IPI Growth Moderated in Apr-25 Due to Weaker Mining and Electricity Output

ECONOMIC REVIEW:
Apr-25 Industrial Production



Author

MIDF Research
research@midf.com.my

Economic Review

- IPI growth eased to +2.7%yoy in Apr-25. Malaysia's IPI expanded for the 16th straight month but at slower pace of +2.7%yoy in Apr-25 (Mar-25: +3.2%yoy), below our estimate (+3.1%yoy) and market forecast (+4.1%yoy). Despite stronger manufacturing production, the more moderate IPI growth was weighed down by lower mining and electricity output.
- Manufactured goods sales picked up to +4.8%yoy in Apr-25. In line with the stronger exports, sales of manufactured goods rose faster at +4.8%yoy in Apr-25 (Mar-25: +3.7%yoy), with increased sales of E&E components, computer & peripherals, consumer electronics, iron & steel, chemicals & chemical products and rubber gloves.
- IPI growth to moderate to +2.0% in 2025. With IPI growing at +2.4%yoy in the first 4 months of 2025, we maintain our forecast for IPI growth to moderate to +2.0% this year (2024: +3.7%). While export-oriented sectors will be vulnerable to external slowdown, we expect increased production in the domestic-oriented sectors on the back of growing domestic demand.

IPI growth eased to +2.7%yoy in Apr-25. Malaysia's IPI expanded for the 16th straight month but at slower pace of +2.7%yoy in Apr-25 (Mar-25: +3.2%yoy), below our estimate (+3.1%yoy) and market forecast (+4.1%yoy). In line with the stronger export performance, manufacturing output growth accelerated to +5.6%yoy (Mar-25: +4.0%yoy), the fastest expansion in 4 months underpinned by stronger production in both export- and domestic-oriented sectors. Mining and electricity output, however, posed a drag on the overall IPI growth in Apr-25. Mining output declined again by -6.9%yoy (Mar-25: +1.9%yoy) due to reduced production of crude petroleum and natural gas, while electricity generation contracted by -3.3%yoy for the 4th consecutive month on the back of reduced electricity consumption. Although we remain cautious that uncertainties from higher tariffs and tighter trade rules will negatively affect production activities, the stronger manufacturing growth indicated still limited impact on Malaysia's manufacturing sector output. Like other regional countries, Malaysia's trade sector also benefited from the temporary pause of reciprocal tariffs and frontloading by firms amid the ongoing trade talks.

Table 1: Malaysia – Summary of Industrial Production Index

	MoM%*				YoY%			
	Jan-25	Feb-25	Mar-25	Apr-25	Jan-25	Feb-25	Mar-25	Apr-25
IPI	0.2	(0.3)	1.8	(0.2)	2.1	1.5	3.2	2.7
Mining	(2.9)	(5.1)	10.6	(6.8)	(3.1)	(8.9)	1.9	(6.3)
Manufacturing	1.2	0.7	(0.1)	1.5	3.7	4.8	4.0	5.6
Electricity	(1.4)	1.0	(1.1)	0.0	(0.2)	(2.8)	(2.2)	(1.6)

* MoM is seasonally adjusted
Source: Macrobond, DOSM, MIDFR

IPI fell marginally from the previous month. On month-on-month basis, based on the seasonally adjusted data, Malaysia's industrial production fell marginally by -0.2%mom (Mar-25: +1.8%mom), primarily due to weaker mining production (-6.8%mom; Mar-25: +10.6%mom). Weaker production of crude petroleum oils and natural gas contributed to the lower mining production. Electricity generation was unchanged from Mar-25, while manufacturing output rebounded to +1.5%mom (Mar-25: -0.1%mom).

We expect some stabilization in May-25 as Malaysia's manufacturing PMI improved slightly to 48.8 (Apr-25: 48.6), attributable to the slower fall in output and new orders. In other words, we expect IPI to continue growing in line with the temporary boost to external trade. Apart from continued frontloading by companies, the truce between the US and China is another factor that will support trade and production activities in 2QCY25. However, the IPI (and trade) outlook in 2HCY25 will depend mainly on the outcome from the trade negotiations with the US.

