

Malaysia's Exports Gains Momentum with 6.8%yoy Rise in Mar-25

ECONOMIC REVIEW:
Mar-25 External Trade

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- Stronger export performance in Mar-25. Malaysia's total trade continued to expand by +2.2%yoy in Mar-25 (Feb-25: +5.9%yoy), albeit at a slower pace. The growth was driven by stronger export performance, which rose +6.8%yoy (Feb-25: +6.2%yoy), sustaining the improving momentum from the previous month.
- Strong E&E exports growth outweighs the decline in LNG and petroleum products. By sector, manufacturing exports (share: 87% of total exports) recorded a slightly stronger growth of +8.9%yoy (Feb-25: +8.8%yoy). This was primarily driven by higher E&E exports, which rose +25.1%yoy in Mar-25 (Feb-25: +18.2%yoy), sustaining double-digit growth for the fourth consecutive month.
- Imports declined. Imports dropped -2.8%yoy in Mar-25 (Feb-25: +5.5%yoy), marking the first decline since Oct-23 due to sharp contraction in capital goods imports (-19.2%yoy; Feb-25: +35.3%yoy). Reduced capital goods imports were attributable to lower imports of data centre-related goods and aircrafts.
- Projecting a more moderate growth in 2025. As we have revised down our growth projection, we forecast growth for both exports and imports to moderate to +2.0% (2024: +5.7%) and imports by +4.5% (2024: +13.2%), respectively, this year.

Stronger export performance in Mar-25. Malaysia's total trade continued to expand by +2.2%yoy in Mar-25 (Feb-25: +5.9%yoy), albeit at a slower pace. The growth was driven by stronger export performance, which rose +6.8%yoy (Feb-25: +6.2%yoy), sustaining the improving momentum from the previous month. The higher exports, mainly stemmed from higher shipments of E&E products (+25.1%yoy; Feb-25: 18.2%yoy), maintaining double-digit growth for five consecutive months. The rise in E&E demand reflects increased front-loading activities in anticipation of Trump's reciprocal tariffs. On the other hand, there was a steeper decline in petroleum products by -32.5%yoy (Feb-25: -11.7%yoy), whereas LNG shipment fell softer by -11.0%yoy (Feb-25: -24.5%yoy). Re-exports grew faster by +12.1%yoy (Feb-25: +7.7%yoy) while domestic export growth eased slightly to +5.6%yoy (Feb-25: +5.9%yoy). Meanwhile, imports fell by -2.8%yoy (Jan-25: +6.2%yoy) on the back of slower rise in E&E imports (+23.1%yoy) and reduced purchases of refined petroleum products (-46.9%yoy) and crude petroleum (-28.5%yoy). On a monthly basis, exports rebounded with a double-digit growth of +16.1%mom (Feb-25: -3.7%yoy), faster than +6.6%mom expansion in imports (Feb-25: -11.4%mom), which led to a broadening of trade surplus to +RM24.7b (Feb-25: +RM12.6b), the highest since Jun-23. Looking ahead, Malaysia's exports will continue to grow, driven by stable demand for E&E products. However, the pace of growth will be constrained by weaker demand outlook. Heightened uncertainties stemming from the escalating global trade war and weaker demand from key trading partners—following Trump's announcement of sweeping reciprocal tariffs—pose potential risks to Malaysia's trade outlook.

Table 1: Malaysia's External Trade Summary

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Exports (RM b)	128.1	126.3	138.5	122.8	118.2	137.3
YoY%	1.6	3.9	16.9	0.3	6.2	6.8
MoM%	3.7	(1.4)	9.6	(11.3)	(3.7)	16.1
Imports	116.3	111.3	119.3	119.2	105.6	112.6
YoY%	2.7	1.6	11.9	6.2	5.5	(2.8)

