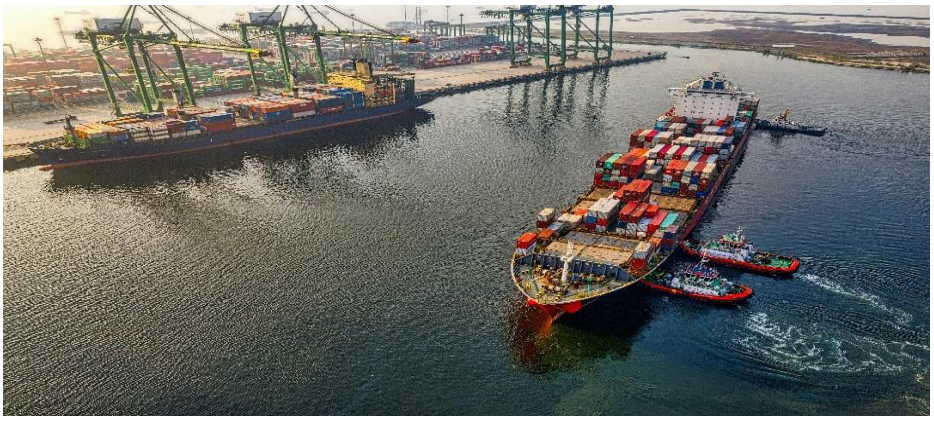
Exports Soar on Robust E&E Shipments Amid Weaker US Demand

Economic Review
Oct-25 External Trade



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Economic Review

- Malaysia's total trade expanded further by +13.6%yoy in Oct-25 (Sep-25: +10.0%yoy), marking two straight months of double-digit growth. The stronger trade stemmed from the acceleration in exports (+15.7%yoy; Sep-25: +12.5%yoy) and imports (+11.2%yoy; Sep-25: +7.2%yoy).
- By sector, growth in manufacturing exports (share: 87% of total exports) accelerated further by +15.7%yoy (Sep-25: +12.5%yoy). This was attributable to higher export growth for E&E products (+26.5%yoy), machinery (+17.0%), optical and scientific products (+31.6%yoy), on the back of still strong global AI-related and technology demand.
- Imports surged double-digits by +11.2%yoy in Oct-25 (Sep-25: +7.2%yoy), marking the fastest expansion since Apr-25. The improvement was driven by the acceleration of capital goods imports (+51.9%yoy), supported by higher demand for data centre-related equipment.
- We revise our 2025 forecast higher, expecting exports to grow at +6.0% (2024: +5.8%) and import growth to moderate to +4.9% (2024: +13.2%). Higher exports are supported by front-loaded E&E shipments, deeper market penetration, and stronger re-exports, which offset the impacts of higher US tariffs and averted a sharper external trade slowdown.

Trade expanded further with double-digit surge in exports and import

Malaysia's total trade expanded further by +13.6%yoy in Oct-25 (Sep-25: +10.0%yoy), marking two straight months of double-digit growth. The stronger trade stemmed from the acceleration in exports (+15.7%yoy; Sep-25: +12.5%yoy) and imports (+11.2%yoy; Sep-25: +7.2%yoy). Export performance remained robust, hitting a monthly record RM148.3b (Sep-25: RM139.0b), supported by stronger domestic exports (+9.7%yoy; Sep-25: +4.5%yoy) and sustained double-digit growth in re-exports (+36.4%yoy; Sep-25: +46.1%yoy). Sector-wise, there was higher growth in shipments of E&E; machinery, optical and scientific products; palm oil; and crude petroleum. Declines were seen in exports of LNG and petroleum products. In 10MCY25, total trade expanded by +5.4%yoy (RM2.5tril; 10MCY24: +9.3%yoy). During this period, export growth strengthened to +6.0%yoy (10MCY24: +4.9%yoy), outpacing the more moderate expansion in imports (+4.7%yoy; Jan-Oct 2024: +14.5%yoy). Consequently, the trade surplus widened to +RM125.0b (10MCY24: +RM105.0b), indicating a positive contribution to growth from resilient goods trade.

