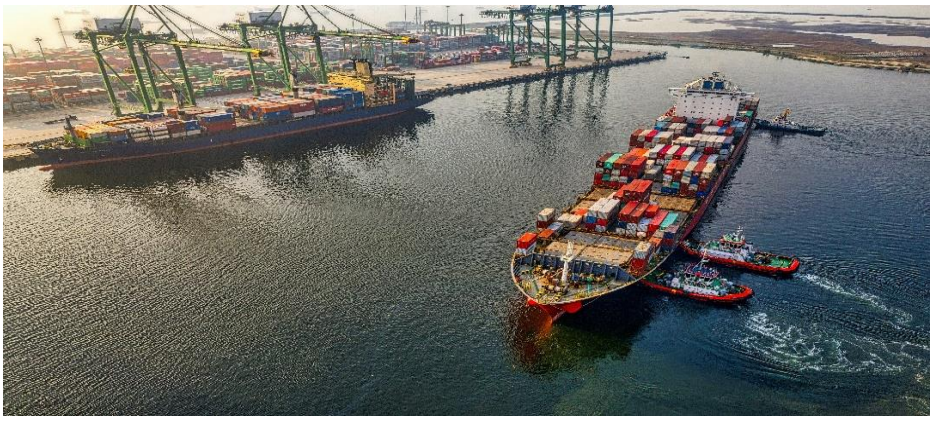
Malaysia's External Trade Strengthened, Defying Tariff Pressures

Economic Review
Sep-25 External Trade



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Economic Review

- Malaysia's total trade expanded by +9.8%yoy in Sep-25 (Aug-25: -2.0%yoy), rebounding from the decline in the previous month and marking the fastest growth since Apr-25. The stronger trade stemmed from higher exports (+12.2%yoy; Aug-25: +1.7%yoy), and the rebound in imports (+7.3%yoy; Aug-25: -5.9%yoy).
- By sector, growth in manufacturing exports (share: 87% of total exports) accelerated by +12.5%yoy (Jul-25: +1.7%yoy), recovering from the previous month's sharp moderation. This was attributable to higher export growth seen for E&E exports (+19.5%yoy), machinery (+14.7%), optical and scientific products (+16.7%yoy).
- Imports rebounded by +7.3%yoy in Sep-25 (Aug-25: -5.6%yoy), marking the fastest expansion since Apr-25. The improvement was driven by higher imports of capital goods (+9.3%yoy) and consumption goods (+5.1%yoy). Growth in capital goods was supported by stronger shipments of transport and data centre-related equipment.
- For now, we maintain our forecast for export growth to moderate to +2.0% in 2025 (2024: +5.7%) and import growth to ease to +4.5% (2024: +13.2%), reflecting a more cautious outlook amid a challenging global trade environment following the rollout of US tariffs.

Trade expanded in Sep-25 with exports surging by double-digit

Malaysia's total trade expanded by +9.8%yoy in Sep-25 (Aug-25: -2.0%yoy), rebounding from the decline in the previous month and marking the fastest growth since Apr-25. The stronger trade stemmed from higher exports (+12.2%yoy; Aug-25: +1.7%yoy), and the rebound in imports (+7.3%yoy; Aug-25: -5.9%yoy). The surge in exports was attributable to the acceleration in re-exports (+46.1%yoy; Aug-25: +22.6%yoy), marking three consecutive months of double-digit growth. Meanwhile domestic exports rose by +4.2%yoy (Aug-25: -2.8%yoy), recovering from three straight months of decline. Sector-wise, there was higher growth in shipments of E&E, machinery, optical and scientific products, which offset the moderation in palm oil exports and the declines in exports of LNG and crude petroleum. In 3QCY25, total trade expanded slower by +3.7%yoy (2QCY25: +6.1%yoy), with the overall value reaching nearly RM769.8 billion. During this period, export growth strengthened to +6.7%yoy (2QCY25: +3.3%yoy) reaching RM410.0b, outpacing the steeper moderation in imports which only grew by +0.4%yoy (2QCY25: +9.0%yoy) to nearly RM359.8b. Consequently, the trade surplus widened to +RM50.3b (2QCY25: +RM14.3b; 3QCY24: +RM26.0b), signaling positive contribution to GDP growth from higher trade of goods.

