

Malaysia's IPI Grew Faster in Dec-25 due to Stronger Manufacturing Output

Economic Review
Dec-25 Industrial Production

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- Malaysia's IPI growth accelerated to +4.8%yoy in Dec-25 (Nov-25: +4.3%yoy), driven by stronger manufacturing output and higher electricity generation. For 2025, Malaysia's IPI growth was sustained at +3.6% (2024: +3.7%), supported by higher production in export-oriented industries and defying concerns that final demand could be affected by higher tariffs.
- Sales of manufactured goods also recorded more robust growth of +6.4%yoy in Dec-25 (Nov-25: +4.6%yoy), mainly supported by lower base effect in Dec-24 and strong sales of E&E products and consumer electronics. For the whole of 2025, IPI sustained at +3.6%, similar to our estimate and only a slight moderation from +3.7% in 2024.
- We maintain our forecast that IPI growth will moderate to around +3.0% this year (2025: +3.6%). We believe the high base effect from front-loading activities last year will contribute to moderate growth, while companies are expected to increase production to fulfill demand from both domestic consumption and external demand.

Malaysia's IPI growth accelerated to +4.8%yoy in Dec-25 (Nov-25: +4.3%yoy). Although the pace was slightly below our estimate (+5.0%yoy), stronger growth was anticipated in view of the pick-up in export performance in Dec-25. The expansion was driven by stronger manufacturing output (+6.7%yoy; Nov-25: +4.9%yoy), underpinned by production of export-oriented products, such as E&E products; computers & peripheral equipment; and machinery & equipment, as well as food products, basic metals and motor vehicles. Electricity generation also rose faster at +3.7%yoy (Nov-25: +2.7%yoy), the fastest expansion since Nov-24, reflecting higher energy consumption. Mining sector output, however, fell by -2.5%yoy (Nov-25: +2.3%yoy) ending 5 straight months of expansion. The decline was contributed by lower production of natural gas, which more than offset the stronger output of crude petroleum oils & condensates (+6.4%yoy; Nov-25: +4.3%yoy). For the whole of 2025, IPI sustained at +3.6%, similar to our estimate and only a slight moderation from +3.7% in 2024. Output for export-oriented products grew faster at +4.9% (2024: +4.0%), mainly E&E products, computers and optical as well as oils & fats. This defies concerns about the negative impacts of tighter trade rules on final demand, and to certain extent driven by front-loading activities in line with the resilient external trade performance.

IPI grew faster in Dec-25 driven by higher manufacturing and electricity output

Based on the seasonally adjusted data, Malaysia's IPI growth rebounded to +1.0%mom in Dec-25 (Nov-25: -1.3%mom), primarily explained by the turnaround in manufacturing output which picked up by +2.0%mom (Nov-25: -0.7%mom). Electricity output also rose further by +0.7%mom, albeit not as robust as +1.7%mom in Nov-25. Mining output, in contrast, continued to fall by -2.9%mom (Nov-25: +3.5%mom), marking the fourth consecutive month of sequential declines. We expect manufacturing output to remain encouraging, heading into the early part of 2026 as firms increase production to fulfill growing new orders as companies restock their inventories. Commodity production, on the other hand, may be limited by no significant improvement in demand with price growth (of commodities) is expected to remain moderate this year.

IPI rebounded from previous month

Economic Review

Output growth in the export-oriented sectors accelerated to +7.6%yoy in Dec-25 (Nov-25: +5.0%yoy), in line with the stronger goods exports. Several products recorded double-digit output growth, namely E&E products, machinery & equipment, plastic products and oils & fats. Output of coke and refined petroleum rebounded to +3.8%yoy (Nov-25: -2.7%yoy), the first annual expansion after 10 months of contraction. In contrast, output of other products such as chemicals and rubber products declined during the month.

