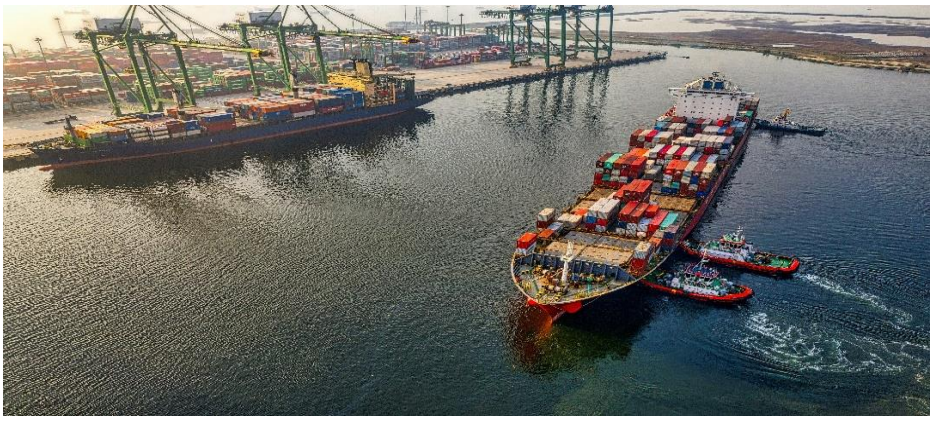
Malaysia's Export Remains Resilient Amid Middle East Tensions

Economic Review
Mar-26 External Trade



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Economic Review

- Malaysia's total trade continued to expand albeit at a marginally softer pace of +9.3%yoy in Mar-26 (Feb-26: +9.5%yoy). Exports maintained growth for the ninth straight month, growing at more moderate pace of +8.3%yoy (Feb-26: +10.7%yoy). Meanwhile, imports rose double-digits by +10.4%yoy (Feb-26: +8.2%yoy).
- By sector, growth in manufacturing exports grew softer by +9.6%yoy (Feb-26: +12.8%yoy) with growth mainly supported by the rebound in petroleum products (+23.7%yoy) and the continued expansion for E&E products (+28.5%yoy). Mining exports declined by -0.4%yoy (Feb-26: +12.3%yoy) while agricultural exports fell slower by -7.8%yoy (Feb-26: -16.4%yoy).
- By destination, exports to the US slowed down to +18.3%yoy (Feb-26: +42.3%yoy). Meanwhile, exports to Singapore fell slower by -10.3%yoy (Feb-26: -17.1%yoy) and exports to China slowed by +7.0%yoy (Feb-26: +13.2%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.

Malaysia's total trade slowed marginally

Malaysia's total trade continued to expand albeit at a marginally softer pace of +9.3%yoy in Mar-26 (Feb-26: +9.5%yoy). Exports maintained growth for the ninth straight month, growing at more moderate pace of +8.3%yoy (Feb-26: +10.7%yoy). Meanwhile, imports rose double-digits by +10.4%yoy (Feb-26: +8.2%yoy), marking the highest reading during the quarter. Exports' performance remains comfortably above last year's average of +6.5%, mainly supported by the surge of re-exports (+38.3%yoy; Feb-26: +24.8%yoy). This offset the sharp deceleration in domestic exports to +0.9%yoy (Feb-26: +7.7%yoy). By sector, outbound shipments saw a rebound in petroleum products, while growth persisted for E&E, optical & scientific equipment, and metalliferous ores & metal scrap. Meanwhile, demand from major trading partners, including the US, Taiwan, and the EU, continued to rise, albeit at a more moderate pace.

Trade surplus widened in Mar-26

On a monthly basis, exports rose sharply by +13.6%mom (Feb-26: -10.8%yoy), whereas imports rebounded and expanded by +8.7%mom (Feb-26: -8.5%yoy). These figures reversed the declines seen over the previous two months. On balance, Malaysia's trade surplus expanded to +RM24.5b (Feb-26: +RM16.7b), but the reading came in marginally lower than the surplus of +RM24.8b last year. For 1QCY26 all components improved, including total trade (+10.4%yoy; 1QCY25: +3.6%yoy), exports (+12.7%yoy; 1QCY25: +4.3%yoy), and imports (+7.7%; 1QCY25: +2.8%yoy)

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. With potential new retaliatory measures expected by mid-2026 from the probes if proven to be true and semiconductor-specific tariffs, the nation's industrial outlook could be hit by new tariff measures. On another note, the sustained rise in domestic economic activities, both consumer and business spending, will continue to support growing imports.