Table 2: Changes in IPI Major Industries (YoY%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
IPI	**2.2**	**3.4**	**4.6**	**2.1**	**1.5**	**3.2**	**2.7**
Mining	**(1.9)**	**(1.4)**	**0.9**	**(3.1)**	**(8.9)**	**1.9**	**(6.3)**
Crude Petroleum	(7.8)	(5.5)	(6.5)	(10.0)	(6.7)	2.2	(0.7)
Natural Gas	2.1	1.3	5.9	1.4	(10.3)	1.8	(10.0)
Manufacturing	**3.3**	**4.6**	**5.8**	**3.7**	**4.8**	**4.1**	**2.9**
Food Products	7.9	4.8	7.3	7.6	11.6	8.8	13.2
Refined Petroleum Products	(1.0)	1.1	3.0	3.4	(0.8)	(2.6)	(3.9)
Chemicals & Chemicals Products	0.4	1.6	3.3	2.7	5.7	4.9	4.7
Rubber Products	10.9	9.8	11.9	8.6	4.3	4.2	2.9
Basic Metals	2.8	2.4	1.2	0.8	3.3	3.8	6.0
Electrical & Electronic Products	3.0	8.9	9.4	7.2	8.0	8.1	9.9
Computers & Peripheral Equipment	10.3	10.0	17.5	14.3	7.6	8.3	6.8
Machinery & Equipment	2.7	7.0	8.3	4.0	8.4	6.4	7.5
Motor Vehicles, Trailers & Semi-Trailers	(3.4)	(10.9)	(6.9)	(17.3)	(9.0)	(10.8)	(3.9)
Electricity	**1.9**	**3.9**	**3.5**	**(0.2)**	**(2.8)**	**(3.5)**	**(3.3)**

Source: Macrobond, MIDFR

Stronger production in both export- and domestic-oriented sectors. The pick-up in manufacturing output in Apr-25 was supported by increased production in the export-oriented and domestic-oriented industries. The export-oriented sectors, for example, reported stronger IPI growth of +6.4%yoy (Mar-25: +4.8%yoy), with faster output growth in E&E, oils & fats, wood & wood products and furniture sub-sectors. Output of petroleum products and textiles, however, fell further. IPI for the domestic-oriented industries also grew faster at +3.9%yoy (Mar-25: +2.3%yoy). In particular, the growth for construction-related industries picked up to +5.1%yoy, the fastest in 6 months, driven by stronger output of iron & steel, fabricated metal and non-metallic minerals. Similarly, the consumer-oriented industries reported stronger IPI growth of +3.2%yoy (Mar-25: +1.3%yoy), as companies increased production of foods, beverages and other consumer products. Meanwhile, production of motor vehicles and tobacco declined further but at a slower pace. We expect export-oriented sectors will continue increasing production, taking the opportunity to increase shipments and fulfill orders following the temporary pause of reciprocal tariffs. Production of consumer products and construction materials are expected to grow, in line with the growing domestic spending and investment activities.

Table 3: Changes in IPI for Export-Oriented Industries (YoY%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
IPI: Export-Oriented Industries	**3.3**	**5.8**	**6.8**	**5.6**	**5.7**	**4.8**	**6.4**
Computer, Electronic and Optical Products	2.9	10.2	10.1	7.9	8.4	9.0	11.1
Electrical Equipment	4.3	1.1	4.6	5.1	5.4	2.9	3.9
Chemicals and Chemical Products	0.4	1.6	3.3	2.7	5.7	4.9	4.7
Coke and Refined Petroleum Products	(1.0)	1.1	3.0	3.4	(0.8)	(2.6)	(3.9)
Vegetable & animal oils & fats	12.7	3.6	5.3	8.9	17.7	10.6	22.8
Textiles	(0.3)	0.6	2.1	(3.4)	(3.5)	(3.1)	(2.5)
Wearing Apparel	1.6	(3.7)	(1.9)	0.8	5.1	3.4	3.1
Wood and Wood Products	3.7	4.3	6.2	3.2	3.6	2.5	3.4
Furniture	4.6	2.5	3.3	(0.1)	4.3	4.0	5.2
Rubber Products	10.9	9.8	11.9	8.6	4.3	4.2	2.9