Stronger output of export-oriented products

Output growth for the domestic-oriented industries remained positive but moderated to +4.2%yoy in Dec-25 (Nov-25: +4.6%yoy). This was mainly explained by slower rise in production of consumer products, mainly reduced output of motor vehicles and paper products. Products such as foods and beverages also recorded relatively slower growth in output. In contrast, construction-related products grew slightly faster at +3.9%yoy (Nov-25: +3.7%yoy), driven by higher output of iron & steel (+15.2%; Nov-25: +5.9%yoy), which offset the decline in production of non-metallic minerals (-4%yoy; Nov-25: +0.3%yoy). Output of fabricated metals continued to growth albeit expanding slower at +3.8%yoy (Nov-25: +5.0%yoy), sustaining growth for more than 4 years.

...but moderate IPI growth for domestic-oriented products

We noticed Malaysia's external trade performance was still resilient in the final few months of 2025, in addition to the sustained expansion in domestic demand. We believe this trend will continue to support production of domestic-oriented sectors, particularly consumer products, and export-oriented sectors, mainly E&E products on the back of global tech upcycle. Efforts to diversify and promote greater trade and business activities with FTA members and other non-traditional markets will help to cushion the impact of potential decline in demand from major trading partners (mainly the US), production outlook is still exposed to uncertainties from external front, such as changing trade rules including wider imposition of tariffs on the semiconductor industry.

Growing domestic demand to cushion external trade uncertainties

Sales of manufactured goods also recorded more robust growth of +6.4%yoy in Dec-25 (Nov-25: +4.6%yoy), mainly supported by lower base effect as the value of monthly sales falling by -0.5%mom to RM168.6b. The sustained growth was supported by strong sales of E&E products, consumer electronics, which maintained double-digit growth. Sales of chemical products also grew faster at +1.4%yoy (Nov-25: +0.5%yoy), while sales of rubber gloves and computers & peripheral equipment rebounded to growth after 2 months of contraction. Motor vehicle sales continued to fall for the third straight month, but the pace of decline slowed to -1.4%yoy (Nov-25: -2.8%yoy). On month-on-month basis, seasonally adjusted data indicated manufacturing sales rebounded by +1.9%mom in Dec-25 (Nov-25: -1.3%mom), with increased sales in chemical products, rubber gloves and computers & peripheral equipment. In 2025, manufacturing sales growth moderated to +4.2% (2024: +4.6%) driven mainly by higher sales of E&E products as well as F&B products, offsetting the drag from weaker sales of motor vehicles, chemicals and refined petroleum. We expect sales to continue growing, driven by higher domestic consumption as well as higher demand from other countries.

Manufacturing sales also recorded moderate expansion

IPI growth picked up and improved in most economies in line with the higher global manufacturing PMI, which remained expansionary (Dec-25: 50.4; Nov-25: 50.5) supported by increased output and new orders. In the US, IPI growth moderated to +2.0%yoy (Nov-25: +2.7%yoy), attributable to increased output in all major sectors i.e. manufacturing, mining and utilities. In China, IPI growth picked up to +5.2%yoy (Nov-25: +4.8%yoy), underpinned by higher manufacturing output amid efforts by the government to boost domestic spending. In Japan, IPI rebounded to +2.6%yoy (Nov-25: -2.2%yoy), with increased output of general-purpose and business-oriented machinery, E&E machinery and motor vehicles. In other Asian economies, IPI growth in Taiwan surged +21.6%yoy (Nov-25: 15.8%yoy), as stronger manufacture of electronic parts & components and integrated circuits contributed the more robust manufacturing output. Meanwhile, Thailand reported rebounds in industrial production (+2.5%yoy; Nov-25: -3.9%yoy), driven by higher production of automotive, basic iron & steel, electronic components & boards as well as computers & peripherals. Manufacturing output in the Philippines also rebounded to +1.9%yoy (Nov-25: -1.0%yoy) supported by higher output of non-metallic mineral products, machinery & equipment (excluding electrical) and transport equipment. Singapore reported slower IPI

Global production activity improved in Dec-25

growth of +8.3%yoy (Nov-25: +18.2%yoy), reflecting higher production of electronics (mainly semiconductors), in contrast to weaker production in biomedical manufacturing and chemicals. South Korea, on the other hand, continued to report contraction in its industrial production (-0.3%yoy; Nov-25: -1.4%yoy) for the third consecutive month, although output increased on monthly basis on higher semiconductor demand and firmer foreign demand.

