Malaysia's IPI Grew at +6.0%yoy in Oct-25, the Fastest Expansion in 3 Years

Economic Review
Oct-25 Industrial Production



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- Malaysia's IPI growth accelerated further to +6.0%yoy in Oct-25 (Sep-25: +5.7%yoy), marking the fastest expansion in 3 years and surpassing our estimate (+4.6%yoy) and market consensus (+5.2%yoy). The stronger IPI growth in Oct-25 was driven mainly by more robust manufacturing output, in line with more encouraging export performance during the month.
- Sales of manufactured goods also recorded stronger growth in Oct-25, rising by +6.3%yoy (Sep-25: +4.3%yoy) with the amount of monthly sales reaching a new high of RM171.7b. The stronger growth was driven by increased sales of E&E products, consumer electronics and chemicals & chemical products.
- Given the stronger-than-expected growth in Oct-25, we foresee possible upside to our 2025 IPI growth projection. For now, we maintain our IPI growth forecast for 2025 at +3.2%. The potential upgrade will reflect the resilient trade and production activities as seen in the recent months, defying earlier concerns about the impacts of tighter trade rules.

Stronger manufacturing output contributed to faster IPI growth

Malaysia's IPI growth accelerated further to +6.0%yoy in Oct-25 (Sep-25: +5.7%yoy), marking the fastest expansion in 3 years and surpassing our estimate (+4.6%yoy) and market consensus (+5.2%yoy). The stronger IPI growth in Oct-25 was driven mainly by more robust manufacturing output (+6.5%yoy; Sep-25: +5.0%yoy), in line with the more encouraging export performance during the month. Among manufacturing sub-sectors which recorded stronger growth include E&E, machinery & equipment, foods products and basic metals. Meanwhile, the mining output growth eased to +5.8%yoy (Sep-25: +10.2%yoy) but still driven by higher output of natural gas and crude petroleum. The electricity generation also rose at relatively slower pace of +1.2%yoy (Sep-25: +2.0%yoy). The continued rise in electricity output signals increased energy demand, supported by the sustained expansion in Malaysia's economic activities. For the first 10 months of 2025, Malaysia's IPI grew by +3.4%yoy, relatively slower than +3.7%yoy growth in 10MCY24.

The first monthly increase after 2 months of declines

Based on the seasonally-adjusted data, Malaysia's IPI growth rebounded to +0.6%mom in Oct-25 (Sep-25: -0.9%mom) underpinned by the turnaround in manufacturing output (+1.0%mom; Sep-25: -0.3%mom). Meanwhile, output for the mining and electricity sectors continued to decline albeit at slower pace of -1.0%mom (Sep-25: -2.4%mom) and -0.1%mom (Sep-25: -1.6%mom), respectively. The improvement in manufacturing IPI contrasted with the slight reduction in Malaysia's manufacturing PMI, which fell to 49.5 (Sep-25: 49.8), as local manufacturers indicated sharper fall in new orders (especially from new export orders) and output. We expect the positive outcome from trade negotiations and easing concerns about trade outlook will continue to support Malaysia's production activities in the coming months. The more positive development is also reflected in the improvement in Malaysia's manufacturing which rose to 50.1 in Nov-25, marking the first expansion after 17 months of contraction.

Stronger output in export-oriented sectors

Increased output in the export-oriented sectors was the main contributor to the stronger IPI growth. IPI for the export-oriented sectors rose faster at +7.2%yoy (Sep-25: +4.9%yoy), underpinned stronger output of computers, electronic and optical products, oils & fats, furniture, wood & wood products, and chemicals & chemical products. In line with the

strong export growth in Oct-25, the more resilient data suggests robust external demand although exports to the US continued to be hit by higher tariffs. Nonetheless, other subsectors such as coke & refined petroleum products, rubber products, and textiles continued to record output contraction in Oct-25.

