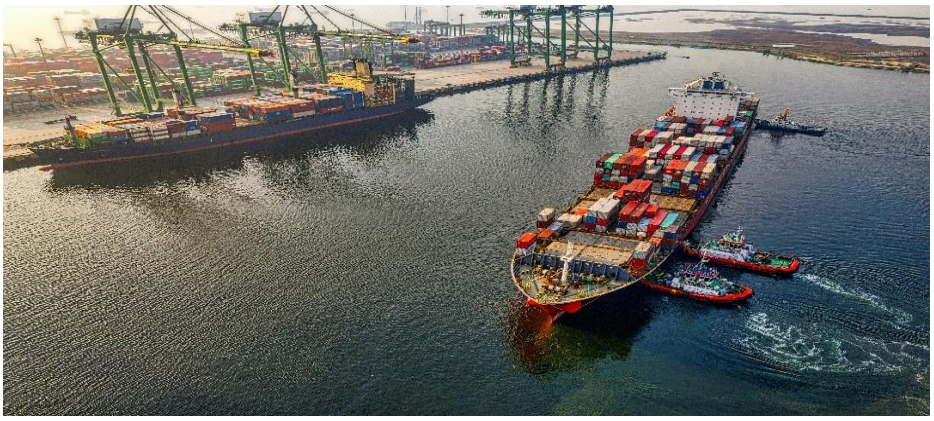
Malaysia's Export Resilience Sustained by Strong E&E Demand

Economic Review
Feb-26 External Trade



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Economic Review

- Malaysia's total trade continued to expand though at a softer pace by +9.5%yoy in Feb-26 (Jan-26: +12.6%yoy). Exports remained resilient with a double-digit growth of +10.8%yoy (Jan-26: +19.6%yoy), while imports rose by +8.2%yoy (Jan-26: +5.3%yoy).
- By sector, growth in manufacturing exports rose slower by +12.8%yoy (Jan-26: +22.3%yoy) with growth supported by the expansion for E&E products (+28.5%yoy) and optical and scientific products (+42.9%yoy).
- By destination, exports to the US accelerated by +42.3%yoy (Jan-26: +33.9%yoy), marking three consecutive months of double-digit growth. Also, demand was strong from China (+13.2%yoy) and Taiwan (+65.9%yoy).
- For 2026, we continue to 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, in addition to the sustained global tech upcycle. The trajectory of Malaysia's export performance remains vulnerable to external trade volatility.

Malaysia's total trade softened but growth momentum remains intact

Malaysia's total trade continued to expand though at a softer pace by +9.5%yoy in Feb-26 (Jan-26: +12.6%yoy). Exports remained resilient with a double-digit growth of +10.8%yoy (Jan-26: +19.6%yoy), while imports rose by +8.2%yoy (Jan-26: +5.3%yoy). Exports' resilience was supported by sustained growth in re-exports (+24.8%yoy; Jan-26: +51.5%yoy) and domestic exports (+7.7%yoy; Jan-26: +11.3%yoy). On the sector front, outbound shipments continued to increase for E&E products, optical & scientific equipment, and metalliferous ores & metal scrap. Destination-wise, external demand strengthened in China, US, Taiwan and EU. For 2MCY26 all components improved, including total trade (+11.0%yoy; 2MCY25: +4.4%yoy), exports (+15.2%yoy; 2MCY25: +3.1%yoy), and imports (+6.4%; 2MCY25: +5.9%yoy)

Trade surplus narrowed further

On a month-on-month basis, exports declined sharply by -10.8%mom in Feb-26 (Jan-26: -3.9%mom), marking two consecutive months of contraction. Similarly, imports fell by -8.5%mom (Jan-26: -4.0%mom). On balance, Malaysia's trade surplus narrowed further to +RM16.7b (Jan-26: +RM22b) mainly due to the relatively larger decline in export value. The surplus, however, is higher than +RM12.6b recorded in Feb-25.

External trade to moderate in 2026, with upside from tech amid volatility

For 2026, we continue to 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, in addition to the sustained global tech upcycle. Despite the US Supreme Court's revocation of 'reciprocal tariffs,' the trajectory of Malaysia's export performance remains vulnerable to external trade volatility. This instability is also influenced by escalating Middle East tensions and a series of pending global measures, most notably an impending 15% broad-based tariff hike. Furthermore, Malaysia faces intensifying scrutiny over forced labor allegations and 'structural excess capacity' in manufacturing.