We maintain our forecast that IPI growth will moderate to around +3.0% this year (2025: +3.6%). We believe the high base effect from front-loading activities last year will contribute to moderate growth, while companies are expected to increase production to fulfill demand from both domestic consumption and external demand. Malaysia will continue to benefit from increased demand for technology products and commodities, on the back of growing world economic activities. Nevertheless, we are monitoring closely if tighter trade rules, higher tariffs on selected products and potentially weak final demand could adversely affect Malaysia's industrial output.

IPI growth to moderate to +3.0% this year

Table 1: Malaysia – Summary of Industrial Production Index

	MoM%*				YoY%					
	Sep-25	Oct-25	Nov-25	Dec-25	Sep-25	Oct-25	Nov-25	Dec-25	2024	2025
IPI	(0.9)	0.7	(1.3)	1.0	5.7	6.0	4.3	4.8	3.7	3.6
Mining	(2.4)	(1.0)	(3.5)	(2.9)	10.2	5.8	2.3	(2.5)	0.7	0.6
Manufacturing	(0.3)	1.0	(1.0)	2.0	5.0	6.5	4.9	6.7	4.3	4.5
Electricity	(1.6)	0.5	1.7	0.7	2.8	1.8	2.7	3.7	5.4	0.8

* MoM is seasonally adjusted

Source: Macrobond, DOSM, MBSBR

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

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2024	2025
IPI	4.2	4.8	5.7	6.0	4.3	4.8	3.7	3.6
Mining	4.3	16.8	10.2	5.8	2.3	(2.5)	0.7	0.6
Crude Petroleum	1.0	11.4	13.0	8.8	4.3	6.4	(2.7)	1.8
Natural Gas	6.8	20.6	8.5	3.9	1.0	(7.9)	3.0	(0.2)
Manufacturing	4.4	2.8	5.0	6.5	4.9	6.7	4.3	4.5
Food Products	8.1	2.7	8.4	10.5	8.0	12.1	5.0	9.3
Refined Petroleum Products	(1.1)	(0.5)	(0.2)	(2.3)	(2.7)	(0.8)	1.9	(1.5)
Chemicals & Chemicals Products	(0.3)	(2.7)	(1.7)	1.5	(0.7)	2.6	2.2	1.1
Rubber Products	(0.8)	(1.5)	(0.9)	(1.5)	(1.7)	(0.9)	8.3	0.7
Basic Metals	7.4	5.4	6.1	8.6	5.9	7.0	4.6	5.5
Electrical & Electronic Products	8.5	6.6	9.1	13.4	10.8	12.8	4.3	8.9
Computers & Peripheral Equipment	2.4	5.4	4.1	1.9	1.7	4.4	14.3	5.1
Machinery & Equipment	10.2	5.4	9.6	11.3	9.0	10.3	3.9	8.1
Motor Vehicles, Trailers & Semi-Trailers	1.0	(5.1)	4.5	(3.3)	1.2	1.8	0.1	(4.6)
Electricity	1.6	1.2	2.8	1.8	2.7	3.7	5.4	0.8