Moderation in output growth for consumer products

In contrast, domestic-oriented industries recorded some moderation in output growth, easing to +4.9%yoy (Sep-25: +5.3%yoy). This reflects mainly slower growth in production of consumer products, which rose by +5.0%yoy (Sep-25: +6.7%yoy). The continued expansion continued to be driven by higher production of food & beverages products, transport equipment and tobacco products, which offset declines in motor vehicle output. Meanwhile, output growth for construction-related materials expanded faster at +4.8%yoy (Sep-25: +3.0%yoy), driven by higher production of iron & steel products as well as fabricated metal. Production of non-metallic minerals, on the other hand, continued to fall albeit at slower pace (-1.1%yoy; Sep-25: -2.0%yoy).

Robust E&E demand, trade diversification and sustained growth in domestic demand

The stronger demand for E&E products could be driven by another round of front-loading, but details from the trade statistics suggests the stronger demand came from non-US markets such as from other regional and East Asian countries and Europe. The proactive efforts to promote trade diversification and greater collaboration with other regions will help to reduce dependence on traditional markets like the US and China. Nevertheless, given the size of US and China market, sustained demand from these 2 economies will continue to influence Malaysia's export performance and the production activity in export-oriented sectors going forward. While the signed agreement with the US eases some of the external uncertainties, further tightening of trade rules and escalation of trade war will continue to affect trade outlook. On the domestic front, we expect output of consumer and construction goods will increase further, backed by positive outlook in both consumer spending as well as domestic investment activities.

Manufacturing sales rose faster and reached new high

Sales of manufactured goods also recorded stronger growth in Oct-25, rising by +6.3%yoy (Sep-25: +4.3%yoy) with the amount of monthly sales reaching a new high of RM171.7b. The stronger growth was driven by increased sales of E&E products, consumer electronics and chemicals & chemical products. In contrast, sales of products such as motor vehicles and refined petroleum fell sharper during the month. On month-on-month basis, sales of manufactured goods rebounded by +1.8%mom (Sep-25: -1.8%mom), based on seasonally adjusted data. Products which recorded stronger monthly sales were consumer electronics, computer & peripheral equipment, motor vehicles, rubber gloves and refined petroleum products. Given the resilience in external demand and growing domestic consumption, we foresee manufacturing sales to continue growing in the coming months.

Global industrial production continued to grow albeit at more moderate pace

Industrial production continued to expand in most economies, with the increase in the global manufacturing PMI to 50.9 (Sep-25: 50.7) signaling stronger activities. China's IPI growth moderated to +4.9%yoy (Sep-25: +6.5%yoy) as production activity affected by the Golden Week holiday. The sustained growth, however, was driven by higher output in the manufacturing (namely automotive, computers & communication, and railway & shipbuilding) and mining sectors. Taiwan also reported slower IPI growth of +14.5%yoy, continued to be driven by higher manufacturing output which offset the slower contraction in mining and electricity & gas output. India's industrial production slowed to +0.4%yoy, the slowest expansion in 14 months, weighed down by lower mining & electricity output. South Korea's IPI even declined by -8.1%yoy, the first decline in 5 months, due to weaker production in semiconductor and construction sectors. IPI trend in regional countries also looks mixed. Singapore reported stronger IPI growth of +29.1%yoy driven by strong rebound in biomedical manufacturing, aerospace and electronics. Thailand's IPI, on the other hand, fell slightly by -0.1%yoy as concerns about US trade policy resulted in lower production in several sectors such as apparel, petroleum refining, and rubber & plastics. Meanwhile, the Philippines' IPI rose marginally faster at +1.7%yoy, supported by higher production of computer, electronic and optical products, pharmaceutical, beverages, and furniture. We expect global production to continue growing driven by sustained demand for technology and E&E products, although the pace of growth could be constrained by concerns about the

health of global trade. Although the global manufacturing PMI eased to 50.5, global manufacturing activities continued to expand in Nov-25.

