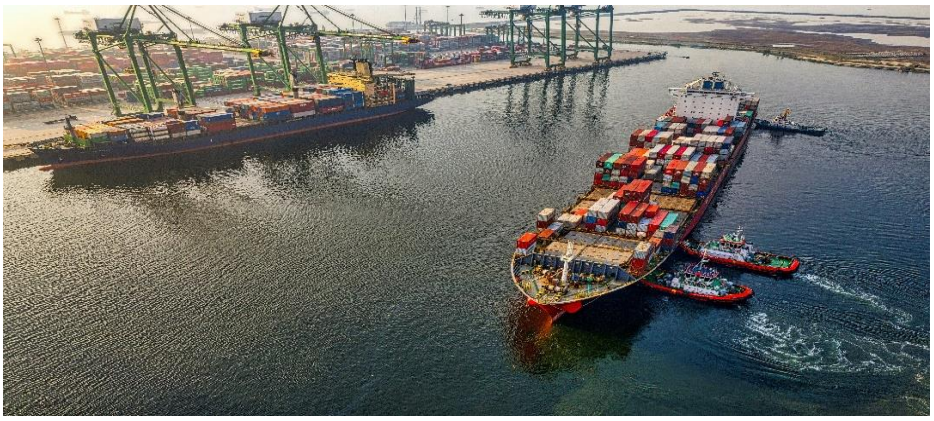
Malaysia's Exports Begin the Year on Firm Footing

Economic Review
Jan-26 External Trade



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Economic Review

- Malaysia's total trade continued to expand by +12.6%yoy in Jan-26 (Dec-25: +11.1%yoy), marking five straight months of double-digit growth. Exports surged by +19.6%yoy (Dec-25: +10.2%yoy), whereas imports moderated by +5.3%yoy (Dec-25: +9.5%yoy).
- By sector, growth in manufacturing exports rose faster by +22.3%yoy (Dec-25: +13.6%yoy), attributable to expansion for E&E products (+39.5%yoy), machinery (+13.0%yoy), and optical and scientific products (+36.2%yoy).
- By destination, exports to the US remained robust, albeit moderating slightly to +33.9%yoy (Dec-25: +48.8%yoy), marking a second consecutive month of double-digit growth. Also, demand strengthened in China, Taiwan and EU.
- For 2026, we expect external trade to moderate, with exports projected to grow at +4.5% (2025: +6.5%) and imports at +5.0% (2025: +6.2%). Nonetheless, we see potential upside boost driven by front-loading of E&E shipments ahead of phased tariffs by the US on wider semiconductor products, with the first phase imposing a 25% tariff on selected advanced chips.

Malaysia's trade momentum improved with strong E&E demand

Malaysia's total trade continued to expand by +12.6%yoy in Jan-26 (Dec-25: +11.1%yoy), marking five straight months of double-digit growth. Exports surged by +19.6%yoy (Dec-25: +10.2%yoy), whereas imports moderated by +5.3%yoy (Dec-25: +9.5%yoy). The strong export performance was underpinned by more robust re-exports (+51.5%yoy; Dec-25: +35.0%yoy) and the pick-up in domestic exports (+11.3%yoy; Dec-25: +4.0%yoy). On the sector front, there were higher outbound shipments for E&E products, optical & scientific equipment as well as machinery, equipment & parts. Destination-wise, demand strengthened in China, US, Taiwan and EU.

Trade surplus narrowed slightly

On a month-on-month basis, exports declined by -3.9%mom in Jan-26 (Dec-25: +13.4%mom), reflecting a pullback following the strong expansion in the previous month. Similarly, imports contracted by -4.0%mom (Dec-25: +3.7%mom). On balance, Malaysia's trade surplus narrowed marginally to +RM21.4b (Dec-25: +RM22.1b) mainly due to the relatively larger decline in export value. The surplus, however, remained higher than +RM3.7b in Jan-25.