Source: DOSM, MIDFR

Table 4: Changes in IPI for Domestic-Oriented Industries (YoY%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
IPI: Domestic-Oriented Industries	**3.3**	**2.2**	**3.7**	**0.2**	**2.9**	**2.3**	**3.9**
Construction (CO)	5.1	3.6	4.0	2.7	4.3	4.0	5.1
CO: Non Metallic Mineral	5.2	2.9	3.5	1.1	2.3	3.7	4.6
CO: Iron and Steel	2.8	2.4	1.2	0.8	3.3	3.8	6.0
CO: Fabricated Metal	6.5	4.9	6.0	4.8	6.4	4.2	5.0
Consumer (CS)	2.1	1.4	3.6	(1.3)	2.0	1.3	3.2
CS: Food Products	4.5	5.6	8.5	7.0	8.6	7.8	8.2
CS: Motor Vehicles, Trailers and Semi-Trailers	(3.4)	(10.9)	(6.9)	(17.3)	(9.0)	(10.8)	(3.9)
CS: Other Transport Equipment	0.9	0.8	0.6	(3.3)	(2.0)	(1.1)	(1.2)
CS: Beverages	4.8	9.8	11.8	5.0	6.2	6.3	6.1
CS: Tobacco Products	8.4	5.2	7.5	1.6	1.4	(2.0)	(1.2)
CS: Paper and Paper Products	(1.0)	2.9	2.2	(1.7)	1.2	(0.3)	0.3
CS: Others	0.7	1.8	3.6	6.5	3.4	3.1	2.9

Source: DOSM, MIDFR

Manufactured goods sales picked up to +4.8%yoy in Apr-25. In line with the stronger exports, sales of manufactured goods rose faster at +4.8%yoy in Apr-25 (Mar-25: +3.7%yoy), the fastest growth this year and the 16th straight month of annual growth. The growth was supported by increased sales of E&E components, computer & peripherals and consumer electronics. Other products like iron & steel, chemicals & chemical products and rubber gloves also recorded higher sales compared to Apr-24. Although the value of sales dropped -2.3%mom to RM160.6b (Mar-25: RM164.3b), the seasonally adjusted data showed that total manufacturing sales rebounded to +0.9%mom (Mar-25: -0.1%mom). Products which recorded higher sales from the previous month were computers & peripheral equipment, refined petroleum products and motor vehicles. Sales of most other products were weaker than Mar-25. We expect sales to continue growing at least in the short run as firms benefited from the temporary boost from the 90-day pause in reciprocal tariffs.

Table 5: Manufacturing Sales (MoM% and YoY%)

	MoM%			YoY%		
	Feb-25	Mar-25	Apr-25	Feb-25	Mar-25	Apr-25
Manufacturing Sales	**(3.1)**	**7.3**	**(2.3)**	**4.7**	**3.7**	**4.8**
Seasonally-adjusted month-on-month change (%)	*1.2*	*(0.1)*	*0.9*	-	-	-
Refined Petroleum Products	(15.6)	3.1	7.0	(6.7)	(9.4)	(8.6)
Chemicals and Chemical Products	(6.7)	4.3	(3.8)	3.7	2.6	1.7
Rubber Gloves	(8.5)	40.8	(3.0)	12.0	10.0	5.9
Iron & Steel Products	4.5	7.4	(5.7)	(0.3)	1.1	6.8
Diodes, Transistor & Electronic Integrated Circuits Mic	16.4	24.2	(22.9)	9.3	8.4	13.4
Electrical Capacitor Resistor, Circuit Board & Display Comp	15.8	12.2	(14.8)	5.7	6.0	11.0
Computers & Peripherals Equipment	6.6	(0.7)	29.2	8.7	10.3	5.5
Consumer Electronics	11.2	25.1	(14.6)	(7.4)	6.3	8.7
Motor Vehicles	(7.3)	(5.1)	5.5	(22.2)	(22.8)	(13.1)