Trade surplus slightly narrowed

On a month-on-month basis, exports rose by +6.7%mom in Oct-25 (Sep-25: +5.9%mom) while imports grew by +8.9%mom (Sep-25: +2.9%mom), whereby both marked the highest monthly expansion in three months. The faster rise in imports slightly narrowed the monthly trade surplus to +RM19.0b (Sep-25: +RM20.2b; Oct-24: +RM11.9b), +58.9%yoy larger than Oct-24. While mining exports remained sluggish in recent months, Malaysia's healthy trade surplus was supported by strong global demand for E&E and technology-related products. The ongoing tech upcycles continued to bolster overall export performance, helping to offset weaknesses in commodity shipments.

E&E exports remain robust

By sector, growth in manufacturing exports (share: 87% of total exports) accelerated further by +15.7%yoy (Sep-25: +12.5%yoy). This was attributable to higher export growth for E&E products (+26.5%yoy), machinery (+17.0%), optical and scientific products (+31.6%yoy), on the back of still strong global AI-related and technology demand. The rise in E&E exports was driven by strong gains in semiconductors (+42.0%yoy; Sep-25: +20.8%yoy) and telecommunication parts (+56.8%yoy; Sep-25: +24.7%yoy), with both nearly doubling their growth from the previous month. Although semiconductor products remain exempt from the 19% reciprocal tariff that took effect on 8th August 2025 and excluded from the newly formalised US trade deal, sector-specific tariff still poses a lingering downside risk to Malaysia's tech sector and export outlook.

Mining and agricultural exports strengthened further

Mining exports rose faster by +8.0%yoy in Oct-25 (Sep-25: +4.3%yoy), supported by the rebound in crude petroleum exports (+38.1%yoy; Sep-25: -17.3%yoy) and robust exports of metalliferous ores and metal scrap (+91.1%yoy) as well as petroleum condensates & other petroleum oil (+167.1%yoy). Demand for metalliferous ores and metal scrap is expected to remain strong, supported by robust demand from China for copper from its fast-growing EV sector. In Oct-25, China's NEV sales reached 1.7m units, marking a record 51.6% of all new vehicle sales. Meanwhile, weakness in LNG exports remains as it declined sharper by -17.6%yoy (Sep-25: -13.2%yoy). Agricultural exports rose double-digits by +20.3%yoy (Sep-25: +6.5%yoy), led by other vegetable oil (+58.8%yoy) and palm oil and palm oil-based agriculture products (+23.8%yoy) as well as natural rubber (+9.2%yoy). Although palm oil demand from India may ease after the festive season, competitively priced palm oil is still expected to maintain a significant share of the country's edible oil market.

Asia-led export growth offsets US decline amid tariff headwinds

By destination, exports to the US fell by -2.6%yoy, from double digit growth of +24.4%yoy in Sep-25. This was mainly dragged by the decline in E&E products (-12.2%yoy), and softer growth in optical and scientific equipment (+22.3%yoy), and machinery (+33.9%yoy). Exports to Singapore was steady at +27.2%yoy (Sep-25: +28.0%yoy), with moderation in E&E shipments (+44.0%yoy). Meanwhile, exports to China increased by +7.5%yoy (Sep-25: +2.9%yoy) due to higher E&E exports (+12.7%yoy) and optical & scientific equipment (+47.7%) and metalliferous ores and metal scrap (+95.0%yoy). Malaysia's exports surged to Taiwan and Hong Kong by +38.7%yoy and +36.7%yoy, respectively, supported by increased shipments of E&E exports and optical & scientific equipment. The stronger E&E export performance was driven by steady shipments to Singapore and higher demand from Hong Kong, China, Taiwan, and the Netherlands, reflecting ongoing diversification efforts amid US tariff pressures.

Stronger exports to ASEAN and EU

Exports to major regions improved further. Shipments to ASEAN in Oct-25 accelerated by 20.1%yoy (Sep-25: +19.2%yoy), supported by steady exports to Singapore and higher shipments to Thailand (+18.3%yoy) and Vietnam (+29.4%yoy) moderated. By sector, E&E shipments were steady at +44.5%yoy, while exports climbed higher for palm oil (+74.5%yoy) and manufactures of metal (+18.1%yoy). Similarly, exports to the EU rose at a faster pace of +23.8%yoy (Sep-25: +19.7%yoy) driven by higher demand for E&E products (+45.4%yoy), optical & scientific equipment (+45.9%yoy) and machinery (+56.0%yoy). This outweighed the decline in palm oil (-13.3%yoy) and sharp moderation in palm oil-based agricultural products (+9.8%yoy)

