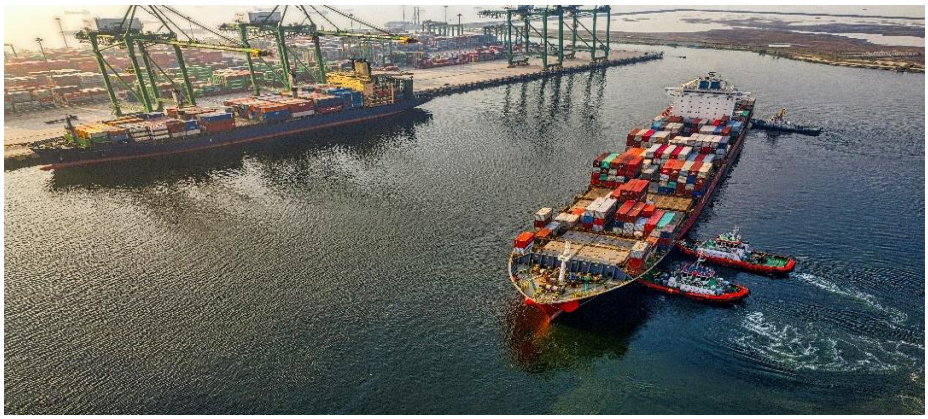
Malaysia's External Trade Cools as US Tariff Adjustment Begins in Aug-25

Economic Review
Aug-25 External Trade



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- Malaysia's total trade fell by -1.9%yoy in Aug-25 (Jul-25: +3.6%yoy), reversing growth seen in the previous month and marking the second decline for the year. The weaker trade performance stemmed from the decrease in imports (-5.9%yoy; Jul-25: +0.6%yoy), marking the lowest reading since Sep-23, and the moderation in exports (+1.9%yoy; Jul-25: +6.5%yoy).
- By destination, exports to China accelerated to +10.4%yoy (Jul-25: +6.1%yoy), the fastest growth since Aug-22, while exports to Singapore moderated sharply to +2.7%yoy (Jul-25: +22.2%yoy) following last month's double-digit surge. In contrast, exports to the US fell sharply by -16.7%yoy (Jul-25: +3.8%yoy), the weakest performance since Jun-23.
- By sector, growth in manufacturing exports (share: 87% of total exports) moderated to +1.7%yoy (Jul-25: +9.0%yoy), marking two straight months of expansion. The moderate growth stemmed from slower E&E exports (+10.1%yoy; Jul-25: +22.5%yoy), attributable to the softer growth in shipments of semiconductors (+14.4%yoy; Jul-25: +29.7%yoy).
- We continue to forecast export growth to moderate to +2.0% in 2025 (2024: +5.7%) and import growth to ease to +4.5% (2024: +13.2%), a more cautious outlook amid a challenging global trade environment following the rollout of tariffs by the US. The 19% US tariff on Malaysia's exports is expected to weigh on trade in 2HCY25, with softer demand from key partners—particularly the US.

Trade contracted in Aug-25 amid weaker imports and softer exports

Malaysia's total trade fell by -1.9%yoy in Aug-25 (Jul-25: +3.6%yoy), reversing growth seen in the previous month and marking the second decline for the year. The weaker trade performance stemmed from the decrease in imports (-5.9%yoy; Jul-25: +0.6%yoy), marking the lowest reading since Sep-23, and the moderation in exports (+1.9%yoy; Jul-25: +6.5%yoy). Softer export growth, which is below ours and market expectations of +3.0%yoy, was supported by moderation but still double-digit growth in re-exports (+22.6%yoy; Jul-25: +41.9%yoy), in contrast to continued contraction in domestic exports for the 4th consecutive month (-2.5%yoy; Jul-25: -2.3%yoy). Increased shipments of E&E products; machinery, equipment & parts as well; and a rebound in palm oil exports more than offset the continued declines in exports of LNG, crude petroleum and petroleum products. In 8MCY25, total trade expanded slower by +3.8%yoy (8MCY24: +10.9%yoy), with the overall value reaching nearly RM2.0tril. During this period, exports growth also eased to +3.9%yoy (8MCY24: +6.0%yoy) reaching RM1.0t, still outpacing the sharper moderation in imports which rose by +3.6%yoy (8MCY24: +16.7%yoy) to nearly RM0.95t. Consequently, the trade surplus widened to +RM86.1b (8MCY24: +RM80.2b).