Potential upgrade to +3.2% projected IPI growth this year

Given the stronger-than-expected growth in Oct-25, we foresee possible upside to our 2025 IPI growth projection, which could potentially match or even surpass the +3.7% growth in 2024. For now, we are keeping our IPI growth forecast for 2025 at +3.2%. A more robust growth will signal the strength in trade and production activities, as seen in recent months which, defying earlier concerns about the impact of tighter trade. To a certain extent, increased production was also driven by front-loading activities by companies ahead of the higher reciprocal tariff implementation. On that note, we expect the normalization of production, and the high base could translate into more moderate IPI growth next year. Still, we expect growing domestic consumption and business activities will drive output growth for domestic-oriented sectors going into next year.

Table 1: Malaysia – Summary of Industrial Production Index

	MoM%*				YoY%			
	Jul-25	Aug-25	Sep-25	Oct-25	Jul-25	Aug-25	Sep-25	Oct-25
IPI	3.1	(0.3)	(0.9)	0.6	4.2	4.8	5.7	6.0
Mining	3.0	9.2	(2.4)	(1.0)	4.3	16.8	10.2	5.8
Manufacturing	3.5	(2.4)	(0.3)	1.0	4.4	2.8	5.0	6.5
Electricity	1.8	(1.1)	(1.6)	(0.1)	1.6	1.2	2.8	1.2

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

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

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
IPI	**2.7**	**0.3**	**2.9**	**4.2**	**4.8**	**5.7**	**6.0**
Mining	**(6.3)**	**(10.2)**	**(0.0)**	**4.3**	**16.8**	**10.2**	**5.8**
Crude Petroleum	(0.7)	(1.6)	(3.2)	1.0	11.4	13.0	8.8
Natural Gas	(10.0)	(16.6)	2.3	6.8	20.6	8.5	3.9
Manufacturing	**5.6**	**2.8**	**3.6**	**4.4**	**2.8**	**5.0**	**6.5**
Food Products	13.2	12.4	10.2	8.1	2.7	8.4	10.5
Refined Petroleum Products	(3.9)	(4.8)	(2.0)	(1.1)	(0.5)	(0.2)	(2.3)
Chemicals & Chemicals Products	4.7	(1.1)	(1.2)	(0.3)	(2.7)	(1.7)	1.5
Rubber Products	2.9	(1.1)	(2.3)	(0.8)	(1.5)	(0.9)	(1.5)
Basic Metals	6.0	4.5	6.7	7.4	5.4	6.1	8.6
Electrical & Electronic Products	9.9	5.6	6.4	8.5	6.6	9.1	13.4
Computers & Peripheral Equipment	6.8	6.0	3.2	2.4	5.4	4.1	1.9
Machinery & Equipment	7.5	5.7	9.3	10.2	5.4	9.6	11.3
Motor Vehicles, Trailers & Semi-Trailers	(3.9)	(10.1)	3.4	1.0	(5.1)	4.5	(3.3)
Electricity	**(1.7)**	**(0.1)**	**2.3**	**1.6**	**1.2**	**2.8**	**1.2**

Source: Macrobond, MBSBR

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

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
IPI: Export-Oriented Industries	**6.4**	**2.8**	**2.9**	**4.1**	**2.3**	**4.9**	**7.2**
Computer, Electronic and Optical Products	11.1	6.0	5.9	8.5	6.7	8.8	14.2
Electrical Equipment	3.9	3.0	7.1	6.8	7.4	11.1	9.3
Chemicals and Chemical Products	4.7	(1.1)	(1.2)	(0.3)	(2.7)	(1.7)	1.5
Coke and Refined Petroleum Products	(3.9)	(4.7)	(2.0)	(1.1)	(0.5)	(0.2)	(2.4)
Vegetable & animal oils & fats	22.8	15.9	8.5	4.1	(7.5)	7.4	12.9
Textiles	(2.5)	(3.4)	(4.3)	(2.7)	(4.5)	(1.3)	(0.7)
Wearing Apparel	3.1	(1.2)	(3.0)	(2.4)	(0.3)	2.1	1.8
Wood and Wood Products	3.4	2.6	(1.8)	3.4	3.6	1.9	2.1
Furniture	5.2	5.8	9.8	11.1	7.7	8.1	9.8
Rubber Products	2.9	(1.1)	(2.3)	(0.8)	(1.5)	(0.9)	(1.6)