Imports accelerate to six-month high on strong capital goods demand

Imports surged double-digits by +11.2%yoy in Oct-25 (Sep-25: +7.2%yoy), marking the fastest expansion since Apr-25. The improvement was driven by the acceleration of capital goods imports (+51.9%yoy), supported by higher demand for data centre-related equipment. Consumption goods rose softer by +3.6%yoy, whereas intermediate goods contracted at a slower pace of -5.7%yoy. By sector, imports of manufactured goods, accounting for 86% of total imports, doubled to +12.7%yoy (Sep-25: +6.1%yoy) with higher double-digit growth in E&E products (+30.6%yoy). Imports of agricultural goods contracted by -6.4%yoy (Sep-25: +4.6%yoy), attributable to the sharp decline in other agriculture products (-16.8%yoy), which outweighed the gains in other vegetable oils (+35.8%yoy) and

palm oil products (+9.6%yoy). Meanwhile, imports of mining goods fell by -5.8%yoy (Sep-25: +23.8%yoy), dragged by sharp decline in purchases of crude petroleum (-31.0%yoy), offsetting the triple-digit growth in metalliferous ores and metal scrap (+129.3%yoy).

Export surge in Sep-25 driven by strong volume and price gains

Based on Sep-25 trade data, export growth accelerated to +12.5%yoy (Aug-25: +1.7%yoy), driven by higher export volumes of +8.6%yoy, supported by inedible crude materials, machinery & transport equipment, and miscellaneous manufactured articles. Export prices also rose faster at +3.3%yoy (Aug-25: +1.7%yoy), the highest since Sep-24. Meanwhile, imports grew by +7.2%yoy (Aug-25: -5.9%yoy), with volumes up +9.5%yoy, the strongest since May-25, led by inedible crude materials, animal and vegetable oils, minerals, fuels & lubricants. Import prices continued to decline for the 13th consecutive month, but at a slower pace of -2.1%yoy (Aug-25: -3.7%yoy).

Lower surplus in E&E trade offset by improvement in trade of other products

Trade surplus slightly narrowed to +RM19.0b in Oct-25 (Sep-25: +RM20.2b; Oct-24: +RM11.9b), mainly thanks to stronger monthly increase in imports (+8.9%mom) relative exports (+6.7%mom). By sector, the higher surplus were recorded in trade of palm oil and palm oil-based products (+RM11.1b; Sep-25: +RM8.8b), optical & scientific equipment (+RM3.6b; Sep-25: +RM2.7b) and LNG (+RM3.8b; Sep-25: +RM3.1b) as well as lower deficits in trade of crude & processed petroleum products (-RM1.9b; Sep-25: -RM4.1b) and transport equipment (-RM2.1b; Sep-25: -RM3.5b). In contrast, E&E trade recorded smaller surplus of +RM13.2b (Sep-25: +RM19.4b), as E&E imports (+30.6%yoy; 17.7%mom) grew faster than E&E exports (26.5%yoy; +3.0%mom). We foresee overall trade surplus to be sustained in the coming months as Malaysia benefits from growing demand for E&E, palm oil and LNG, increased imports of capital goods may keep the size of surplus to be subdued and therefore keeping current account balance below +2% of GDP.