Persistently strong demand for E&E

By sector, growth in manufacturing exports grew softer by +9.6%yoy (Feb-26: +12.8%yoy) with growth mainly supported by the rebound in petroleum products (+23.7%yoy) and the continued expansion for E&E products (+28.5%yoy) and optical and scientific products (+29.3%yoy). Under E&E exports, there was resilient demand for semiconductors (+42.5%yoy) and telecommunication equipment and parts (+57.9%yoy). Mining exports declined by -0.4%yoy (Feb-26: +12.3%yoy) with contraction recorded for LNG (-17.5%yoy) and petroleum condensates & other petroleum oil (-17.3%yoy), outweighing the triple-digit growth of metalliferous ores and metal scrap (+173.8%yoy). Meanwhile, agricultural exports declined slower by -7.8%yoy (Feb-26: -16.4%yoy) due to modest contraction in palm oil and palm oil-based agriculture product (-6.1%yoy)

Softer demand across major trading partners

By destination, exports to the US slowed down to +18.3%yoy (Feb-26: +42.3%yoy), marking a fourth consecutive month of double-digit gains, albeit at the slowest pace in the sequence. This was mainly due to softer demand for E&E products (+22.9%yoy) and optical & scientific equipment (+38.6%yoy). Exports to Singapore felt softer by -10.3%yoy (Feb-26: -17.1%yoy), mainly weighed by contraction in E&E shipments (-3.9%yoy) and petroleum products (-41.3%yoy). Meanwhile, exports to China slowed by +7.0%yoy (Feb-26: +13.2%yoy), reflecting a moderation in E&E products (+12.2%yoy) and a marginally sharper decline in chemical & chemical products (-35.7%yoy). Exports to Taiwan moderated to a +45.0%yoy growth rate (Feb-26yoy: +65.9%), underpinned by sustained demand for E&E products (+34.1%yoy) and robust triple-digit gains in optical and scientific equipment (+108.1%yoy) and machinery (+151.0%).

Exports to ASEAN recovered, while EU demand weakened

Shipments to ASEAN edged up by +2.0%yoy in Mar-26, following a sharp decline of -9.4%yoy in the previous month. This was attributable to the higher shipment of E&E products (+9.9%yoy) and crude petroleum (+61.1%yoy). This expansion was primarily driven by robust gains in Thailand (+18.6%yoy) and Vietnam (+38.1%yoy), which more than offset the continued contraction in exports to Singapore (-10.3%yoy). Exports to the EU declined by -4.1%yoy (Feb-26: +33.9%yoy), dragged by the sharp moderation for E&E products (+5.6%yoy) and the contraction in palm oil-based manufactured products (-22.2%yoy) as well as optical and scientific equipment (-8.0%yoy). On a country level, the expansion was particularly pronounced in shipments to the Netherlands (-14.4%yoy), Germany (-15.7%yoy), and Belgium (-28.0%yoy).

Import growth accelerated driven by capital goods

Imports rose by +10.4%yoy (Feb-26: +8.2%yoy), mainly due to the expansion of capital goods (+54.7%yoy). However, both intermediate goods (-1.1%yoy) and consumption goods (-7.8%yoy) contracted. Manufacturing imports continued to dominate, accelerating to +16.4%yoy (Feb-26: +15.1%yoy) thanks to the double-digit expansion for E&E products (+29.3%yoy) and machinery, equipment & parts (+22.0%yoy). Conversely, the primary sectors continue to face pullbacks: agricultural imports fell by -29.5%yoy (Feb-26: -26.0%yoy) due to the decline in palm oil & palm oil-based agriculture products (-26.4%yoy) and natural rubber (-30.3%yoy). Meanwhile mining imports dropped by -25.7%yoy (Feb-26: -37.2%yoy) due to lower purchases of crude petroleum (-60.6%yoy)