Source: Macrobond, MBSBR

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

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2025
IPI: Export-Oriented Industries	2.9	4.1	2.3	4.9	7.2	5.0	7.6	4.9
Computer, Electronic and Optical Products	5.9	8.5	6.7	8.8	14.2	10.7	13.2	9.2
Electrical Equipment	7.1	6.8	7.4	11.1	9.3	13.9	12.2	7.4
Chemicals and Chemical Products	(1.2)	(0.3)	(2.7)	(1.7)	1.5	(0.7)	(4.2)	0.6
Coke and Refined Petroleum Products	(2.0)	(1.1)	(0.5)	(0.2)	(2.4)	(2.7)	3.8	(1.1)
Vegetable & animal oils & fats	8.5	4.1	(7.5)	7.4	12.9	5.7	14.0	9.3
Textiles	(4.3)	(2.7)	(4.5)	(1.3)	(0.7)	(3.1)	8.1	(2.1)
Wearing Apparel	(3.0)	(2.4)	(0.3)	2.1	1.8	2.3	8.2	1.9
Wood and Wood Products	(1.8)	3.4	3.6	1.9	2.1	3.7	4.0	2.7
Furniture	9.8	11.1	7.7	8.1	9.8	7.5	3.9	6.2
Rubber Products	(2.3)	(0.8)	(1.5)	(0.9)	(1.6)	(1.7)	(8.0)	0.1

Source: DOSM, MBSBR

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

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2025
IPI: Domestic-Oriented Industries	5.1	5.0	3.8	5.3	4.9	4.6	4.2	3.7
Construction (CO)	3.3	3.9	3.6	3.0	4.8	3.7	3.9	3.8
CO: Non-Metallic Mineral	1.5	0.6	0.3	(2.0)	(1.1)	0.3	(4.0)	0.7
CO: Iron and Steel	6.7	7.4	5.4	6.1	8.5	5.9	15.2	6.2
CO: Fabricated Metal	2.4	4.1	4.9	4.5	7.1	5.0	3.8	4.7
Consumer (CS)	6.1	5.6	3.8	6.7	5.0	5.2	4.4	3.7
CS: Food Products	11.3	10.7	9.7	9.0	8.7	9.6	8.8	9.2
CS: Motor Vehicles, Trailers and Semi-Trailers	3.4	1.0	(5.1)	4.5	(3.3)	1.3	(1.8)	(4.9)
CS: Other Transport Equipment	(0.4)	0.7	1.4	3.2	4.7	3.4	12.6	1.6
CS: Beverages	10.4	11.4	13.1	14.4	15.9	10.3	3.5	9.2
CS: Tobacco Products	1.6	1.2	1.4	3.0	1.1	4.4	9.0	1.5
CS: Paper and Paper Products	(3.2)	(2.1)	(3.2)	(0.8)	(0.7)	(3.9)	(1.6)	(1.6)
CS: Others	1.1	3.6	4.1	4.9	2.8	3.1	6.5	3.6

Source: DOSM, MBSBR

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

	MoM%			YoY%			
	Oct-25	Nov-25	Dec-25	Oct-25	Nov-25	Dec-25	2025
Manufacturing Sales	1.3	(1.3)	(0.5)	6.3	4.6	6.4	4.2
<i>Seasonally adjusted month-on-month change (%)</i>	1.8	(1.3)	1.9				
Refined Petroleum Products	1.0	(6.2)	(14.5)	(3.2)	(5.3)	(4.9)	(5.6)
Chemicals and Chemical Products	(2.2)	2.9	3.5	1.3	0.5	1.4	(0.1)
Rubber Gloves	6.2	(10.3)	1.6	(1.6)	(3.5)	0.8	4.0
Iron & Steel Products	3.9	(3.2)	(1.0)	4.4	2.6	7.2	3.9
Diodes, Transistor & Electronic Integrated Circuits Mic	(8.5)	(1.1)	(0.7)	14.8	15.1	13.9	8.3
Electrical Capacitor Resistor, Circuit Board & Display Comp	(9.8)	7.9	(9.1)	26.4	25.2	28.4	13.3
Computers & Peripherals Equipment	10.1	(12.7)	33.2	(13.2)	(13.9)	0.4	5.5
Consumer Electronics	16.6	(14.4)	(6.6)	29.8	19.2	19.1	8.2
Motor Vehicles	23.0	3.6	1.5	(6.9)	(2.8)	(1.4)	(13.3)