Trade surplus widened to 6-month high

On a month-on-month basis, exports rose by +5.6%mom in Sep-25 (Aug-25: -6.2%mom) while imports grew softer by +2.9%mom (Aug-25: -8.0%mom), reversing the decline seen in the prior month. The faster rise in exports widened the trade surplus to +RM19.6b (Aug-25: +RM15.8b; Aug-24: +RM12.8b), the highest in six months. Despite continued weakness in mining exports, Malaysia maintained a healthy trade surplus, driven by firm global demand for electrical and electronic (E&E) and technology-related products. The ongoing technology upcycle continued to underpin export performance and offset softness in commodity shipments.

Manufacturing improved as E&E exports strengthened

By sector, growth in manufacturing exports (share: 87% of total exports) accelerated by +12.5%yoy (Jul-25: +1.7%yoy), recovering from previous month's sharp moderation. This was attributable to higher export growth seen for E&E exports (+19.5%yoy), machinery (+14.7%), optical and scientific products (+16.7%yoy), all of which driven by strong AI-related demand. The rise in the E&E segment was led by semiconductors (+20.8%yoy; Aug-25: 14.4%yoy) and telecommunication parts (+24.7%yoy; Aug-25: -0.5%yoy). This suggests another front-loading of semiconductor shipments in anticipation of proposed tariff hike on the sector by the Trump administration.

Mining and agricultural exports strengthen on firm commodity demand

Mining exports rebounded, expanding by +4.3%yoy in Sep-25 (Aug-25: -2.4%yoy), driven by a sharp surge in metalliferous ores and metal scrap, which soared nearly fourfold to +163.1%yoy (Aug-25: +47.4%yoy). The increase was supported by strong Chinese demand, underpinned by robust copper needs from its fast-growing electric vehicle (EV) industry. Meanwhile, exports of petroleum condensates and other petroleum oils also accelerated sharply by +687.7%yoy (Aug-25: +184.9%yoy), helping offset declines in LNG (-13.2%yoy) and crude petroleum, both of which were weighed down by lower prices despite higher export volumes. Agricultural exports edged up by +6.5%yoy (Aug-25: +4.5%yoy), led by other vegetable oil (+24.3%yoy) and palm oil and palm oil-based agriculture products (+8.6%yoy) due to strong demand from India ahead of Deepavali festivities. Likewise, the exports of palm oil-based manufactured products recorded higher double-digit growth of +27.4%yoy.

US and Singapore drove export rebound

By destination, exports to the US rebounded strongly by +24.4%yoy, from -16.7%yoy fall in Aug-25 which was the weakest performance since Jun-23. The rebound in US demand was led by double-digit gains in E&E products (+23.3%yoy), optical and scientific equipment (+40.6%yoy), and machinery (+40.8%yoy). Exports to Singapore also surged by +28.0%yoy (Aug-25: +2.7%yoy), driven mainly by higher E&E shipments (+54.6%yoy). The surge in E&E exports to the US and Singapore likely reflects early semiconductor front-loading ahead of Trump's proposed tariff hike. Meanwhile, exports to China moderated to +2.9%yoy (Aug-25: +10.4%yoy), supported by a sharp rise in metalliferous ores and metal scrap (+575.3%yoy) vis-à-vis lower E&E exports (-10.4%yoy). Malaysia's exports to Taiwan also slowed to +8.6%yoy (Aug-25: +32.7%yoy), weighed down by weaker demand for E&E products (-0.6%yoy).