Source: DOSM, MBSBR

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

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
IPI: Domestic-Oriented Industries	**3.9**	**2.6**	**5.1**	**5.0**	**3.8**	**5.3**	**4.9**
Construction (CO)	5.1	3.5	3.3	3.9	3.6	3.0	4.8
CO: Non-Metallic Mineral	4.6	2.4	1.5	0.6	0.3	(2.0)	(1.1)
CO: Iron and Steel	6.0	4.5	6.7	7.4	5.4	6.1	8.5
CO: Fabricated Metal	5.0	3.7	2.4	4.1	4.9	4.5	7.1
Consumer (CS)	3.2	2.0	6.1	5.6	3.8	6.7	5.0
CS: Food Products	8.2	10.3	11.3	10.7	9.7	9.0	8.7
CS: Motor Vehicles, Trailers and Semi-Trailers	(3.9)	(10.1)	3.4	1.0	(5.1)	4.5	(3.3)
CS: Other Transport Equipment	(1.2)	(0.3)	(0.4)	0.7	1.4	3.2	4.7
CS: Beverages	6.1	7.2	10.4	11.4	13.1	14.4	15.9
CS: Tobacco Products	(1.2)	(1.3)	1.6	1.2	1.4	3.0	1.1
CS: Paper and Paper Products	0.3	(2.4)	(3.2)	(2.1)	(3.2)	(0.8)	(0.7)
CS: Others	2.9	0.8	1.1	3.6	4.1	4.9	2.8

Source: DOSM, MBSBR

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

	MoM%			YoY%		
	Aug-25	Sep-25	Oct-25	Aug-25	Sep-25	Oct-25
Manufacturing Sales	**3.5**	**0.6**	**1.4**	**2.7**	**4.3**	**6.3**
Seasonally-adjusted month-on-month change (%)	*(1.6)*	*(1.8)*	*1.8*			
Refined Petroleum Products	0.2	(2.7)	1.4	(2.7)	(0.8)	(2.8)
Chemicals and Chemical Products	4.2	(5.7)	(2.2)	(3.5)	(2.0)	1.3
Rubber Gloves	(16.7)	4.4	5.7	(1.4)	(0.2)	(2.1)
Iron & Steel Products	8.1	19.6	3.9	3.0	1.7	4.4
Diodes, Transistor & Electronic Integrated Circuits Mic	5.5	10.5	(8.5)	2.1	6.9	14.8
Electrical Capacitor Resistor, Circuit Board & Display Comp	13.3	14.9	(8.6)	11.6	16.7	28.2
Computers & Peripherals Equipment	6.1	(43.4)	6.3	14.1	4.9	(16.2)
Consumer Electronics	(7.8)	1.0	16.6	(2.4)	3.3	29.8
Motor Vehicles	0.0	(13.4)	23.0	(11.2)	(2.4)	(6.9)

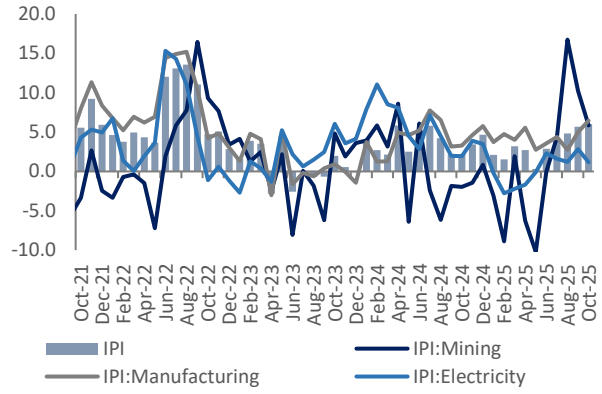
Source: Macrobond, DOSM, MBSBR

Table 6: IPI for Selected Economies (YoY%)