Should the ongoing probes yield affirmative findings, the resulting retaliatory duties will likely keep the nation's industrial outlook cautious throughout the year. On another note, the sustained rise in domestic economic activities will continue to support growing imports.

Demand for E&E products remains strong

By sector, growth in manufacturing exports rose slower by +12.8%yoy (Jan-26: +22.3%yoy) with growth supported by the expansion for E&E products (+28.5%yoy) and optical and scientific products (+42.9%yoy). Under E&E exports, there was resilient demand for semiconductors (+46.5%yoy) and telecommunication equipment and parts (+22.32%yoy). Processed petroleum products dragged down manufacturing exports as the segment contracted sharper by -23.5%yoy. Mining exports continued its growth trajectory as it increased by +12.3%yoy (Jan-26 +2.7%yoy), mainly supported by triple-digit growth in outbound shipment for metalliferous ores and metal scrap (+443.7%yoy; Jan-26: +207.7%yoy), which doubled from the month before. This outweighed decline recorded for LNG (-27.3%yoy). Meanwhile, agricultural exports fell sharper by -16.4%yoy (Jan-26: -2.7%yoy) with steeper contraction in palm oil and palm oil-based agriculture product (-13.7%yoy) and other agriculture products (-22.4%yoy).

Strong exports to US & China, offset weak demand from Singapore

By destination, exports to the US accelerated by +42.3%yoy (Jan-26: +33.9%yoy), marking three consecutive months of double-digit growth and driven by robust demand for E&E products (+61.1%yoy) and optical & scientific equipment (+38.6%yoy). Exports to Singapore fell by -17.1%yoy (Jan-26: +0.4%yoy), dragged by contraction in E&E shipments (-10.8%yoy), machinery (-13.1%yoy), and petroleum products (-49.4%yoy). Meanwhile, exports to China remains resilient at +13.2%yoy growth (Jan-26: +16.1%yoy) supported by E&E products (+18.2%yoy) and a triple-digit surge in metalliferous ores and metal scrap (+443.2%yoy). Exports to Taiwan grew robustly at +65.9%yoy (Jan-26: +79.4%yoy), driven by continued strong expansion in demand for E&E products (+60.5%yoy), optical and scientific equipment (+94.1%yoy), and machinery, equipment and parts (+71.7%yoy).

Higher exports to ASEAN, while EU demand remains resilient

Shipments to ASEAN contracted by -9.4%, reversing the +7.1% gain in Jan-26, weighed down by a sharp moderation in E&E products (+1.5%yoy) and a steep -31.2%yoy decline in petroleum products. This contraction was primarily driven by a -17.1%yoy drop in exports to Singapore, which accounts for nearly half (48.5%) of Malaysia's regional trade share. Conversely, the region saw pockets of resilience, with steady gains in exports to Thailand (+17.8%) and Vietnam (+11.7%). Exports to the EU showed continued momentum, accelerating by +33.9%yoy (Jan-26: +26.0%yoy). The growth was underpinned by strong demand for E&E products (+33.2%yoy) as well as optical and scientific equipment (+26.5%yoy). On a country level, the expansion was particularly pronounced in shipments to the Netherlands (+81.1%yoy), Germany (+14.5%yoy), and France (+78.8%yoy).

Imports growth improved

Overall imports increased faster by +8.2%yoy (Jan-26: +5.3%yoy), fuelled by expansion in imports of intermediate goods (+0.8%yoy), capital goods (+15.4%yoy), and consumption goods (+1.5%yoy). Manufacturing imports continued to dominate, accelerating to +15.1%yoy (Jan-26: +5.4%yoy) on the back of a +36.6%yoy surge in E&E components. Conversely, the primary sectors faced sharp pullbacks: agricultural imports plummeted -26.0%yoy (Jan-26: -12.8%yoy), weighed down by a slump in natural rubber (-37.9%yoy), while mining imports reversed previous gains to contract by -37.2%yoy (Jan-26: +11.4%yoy). This downturn was largely due to a significant reduction in crude petroleum purchases, which fell by -66.2%yoy.