Trade surplus widened to 5-month high

On a month-on-month basis, exports contracted by -6.0%mom (Jul-25: +15.2%mom) while imports declined at sharper pace by -8.0%mom (Jul-25: +10.9%mom), with both contracting after a double-digit surge in the prior month. The steeper drop in imports widened the trade surplus to +RM16.1b (Jul-25: +RM14.6b; Aug-24: +RM6.3b), the highest in five months. Despite persistent weakness in mining exports, Malaysia continued to record trade surplus, benefiting from sustained global demand for E&E and technology products, supported by the ongoing technology upcycle.

China, Taiwan and EU drive export gains; US and ASEAN weaken

By destination, exports to China accelerated to +10.4%yoy (Jul-25: +6.1%yoy), the fastest growth since Aug-22, while exports to Singapore moderated sharply to +2.7%yoy (Jul-25: +22.2%yoy) following last month's double-digit surge. In contrast, exports to the US fell sharply by -16.7%yoy (Jul-25: +3.8%yoy), the weakest performance since Jun-23, as shipments were curbed by tariff effects as shown by the significant decline seen for E&E products (-21.1%yoy) and other manufactures (-43.6%yoy). Meanwhile, exports to Taiwan continued to be resilient with double-digit growth of +32.7%yoy; (Jul-25: +46.6%yoy), bolstered by sustained demand for E&E products (+48.3%yoy) and machinery, equipment & parts (+81.5%yoy). On the other hand, exports to major regions posted a mixed performance. Shipments to the EU rose faster by +9.7%yoy in Aug-25 (Jul-25: +5.7%yoy) with rebound in demand for palm oil & palm oil-based agriculture products (+31.6%yoy). Exports to ASEAN expanded slower at +3.8%yoy (Jul-25: +8.4%yoy), with significant slowdown in outbound shipments to Singapore. Nonetheless, sustained growth was supported by higher shipments to Thailand (+20.7%yoy), Vietnam (+31.3%yoy) and Cambodia (+140.3%yoy). Overall, exports to the EU and ASEAN were driven by strong E&E and optical & scientific equipment shipments.

Resilient exports ahead, but us tariffs remain key risk

Looking ahead, we expect exports to key markets to remain resilient despite US tariff implementation, supported by steady demand for E&E products in line with the global tech upcycle. Nevertheless, tariffs on Malaysia pose a significant downside risk, particularly to shipments bound for the US, as reflected in the Aug-25 decline—a trend that is likely to persist. At the same time, China's subdued domestic demand continues to cloud the trade outlook, although recent government stimulus measures could help bolster growth. Going forward, strengthening bilateral trade ties and diversifying export markets will be crucial to offset potential US demand weakness and mitigate the adverse effects of tariff measures on exporters.