Resilient exports amid external headwinds

We revise our 2025 forecast higher, expecting exports to grow at +6.0% (2024: +5.8%) and import growth to moderate to +4.9% (2024: +13.2%). Higher exports are supported by front-loaded E&E shipments, deeper market penetration, and stronger re-exports, which offset the impacts of higher US tariffs and averted a sharper external trade slowdown. Import moderation reflects a high base effect, though demand remains supported by still strong purchases of capital goods particularly for data centre projects. Looking ahead, E&E exports should stay resilient amid the global tech upcycle, while mining may continue to weigh on growth. Potential tariffs on semiconductors still pose downside risk to the tech sector and Malaysia's export outlook. The Agreement on Reciprocal Trade (ART) with the US, covering 1,711 key export lines with reduced or exempted tariffs, is expected to improve market access from 2026. Broader export diversification and stronger bilateral ties will also help mitigate external headwinds amid concerns about the future demand outlook, while tensions surrounding trade war have been eased following trade truce and positive outcomes from trade negotiations. Amid these developments, resilient domestic demand will remain a key anchor for Malaysia's sustainable economic growth.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	10MCY24	10MCY25
Exports (RM b)	**126.6**	**121.5**	**140.1**	**131.3**	**139.0**	**148.3**	**1,244.6**	**1,318.8**
YoY%	(1.1)	(3.6)	6.5	1.7	12.5	15.7	4.9	6.0
MoM%	(5.2)	(4.0)	15.2	(6.2)	5.9	6.7		
Imports	**125.9**	**113.1**	**125.5**	**115.5**	**118.8**	**129.3**	**1,139.6**	**1,193.7**
YoY%	6.6	1.3	0.6	(5.9)	7.2	11.2	14.5	4.7
MoM%	(2.0)	(10.1)	10.9	(8.0)	2.9	8.9		
Total Trade	**252.5**	**234.7**	**265.5**	**246.8**	**257.8**	**277.6**	**2,384.2**	**2,512.5**
YoY%	2.6	(1.3)	3.6	(2.0)	10.0	13.6	9.3	5.4
MoM%	(3.6)	(7.0)	13.1	(7.1)	4.5	7.7		
Trade Balance	**0.8**	**8.4**	**14.6**	**15.8**	**20.2**	**19.0**	**105.0**	**125.0**
YoY%	(92.4)	(41.4)	115.2	149.4	57.6	58.9	-45.1	19.1
MoM%	(85.2)	1006.0	73.8	8.5	27.6	(6.1)		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data					
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Re-exports (RM b)	**25.8**	**26.4**	**37.0**	**28.0**	**34.5**	**39.1**
YoY%	16.1	3.4	41.9	22.6	46.1	36.4
MoM%	(23.1)	2.5	40.0	(24.5)	23.5	13.4
Domestic Exports (RM b)	**100.8**	**95.1**	**103.0**	**103.4**	**104.5**	**109.2**
YoY %	(4.8)	(5.4)	(2.3)	(2.8)	4.5	9.7
MoM%	0.9	(5.7)	8.4	0.3	1.1	4.5
Intermediate (RM b)	**65.2**	**60.3**	**56.8**	**60.2**	**54.3**	**59.2**
YoY%	(4.3)	(0.9)	(17.8)	(16.7)	(7.4)	(5.7)
MoM%	12.0	(7.5)	(5.7)	6.0	(9.8)	9.0
Capital (RM b)	**22.7**	**14.4**	**18.2**	**15.7**	**18.5**	**18.7**
YoY%	63.2	20.2	20.3	10.9	9.0	51.9
MoM%	(3.8)	(36.3)	25.9	(13.5)	17.5	1.3
Consumption (RM b)	**10.1**	**9.4**	**10.4**	**9.4**	**9.2**	**10.0**
YoY%	(0.8)	1.6	(4.9)	(8.9)	4.9	3.6
MoM%	4.0	(6.9)	10.9	(9.7)	(2.0)	8.1

Source: MATRADE, Macrobond, MBSBR

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

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
China	(4.3)	(9.3)	6.1	10.4	2.9	7.5
US	16.1	4.7	3.8	(17.2)	24.2	(2.6)
Japan	(25.8)	(1.6)	0.1	(15.4)	(5.2)	6.6
Taiwan	41.4	14.2	46.6	32.7	8.6	38.7
India	(10.9)	4.4	(2.0)	12.7	28.7	(8.6)
Hong Kong	4.6	1.8	(11.8)	(5.5)	(13.3)	36.7
Australia	1.2	(9.5)	(1.5)	1.6	4.1	5.2
EU	6.0	4.6	5.7	9.7	19.7	23.8
ASEAN	(11.0)	(14.0)	8.4	3.8	19.2	20.1
Singapore	(18.0)	(16.9)	22.2	2.7	28.0	27.2
Thailand	15.9	(13.4)	4.4	20.7	13.2	18.3
Indonesia	(6.0)	(6.6)	(11.0)	(23.2)	(9.0)	(9.7)

Vietnam	1.8	(6.9)	(4.7)	31.3	25.5	29.4
Philippines	(24.2)	(2.6)	(21.8)	(16.4)	(1.8)	17.7