MoM%	4.9	(4.3)	7.3	(0.2)	(11.4)	6.6
Total Trade	244.4	237.6	257.8	242.0	223.9	249.9
YoY%	2.1	2.8	14.5	3.1	5.9	2.2
MoM%	4.3	(2.8)	8.5	(6.1)	(7.5)	11.6
Trade Balance	11.9	15.1	19.1	3.7	12.6	24.7
Import Components						
Intermediate (RM b)	62.8	63.3	61.0	60.8	58.7	59.0
% YoY	12.6	12.7	1.5	3.4	5.7	(0.6)
Capital (RM b)	12.3	13.3	17.4	19.9	13.8	13.1
% YoY	(3.1)	(10.1)	41.3	45.6	35.3	(19.2)
Consumption (RM b)	9.6	10.1	10.3	10.1	9.1	9.7
% YoY	2.9	3.3	11.5	(2.6)	7.6	3.6

Note: MoM is non-seasonally adjusted figure

Source: MATRADE, Macrobond, MIDFR

Stronger export demand from the US and Singapore offset weaker trade with China. By destination, exports to Singapore and the US, Malaysia's top 2 export markets in Mar-25 (share: 32% of total exports), expanded by +50.8%yoy (Feb-25: +17.2%yoy) and +9.7%yoy (Feb-25: +28.9%yoy), respectively. Export growth to these two markets was underpinned by higher demand for E&E products. Meanwhile, exports to Taiwan surged by +31%yoy in Mar-25 (Feb-25: +6.8%yoy), returning to double-digit growth levels consistent with the 13-month streak observed from Jan-24 to Jan-25. Higher shipments to Taiwan during the month were driven primarily by sustained demand for electrical & electronic products, and optical & scientific equipment. Exports to other major regions showed mixed performance — shipments to the EU grew at a faster pace of +10.6%yoy in Mar-25 (Feb-25: +7.7%yoy), while export growth to ASEAN moderated to +0.7%yoy (Feb-25: +8.3%yoy). In contrast, Malaysia's exports to China declined at a slower pace of -1.3%yoy in Mar-25 (Jan-25: -8.1% YoY), supported by higher shipments of E&E products. However, persistent declines in chemical and chemical products as well as liquefied natural gas (LNG) continued to weigh on overall export performance to China. Shipments to Japan fell at a slower pace of -7.9%yoy (Feb-25: -14.3%yoy), marking ten consecutive months of contraction with softer decline in LNG and crude petroleum. Looking ahead, exports to several key markets are expected to continue growing by increased demand for E&E products. However, rising trade tensions—particularly the proposed reciprocal tariffs—pose risks to Malaysia's exports particularly to the US. We remain cautious on the near-term outlook for demand from China given the continued decline in shipments from Malaysia and subdued inflation. On a positive note, policy support and recent MOUs signed during President Xi Jinping's visit may further strengthen regional trade integration between Malaysia and China as well as other regional countries.

Table 2: Malaysia's Exports (YoY%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Total Exports (RM b)	128.1	126.3	138.5	122.8	118.2	137.3
Re-exports (RM b)	28.7	21.2	28.3	25.3	21.3	27.4
Domestic Exports (RM b)	99.4	105.1	110.2	97.5	96.9	109.9
Exports by Key Country / Region						
China	(6.6)	(11.9)	9.6	(4.0)	(8.1)	(1.3)
US	32.5	57.3	29.4	28.1	28.9	50.8
Japan	(0.4)	(9.4)	(7.5)	(11.2)	(14.3)	(7.9)
Taiwan	49.0	70.2	66.7	26.3	6.8	31.0
India	23.4	13.4	26.8	(5.0)	(5.4)	(18.8)
Hong Kong	(5.3)	(2.2)	33.5	12.3	35.5	25.9
Australia	(9.4)	(8.6)	33.2	(15.8)	(14.8)	(1.4)
EU	7.6	(4.3)	2.5	(2.6)	7.6	10.6
ASEAN	(3.1)	(6.4)	16.3	(1.5)	8.2	0.7
Singapore	5.6	(1.4)	44.3	19.7	17.2	9.7
Thailand	0.3	(9.7)	17.6	3.2	14.7	5.0
Indonesia	13.7	(7.2)	(14.3)	(23.5)	6.8	(21.7)
Vietnam	(30.6)	(30.6)	(15.9)	(47.4)	(13.5)	(20.1)
Philippines	(17.2)	7.1	(7.0)	3.8	(10.4)	26.2