Manufacturing moderated as E&E growth softens; palm oil provides lift

By sector, growth in manufacturing exports (share: 87% of total exports) moderated to +1.7%yoy (Jul-25: +9.0%yoy), marking two straight months of expansion. The moderate growth stemmed from slower E&E exports (+10.1%yoy; Jul-25: +22.5%yoy), attributable to the softer growth in shipments of semiconductors (+14.4%yoy; Jul-25: +29.7%yoy). Nonetheless, automatic data processing equipment surged by +44.1%yoy (Jul-25: +17.4%yoy). Mining goods recorded a slower contraction of -2.4%yoy during the month (Jul-25: -4.3%yoy) due to the slower decline in LNG exports (-2.6%yoy) and the surge in metalliferous ores & metal scrap (+47.4%yoy). Weak petroleum exports (both crude and processed products) continued to be a drag on the mining export performance. Meanwhile, agricultural exports picked up by +4.5%yoy (Jul-25: -8.6%yoy), led by palm oil and palm oil-based agriculture products (+9.7%yoy; Jul-25: -12.1%yoy), supported by strong demand from India. Likewise, the exports of palm oil-based manufactured products recorded sustained growth of +7.9%yoy, contributing to the rebound in the overall palm oil exports by +9.1%yoy (Jul-25: -3.6%yoy). Although the recent improvement in palm oil exports was attributable to the price effects, the sustainability of the growth momentum will be influenced by the stability of demand from major markets, apart from price competitiveness. The tech sector stands to benefit from sustained demand supported by the ongoing global tech upcycle. While Malaysia's E&E industry gains temporary relief from US tariff exemptions on semiconductors, weak shipments to the US suggest that broader tariffs have dampened demand. Moreover, risks remain as the semiconductor tariff waiver is only provisional and subject to review.

Imports record sharpest fall since 2023 amid weak intermediate and consumption goods

Imports growth posted a steep fall of -5.9%yoy in Aug-25 (Jul-25: +0.6%yoy), the sharpest contraction since Sep-23. The decline was dragged by the sustained decrease in intermediate goods (-16.8%yoy; Jul-25: -17.8%yoy) and sharper fall in consumption goods imports (-8.9%yoy; Jul-25: -4.9%yoy). Meanwhile, capital goods import moderate albeit maintaining a double-digit growth of +11.0%yoy (Jul-25: +20.3%yoy), supported by inbound shipment of transport equipment. By sector, the growth in imports of manufactured goods (share: 87% of total imports) fell by -3.0%yoy (Jul-25: +1.5%yoy) with declines in E&E products (-1.2%yoy), petroleum products (-8.7%yoy) and chemicals (-16.3%yoy). Likewise,

imports of agriculture goods contracted sharply by -20.3%yoy (Jul-25: -11.6%yoy), due to lower inbound shipments of other agricultures segment (-28.1%yoy). Nonetheless, palm oil & palm oil-related imports posted a robust growth of +98.1%yoy. Looking ahead, the fall in imports, led by sustained weakness in intermediate and consumption goods, underscores subdued demand for imported goods and materials amid concerns over the demand outlook, particularly foreign demand. The contraction in E&E and petroleum-related imports points to cautious industrial momentum. On a brighter note, resilient capital goods growth signals resilience in domestic investment activity.

Export rebound in Jul-25 driven by higher volumes

Based on the latest data as of Jul-25, the rise in exports by +6.5%yoy (Jun-25: -3.6%yoy) was primarily bolstered by the rebound in export volume (+6.0%yoy; Jun-25: -3.5%yoy), mainly for machinery & transport equipment and manufactured goods. Export prices also edged up but only by +0.8%yoy, from an unchanged reading in the previous month. Meanwhile, the moderation in imports to +0.6%yoy in Jul-25 (Jun-25: +1.3%yoy) was due to the slower rise in import volume (+4.9%yoy; Jul-25: +5.8%yoy), with reduction in products such as foods; beverages & tobacco; manufactured goods and chemicals. Import prices also contributed negatively, falling further by -4.1%yoy (Jun-25: -4.3%yoy), deflating for the 11th consecutive months resulting from falling import prices for lubricants & related materials, chemicals, and machinery & transport equipment.