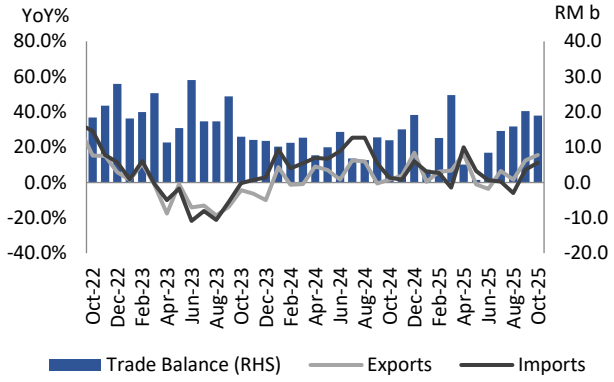
Source: Macrobond, MBSBR

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

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
E&E	7.1	1.3	22.5	10.1	19.5	26.5
Machinery, Equipment & Parts	15.4	15.5	15.6	12.1	14.1	17.0
Optical & Scientific Equipment	(4.6)	1.4	8.9	14.7	16.7	31.6
Palm oil & palm oil-based products	8.9	18.5	(3.6)	9.1	14.0	23.9
Crude Petroleum	(28.5)	(49.7)	(1.2)	(29.0)	(17.3)	38.1
Petroleum Products	(28.6)	(28.1)	(27.2)	(17.6)	11.6	(8.1)
LNG	(42.2)	(26.5)	(7.2)	(2.6)	(13.2)	(17.6)
Rubber products	(6.6)	(20.6)	(4.8)	(18.5)	(4.3)	(10.1)
Transport equipment	3.9	3.2	8.7	2.8	(12.2)	(0.2)

