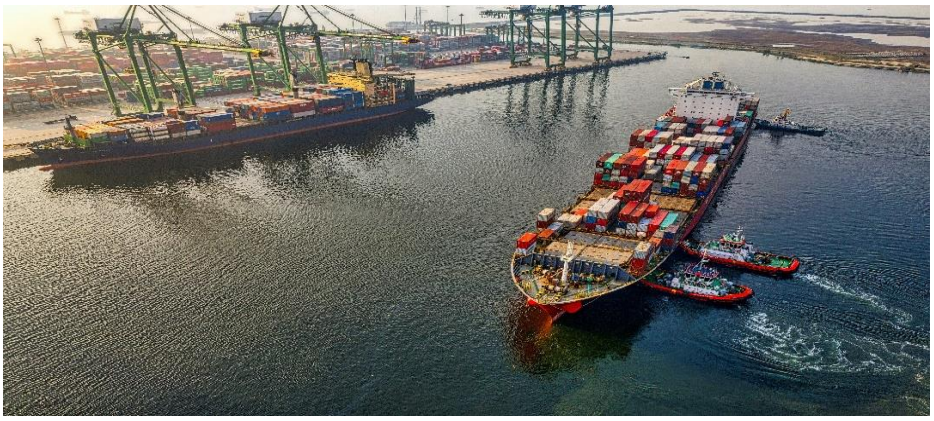
Robust Export Growth Continued in May-26 Largely Driven by E&E Exports

Economic Review
May-26 External Trade



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Economic Review

- Malaysia's total trade surged again in May-26, rising faster by +29.8%yoy (Apr-26: +28.8%yoy). Export growth accelerated to +45.3%yoy (Apr-26: +37.3%yoy), the fastest pace since Aug-22. Imports, however, grew moderately by +14.1%yoy (Mar-26: +20.0%yoy, still sustaining double-digit growth for the third straight month.
- By sector, growth in manufacturing exports surged to +51.7% (Apr-26 +40.5%yoy), underpinned by the stronger shipments of E&E products, petroleum products, and optical & scientific equipment. Mining export growth also accelerated to +36.5%yoy (Apr-26: +25.0%yoy), but agriculture exports fell by -22.9%yoy (Apr-26: +4.7%yoy).
- By destination, exports to the US increased sharply by +97.7%yoy (Apr-26: +40%yoy), underpinned by high demand for E&E products. Exports to Singapore accelerated to +40.4%yoy (Apr-26: +23.1%yoy) while exports to Taiwan continued to surge by +81.8%yoy (Apr-26: +86.9%yoy).
- For 2026, we foresee external trade would perform robustly this year, with export growth will likely strengthen to +14% (2025: +6.4%) and imports to grow stronger by +9.0% (2025: +6.0%). This upward revision takes into account the recent strength in trade growth as well as higher price effects. For exports, apart from increased re-exports, the robust growth will be driven by continued demand for technology products and E&E components.

Exports surged with stronger domestic exports

Malaysia's total trade surged again in May-26, rising faster by +29.8%yoy (Apr-26: +28.8%yoy). Export growth accelerated to +45.3%yoy (Apr-26: +37.3%yoy), the fastest pace since Aug-22 beating market forecast (+32.4%yoy) and our estimate (+30-35%yoy). Imports, however, grew moderately by +14.1%yoy (Mar-26: +20.0%yoy, still sustaining double-digit growth for the third straight month. Robust export performance was mainly supported by stronger domestic exports (+42.0%yoy; Apr-26: +11.6%yoy), and to a certain extent still robust re-exports (+58.4%yoy; Apr-26: +113.7%yoy).

Led by demand for E&E products and from major markets

Outbound shipments were largely driven by robust exports of E&E products, which contributed approximately 66% (or +29.9ppt) of total export growth in May-26. In addition, exports of other manufactured products, refined petroleum products, LNG, and optical & scientific equipment also grew strongly. By destination, demand continued to grow strongly across major trading partners, mainly to the US (+97.7%yoy), ASEAN, Hong Kong, Taiwan, China, and EU. While price increases have been contributing positively recently, we the robust exports were also driven by volume growth.

Monthly trade surplus widened to record high

On a monthly basis, exports increased marginally by +0.4%mom (Apr-26: +23.2%mom), pushing the monthly export value to a new high of RM184.0b. Imports, on the other hand, fell by -6.9%mom (Apr-26: +23.9%mom) after stronger re-exports contributed to the strong pick-up in the previous month. As a result, Malaysia's trade surplus widened to a new record high of +RM40.4b (Apr-26: +RM29.2b), significantly larger than +RM0.8b a year ago. In the first 5 months of 2026, external trade has been performing better than expect with total trade growing by +18.3%yoy (5MCY25: +6.1%yoy) while exports and imports expanding +24.3%yoy (5MCY25: +5.4%yoy) and +11.8%yoy (5MCY25: +6.9%yoy), respectively.