Source: Macrobond, DOSM, MIDFR

Global IPI continued to grow in Apr-25. Major and regional economies continued to report positive IPI growth, in contrast to the reduction in global manufacturing PMI, which dropped to 49.8 in Apr-25 (Mar-25: 50.3) because of weaker foreign orders and heightened concerns over the impact of higher tariffs. In the US, IPI grew by +1.5%yoy for the 5th straight month, backed by increased output in all major sectors, mainly manufacturing (+1.2%yoy) and utilities (+4.3%yoy). Regional countries like Taiwan, South Korea, the Philippines and Thailand reported stronger IPI growth in Apr-25. Taiwan and South Korea benefited from the frontloading following the 90-day pause in the reciprocal tariff implementation, which also boosted exports for these 2 economies. On another note, the increased in output of manufacture of basic metals was the major contributor to the IPI growth in the

Philippines. In Thailand, IPI growth was supported by increased production of food products, clothing & apparel and basc iron & steel. Similar to Malaysia, IPI rose at slower pace in India on the back of reduced output of petroleum products, pharmaceuticals and chemical products. IPI growth also moderated in Singapore, with sharper decline in general manufacturing industries and lower output in the biomedical manufacturing. We remain cautious that production outlook will continue to be constrained by the external uncertainties as shown by the further decline in the global manufacturing PMI, which fell to 49.6 in May-25. There were also some stabilizations following the temporary trade truce but concerns about rising production costs and weaker demand could hurt production in the coming months.

Table 6: IPI for Selected Economies (YoY%)

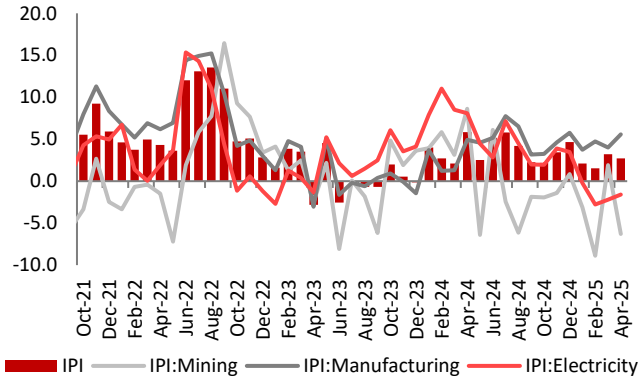
	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Malaysia	2.2	2.2	3.4	4.6	2.1	1.5	3.2	2.7
Philippines	(7.0)	(1.6)	(3.9)	(0.1)	1.8	(1.5)	(1.4)	4.3
Thailand	(3.0)	(0.1)	(3.3)	(1.8)	(1.1)	(3.9)	0.0	2.2
Singapore	9.2	1.2	10.8	5.0	5.1	0.9	6.8	5.9
S. Korea	(1.5)	6.4	(0.3)	4.4	(5.0)	6.5	4.4	4.9
Taiwan	11.7	8.8	10.4	19.8	4.9	18.2	12.8	22.3
India	3.2	3.7	5.0	3.7	5.2	2.7	3.9	2.7
Japan	(3.2)	0.8	(3.3)	(2.2)	2.2	0.1	1.0	0.7
Euro area	(2.2)	(1.1)	(2.0)	(1.8)	(0.4)	1.0	3.6	n.a.
USA	(0.7)	(0.4)	(0.9)	0.4	1.7	1.4	1.3	1.5