External trade to moderate in 2026, with upside from front-loading and tech cycle support

For 2026, we expect external trade to moderate, with exports projected to grow at +4.5% (2025: +6.5%) and imports at +5.0% (2025: +6.2%). Nonetheless, we see potential upside boost driven by front-loading of E&E shipments ahead of phased tariffs by the US on wider semiconductor products, with the first phase imposing a 25% tariff on selected advanced chips. Export performance will also be supported by the sustained global tech upcycle and resilient US demand, provided additional tariff hike is deferred beyond 2026. Meanwhile, the Reciprocal Trade Agreement with the US is expected to enhance market access and ongoing export diversification efforts should help cushion external headwinds and geopolitical risks. On another note, moderate demand for the commodity sectors could limit

the production and trade of resource-based products, with the oversupply condition will likely result in easing global commodity prices.

Demand for E&E products surged

By sector, growth in manufacturing exports rose faster by +22.3%yoy (Dec-25: +13.6%yoy), attributable to expansion for E&E products (+39.5%yoy), machinery (+13.0%yoy), and optical and scientific products (+36.2%yoy). The strong performance in E&E exports was driven by stronger demand in semiconductors (+48.3%yoy) and electrical switcher relays & circuits (+31.2%yoy). Petroleum products dragged down manufacturing exports growth with sustained contraction of -16.7%yoy. Mining exports recovered and ticked up by +2.7%yoy (Dec-25: -15.2%yoy), mainly supported by triple-digit growth in outbound shipment for metalliferous ores and metal scrap (+207.7%yoy) to China, supporting the country's rapidly expanding EV sector. This sharp acceleration offset declines recorded for LNG (-5.2%yoy) and crude petroleum (-39.0%yoy). Meanwhile, agricultural exports fell slower by -2.7%yoy (Dec-25: -7.4%yoy), with softer contraction in palm oil and palm oil-based agriculture products (-2.3%yoy) and higher shipments of other vegetable oil (+38.5%yoy).

Exports to US & China improved, offsetting sluggish Singapore demand

By destination, exports to the US remained robust, albeit moderating slightly to +33.9%yoy (Dec-25: +48.8%yoy), marking a second consecutive month of double-digit growth. This was driven by resilient demand for E&E products (+47.5%yoy) and optical & scientific equipment (+47.0%yoy). Exports to Singapore edged up marginally by +0.4%yoy (Dec-25: -12.8%yoy), reversing the contraction in the previous month, supported by a recovery in E&E shipments (+6.9%yoy). Meanwhile, exports to China rebounded by +16.1%yoy (Dec-25: -3.5%yoy), underpinned by growth in E&E products (+12.1%yoy) and a triple-digit surge in metalliferous ores and metal scrap (+319.9%yoy). Exports to Taiwan accelerated sharply to +79.4%yoy (Dec-25: +34.4%yoy), driven by strong expansion in E&E exports (+88.6%yoy), optical and scientific equipment (+72.0%yoy), and machinery, equipment and parts (+121.9%yoy).

Higher exports to ASEAN, while EU demand remains resilient

Shipments to ASEAN increased by +7.1%yoy in Jan-26 (Dec-25: +1.0%yoy), supported by higher exports of E&E products (+16.1%yoy), optical and scientific equipment (+27.5%yoy), and manufactures of metal (+19.4%yoy). At the country level, growth was driven by stronger exports to Singapore (+0.4%yoy), Thailand (+9.8%yoy), and Vietnam (+60.0%yoy). Exports to the EU remained resilient despite moderating slightly to +26.0%yoy (Dec-25: +34.8%yoy). The expansion was underpinned by sustained demand for E&E products, petroleum products, and transport equipment.

Imports growth moderates

Import growth moderated to +5.3%yoy in Jan-26 (Dec-25: +12.0%yoy), with contraction in imports of intermediate goods (-5.1%yoy) and capital goods (-20.7%yoy). Meanwhile, consumption goods rose softer by +16.7%yoy, despite higher imports of durable goods. By sector, imports of manufactured goods slowed down to +5.4%yoy (Dec-25: +14.8%yoy) as inbound shipments moderated for E&E products (+6.9%yoy). Imports of agricultural goods posted a sharper decline by -12.8%yoy (Dec-25: -7.1%yoy), dragged by the weaker imports of other agricultures (-13.5%yoy) and natural rubber (-19.0%yoy). Meanwhile, imports of mining goods rebounded by +11.4%yoy (Dec-25: -10.8%yoy), attributable to higher purchases of metalliferous ores & metal scrap (+94.1%yoy) and LNG (+27.9%yoy)