Another upward revision to 2026 forecasts due to price effects and growth

For 2026, we foresee external trade would perform robustly this year, with export growth will likely strengthen to +14% (previous forecast: +8.8%; 2025: +6.4%) and imports to grow stronger by +9.0% (previous forecast: +7.5%; 2025: +6.0%). This upward revision takes into account the recent strength in trade growth, partly due to higher prices particularly elevated commodity prices. For exports specifically, apart from increased re-exports, the robust growth will be driven by continued demand for technology products and E&E components. We opine that inventory building also supported the recent jump in domestic production and exports. However, the outlook for exports may be limited by potential supply disruptions and tighter trade policy by the US. Elevated global inflation also risks leading to weaker final demand. Meanwhile, imports would continue to expand on the back of increased domestic demand, underpinned by from higher consumption and progress in investment projects as well as Malaysia's role in the global production network.

Higher demand for E&E and petroleum products

By sector, growth in manufacturing exports surged to +51.7% (Apr-26 +40.5%yoy), underpinned by the stronger shipments of E&E products (+70.5%yoy), petroleum products (+74.2%yoy), and optical & scientific equipment (+45.0%yoy). Exports of other manufactured goods also spiked by +200.4%. Under E&E exports, a large portion of the growth was explained by the surge in exports of semiconductors (+109.1%yoy) drove the expansion. Mining export growth also accelerated to +36.5%yoy (Apr-26: +25.0%yoy) primarily due to LNG (+111.5%%yoy) and metalliferous ores & metal scrap (+95.3%yoy). Meanwhile, the agriculture exports fell by -22.9%yoy (Apr-26: +4.7%yoy) weighed down by lower exports of palm oil & palm oil-based agriculture products (-24.6%yoy) and other agriculture products (-20.2%yoy).

Exports to major trading partners continued to grow strongly

By destination, exports to the US increased sharply by +97.7%yoy (Apr-26: +40%yoy), extending double-digit gains for the sixth straight month due to high demand for E&E products (+119.5%yoy) and other manufactured goods (+293%yoy). Exports to Singapore accelerated to +40.4%yoy (Apr-26: +23.1%yoy), supported by stronger shipments of E&E products (+62.1%yoy) and petroleum products (+51.1%yoy). Meanwhile, exports to Taiwan continued to surge by +81.8%yoy (Apr-26: +86.9%yoy), driven by demand for E&E products (+75.3%yoy). Shipments to China also grew at robust double-digit pace, albeit easing to +27.8%yoy (Apr-26: +40.5%yoy) due to higher exports of E&E products (+28.6%yoy), other manufactured goods (+185.6%yoy) and LNG (+236.9%yoy).

Exports to ASEAN and EU accelerated further

Shipments to ASEAN surged by +35.3%yoy (Apr-26: +31.3%yoy), driven by strong shipments to Singapore, Indonesia, Philippines, Thailand and Vietnam. The strong exports to ASEAN was underpinned by increased demand for E&E products (+48.8%yoy) and petroleum products (+85.0%yoy). Exports to the EU also strengthened to +45.0%yoy (Apr-26: +43.8%yoy) driven by strong demand for E&E products (+73.2%yoy). Malaysia's exports to the Netherlands rose to a new high as the value doubled (rising by +107.1%yoy) in May-26, largely driven by higher exports of E&E products (+207.8%yoy). Malaysia's exports also increased to other EU countries such as France, Ireland, and Hungary, all registering more than triple-digit growth in May-26, more than offset lower shipments to Germany, Belgium, Italy and Spain.

Increased imports of intermediate goods and E&E products

Despite the slower rise in imports (+14.1%yoy; Apr-26: +20.0%yoy), the sustained growth mainly reflects increased purchases of intermediate goods (+14.4%yoy) while imports of capital and consumption goods fell by -18.3%yoy (Apr-26: -20.8%yoy) and -2.7%yoy (Apr-26: +5.7%yoy), respectively. The continued fall in capital goods imports in a way signals reduced support from imports of data centre-related equipment. By sector, manufacturing imports continued to grow by +18.7%yoy (Apr-26: +22.6%yoy) supported by increased imports of E&E products (+23%yoy), petroleum products (+41.7%yoy) and other manufactured products (+84.8%yoy). In contrast, mining imports fell by -8.7%yoy (Apr-26: +25.6%yoy) due to lower imports of other mining goods (-30.3%yoy) and metalliferous ores & metal scrap (-9.4%yoy). Agriculture imports also fell by -6.0%yoy in

May-26 (Apr-26: -12.4%yoy) mainly attributable to lower imports of other agriculture goods (-11.5%yoy) and palm oil & palm oil-based agriculture products (-33.6%yoy).