External trade more affected by volume change

Based on Jan-26 trade data, export growth surged by +19.6%yoy (Dec-25: +10.2%), driven by higher export volume of +18.1%yoy, mainly supported by index of crude material inedible (+61.1%yoy), machinery & transport equipment (+33.5%yoy). The rise in export prices moderated further to +1.3%yoy (Dec-25: +1.8%yoy). Nevertheless, the continued growth was contributed by the index of foods (+10.7%yoy), miscellaneous manufactured articles (+3.9%yoy). Meanwhile, imports rose at a slower pace of +5.3%yoy in Jan-26 (Dec-25: +9.5%yoy) as import prices continued to decline for the 17th consecutive month and at a faster pace of -3.7%yoy (Dec-25: -3.0%yoy). Import volume also registered moderate growth

of +9.4%yoy (Dec-25: +15.4%yoy). The sustained rise was supported by miscellaneous manufactured articles (+24.3%yoy), machinery & transport equipment (+8.8%yoy) and mineral fuels (+15.3%yoy).

Smaller trade surpluses for E&E products, palm oil and LNG

Trade surplus narrowed further to +RM16.7b in Feb-26 (Jan-26: +RM22b), primarily due to monthly decline in exports (-RM15.9b) which was sharper than imports (-RM10.6b). By sector, the smaller surplus during the month reflects the reduced surpluses in trade of E&E products (+RM21b; Jan-26: +RM11b), palm oil and palm oil-based products (+RM5.3b; Jan-26: +RM6.6b) and LNG (+RM3b; Jan-26: +4.5b). This more than offset smaller deficits in trade of crude and processed petroleum (-RM0.7b; Jan-26: -RM2.8b) and wider surplus in trade of other manufactured products (+RM5.5b; Jan-26: +RM3.9b). While sustained surplus will be primarily driven by the trade of E&E products, we noticed trade of other manufactured products and optical & scientific equipment also contributed to the overall trade surplus. Palm oil and LNG are also major contributors to trade surplus. We expect larger trade of crude and processed petroleum products and LNG due to the recent spike in prices of energy commodities. However, the surplus in oil trade may be limited by surging imports.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	2MCY25	2MCY26
Exports (RM b)	**139.0**	**148.3**	**134.9**	**152.8**	**146.9**	**130.9**	**241.1**	**277.8**
YoY%	12.5	15.7	7.0	10.2	19.6	10.8	3.1	15.2
MoM%	5.9	6.7	(9.0)	13.2	(3.9)	(10.8)		
Imports (RMb)	**118.8**	**118.8**	**128.8**	**130.7**	**124.9**	**114.2**	**224.8**	**239.1**
YoY%	7.2	10.0	15.8	9.5	5.3	8.2	5.9	6.4
MoM%	2.9	7.7	0.7	1.4	(4.0)	(8.5)		
Total Trade (RMb)	**257.8**	**276.2**	**263.8**	**283.5**	**271.7**	**245.2**	**465.8**	**516.9**
YoY%	10.0	13.0	11.1	9.9	12.6	9.5	4.4	11.0
MoM%	4.5	7.1	(4.5)	7.5	(3.9)	(9.8)		
Trade Balance (RMb)	**20.2**	**20.4**	**6.1**	**22.1**	**22.0**	**16.7**	**16.3**	**38.7**
YoY%	57.6	70.8	(59.0)	14.6	483.9	32.5	(24.2)	137.6
MoM%	27.6	0.9	(70.2)	262.6	(3.2)	(23.9)		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	2MCY25	2MCY26
Exports								
Re-exports (RM b)	**34.5**	**39.2**	**29.8**	**38.2**	**38.2**	**26.6**	**46.6**	**64.8**
YoY%	46.1	36.4	40.4	35.0	51.5	7.7	(1.6)	39.0
MoM%	23.5	13.4	(24.0)	28.3	0.4	(4.0)		
Domestic Exports (RM b)	**104.5**	**109.2**	**105.2**	**114.8**	**108.6**	**104.3**	**194.4**	**213.0**
YoY %	4.5	9.7	0.3	4.0	11.3	24.8	4.3	9.5
MoM%	1.1	4.5	(3.7)	9.1	(5.3)	(30.2)		
Imports								
Intermediate (RM b)	**54.3**	**57.8**	**66.4**	**63.2**	**57.7**	**59.2**	**119.4**	**116.8**
YoY%	(7.4)	(7.9)	5.0	3.6	(5.1)	0.8	4.4	(2.2)
MoM%	(9.8)	6.4	14.9	(4.9)	(5.5)	2.5		
Capital (RM b)	**18.5**	**18.7**	**20.8**	**15.3**	**15.8**	**15.9**	**33.7**	**31.6**
YoY%	9.0	51.6	56.6	(11.8)	(20.7)	15.4	41.2	(6.1)
MoM%	17.5	1.1	11.4	(26.4)	4.4	1.3		
Consumption (RM b)	**9.2**	**10.0**	**9.9**	**13.1**	**11.7**	**9.2**	**19.1**	**20.5**
YoY%	4.9	3.7	(1.5)	27.6	16.7	1.5	1.9	7.0
MoM%	(2.0)	8.2	(0.8)	32.1	(5.8)	(18.3)		