Source: Macrobond, MIDFR

Strong E&E exports growth outweighs the decline in LNG and petroleum products. By sector, manufacturing exports (share: 87% of total exports) recorded a slightly stronger growth of +8.9%yoy (Feb-25: +8.8%yoy). This was primarily driven by higher E&E exports, which rose +25.1%yoy in Mar-25 (Feb-25: +18.2%yoy), sustaining double-digit growth for the fourth consecutive month. The growth was led by robust shipments of automatic data processing equipment (+131.2%yoy) and semiconductors (+22.4%yoy). However, growth in agricultural exports moderated to +5.4%yoy in Mar-25 (Feb-25: +27.4%yoy), primarily due to a significant slowdown in exports of palm oil and palm oil-based agricultural products, which rose modestly by +3.3%yoy. Although exports of palm oil-based manufactured goods increased by +19.2%yoy, overall exports from the palm oil sector softened to +8.4%yoy (Feb-25: +25.5%yoy). Exports of mining goods continued to contract, albeit at a slower pace of -16.6%yoy during the month (Feb-25: -33.0% YoY), supported by a more moderate decline in exports of LNG (-11.0%yoy) and crude petroleum (-43.6yoy). The sustained decline in crude oil prices signals ongoing pressure on petroleum-based exports in the near term. The recent sweeping reciprocal tariffs—excluding semiconductors for now—remain a concern for Malaysia’s trade outlook, with further policy shifts still posing a risk. Petroleum exports are expected to stay weak due to low crude oil prices, while elevated prices may support palm oil exports as we anticipate only modest rise in volume.

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

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
E&E	7.8	12.4	27.9	14.9	18.2	25.1
Machinery, Equipment & Parts	9.8	21.6	15.7	6.9	11.3	12.3
Optical & Scientific Equipment	3.6	6.1	4.4	(13.4)	12.7	(2.8)
Palm oil & palm oil-based products	13.8	11.7	27.7	10.5	25.5	8.4
Crude Petroleum	(46.1)	(46.6)	(12.1)	(11.7)	(64.3)	(43.6)
Petroleum Products	(35.0)	(33.4)	8.0	(34.1)	(11.7)	(32.5)
LNG	8.9	2.8	(7.4)	(13.3)	(24.5)	(11.0)
Rubber products	34.1	21.3	29.8	13.4	8.5	8.7
Transport equipment	(18.1)	15.3	3.8	(8.1)	11.7	(30.8)

Source: Macrobond, DOSM, MIDFR

Imports declined. Imports dropped -2.8%yoy in Mar-25 (Feb-25: +5.5%yoy), marking the first decline since Oct-23 due to sharp contraction in capital goods imports (-19.2%yoy; Feb-25: +35.3%yoy). Reduced capital goods imports were attributable to lower imports of data centre-related goods and aircraft. In addition, purchases of intermediate goods fell by -0.6%yoy (Feb-25: +5.7%yoy), whereas consumption goods imports softened to +3.6%yoy (Feb-25: +7.6%yoy). By sector, imports of manufactured goods, accounting 83% of total imports, decreased by -2.8%yoy (Feb-25: +2.3%yoy), mainly driven by the deceleration of inbound shipments of E&E products (+11.3%yoy) and decline in chemicals & chemical products (-5.1%yoy). Imports for the agriculture sector moderated to +34.9%yoy in Mar-25 (Feb-25: +42.0%yoy), supported by sustained, though slower, growth in imports of other agricultural products (+30.2%yoy) and palm oil and palm oil-based agricultural products (+164.9%yoy). While we expect imports to continue growing driven by still strong domestic spending and expanding business activity, we foresee the pace of growth will be more moderate as we now project slower growth in exports and production in the latter part of the year.