Major driver is volume growth, to certain extent higher prices

Based on available trade data as of Apr-26, the stronger growth in both exports and imports were more driven by volume growth. Volume and prices for exports rose faster by +29.3%yoy (Apr-26: +5.9%yoy) and +5.9%yoy (Mar-26: +2.3%yoy), respectively. Various products such as inedible crude materials; machinery & transport equipment; mineral fuels, lubricants & related materials; chemicals; and oils & fats all recorded double-digit volume growth. Meanwhile, export prices were higher mainly for F&B and tobacco as well as miscellaneous transactions & commodities, mineral fuels & lubricants, machinery & transport equipment. For imports, the volume growth also surged to +13.7%yoy (Mar-26: +12.4%yoy), with import prices bounced back to inflation (+5.5%yoy; Mar-26: -1.7%yoy) particularly due to the turnaround in prices of mineral fuels & lubricants, in line with higher global oil and energy prices. Import volume rose between +12.9%yoy and +45.5%yoy for various categories, such as inedible crude materials, oils & fats, chemicals, manufactured goods and miscellaneous manufactured articles. We foresee recent correction will limit price growth; therefore, sustained volume growth would be crucial to keep trade growth in the positives.

Wider surpluses for E&E products and other manufactured goods

Trade surplus widened further to +RM40.4b in May-26 (Mar-26: +RM24.5b), the largest monthly surplus on record. This was due to the monthly drop in imports (-6.8%mom) and coupled with +0.4%mom rise in exports. By sector, wider surpluses were recorded in trade of other manufactured goods (+RM10.7b; Apr-26: +RM4.8b) and E&E products (+RM29.6b; Apr-26: +RM27.0b). In addition, the deficit in trade of crude petroleum & petroleum products shrank sharply to -RM0.04b (Apr-26: -RM5.0b) as trade of petroleum products turned to surplus (+RM3.9b; Apr-26: -RM3.7b) offsetting the higher deficit in trade of crude petroleum. In contrast, trade of manufactures of metal registered a small deficit of -RM0.03b (Apr-26: +0.7b), while surplus in trade of rubber products shrank to +0.7b (Apr-26: +1.2b). The deficit in trade of machinery, equipment & parts even widened to -RM4.0b (Apr-26: -RM3.6b). Despite the month-to-month changes, we expect Malaysia will continue to record trade surplus mainly from sustained surpluses in trade of E&E products, palm oil & palm oil products, and LNG.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	5MCY25	5MCY26
Exports (RM b)	**152.8**	**146.8**	**131.0**	**148.8**	**183.3**	**184.0**	**638.5**	**793.8**
YoY%	10.2	19.6	10.7	8.4	37.3	45.3	5.4	24.3
MoM%	13.2	(3.9)	(10.8)	13.6	23.2	0.4		
Imports (RMb)	**130.7**	**124.9**	**114.2**	**124.3**	**154.0**	**143.6**	**591.5**	**661.1**
YoY%	9.5	4.8	8.2	10.4	20.0	14.1	6.9	11.8
MoM%	1.4	(4.5)	(8.5)	8.8	23.9	(6.8)		
Total Trade (RMb)	**283.5**	**271.7**	**245.2**	**273.1**	**337.3**	**327.6**	**1,230.0**	**1,454.9**
YoY%	9.9	12.3	9.5	9.3	28.8	29.8	6.1	18.3
MoM%	7.5	(4.2)	(9.8)	11.4	23.5	(2.9)		
Trade Balance (RMb)	**22.1**	**22.0**	**16.7**	**24.5**	**29.2**	**40.4**	**46.9**	**132.8**
YoY%	14.6	500.1	32.4	(1.1)	469.7	5,214.0	(10.9)	182.9
MoM%	262.6	(0.5)	(23.9)	47.0	47.0	23.3		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	5MCY25	5MCY26
Exports								
Re-exports (RM b)	**38.1**	**38.1**	**26.6**	**37.9**	**71.7**	**40.9**	**133.4**	**215.2**
YoY%	34.9	51.0	24.8	38.3	113.7	58.4	14.0	61.4
MoM%	28.1	0.0	-30.2	42.3	89.1	-43.0		
Domestic Exports (RM b)	**114.6**	**108.7**	**104.3**	**110.9**	**111.6**	**143.1**	**505.1**	**578.6**
YoY %	3.9	11.4	7.7	0.9	11.6	42.0	3.3	14.6
MoM%	9.0	-5.2	-4.0	6.3	0.7	28.2		
Imports								
Intermediate (RM b)	**61.0**	**57.7**	**59.2**	**58.6**	**47.2**	**74.5**	**301.7**	**297.2**
YoY%	0.1	(5.0)	0.9	(0.7)	(18.9)	14.4	0.2	(1.5)
MoM%	(8.1)	(5.5)	2.6	(1.1)	(19.4)	57.8		
Capital (RM b)	**15.1**	**15.7**	**15.9**	**16.2**	**18.6**	**18.5**	**93.0**	**84.9**
YoY%	(12.9)	(21.0)	15.0	24.2	(20.8)	(18.3)	43.1	(8.6)
MoM%	(27.2)	4.1	0.9	1.8	15.2	(0.7)		
Consumption (RM b)	**12.5**	**11.3**	**9.2**	**9.0**	**10.3**	**9.8**	**48.7**	**49.5**
YoY%	21.4	12.0	1.4	(7.8)	5.7	(2.7)	1.2	1.8
MoM%	25.7	(9.6)	(18.4)	(2.3)	14.3	(4.2)		