Source: Macrobond, DOSM, MBSBR

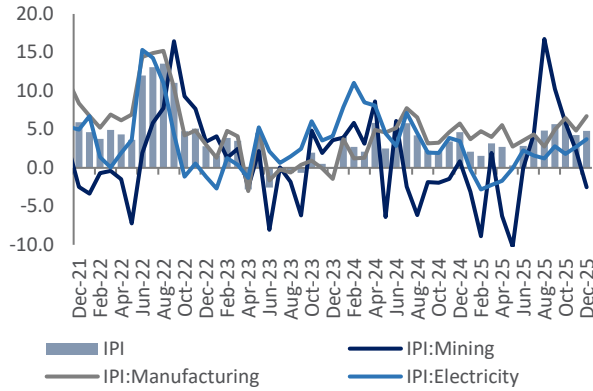
Table 6: IPI for Selected Economies (YoY%)

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Malaysia	0.3	2.9	4.2	4.8	5.7	6.0	4.3	4.8
Philippines	0.0	2.9	(0.2)	1.9	(0.3)	1.3	(1.0)	1.9
Thailand	1.9	0.4	(3.8)	(4.4)	1.2	0.0	(3.9)	2.5
Singapore	3.5	7.7	7.5	(9.1)	17.2	29.8	18.2	8.3
S. Korea	(0.3)	1.6	5.0	0.9	12.1	(8.3)	(1.2)	(0.3)
Taiwan	22.1	18.3	18.7	13.7	16.4	14.1	15.8	21.6
China	5.8	6.8	5.7	5.2	6.5	4.9	4.8	5.2
India	1.9	1.5	4.3	4.1	4.6	0.5	6.7	7.8
Japan	(2.4)	4.4	(0.4)	(1.6)	3.8	1.6	(2.2)	2.6
Euro area	3.0	0.7	1.9	1.2	1.2	1.7	2.5	n.a.
USA	0.1	0.6	1.9	1.2	2.0	2.1	2.7	2.0

*n.a.: not available

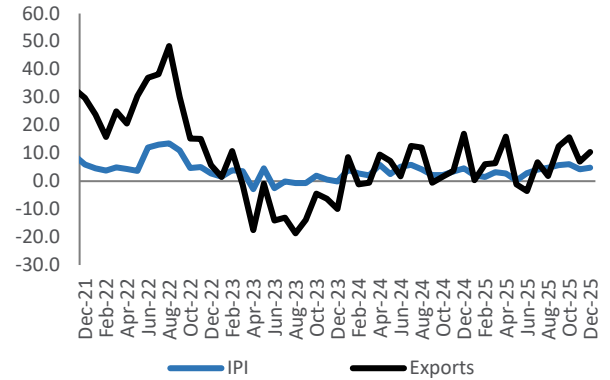
Source: Macrobond, MBSBR

Chart 1: IPI Performance by Sector (YoY%)



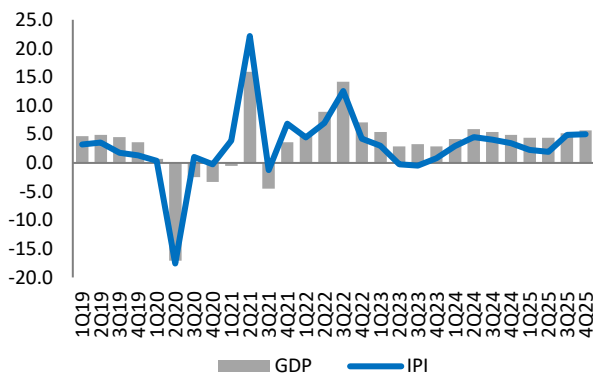
Source: Macrobond, MBSBR

Chart 2: IPI vs Exports (YoY%)