Overall trade surplus widened despite lower surplus in E&E trade

Trade surplus widened further to +RM16.1b in Aug-25 (Jul-25: +RM14.6b), as the decline in exports (-6.0%mom) was still slower than the fall in imports, which dropped by -8.0%yoy. By sector, the higher surplus reflects: (a) the wider surpluses in trade of palm oil & palm oil-based products (+RM9.0b; Jul-25: +RM8.5b), optical & scientific equipment (+RM3.0b; Jul-25: +RM2.1b) and other manufactured products (+RM2.7b; Jul-25: +RM1.9b), and (b) smaller deficit in trade of machinery, equipment & parts (-RM3.2b; Jul-25: -RM4.0). This more than offset the smaller surplus in trade of E&E products (+RM12.6b; Jul-25: +RM14.8b) and larger trade deficit in transport equipment (-RM4.0b; Jul-25: -RM3.2b). Overall, E&E, palm oil and LNG remained the 3 major products contributing to Aug-25 trade surplus. Sustained surplus in E&E trade indicates Malaysia continued to benefit from the global trade upcycle. In addition, continued exports of LNG and palm oil products will also contribute to higher trade surplus, which will be largely subject to the stability of foreign demand. The upcoming festive season, for example, could drive demand for palm oil from major market like India. While additional tariffs could result in reduced trade surplus with the US, sustained rise in imports of capital goods could also limit the widening of overall trade surplus in the coming months as strong investment could drive more purchases of data centre-related equipment.

Maintain moderate external trade growth in 2025

We continue to forecast export growth to moderate to +2.0% in 2025 (2024: +5.7%) and import growth to ease to +4.5% (2024: +13.2%), a more cautious outlook amid a challenging global trade environment following the rollout of tariffs by the US. The 19% US tariff on Malaysia's exports is expected to weigh on trade in 2HCY25, with softer demand from key partners—particularly the US. While E&E exports are likely to remain resilient, supported by the global tech upcycle, persistent weakness in mining exports will continue to drag overall performance. Looking ahead, potential tariffs on semiconductors pose an additional risk, underscoring the need for Malaysia to diversify export markets and strengthen bilateral ties with other countries to cushion the impact. Against these external headwinds, resilient domestic consumption will remain a critical anchor for Malaysia's economic growth.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	8M2024	8M2025
Exports (RM b)	**137.3**	**133.5**	**126.6**	**121.5**	**140.1**	**131.6**	**992.7**	**1031.7**
YoY%	6.8	16.4	(1.1)	(3.6)	6.5	1.9	6.0	3.9
MoM%	16.1	(2.8)	(5.2)	(4.0)	15.2	(6.0)		
Imports	**112.5**	**128.4**	**125.9**	**113.1**	**125.5**	**115.5**	**912.6**	**945.6**
YoY%	(2.9)	20.0	6.6	1.3	0.6	(5.9)	16.7	3.6
MoM%	6.5	14.1	(2.0)	(10.1)	10.9	(8.0)		
Total Trade	**249.8**	**261.9**	**252.5**	**234.7**	**265.5**	**247.1**	**1905.3**	**1977.3**
YoY%	2.2	18.1	2.6	(1.3)	3.6	(1.9)	10.9	3.8
MoM%	11.6	4.8	(3.6)	(7.0)	13.1	(6.9)		
Trade Balance	**24.7**	**5.1**	**0.8**	**8.4**	**14.6**	**16.1**	**80.2**	**86.1**
YoY%	94.4	(33.7)	(92.4)	(41.4)	115.2	153.8	-48.5	7.4
MoM%	96.0	(79.3)	(85.2)	1006.0	73.8	10.4		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	8M2024	8M2025
Re-exports (RM b)	**27.4**	**33.5**	**25.8**	**26.4**	**37.0**	**28.0**	**191.4**	**224.8**
YoY%	12.1	45.9	16.1	3.4	41.9	22.6	-9.0	17.4
MoM%	28.4	22.4	(23.1)	2.5	40.0	(24.5)		
Domestic Exports (RM b)	**109.9**	**100.0**	**100.8**	**95.1**	**103.0**	**103.6**	**801.3**	**806.9**
YoY %	5.5	9.0	(4.7)	(5.4)	(2.3)	(2.5)	10.3	0.7
MoM%	13.4	(9.0)	0.9	(5.7)	8.4	0.6		
Intermediate (RM b)	**58.9**	**58.2**	**65.2**	**60.3**	**56.8**	**60.2**	**503.6**	**479.1**
YoY%	(0.6)	(1.7)	(4.3)	(0.9)	(17.8)	(16.8)	26.1	-4.9
MoM%	0.4	(1.3)	12.0	(7.5)	(5.7)	6.0		
Capital (RM b)	**13.0**	**23.5**	**22.7**	**14.4**	**18.2**	**15.7**	**106.2**	**141.3**
YoY%	(19.4)	113.9	63.2	20.2	20.3	11.0	35.9	33.0
MoM%	(5.7)	80.6	(3.8)	(36.3)	25.9	(13.4)		
Consumption (RM b)	**9.7**	**9.7**	**10.1**	**9.4**	**10.4**	**9.4**	**78.6**	**77.9**
YoY%	3.7	(0.4)	(0.8)	1.6	(4.9)	(8.9)	17.3	-0.9
MoM%	7.4	(0.2)	4.0	(6.9)	10.9	(9.8)		