Source: MATRADE, Macrobond, MBSBR

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

	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
China	(3.5)	16.1	13.2	7.1	40.5	27.8
US	47.8	33.9	42.2	18.3	40.0	97.7
Japan	(16.9)	(0.4)	(14.8)	(4.8)	7.3	34.6
Taiwan	34.4	79.4	66.0	45.0	86.9	81.8
India	10.7	35.7	8.5	13.3	48.8	11.3
EU	34.8	26.0	33.9	(4.1)	43.8	45.0
ASEAN	1.0	7.1	(9.5)	1.9	31.3	35.3
Singapore	(12.8)	0.4	(17.1)	(10.3)	23.1	40.4
Thailand	6.8	9.8	17.8	19.3	30.7	28.9
Indonesia	27.7	10.0	(36.1)	(4.7)	35.9	42.0
Vietnam	49.8	60.0	11.7	37.0	65.1	27.0
Philippines	(11.0)	(6.4)	9.1	1.3	30.8	29.8

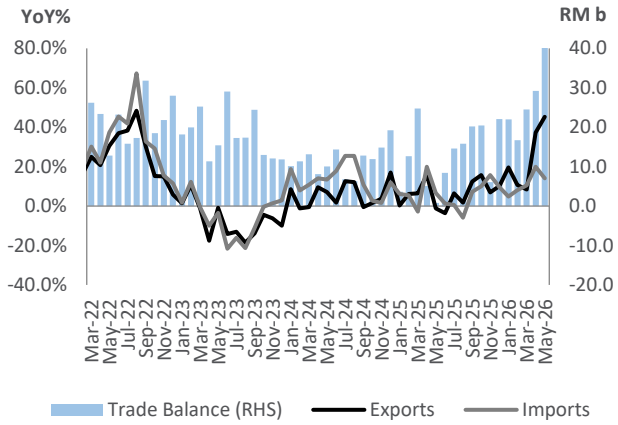
Source: Macrobond, MBSBR

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

	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
E&E	25.0	39.5	28.5	15.1	46.6	70.5
Machinery, Equipment & Parts	11.0	12.7	(0.2)	2.1	26.5	15.6
Optical & Scientific Equipment	20.6	36.4	42.9	29.3	49.5	45.0
Palm oil & palm oil-based products	(3.5)	(2.9)	(9.7)	(5.8)	9.1	(11.8)
Crude Petroleum	(39.0)	(39.0)	6.5	4.9	(20.4)	(67.1)
Petroleum Products	(20.5)	(16.6)	(24.2)	32.3	87.7	74.2
LNG	(24.9)	(5.2)	(27.3)	(17.5)	4.8	111.5
Rubber products	(16.7)	(11.7)	(24.6)	(22.1)	18.4	(3.2)
Transport equipment	(3.5)	14.8	(9.1)	6.4	(27.1)	5.7