Stronger exports to ASEAN and EU

Exports to major regions also improved. Shipments to ASEAN accelerated by +19.2%yoy in Sep-25 (Aug-25: +3.8%yoy), supported by stronger exports to Singapore, though growth to Thailand (+13.2%yoy) and Vietnam (+25.5%yoy) moderated. Similarly, exports to the EU rose at a faster pace of +19.7%yoy (Jul-25: +9.7%yoy), driven by higher demand for palm oil and palm oil-based agricultural products (+38.8%yoy) as well as palm oil-based manufactured goods (+53.4%yoy). Overall, stronger exports to the EU and ASEAN reflected firm demand for E&E and optical & scientific equipment.

Global tech upswing supports exports, but tariff risks persist

While the recent rebound in palm oil exports was largely price-driven, sustaining growth will hinge on stable demand from key markets and maintaining price competitiveness against other vegetable oils. The tech sector continues to benefit from the global upcycle, though Malaysia's E&E exports face mixed prospects. Temporary US tariff exemptions offer some relief, with early signs of semiconductor front-loading, but the waiver remains provisional and subject to review. Looking ahead, exports to major markets are expected to remain resilient, supported by firm E&E demand amid the ongoing tech upcycle. Nevertheless, potential US tariff actions present a key downside risk. Meanwhile, China's subdued domestic demand and intensifying trade frictions continue to cloud the outlook, tempering hopes for a sustained recovery in external demand. Strengthening trade partnerships and diversifying export markets will be crucial to mitigate the impact of weaker US demand and tariff-related headwinds.

Imports rebounded on higher demand for capital and consumption goods

Imports rebounded by +7.3%yoy in Sep-25 (Aug-25: -5.6%yoy), marking the fastest expansion since Apr-25. The improvement was driven by higher imports of capital goods (+9.3%yoy) and consumption goods (+5.1%yoy). Growth in capital goods was supported by stronger shipments of transport and data centre-related equipment. Meanwhile, intermediate goods contracted at a slower pace of -7.6%yoy (Aug-25: -16.8%yoy). By sector, imports of manufactured goods, accounting for 87% of total imports, rebounded to +6.1%yoy (Aug-25: -3.0%yoy), with double-digit growth in E&E products (+12.1%yoy) and machinery (+11.1%yoy). Imports of agricultural goods also turned to positives, growing at +4.6%yoy (Aug-25: -2.9%yoy) led by a surge in palm oil and palm oil–based agriculture products (+253.5%yoy). Meanwhile, imports of mining goods jumped by +23.8%yoy (Aug-25: -19.7%yoy), boosted by higher inflows of crude petroleum (+37.0%yoy) and metalliferous ores and metal scrap (+52.3%yoy).

Import trends point to firm industrial and investment activity

Looking ahead, the rise in imports, driven by higher demand for capital and consumption goods, signals improving appetite for imported inputs and materials, despite concerns over a potentially weaker, tariff-induced demand outlook. The expansion in E&E and machinery-related imports suggests a gradual strengthening in industrial activity and production capacity. On a positive note, the sustained growth in capital goods imports points to continued resilience in domestic investment, particularly in the data centre segment, which continues to benefit from the ongoing global technology upcycle.

Exports moderate on weaker volumes, imports contract on price declines

Based on the latest trade data of Aug-25, the moderation in export growth to +1.7%yoy (Jul-25: -6.5%yoy) was due to softer export volumes (+0.2%yoy; Jul-25: +5.7%yoy), with declines in miscellaneous transactions and commodities; beverages and tobacco; and food products. Export prices, however, inflated by +1.7%yoy (Jul-25: +0.8%yoy), marking the highest increase since Feb-25. Meanwhile, imports fell by -5.9%yoy in Aug-25 (Jul-25: +0.6%yoy), with import prices have been falling for the 12th straight month (-3.7%yoy; Jul-25: -4.1%yoy), due mainly to lower prices for lubricants, chemicals, and machinery & transport equipment. Import volumes also declined by -2.3%yoy in Aug-25 (Jul-25: +4.9%yoy), dragged by reduced shipments of food, beverages and tobacco; manufactured goods; and miscellaneous commodities.