*n.a.: not available

Source: Macrobond, MIDFR

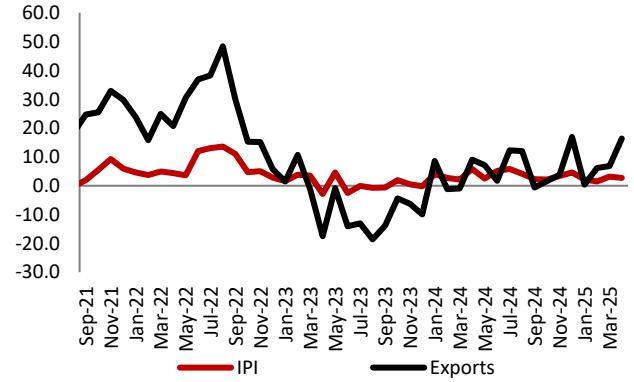
IPI growth to moderate to +2.0% in 2025. With IPI growing at +2.4%yoy in the first 4 months of 2025, we maintain our forecast for IPI growth to moderate to +2.0% this year (2024: +3.7%). Following continued uncertainties from higher tariffs and intensified trade tensions, production of export-oriented products, particularly manufactured goods, will be adversely impacted by weaker external demand and slower global manufacturing activities. Nevertheless, the frontloading and a temporary boost to trade activities could still support these vulnerable sectors which are exposed to the external slowdown. Although there could be short-term support following the US decision to pause from implementation reciprocal tariffs, encouraging progress from the ongoing trade talks will be crucial to reduce the adverse impacts of trade tensions on future demand outlook and production activities. Nevertheless, we maintain positive growth for IPI for now as we expect production, especially in the domestic-oriented sectors, to continue growing on the back of expanding domestic demand.

Chart 1: IPI Performance by Sector (YoY%)



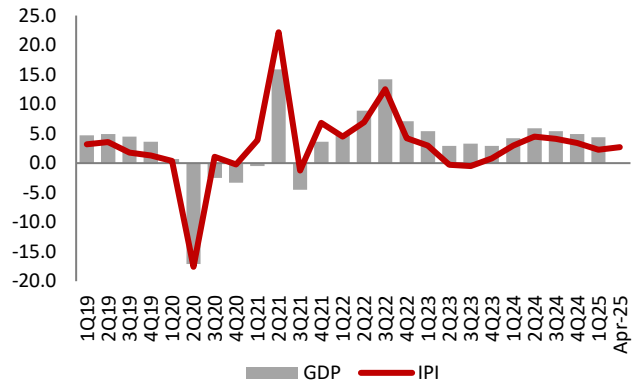
Source: Macrobond, MIDFR

Chart 2: IPI vs Exports (YoY%)



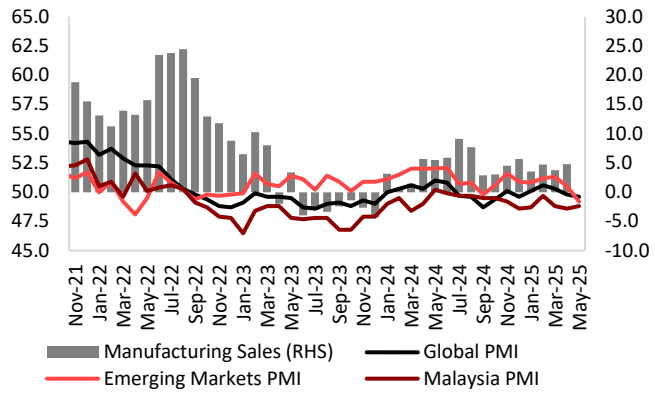
Source: Macrobond, MIDFR

Chart 3: IPI vs GDP (YoY%)