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Malaysia	3.2	2.7	0.3	2.9	4.2	4.8	5.7	6.0
Philippines	(0.6)	(3.1)	(0.8)	1.3	(2.2)	1.7	1.6	1.7
Thailand	0.0	1.9	1.9	0.4	(3.8)	(4.4)	1.2	(0.1)
Singapore	7.8	4.6	3.7	7.8	7.8	(9.0)	16.2	29.1
S. Korea	4.5	5.1	(0.3)	1.6	5.0	0.9	11.9	(8.1)
Taiwan	12.8	23.7	22.1	18.3	18.7	13.7	16.4	14.5
China	7.7	6.1	5.8	6.8	5.7	5.2	6.5	4.9
India	3.9	2.6	1.9	1.5	4.3	4.1	4.6	0.4
Japan	1.0	0.5	(2.4)	4.4	(0.4)	(1.6)	3.8	1.5
Euro area	3.7	0.3	3.0	0.7	1.9	1.2	1.2	n.a.
USA	0.6	0.9	0.1	0.5	1.6	0.9	1.6	n.a.

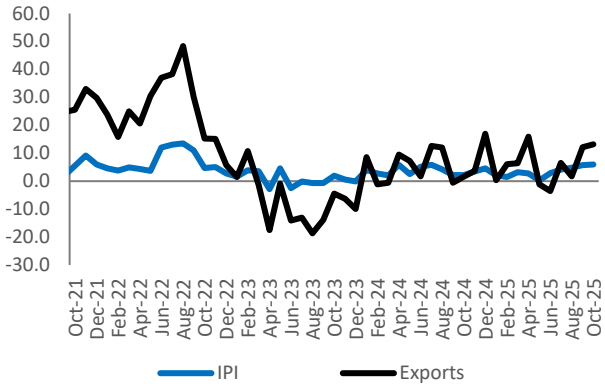
*n.a.: not available
Source: Macrobond, MIDFR

Chart 1: IPI Performance by Sector (YoY%)



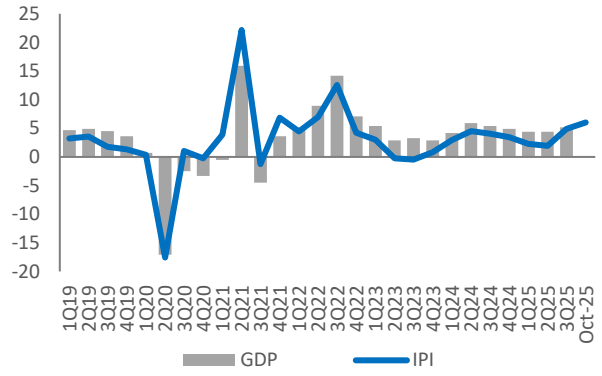
Source: Macrobond, MBSBR

Chart 2: IPI vs Exports (YoY%)



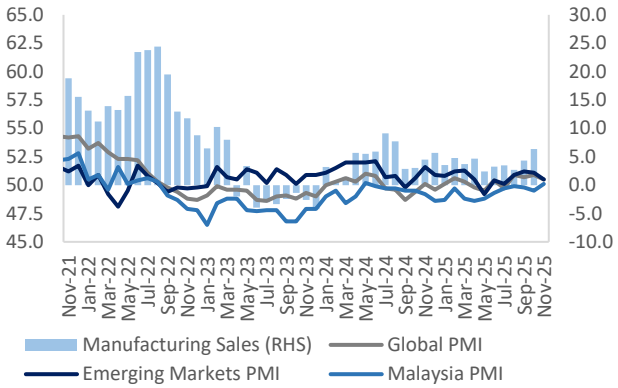
Source: Macrobond, MBSBR

Chart 3: IPI vs GDP (YoY%)