Wider trade surplus mainly thanks to E&E trade

Trade surplus widened again to +RM19.9b in Sep-25 (Aug-25: +RM15.8b), supported by the stronger monthly increase in exports (+5.6%mom) relative to the import growth (+2.9%). Looking at the trade balance by sector, the higher surplus was mainly attributable to the larger surplus in E&E trade (+RM19.4b; Aug-25: +RM12.6b). The mining sector, however, recorded larger deficit of -RM3.3b (Aug-25: -RM0.3b) due to wider deficit in crude petroleum, which more than doubled to -RM5.2b (Aug-25: -RM2.4b) and lower surplus in LNG (+RM3.1b; Aug-25: -RM3.9b). Imports of crude petroleum and LNG both jumped by The deficit in the mining trade could have been bigger but limited by the turnaround in metalliferous ores & metal scrap, which turned to surplus of +RM0.1b (Aug-25: -RM0.9b). E&E products, palm oil and LNG remained the top 3 major products contributing to Malaysia's trade surplus in Sep-25. While we remain cautious that higher tariffs could hurt exports, we believe Malaysia will still gain from the E&E trade given its role in the global supply chain. On the other hand, commodity trade will be more influenced by the change in overall demand, on the back of low prices because of the ample supply.

Maintain moderate external trade growth in 2025

For now, we maintain our forecast for export growth to moderate to +2.0% in 2025 (2024: +5.7%) and import growth to ease to +4.5% (2024: +13.2%), reflecting a more cautious outlook amid a challenging global trade environment following the rollout of US tariffs. We will monitor trade performance in the next few months to better understand the impact of tariffs, particularly on exports. Despite concerns about new tariffs which may be added, at least E&E exports have been resilient on the back of the global technology upcycle. Meanwhile, persistent weakness in selected mining exports will continue to cap overall growth. Greater export market diversification and stronger bilateral ties will be essential to cushion the impact of these external headwinds. Against this backdrop, robust domestic demand is expected to remain a key anchor supporting Malaysia's economic growth.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	3QCY24	3QCY25
Exports (RM b)	**133.5**	**126.6**	**121.5**	**140.1**	**131.3**	**138.7**	**384.2**	**410.1**
YoY%	16.4	(1.1)	(3.6)	6.5	1.7	12.2	7.9	6.7
MoM%	(2.8)	(5.2)	(4.0)	15.2	(6.2)	5.6		
Imports	**128.4**	**125.9**	**113.1**	**125.5**	**115.5**	**118.8**	**358.2**	**359.8**
YoY%	20.0	6.6	1.3	0.6	(5.9)	7.3	20.5	0.4
MoM%	14.1	(2.0)	(10.1)	10.9	(8.0)	2.9		
Total Trade	**261.9**	**252.5**	**234.7**	**265.5**	**246.8**	**257.5**	**742.5**	**769.8**
YoY%	18.1	2.6	(1.3)	3.6	(2.0)	9.8	13.6	3.7
MoM%	4.8	(3.6)	(7.0)	13.1	(7.1)	4.3		
Trade Balance	**5.1**	**0.8**	**8.4**	**14.6**	15.8	19.9	**25.9**	**50.3**
YoY%	(33.7)	(92.4)	(41.4)	115.2	149.4	54.7	-56.1	93.6
MoM%	(79.3)	(85.2)	1006.0	73.8	8.5	25.3		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data					
	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Re-exports (RM b)	**33.5**	**25.8**	**26.4**	**37.0**	**28.0**	**34.5**
YoY%	45.9	16.1	3.4	41.9	22.6	46.1
MoM%	22.4	(23.1)	2.5	40.0	(24.5)	23.5
Domestic Exports (RM b)	**100.0**	**100.8**	**95.1**	**103.0**	**103.4**	**104.2**
YoY %	9.0	(4.7)	(5.4)	(2.3)	(2.8)	4.2
MoM%	(9.0)	0.9	(5.7)	8.4	0.3	0.8
Intermediate (RM b)	**58.2**	**65.2**	**60.3**	**56.8**	**60.2**	**54.2**
YoY%	(1.7)	(4.3)	(0.9)	(17.8)	(16.7)	(7.6)
MoM%	(1.3)	12.0	(7.5)	(5.7)	6.0	(10.0)
Capital (RM b)	**23.5**	**22.7**	**14.4**	**18.2**	**15.7**	**18.5**
YoY%	113.9	63.2	20.2	20.3	10.9	9.3
MoM%	80.6	(3.8)	(36.3)	25.9	(13.5)	17.8
Consumption (RM b)	**9.7**	**10.1**	**9.4**	**10.4**	**9.4**	**9.3**
YoY%	(0.4)	(0.8)	1.6	(4.9)	(8.9)	5.1
MoM%	(0.2)	4.0	(6.9)	10.9	(9.7)	(1.8)