Source: MATRADE, Macrobond, MBSBR

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

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
China	2.9	7.5	9.8	(3.5)	16.1	13.2
US	24.2	(2.6)	(0.8)	48.8	33.9	42.3
Japan	(5.2)	6.6	(4.9)	(16.9)	(0.4)	(14.8)
Taiwan	8.6	38.7	53.0	34.4	79.4	65.9
India	28.7	(8.6)	4.7	10.7	35.7	8.5
EU	19.7	23.8	13.2	34.8	26.0	33.9
ASEAN	19.2	20.1	5.8	1.0	7.1	(9.4)
Singapore	28.0	27.2	4.1	(12.8)	0.4	(17.1)
Thailand	13.2	18.3	3.8	6.9	9.8	17.8
Indonesia	(9.0)	(9.7)	6.4	27.7	10.0	(36.0)
Vietnam	25.5	29.4	19.1	49.8	60.0	11.7

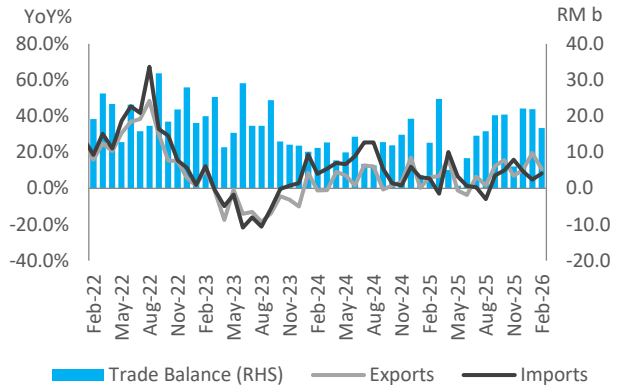
Source: Macrobond, MBSBR

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

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
E&E	19.5	26.5	15.0	25.0	39.5	28.5
Machinery, Equipment & Parts	14.1	17.2	5.1	11.0	13.0	0.4
Optical & Scientific Equipment	16.7	31.6	33.7	20.6	36.2	42.9
Palm oil & palm oil-based products	14.0	24.0	(2.0)	(3.5)	(2.9)	(1.6)
Crude Petroleum	(17.3)	37.8	6.0	(39.0)	(39.0)	6.4
Petroleum Products	11.6	(8.1)	1.5	(18.9)	(16.7)	(49.3)
LNG	(13.2)	(17.6)	(12.5)	(24.9)	(5.2)	(27.3)
Rubber products	(4.3)	(10.1)	(25.1)	(16.7)	(11.7)	(24.5)
Transport equipment	(12.2)	(0.4)	(8.6)	(3.5)	13.8	(10.5)