Source: MATRADE, Macrobond, MBSBR

Table 3: Malaysia Exports by Key Country / Region (YoY%)

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
China	(1.3)	2.1	(4.3)	(9.3)	6.1	10.4
US	50.8	45.6	16.1	4.7	3.8	(16.7)
Japan	(7.9)	6.8	(25.8)	(1.6)	0.1	(15.4)
Taiwan	31.0	44.7	41.4	14.2	46.6	32.7
India	(18.8)	6.1	(10.9)	4.4	(2.0)	12.7
Hong Kong	25.9	(1.9)	4.6	1.8	(11.8)	(5.5)
Australia	3.8	18.2	1.2	(9.5)	(1.5)	1.6
EU	9.7	5.8	6.0	4.6	5.7	9.7
ASEAN	0.4	18.3	(11.0)	(14.0)	8.4	3.8
Singapore	9.7	26.1	(18.0)	(16.9)	22.2	2.7
Thailand	5.0	19.9	15.9	(13.4)	4.4	20.7
Indonesia	(21.7)	17.2	(6.0)	(6.6)	(11.0)	(23.2)

Vietnam	(20.1)	9.7	1.8	(6.9)	(4.7)	31.3
Philippines	26.2	(8.3)	(24.2)	(2.6)	(21.8)	(16.4)

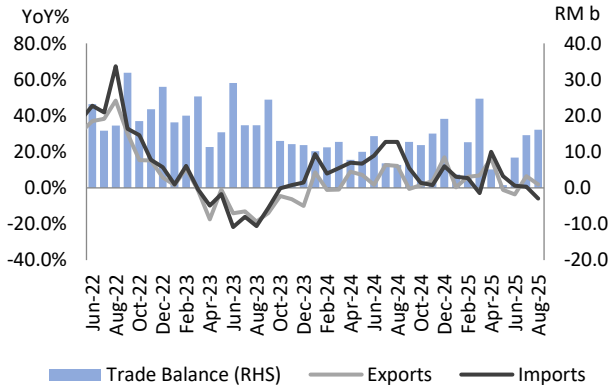
Source: Macrobond, MBSBR

Table 4: Malaysia's Exports by Major Products (YoY%)

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
E&E	25.4	35.4	7.1	1.3	22.5	10.1
Machinery, Equipment & Parts	10.4	31.0	15.4	15.5	15.6	14.5
Optical & Scientific Equipment	(2.3)	14.0	(4.6)	1.4	8.9	14.7
Palm oil & palm oil-based products	8.3	8.2	8.9	18.5	(3.6)	9.1
Crude Petroleum	(43.2)	(8.7)	(28.5)	(49.7)	(1.2)	(28.8)
Petroleum Products	(32.5)	(9.3)	(28.6)	(28.1)	(27.2)	(17.6)
LNG	(11.0)	6.7	(42.2)	(26.5)	(7.2)	(2.6)
Rubber products	8.7	3.4	(6.6)	(20.6)	(4.8)	(18.5)
Transport equipment	(30.3)	31.3	3.9	3.2	8.7	1.8