Source: MATRADE, Macrobond, MBSBR

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

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
China	2.1	(4.3)	(9.3)	6.1	10.4	2.9
US	45.6	16.1	4.7	3.8	(17.2)	24.4
Japan	6.8	(25.8)	(1.6)	0.1	(15.4)	(5.2)
Taiwan	44.7	41.4	14.2	46.6	32.7	8.6
India	6.1	(10.9)	4.4	(2.0)	12.7	28.7
Hong Kong	(1.9)	4.6	1.8	(11.8)	(5.5)	(13.3)
Australia	18.2	1.2	(9.5)	(1.5)	1.6	4.1
EU	5.8	6.0	4.6	5.7	9.7	19.7
ASEAN	18.3	(11.0)	(14.0)	8.4	3.8	19.2
Singapore	26.1	(18.0)	(16.9)	22.2	2.7	28.0

Thailand	19.9	15.9	(13.4)	4.4	20.7	13.2
Indonesia	17.2	(6.0)	(6.6)	(11.0)	(23.2)	(9.0)
Vietnam	9.7	1.8	(6.9)	(4.7)	31.3	25.5
Philippines	(8.3)	(24.2)	(2.6)	(21.8)	(16.4)	(1.8)

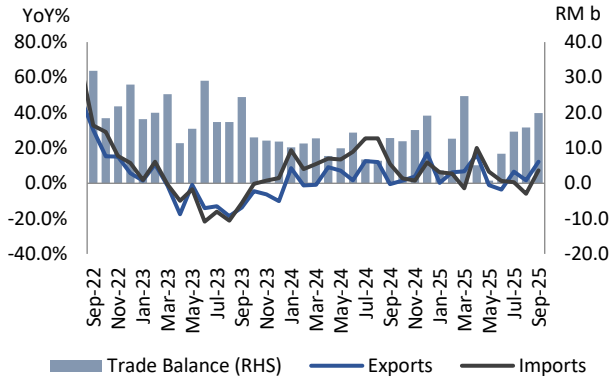
Source: Macrobond, MBSBR

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

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
E&E	35.4	7.1	1.3	22.5	10.1	19.5
Machinery, Equipment & Parts	31.0	15.4	15.5	15.6	12.1	14.7
Optical & Scientific Equipment	14.0	(4.6)	1.4	8.9	14.7	16.7
Palm oil & palm oil-based products	8.2	8.9	18.5	(3.6)	9.1	14.0
Crude Petroleum	(8.7)	(28.5)	(49.7)	(1.2)	(29.0)	(17.3)
Petroleum Products	(9.3)	(28.6)	(28.1)	(27.2)	(17.6)	6.8
LNG	6.7	(42.2)	(26.5)	(7.2)	(2.6)	(13.2)
Rubber products	3.4	(6.6)	(20.6)	(4.8)	(18.5)	(4.3)
Transport equipment	31.3	3.9	3.2	8.7	2.8	(12.6)