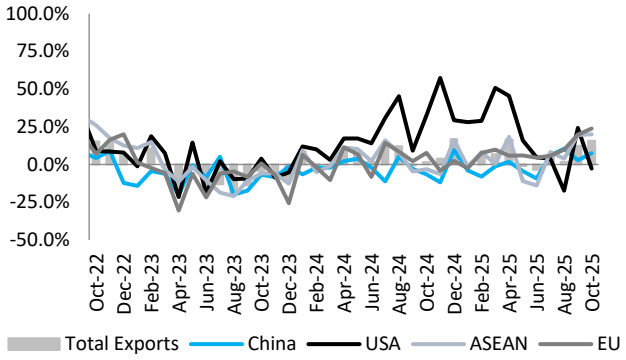
Source: Macrobond, MBSBR

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



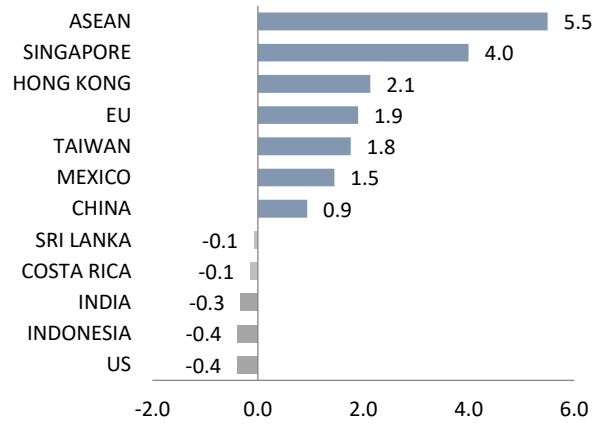
Source: MATRADE, Macrobond, MBSBR

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



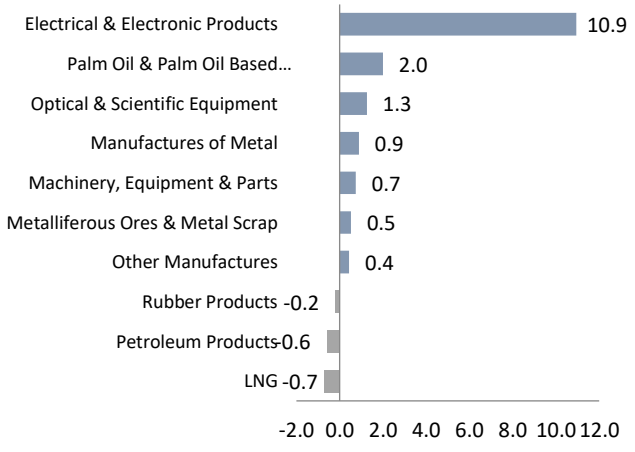
Source: MATRADE, Macrobond, MBSBR

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



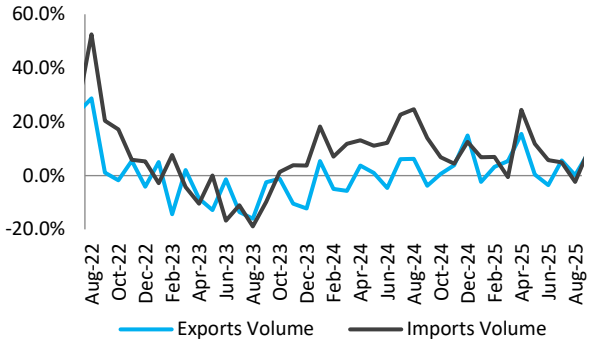
Source: MATRADE, Macrobond, MBSBR

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



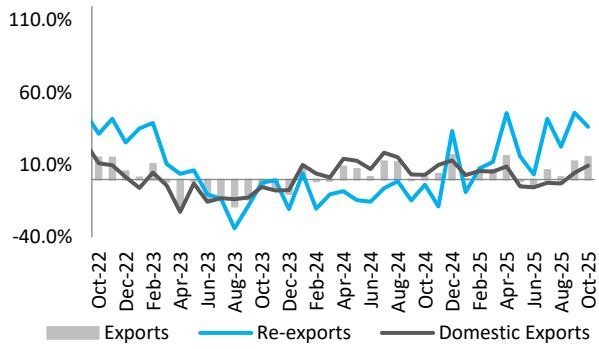
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



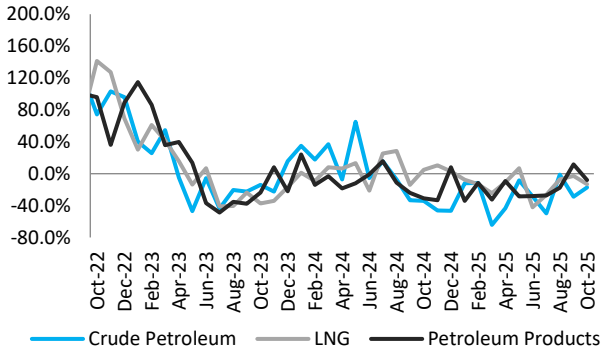
Note: The latest available trade volume data is Sep-25
Source: MATRADE, DOSM, MBSBR

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



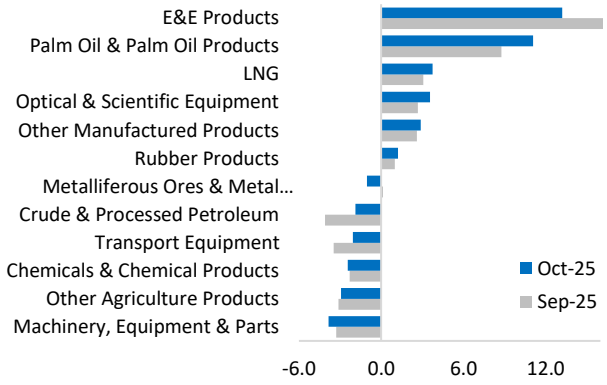
Source: MATRADE, DOSM, MBSBR

Chart 7: Exports of Mining Goods (YoY%)



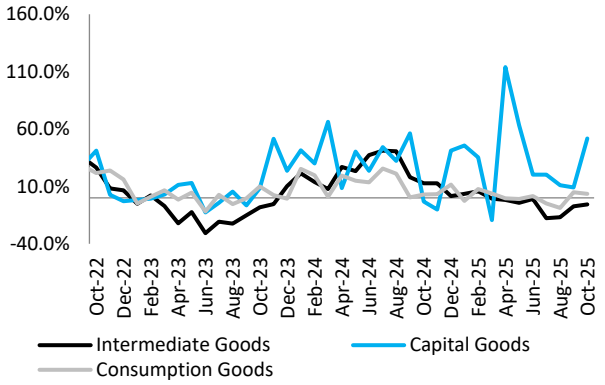
Source: MATRADE, Macrobond, MBSBR

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



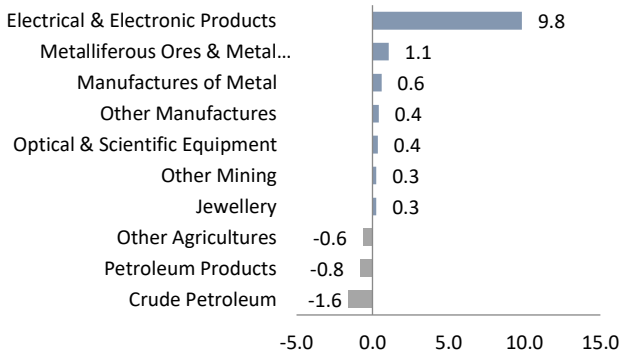
Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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