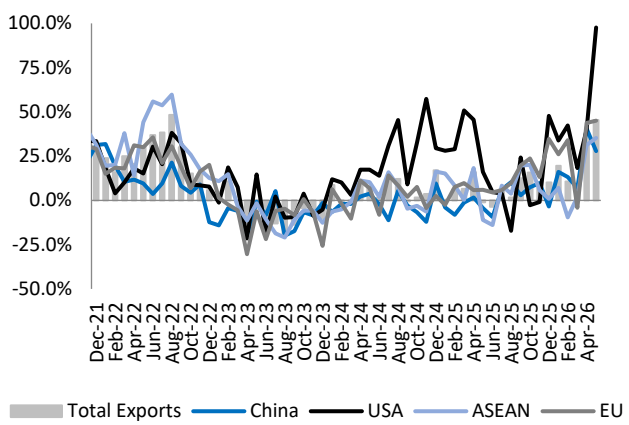
Source: Macrobond, MBSBR

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



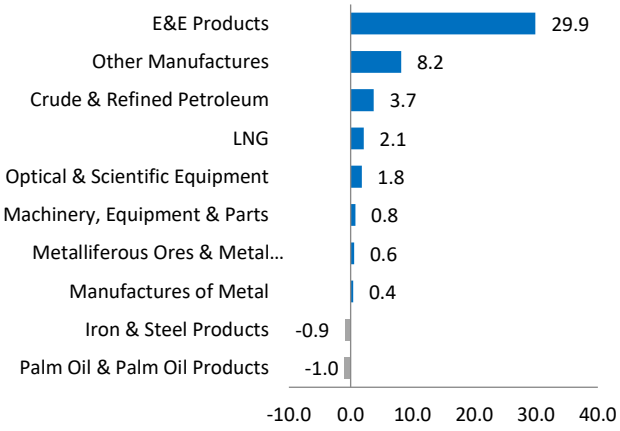
Source: MATRADE, Macrobond, MBSBR

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



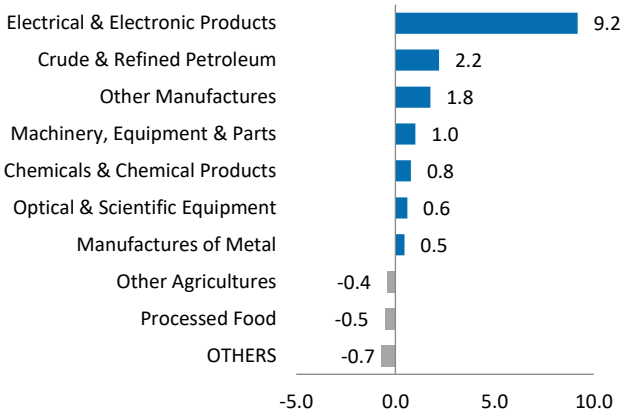
Source: MATRADE, Macrobond, MBSBR

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



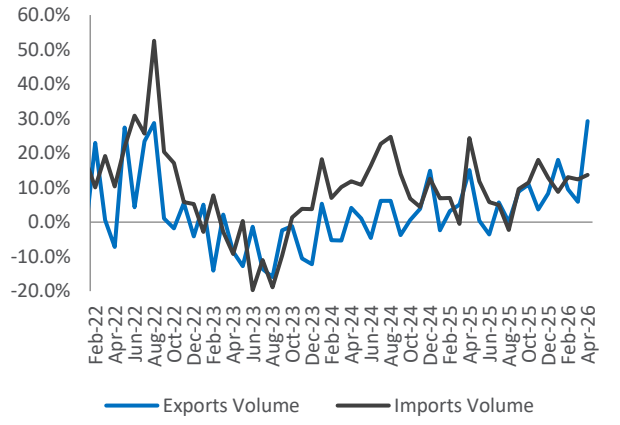
Source: MATRADE, Macrobond, MBSBR

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



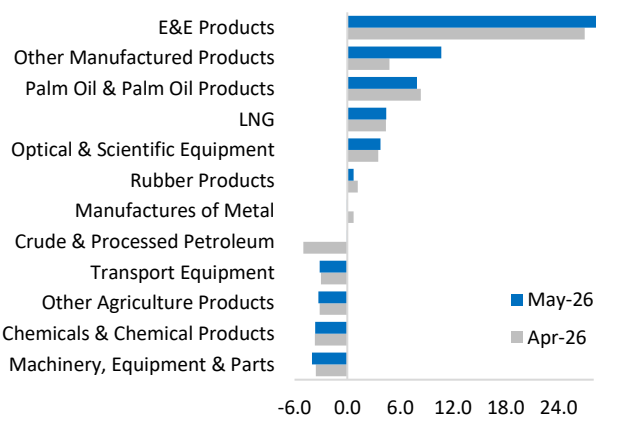
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



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

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



Source: MATRADE, Macrobond, MBSBR

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