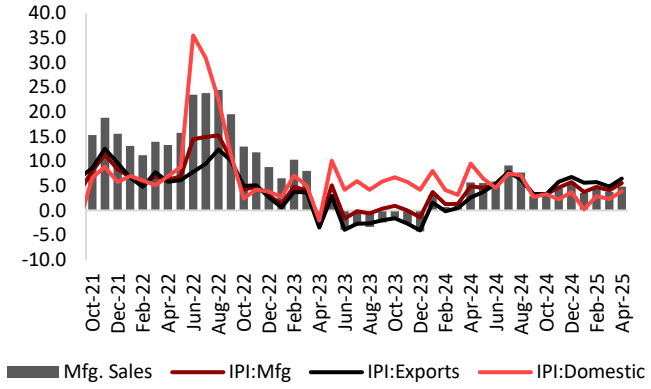
Source: Macrobond, MIDFR

Chart 4: Mfg. Sales (YoY%) vs PMI (Points)



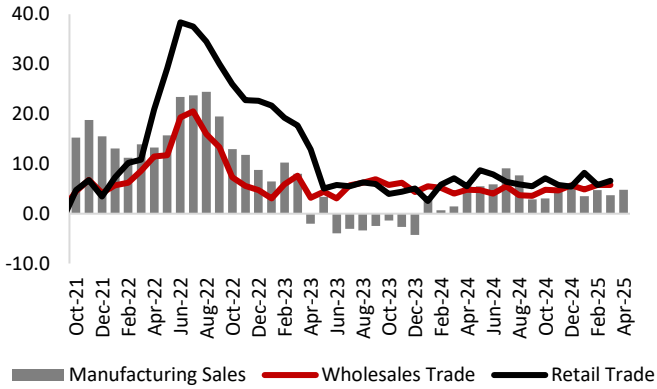
Source: Macrobond, MIDFR

Chart 5: IPI & Mfg. Sales (YoY%)



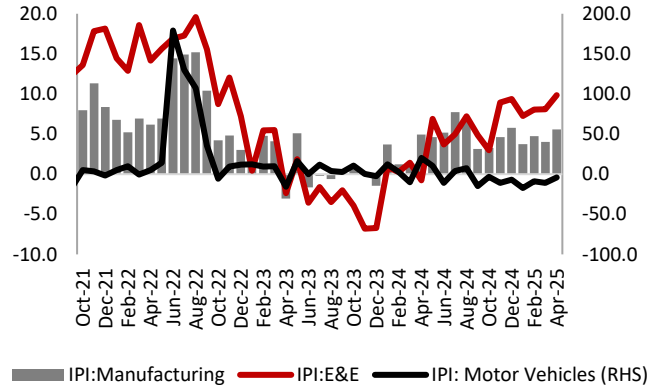
Source: Macrobond, MIDFR

Chart 6: Mfg. Sales vs. Wholesale & Retail Trade (YoY%)



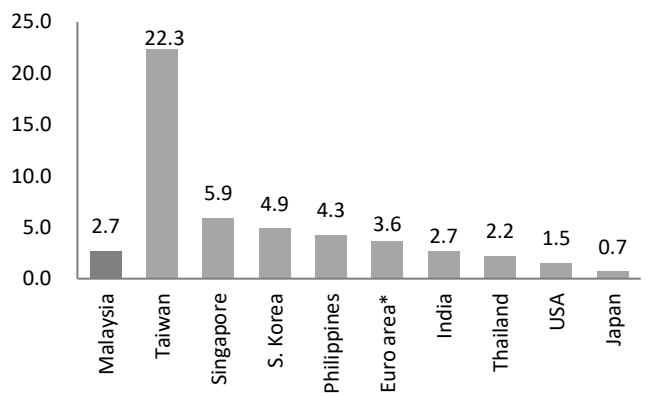
Source: Macrobond, MIDFR

Chart 7: IPI: Mfg. vs IPI: Motor Vehicles & IPI: E&E (YoY%)



Source: Macrobond, MIDFR

Chart 8: Global IPI in Apr-25 (YoY%)



* refers to the latest available data for Mar-25
Source: Macrobond, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad
197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.