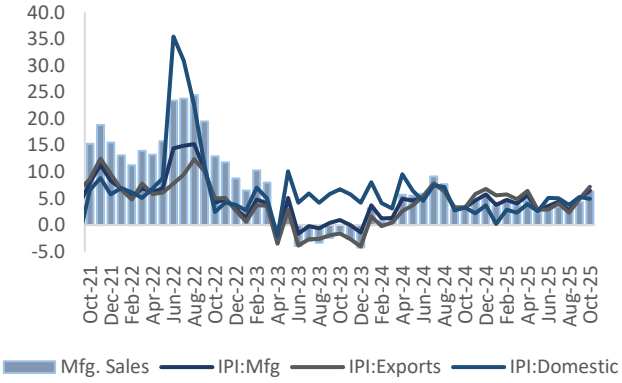
Source: Macrobond, MBSBR

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



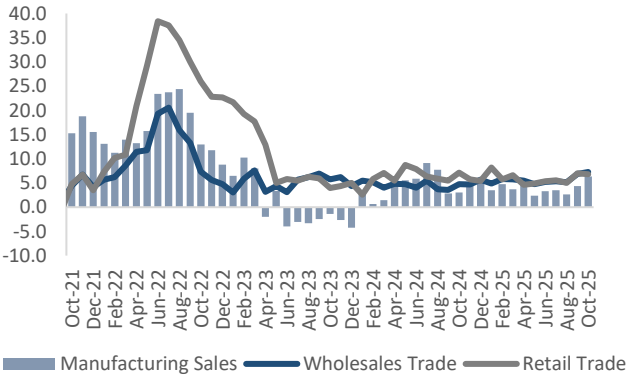
Source: Macrobond, MBSBR

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



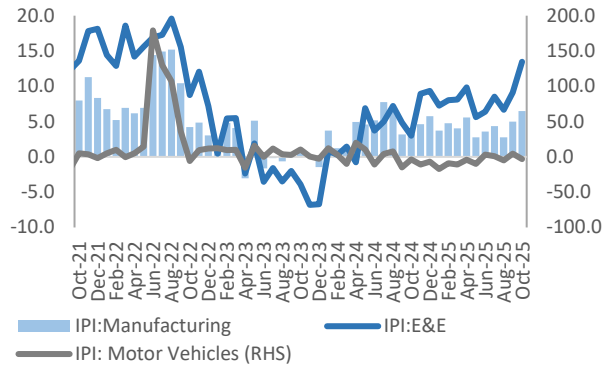
Source: DOSM, MBSBR

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



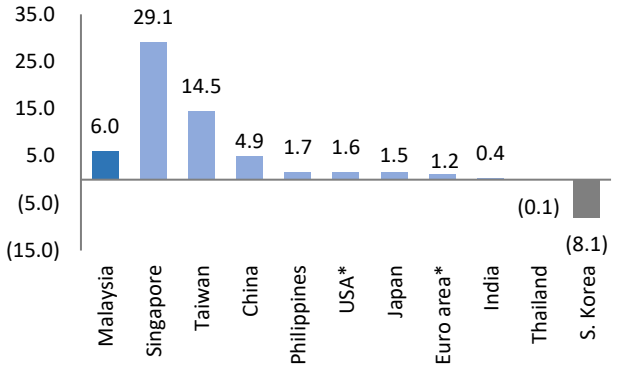
Source: DOSM, MBSBR

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



Source: Macrobond, MBSBR

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



*Refers to the latest available data for Sep-25
Source: Macrobond, MBSBR

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