External trade more affected by volume change

Based on Dec-25 trade data, export growth ticked up by +10.4%yoy (Nov-25: +7.0%yoy), driven by higher export volume of +8.4%yoy, mainly supported by inedible crude materials (+36.5%), machinery & transport equipment (+21.0%yoy) and manufactured goods (+9.2%yoy). Export prices moderated further to +1.8%yoy (Dec-25: +3.3%yoy), with slower price increases for machinery & transport equipment and a slightly sharper deflation for mineral, fuels & lubricants. Meanwhile, imports rose at a slower pace of +12.0%yoy in Dec-25 (Nov-25: +15.8%yoy) as import prices continued to decline for the 16th consecutive month and at a faster pace of -3.0%yoy (Nov-25: -1.9%yoy). Import volume also registered moderate growth of +15.4%yoy (Dec-25: +18.0%yoy), but the sustained rise was supported by miscellaneous manufactured articles (+44.1%yoy), machinery & transport equipment (+22.0%yoy) and chemicals (+20.8%yoy).

Reduced surplus in E&E and palm oil trade

Trade surplus narrowed slightly to +RM21.4b in Jan-26 (Dec-25: +RM22.1b), primarily reflecting a monthly dip in exports (-RM5.9b) more than imports (-RM5.2b). By sector, the smaller surplus reflects the reduced surpluses in E&E trade (+RM21b; Dec-25: +RM22.8b) and trade of palm oil-based products (+RM8b; Dec-25: +RM9b) as well as wider deficit in trade of petroleum products (-RM2.6b; Dec-25: -RM1.5b). The decline in surplus was, however, limited by smaller deficits in trade of transport equipment (-RM2b; Dec-25: -RM5b) and textiles, apparels & footwear (-RM1b; Dec-25: -RM1.8b). Meanwhile, the size of surplus in trade of other manufactured goods widened to +RM3.9b (Dec-25: +RM2.3b), becoming the main contributor to the larger surplus in manufacturing trade. A sustained rise in imports could limit size of trade surplus this year, but we continue to expect Malaysia's overall trade balance will remain in surplus, largely anchored by trade of E&E products, palm oil and LNG.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	2024	2025
Exports (RM b)	**131.3**	**139.0**	**148.3**	**134.9**	**152.8**	**146.9**	**1509.3**	**1606.7**
YoY%	1.7	12.5	15.7	7.0	10.2	19.6	5.8	6.5
MoM%	(6.2)	5.9	6.7	(9.0)	13.2	(3.9)		
Imports (RMb)	**115.5**	**118.8**	**118.8**	**128.8**	**130.7**	**125.5**	**1370.2**	**1454.8**
YoY%	(5.9)	7.2	10.0	15.8	9.5	5.3	13.1	6.2
MoM%	(8.0)	2.9	7.7	0.7	1.4	(4.0)		
Total Trade (RMb)	**246.8**	**257.8**	**276.2**	**263.8**	**283.5**	**272.4**	**2879.5**	**3061.5**
YoY%	(2.0)	10.0	13.0	11.1	9.9	12.6	9.2	6.3
MoM%	(7.1)	4.5	7.1	(4.5)	7.5	(3.9)		
Trade Balance (RMb)	**15.8**	**20.2**	**20.4**	**6.1**	**22.1**	**21.4**	**139.1**	**151.8**
YoY%	149.4	57.6	70.8	(59.0)	14.6	483.9	(35.4)	9.2
MoM%	8.5	27.6	0.9	(70.2)	262.6	(3.2)		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	2024	2025
Exports								
Re-exports (RM b)	**28.0**	**34.5**	**39.2**	**29.8**	**38.2**	**38.3**	**293.2**	**366.4**
YoY%	22.6	46.1	36.4	40.4	35.0	51.5	(7.0)	24.9
MoM%	(24.5)	23.5	13.4	(24.0)	28.3	0.4		
Domestic Exports (RM b)	**103.4**	**104.5**	**109.2**	**105.2**	**114.8**	**108.6**	**1216.1**	**1240.3**
YoY %	(2.8)	4.5	9.7	0.3	4.0	11.3	9.4	2.0
MoM%	0.3	1.1	4.5	(3.7)	9.1	(5.3)		
Imports								
Intermediate (RM b)	**60.2**	**54.3**	**57.8**	**66.4**	**63.2**	**57.7**	**749.2**	**720.8**
YoY%	(16.7)	(7.4)	(7.9)	5.0	3.6	(5.1)	20.7	(3.8)
MoM%	6.0	(9.8)	6.4	14.9	(4.9)	(5.5)		
Capital (RM b)	**15.7**	**18.5**	**18.7**	**20.8**	**15.3**	**15.8**	**166.1**	**214.5**
YoY%	10.9	9.0	51.6	56.6	(11.8)	(20.7)	29.0	29.1
MoM%	(13.5)	17.5	1.1	11.4	(26.4)	4.4		
Consumption (RM b)	**9.4**	**9.2**	**10.0**	**9.9**	**13.1**	**11.7**	**117.4**	**120.2**
YoY%	(8.9)	4.9	3.7	(1.5)	27.6	16.7	12.8	2.3
MoM%	(9.7)	(2.0)	8.2	(0.8)	32.1	(5.8)		