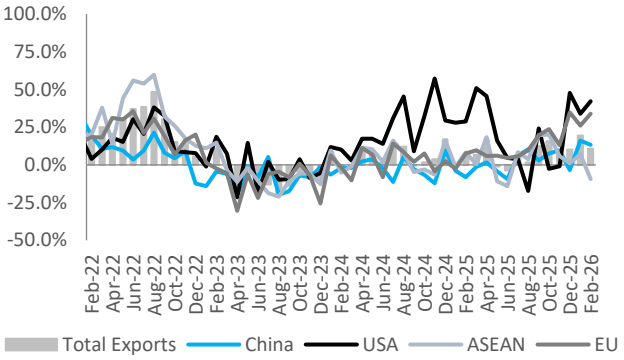
Source: Macrobond, MBSBR

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



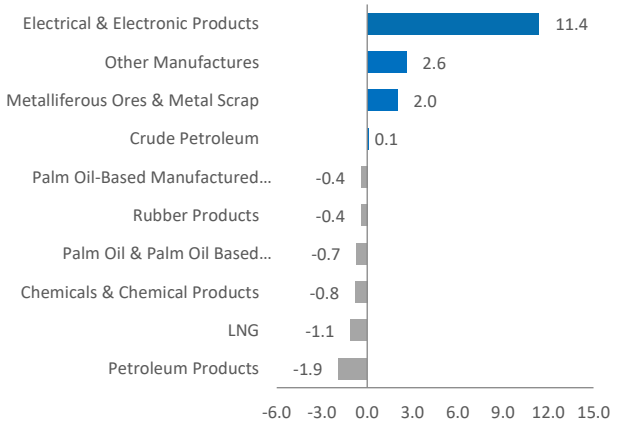
Source: MATRADE, Macrobond, MBSBR

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



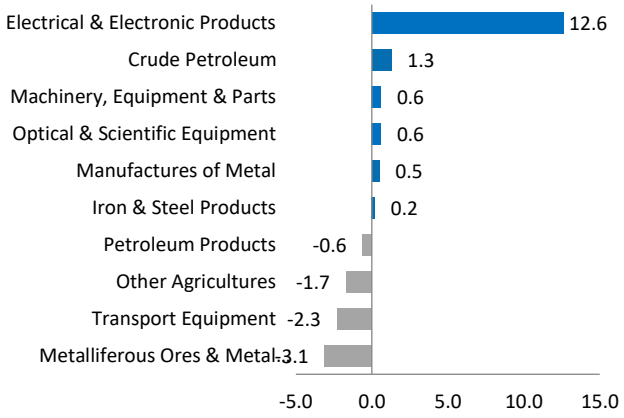
Source: MATRADE, Macrobond, MBSBR

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



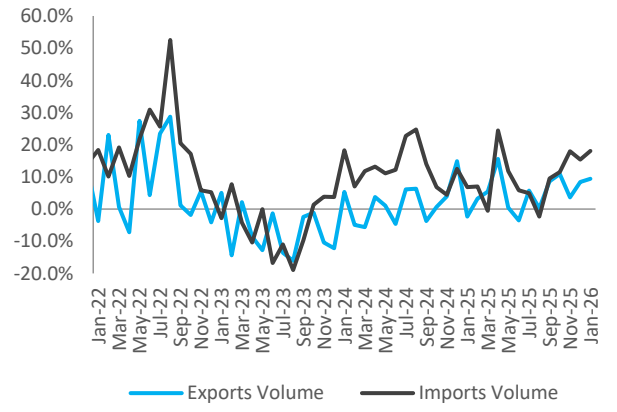
Source: MATRADE, Macrobond, MBSBR

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



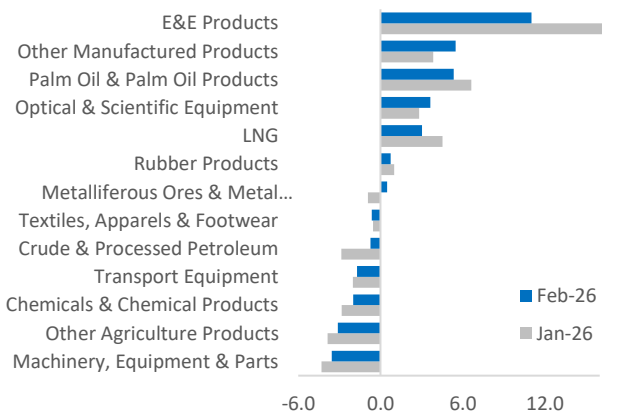
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



Note: The latest available trade volume data is Jan-26
Source: MATRADE, DOSM, MBSBR

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



Source: MATRADE, Macrobond, MBSBR

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