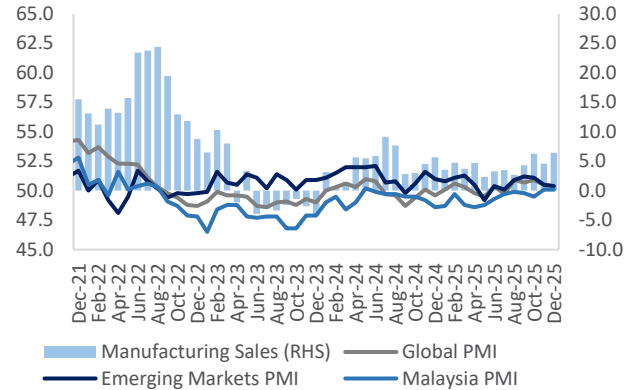
Source: Macrobond, MBSBR

Chart 3: IPI vs GDP (YoY%)



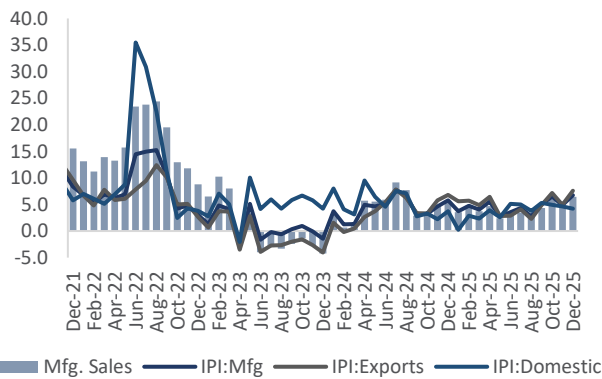
Note: GDP growth for 4QCY25 refers to advance estimate
Source: Macrobond, MBSBR

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



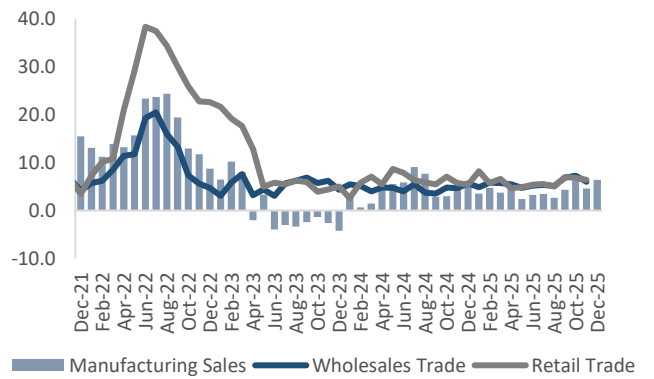
Source: Macrobond, MBSBR

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



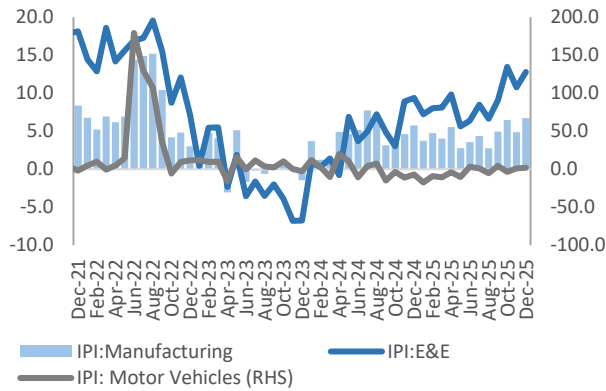
Source: DOSM, MBSBR

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



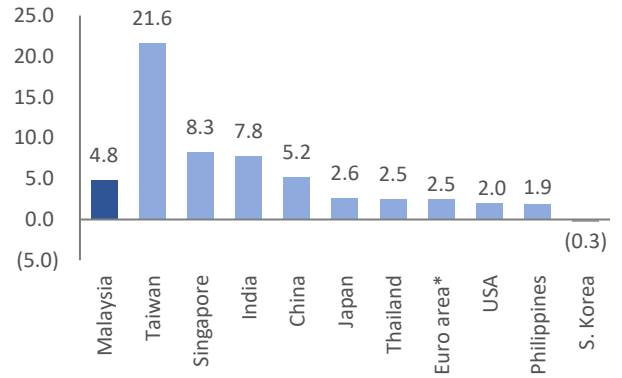
Source: DOSM, MBSBR

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



Source: Macrobond, MBSBR

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



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

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