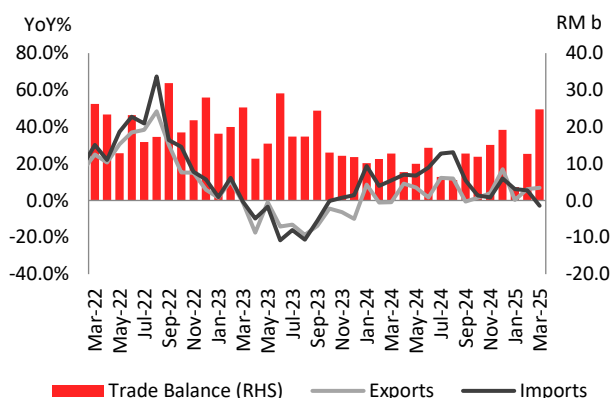
Volume changes remain the key driver of trade performance in Feb-25. Based on the latest data as of Feb-25, the higher export growth of +6.2%yoy (Jan-25: +16.9%yoy) was due to the rebound in export volume (+3.3%yoy; Jan-25: -2.3%yoy), mainly for products such as food, manufactured articles, and machinery & transport equipment. However, volume declines were recorded for mineral fuels, lubricants & related materials, beverages and tobacco, and transactions & commodities. Export prices accelerated slightly to +2.8%yoy (Jan-25: +2.7%yoy), marking growth for three straight months. Meanwhile, despite the slower import growth (+5.5%yoy; Jan-25: +6.2%yoy), the sustained rise in imports continued to be underpinned by higher import volume (+7.0%yoy; Jan-25: +7.0%yoy). The steeper fall in import prices (-1.4%yoy; Jan-25: -0.7%yoy) was the main factor contributing to the slower import growth. The rise in import volume was partly driven by the rebound in import volume of food, increasing by +32.0%yoy (Jan-25: -0.5%yoy), reversing the decline seen in the previous month. Nonetheless, a sharper volume decline was seen in beverages and tobacco and crude materials inedible. Import prices continued to fall by -1.4%yoy (Jan-25: -0.7%yoy), extending price decline for six consecutive months and reflecting reduced prices for various products, including chemicals, crude materials, mineral fuels, lubricants & related materials, and machinery & transport equipment.

Trade surplus widened to 21-month high. Trade surplus widened to +RM24.7b (Feb-25: +RM12.6b), the highest monthly surplus since Jun-23. Larger surplus in trade of manufactured goods (+RM26b; Feb-25: +RM14.8b) was mainly contributed by the increased surplus in E&E trade (+RM20.6b; Feb-25: +RM10.8b) and lower deficits in trade of machinery, equipment & parts (Mar-25: -RM2.7b; Feb-25: -RM4b) and transport equipment (Mar-25: -RM1.6b; Feb-25: -RM3b). In contrast, refined petroleum

products, however, recorded a smaller surplus of +RM0.05b (Feb-25: +RM1.3b) RM2.3b (Feb-25: -RM1.5b), while deficits in trade of chemicals & chemical products expanded to -RM2.3b (Feb-25: -RM1.5b). Mining goods trade turned to surplus (+RM0.6b; Feb-25: +RM1.8b) due to increased surplus in LNG trade (+RM5b; Feb-25: +RM3.7b) and smaller deficit in trade of crude petroleum (-RM2.7b; Feb-25: -RM3.8b). Agriculture goods trade, however, recorded small deficit -RM0.3b (Feb-25: +RM0.6b) as wider deficit in other agricultural goods (-RM4.8b; Feb-25: -RM4.6b) exceeded the smaller surplus in palm oil and palm oil-based agriculture goods (+RM5b; Feb-25: +RM5.8b). We expect a continued surplus in E&E palm oil and LNG to support the sustained trade surplus, although future trade clouded by policy uncertainties.

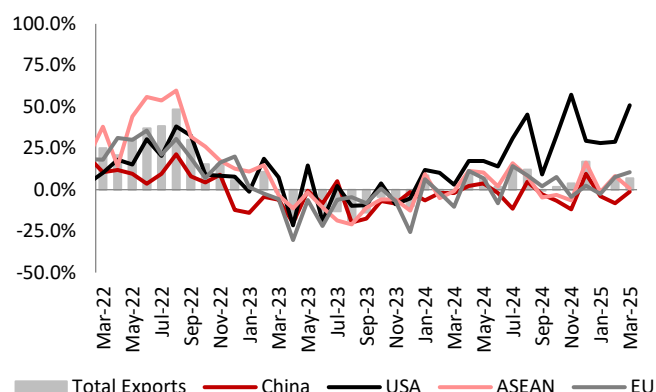
Projecting a more moderate growth in 2025. As we have revised down our growth projection, we forecast growth for both exports and imports to moderate to +2.0% (2024: +5.7%) and imports by +4.5% (2024: +13.2%), respectively, this year. This is a more moderate growth outlook as we expect the intensified trade will hurt external trade and companies will also scale down production in anticipation of a weaker demand outlook. Going forward, trade policy uncertainties, elevated price pressures, escalating geopolitical conflicts and possibility of weaker demand from key trading partners could pose significant downside risks to Malaysia's trade outlook. However, the potential impact may be eased by positive developments from the trade negotiations, particularly with planned official visit by Malaysian delegate to the US aimed at resolving tariff-related issues. As an open economy, Malaysia will also face this challenging external environment, but we continue to expect the sustained growth in domestic economic activities will remain key driver to support Malaysia's economic growth.