External trade more affected by volume change

Based on Feb-26 trade data, exports rose slower by +10.8%yoy (Jan-26: +19.6%yoy), whereby growth stemmed from a more modest gain in export volume (+9.5%yoy), mainly supported by inedible crude materials (+79.6%yoy) and miscellaneous manufactured articles (+27.0%yoy). Export prices eased further to +1.1%yoy (Jan-26: +1.3%yoy) with expansion recorded for index of foods (+10.1%yoy) and miscellaneous manufactured articles (+4.2%yoy). Meanwhile, imports grew at a faster pace of +8.2%yoy (Jan-26: +4.8%yoy), mainly supported by higher import volume of +13.0%yoy (Jan-26: +9.4%yoy) thanks to the expansion in miscellaneous manufactured articles (+28.2%yoy), machinery and transport equipment (+25.6%yoy). Meanwhile, import prices fell by -4.3%yoy (Jan-26: -3.7%yoy) due to the decline in mineral fuels (-26.6%yoy), chemicals (-4.4%yoy).

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

Trade surplus widened to +RM24.6b in Mar-26 (Feb-26: +RM16.7b), primarily due to larger monthly rebound in exports (+13.6%mom or +RM17.8b) sharper than imports (+8.7%mom or +RM10b). By sector, the wider surplus was attributable to higher surplus in trade of E&E products, which increased to +RM17.9b (Feb-26: +RM11b), and LNG (+RM4.1b; Feb-26: +RM3b). Meanwhile, the trade balances for (a) crude & processed and (b) manufactures of metal both turned into surpluses, amounting to +RM1.2b (Feb-26: -RM0.7b) and +RM1b (Feb-26: -RM0.3b), respectively. In contrast, trade surplus for palm oil & palm oil products shrank slightly to +RM6.5b (Feb-26: +RM6.8b), while trade deficits for chemicals & chemical products and transport equipment widened to -RM3b (Feb-26: -RM2b) and -RM2.3b (Feb-26: -RM1.8b). The strength of demand for E&E products would ensure Malaysia to sustain trade surplus in the coming months, followed by sustained surpluses in palm oil and LNG trade. However, the stability of trade outlook may be disrupted by rising production costs and potential disruptions to input supply. On the flip side, increased demand for commodities could support oil & gas and palm oil exports, which could also gain from higher and elevated prices.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	1QCY25	1QCY26
Exports (RM b)	**148.3**	**134.9**	**152.8**	**146.8**	**131.0**	**148.8**	**378.6**	**426.5**
YoY%	15.7	7.0	10.2	19.6	10.7	8.3	4.3	12.7
MoM%	6.7	(9.0)	13.2	(3.9)	(10.8)	13.6		
Imports (RMb)	**127.9**	**128.8**	**130.7**	**124.9**	**114.2**	**124.2**	**337.3**	**363.3**
YoY%	10.0	15.8	9.5	4.8	8.2	10.4	2.8	7.7
MoM%	7.7	0.7	1.4	(4.5)	(8.5)	8.7		
Total Trade (RMb)	**276.2**	**263.8**	**283.5**	**271.7**	**245.2**	**273.0**	**715.7**	**789.8**
YoY%	13.0	11.1	9.9	12.3	9.5	9.3	3.6	10.4
MoM%	7.1	(4.5)	7.5	(4.2)	(9.8)	11.3		
Trade Balance (RMb)	**20.4**	**6.1**	**22.1**	**22.0**	**16.7**	**24.6**	**41.0**	**63.2**
YoY%	70.8	(59.0)	14.6	500.1	32.4	(0.9)	18.7	54.0
MoM%	0.9	(70.2)	262.6	(0.5)	(23.9)	47.0		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	1QCY25	1QCY26
Exports								
Re-exports (RM b)	**39.2**	**29.8**	**38.2**	**38.2**	**26.6**	**37.9**	**74.0**	**102.7**
YoY%	36.4	40.4	35.0	51.5	7.7	38.3	3.1	38.7
MoM%	13.4	(24.0)	28.3	0.4	(4.0)	42.3		
Domestic Exports (RM b)	**109.2**	**105.2**	**114.8**	**108.6**	**104.3**	**110.9**	**304.3**	**323.8**
YoY %	9.7	0.3	4.0	11.3	24.8	0.9	4.6	6.4
MoM%	4.5	(3.7)	9.1	(5.3)	(30.2)	6.3		
Imports								
Intermediate (RM b)	**57.8**	**66.4**	**63.2**	**57.7**	**59.2**	**58.9**	**178.4**	**175.2**
YoY%	(7.9)	5.0	3.6	(5.1)	0.8	(1.1)	2.6	(1.8)
MoM%	6.4	14.9	(4.9)	(5.5)	2.5	(1.5)		
Capital (RM b)	**18.7**	**20.8**	**15.3**	**15.8**	**15.9**	**13.0**	**46.8**	**47.9**
YoY%	51.6	56.6	(11.8)	(20.7)	15.4	24.7	16.7	2.4
MoM%	1.1	11.4	(26.4)	4.4	1.3	2.3		
Consumption (RM b)	**10.0**	**9.9**	**13.1**	**11.7**	**9.2**	**9.7**	**28.8**	**29.4**
YoY%	3.7	(1.5)	27.6	16.7	1.5	(7.8)	2.5	2.0
MoM%	8.2	(0.8)	32.1	(5.8)	(18.3)	(2.4)		