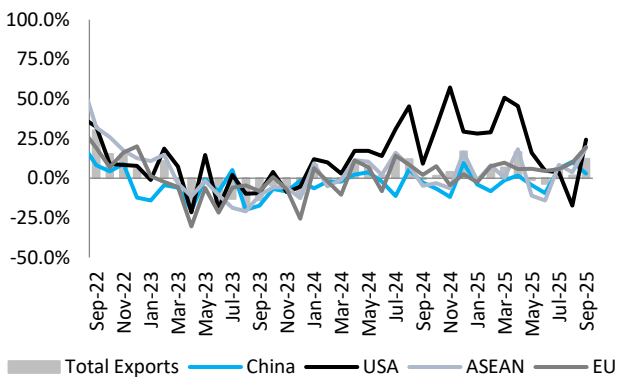
Source: Macrobond, MBSBR

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



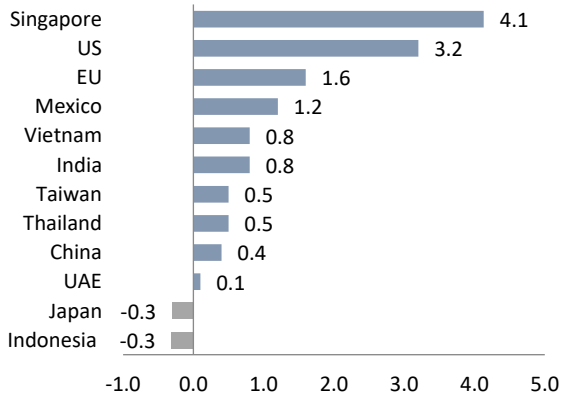
Source: MATRADE, Macrobond, MBSBR

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



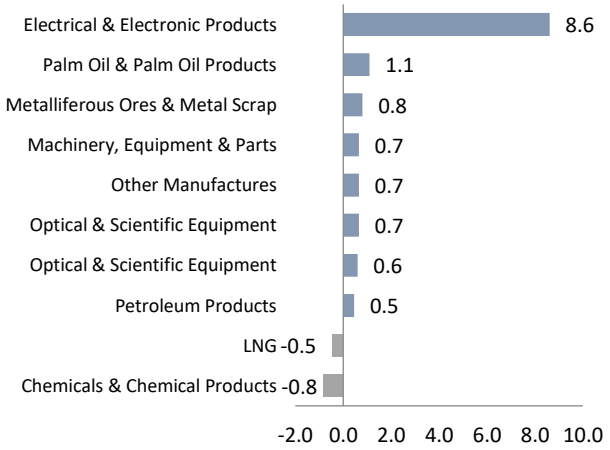
Source: MATRADE, Macrobond, MBSBR

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



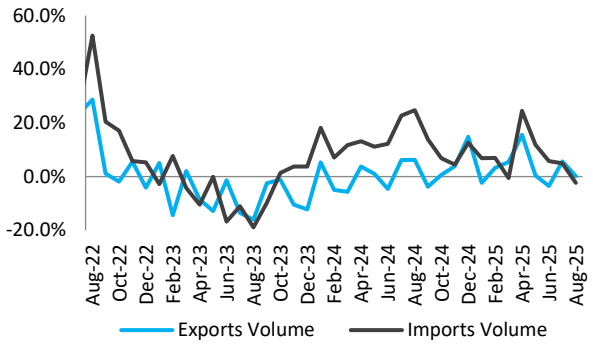
Source: MATRADE, Macrobond, MBSBR

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



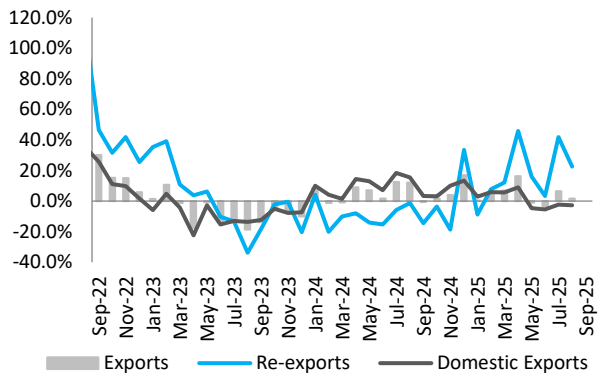
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