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



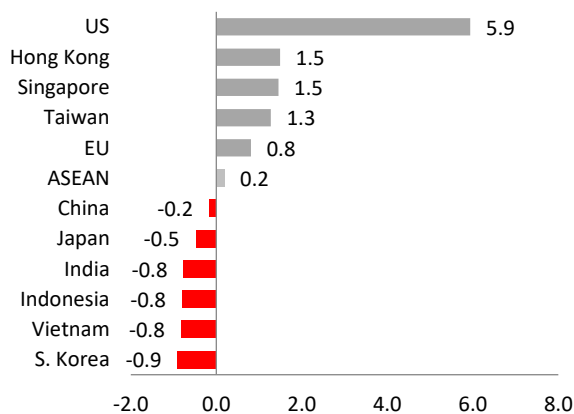
Source: MATRADE, Macrobond, MIDFR

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



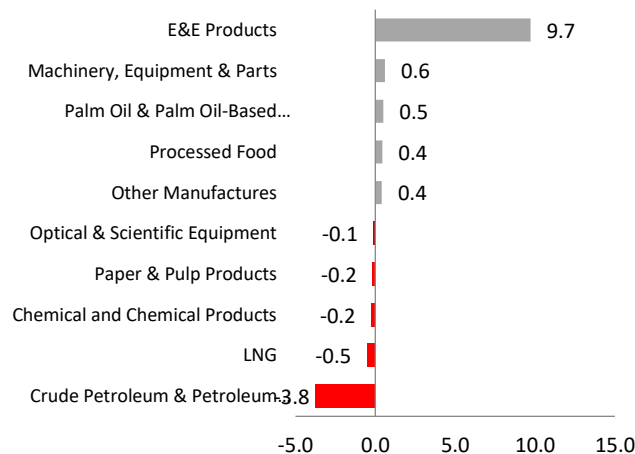
Source: MATRADE, Macrobond, MIDFR

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



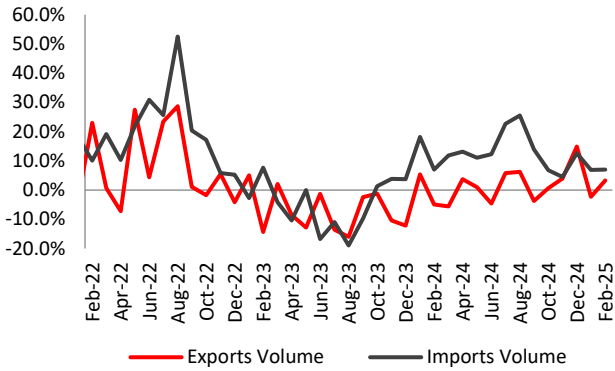
Source: MATRADE, Macrobond, MIDFR

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



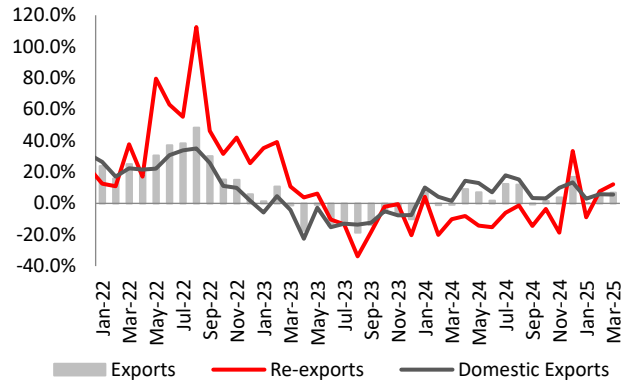
Source: MATRADE, Macrobond, MIDFR

Chart 5: Exports vs Imports Volume (YoY%)