Source: MATRADE, Macrobond, MBSBR

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

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
China	7.5	9.8	(3.5)	16.1	13.2	7.0
US	(2.6)	(0.8)	48.8	33.9	42.3	18.3
Japan	6.6	(4.9)	(16.9)	(0.4)	(14.8)	(4.8)
Taiwan	38.7	53.0	34.4	79.4	65.9	45.0
India	(8.6)	4.7	10.7	35.7	8.5	13.3
EU	23.8	13.2	34.8	26.0	33.9	(4.1)
ASEAN	20.1	5.8	1.0	7.1	(9.4)	2.0
Singapore	27.2	4.1	(12.8)	0.4	(17.1)	(10.3)
Thailand	18.3	3.8	6.9	9.8	17.8	18.6
Indonesia	(9.7)	6.4	27.7	10.0	(36.0)	(4.7)
Vietnam	29.4	19.1	49.8	60.0	11.7	38.1

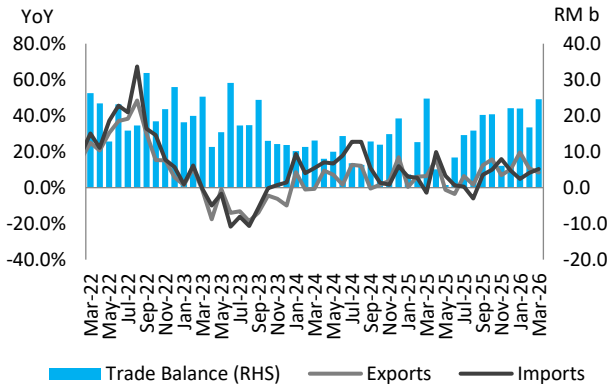
Source: Macrobond, MBSBR

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

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
E&E	26.5	15.0	25.0	39.5	28.5	15.0
Machinery, Equipment & Parts	17.2	5.1	11.0	13.0	0.4	2.4
Optical & Scientific Equipment	31.6	33.7	20.6	36.2	42.9	29.3
Palm oil & palm oil-based products	24.0	(2.0)	(3.5)	(2.9)	(1.6)	(6.1)
Crude Petroleum	37.8	6.0	(39.0)	(39.0)	6.4	0.8
Petroleum Products	(8.1)	1.5	(18.9)	(16.7)	(49.3)	23.7
LNG	(17.6)	(12.5)	(24.9)	(5.2)	(27.3)	(17.5)
Rubber products	(10.1)	(25.1)	(16.7)	(11.7)	(24.5)	(22.1)
Transport equipment	(0.4)	(8.6)	(3.5)	13.8	(10.5)	5.8