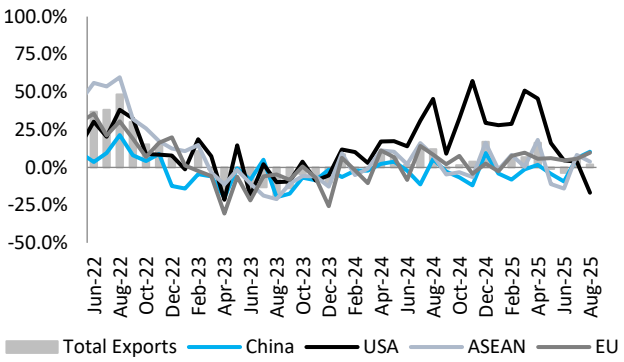
Source: Macrobond, MBSBR

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



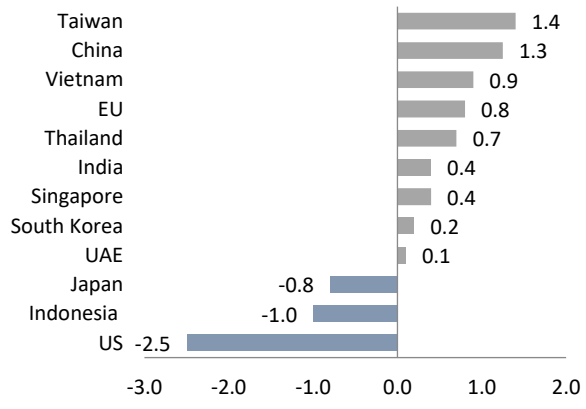
Source: MATRADE, Macrobond, MBSBR

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



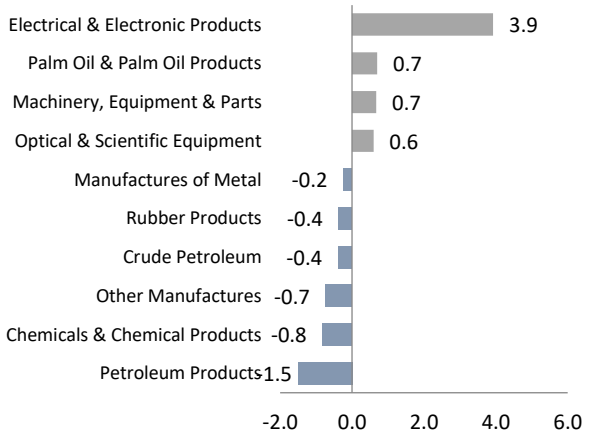
Source: MATRADE, Macrobond, MBSBR

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



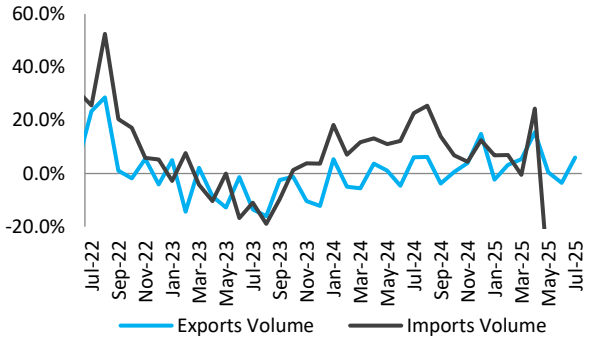
Source: MATRADE, Macrobond, MBSBR

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



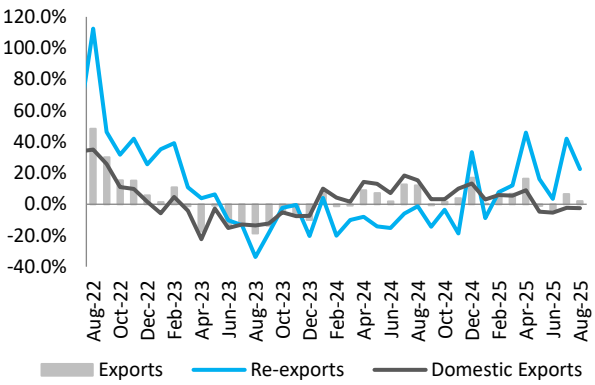
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