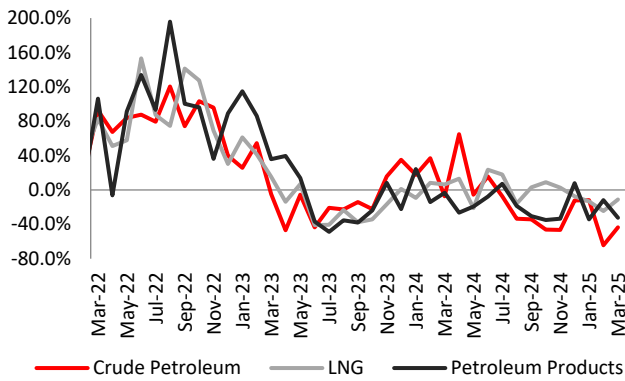
Note: The latest available trade volume data is Feb-25
Source: DOSM, Macrobond, MIDFR

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



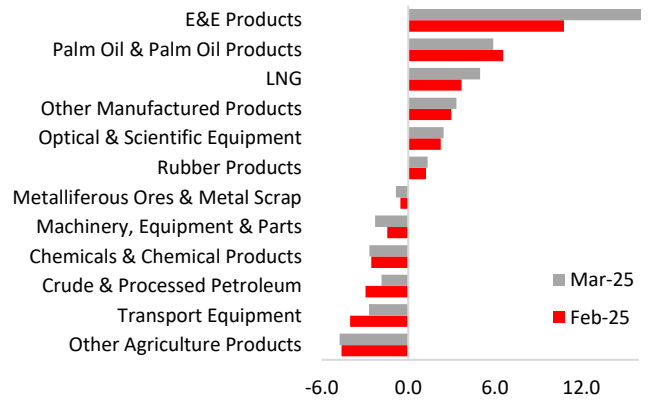
Source: MATRADE, Macrobond, MIDFR

Chart 7: Exports of Mining Goods (YoY%)



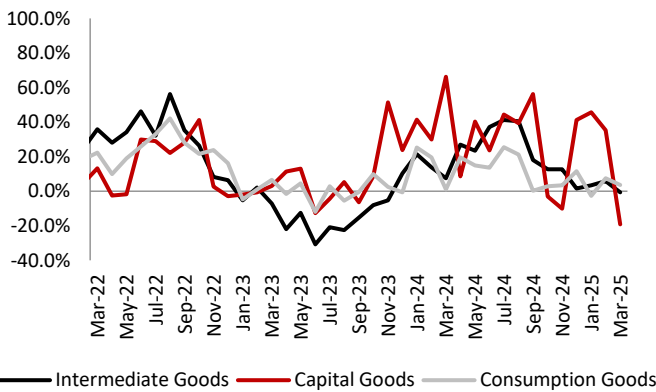
Source: MATRADE, Macrobond, MIDFR

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



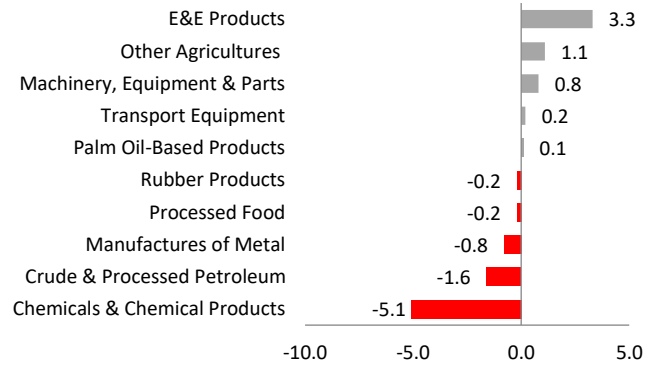
Source: MATRADE, Macrobond, MIDFR

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



Source: MATRADE, Macrobond, MIDFR

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



Source: MATRADE, Macrobond, MIDFR

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