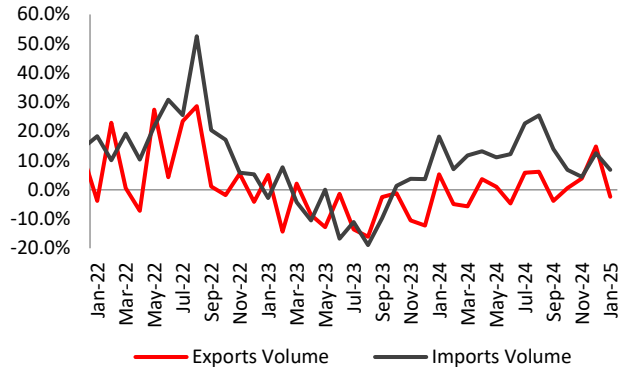
Source: MATRADE, Macrobond, MIDFR

Chart 4: Contribution to Total Exports Growth in Feb-25 by Key Products (%-points)



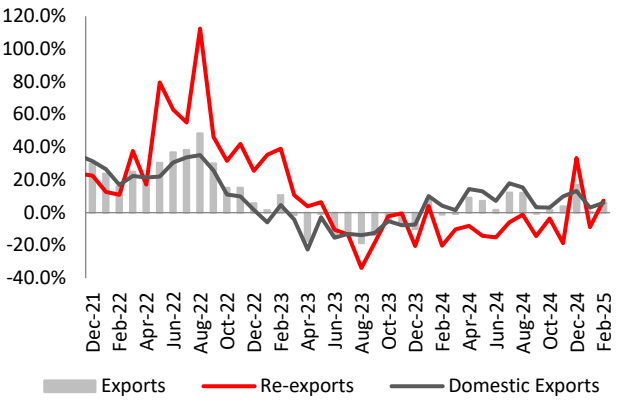
Source: MATRADE, Macrobond, MIDFR

Chart 5: Exports vs Imports Volume (YoY%)



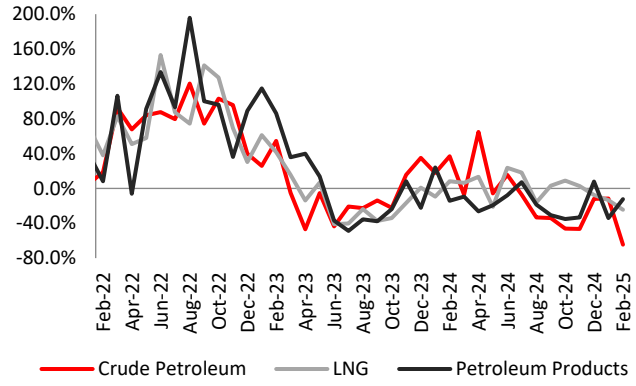
Note: The latest available trade volume data is Jan-25
Source: DOSM, Macrobond, MIDFR

Chart 6: Exports: Domestic vs Re-exports (YoY%)



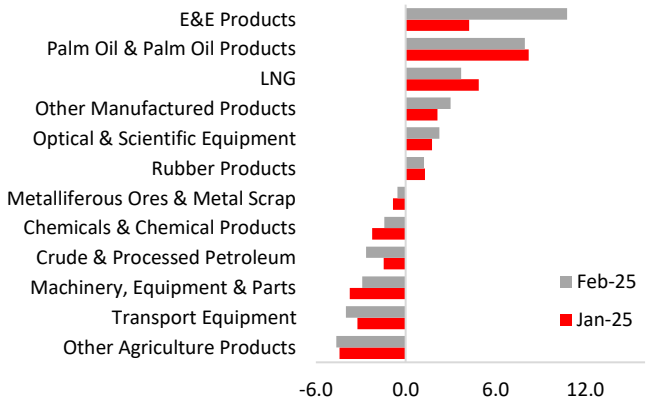
Source: MATRADE, Macrobond, MIDFR

Chart 7: Exports of Mining Goods (YoY%)



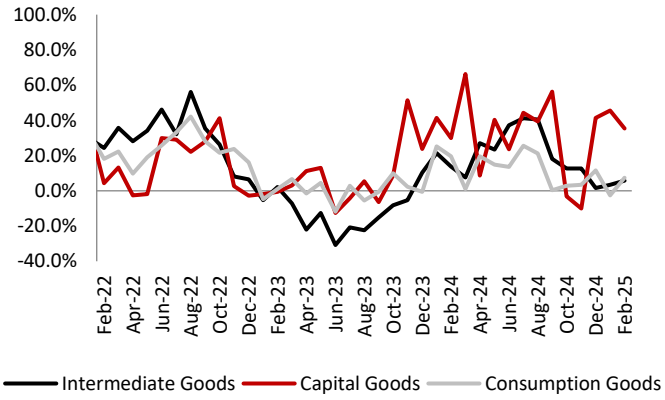
Source: MATRADE, Macrobond, MIDFR

Chart 8: Feb-25 Trade Balance by Selected Products (RM b)



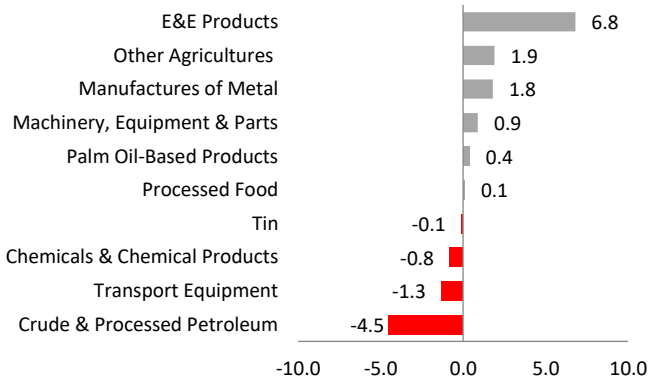
Source: MATRADE, Macrobond, MIDFR

Chart 9: Imports of Goods by End Use (YoY%)



Source: MATRADE, Macrobond, MIDFR

Chart 10: Contribution to Total Imports Growth in Jan-25 by Key Products (%-points)



Source: MATRADE, Macrobond, MIDFR

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