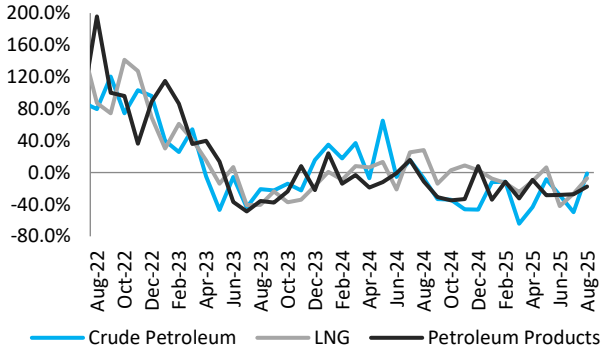
Note: The latest available trade volume data is Jul-25
Source: MATRADE, DOSM, MBSBR

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



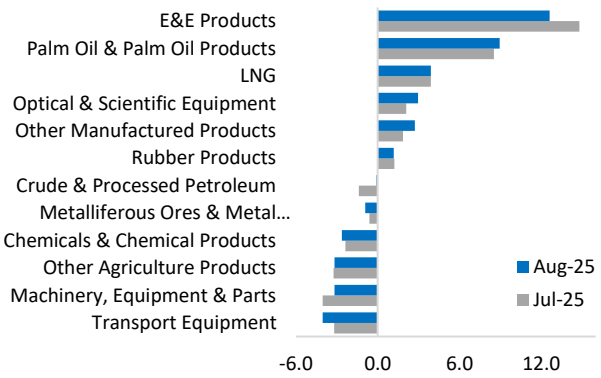
Source: MATRADE, DOSM, MBSBR

Chart 7: Exports of Mining Goods (YoY%)



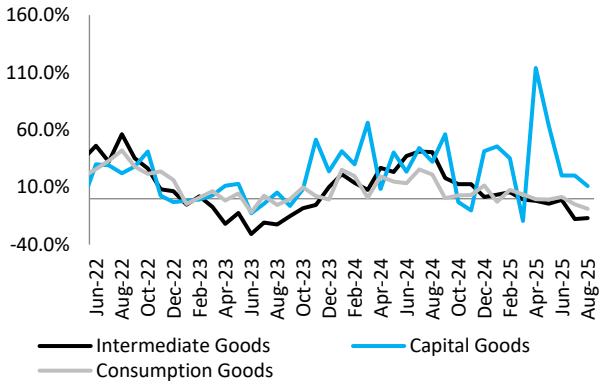
Source: MATRADE, Macrobond, MBSBR

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



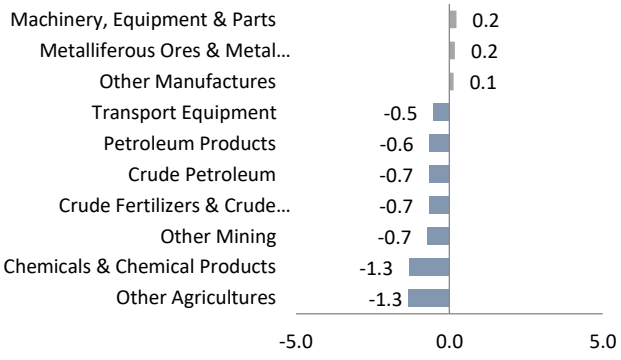
Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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