Source: MATRADE, Macrobond, MBSBR

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

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
China	10.4	2.9	7.5	9.8	(3.5)	16.1
US	(17.2)	24.2	(2.6)	(0.8)	48.8	33.9
Japan	(15.4)	(5.2)	6.6	(4.9)	(16.9)	(0.4)
Taiwan	32.7	8.6	38.7	53.0	34.4	79.4
India	12.7	28.7	(8.6)	4.7	10.7	35.7
EU	9.7	19.7	23.8	13.2	34.8	26.0
ASEAN	3.8	19.2	20.1	5.8	1.0	7.1
Singapore	2.7	28.0	27.2	4.1	(12.8)	0.4
Thailand	20.7	13.2	18.3	3.8	6.9	9.8
Indonesia	(23.2)	(9.0)	(9.7)	6.4	27.7	10.0
Vietnam	31.3	25.5	29.4	19.1	49.8	60.0

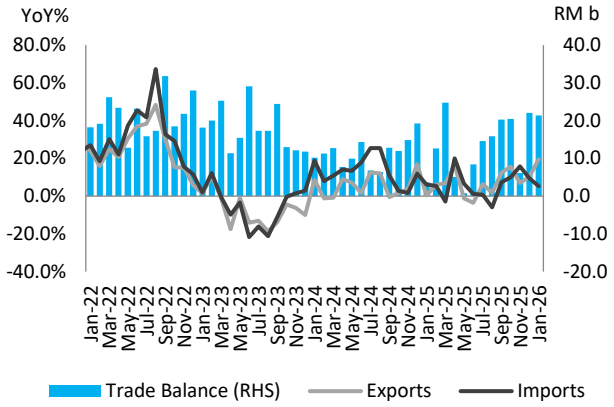
Source: Macrobond, MBSBR

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

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
E&E	10.1	19.5	26.5	15.0	25.0	39.5
Machinery, Equipment & Parts	12.1	14.1	17.2	5.1	11.0	13.0
Optical & Scientific Equipment	14.7	16.7	31.6	33.7	20.6	36.2
Palm oil & palm oil-based products	9.1	14.0	24.0	(2.0)	(3.5)	(2.9)
Crude Petroleum	(29.0)	(17.3)	37.8	6.0	(39.0)	(39.0)
Petroleum Products	(17.6)	11.6	(8.1)	1.5	(18.9)	(16.7)
LNG	(2.6)	(13.2)	(17.6)	(12.5)	(24.9)	(5.2)
Rubber products	(18.5)	(4.3)	(10.1)	(25.1)	(16.7)	(11.7)
Transport equipment	2.8	(12.2)	(0.4)	(8.6)	(3.5)	13.8