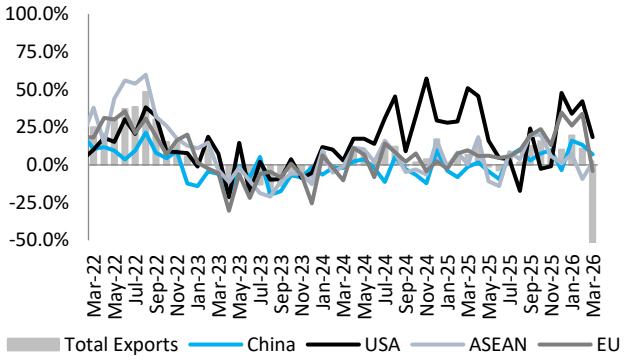
Source: Macrobond, MBSBR

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



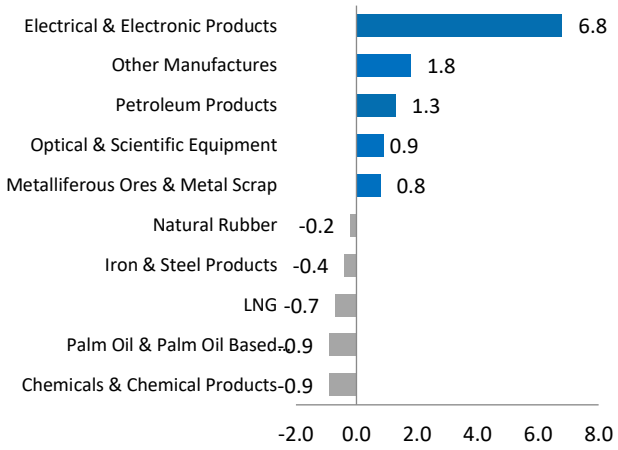
Source: MATRADE, Macrobond, MBSBR

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



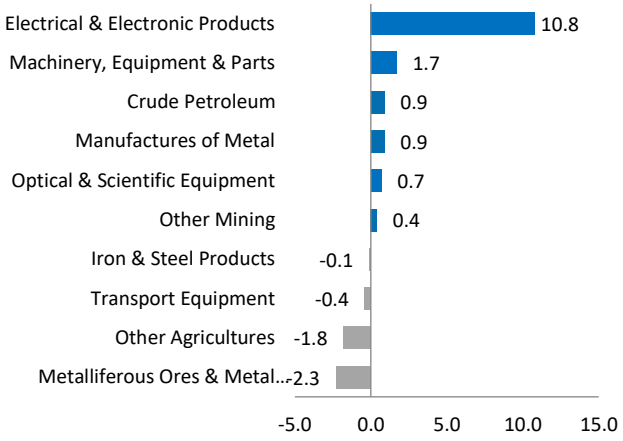
Source: MATRADE, Macrobond, MBSBR

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



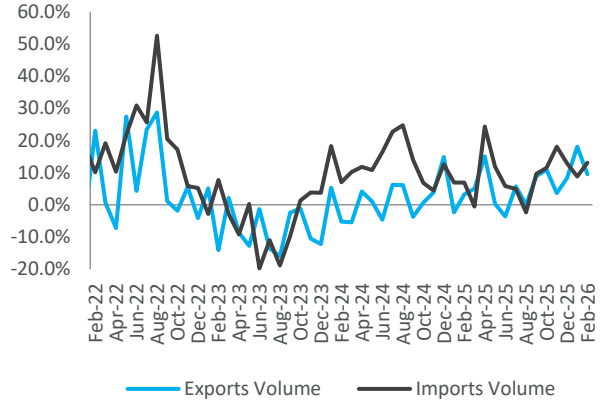
Source: MATRADE, Macrobond, MBSBR

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



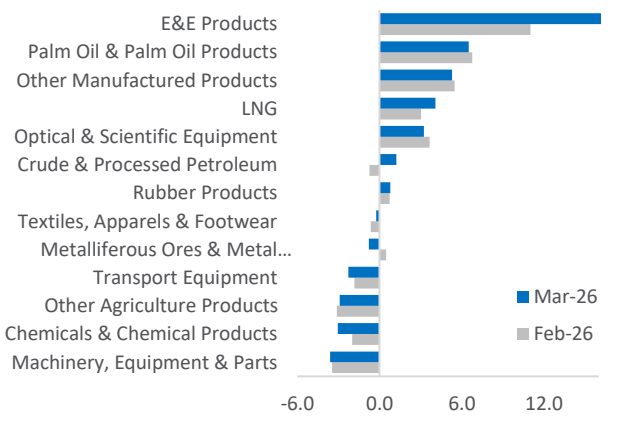
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



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

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



Source: MATRADE, Macrobond, MBSBR

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