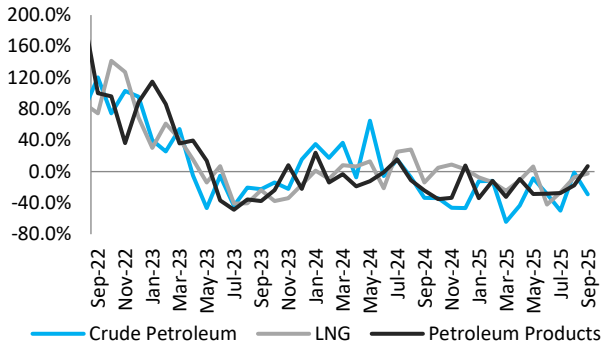
Note: The latest available trade volume data is Aug-25
Source: MATRADE, DOSM, MBSBR

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



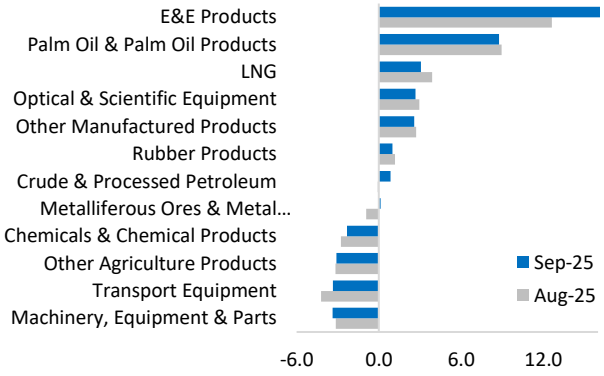
Source: MATRADE, DOSM, MBSBR

Chart 7: Exports of Mining Goods (YoY%)



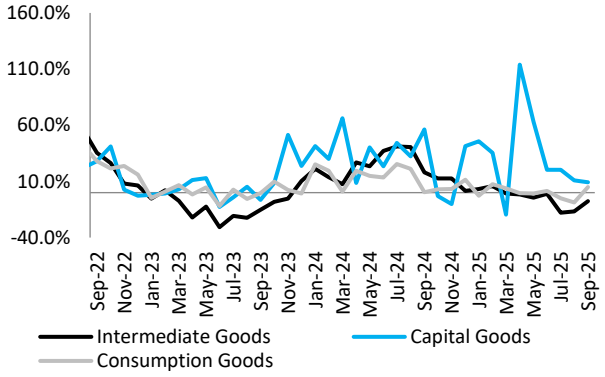
Source: MATRADE, Macrobond, MBSBR

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



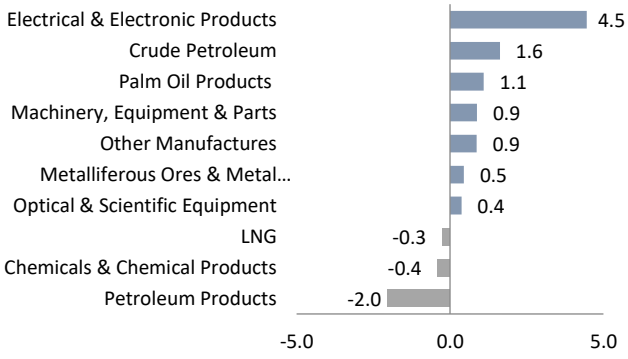
Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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