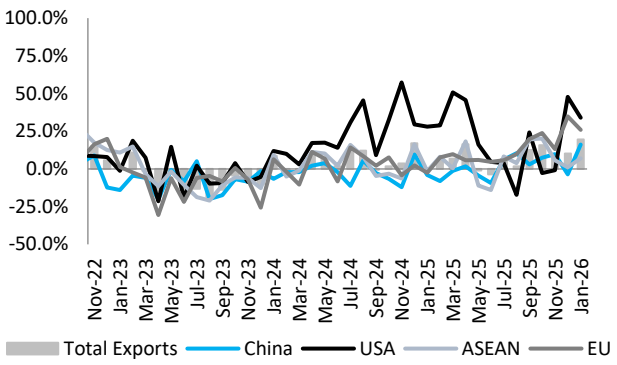
Source: Macrobond, MBSBR

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



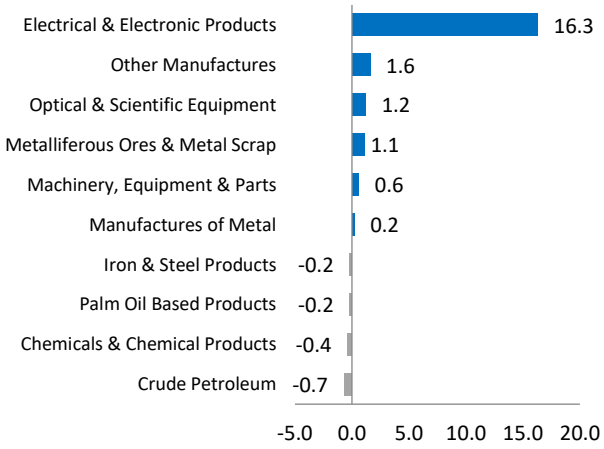
Source: MATRADE, Macrobond, MBSBR

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



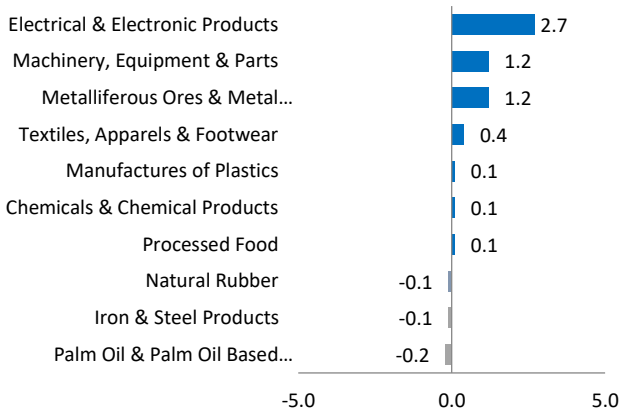
Source: MATRADE, Macrobond, MBSBR

Chart 3: Contribution to Total Exports Growth in Jan-26 by Key Products (%-points)



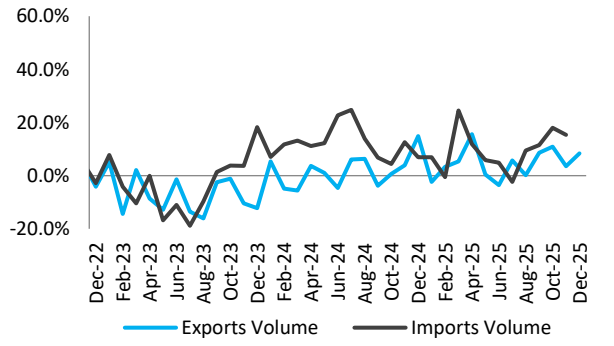
Source: MATRADE, Macrobond, MBSBR

Chart 4: Contribution to Total Imports Growth in Jan-26 by Key Products (%-points)



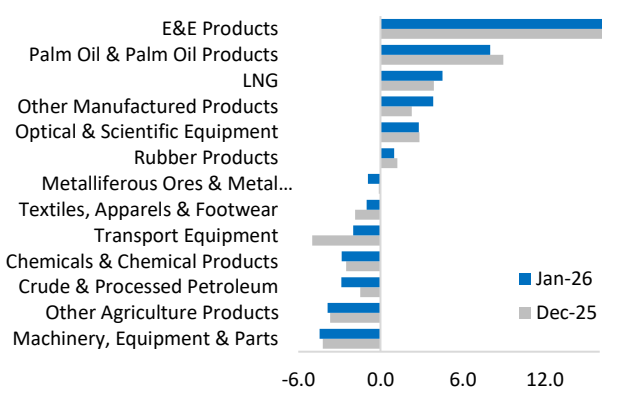
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



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

Chart 6: Jan-26 Trade Balance by Selected Products (RM b)



Source: MATRADE, Macrobond, MBSBR

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