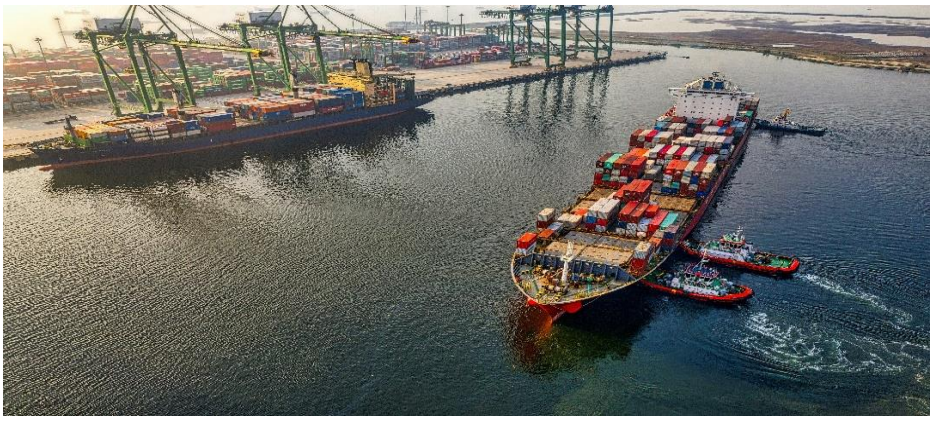
Malaysia's Export Growth Accelerated to +45.5%yoy in Aug-26, Still Led by E&E

Economic Review
Aug-26 External Trade



Author

MBSB Research
research@mbsb.com

Economic Review

- Malaysia's total trade growth accelerated to +43.4%yoy in Aug-26 (Jul-26: +37.2%yoy), extending the double-digit expansion to the 12th straight month. Export growth strengthened to +45.5%yoy (Jul-26: +38.0%yoy), while imports rose by +41.1%yoy (Jul-26: +36.3%yoy).
- E&E products remained the main export driver, rising by +66.5%yoy and contributing +28.1ppt, or about 62%, of total export growth in Aug-26. Other manufactured products (+10.4ppt), LNG (+1.6ppt), petroleum products (+1.5ppt) and machinery, equipment & parts (+1.4ppt) also contributed positively, while palm oil & palm oil-based products (-1.3ppt) partly offset the increase.
- By destination, export growth surged to the US (+130.4%yoy) and remained strong for Taiwan (+102.2%yoy), Japan (+50.9%yoy) and ASEAN (+40.2%yoy). Exports to China (+19.9%yoy) and the EU (+20.0%yoy) continued to expand, albeit at a more moderate pace than in Jul-26.
- For 2026, growth could exceed our forecast of +22% (previous: +18.9%; 2025: +6.6%) for export and import growth forecast at +16% (previous: +13%; 2025: +6.0%). Despite robust 8MCY26 growth, our forecasts assume a marked moderation in the final months of 2026 as favorable base effects fade and external risks remain elevated.

External trade growth accelerated in Aug-26

Malaysia's total trade growth accelerated to +43.4%yoy in Aug-26 (Jul-26: +37.2%yoy), extending the double-digit expansion to the 12th straight month. Export growth strengthened to +45.5%yoy (Jul-26: +38.0%yoy), beating market and our expectations. The pick-up in exports was supported by stronger domestic exports (+46.0%yoy; Jul-26: +36.9%yoy) and re-exports (+43.3%yoy; Jul-26: +41.1%yoy). Imports also grew faster at +41.1%yoy (Jul-26: +36.3%yoy), led by higher purchases of intermediate and capital goods. The latest data indicate that Malaysia's external trade momentum remained strong despite softer monthly trade values.

E&E contributed about 62% of export growth

Outbound shipments continued to be driven by E&E products, which rose by +66.5%yoy and contributed +28.1ppt, or about 62%, of total export growth in Aug-26. Other manufactured products (+10.4ppt), LNG (+1.6ppt), petroleum products (+1.5ppt), machinery, equipment & parts (+1.4ppt), manufactures of metal (+1.3ppt) and optical & scientific equipment (+1.1ppt) also supported the expansion in Aug-26. Exports of palm oil & palm oil-based products, however, fell by -15.5%yoy (Jul-26: +13.5%yoy) due to weaker demand from major markets, namely India and Kenya.

Trade surplus widened to +RM28.1b

On a monthly basis, exports declined by -1.3%mom after rebounding by +8.8%mom in Jul-26, while imports fell by -4.7%mom (Jul-26: +5.5%mom). As imports declined faster than exports, the trade surplus widened to +RM28.1b (Jul-26: +RM22.5b). For 8MCY26, total trade expanded by +27.0%yoy, with exports and imports rising by +31.2%yoy and +22.4%yoy, respectively. The cumulative trade surplus widened to +RM198.7b, contributing positively to economic growth with an increase of +127.6%yoy from +RM87.3b in 8MCY25.

Potential upside to our 2026 forecasts

For 2026, the full-year growth could exceed our current projection of +22% for exports (2025: +6.6%) and +16% for imports (2025: +6.0%) if robust momentum continues in the following months. Strong demand for E&E and technology products will continue to drive external demand, but the outlook remains susceptible to several risks such as supply disruptions, elevated input costs, weaker final demand and renewed trade tensions.

E&E and LNG led export growth

Apart from the strong growth in E&E exports, strong gains were also recorded for LNG (+51.8%yoy), transport equipment (+34.1%yoy), machinery, equipment & parts (+27.8%yoy), optical & scientific equipment (+23.5%yoy), petroleum products (+21.7%yoy) and rubber products (+11.1%yoy). Even metalliferous ores & metal scrap increased steadily by +76.1%yoy, contributing to the stronger exports of mining goods (+43.4%yoy; Jul-26: +9.6%yoy). In contrast, commodity exports, weighed down on the overall export growth, with declines in palm oil & palm oil-based products (-15.5%yoy) and crude petroleum (-19.3%yoy).

US exports surged above +130%yoy

By destination, export growth to the US surged to +130.4%yoy in Aug-26 (Jul-26: +79.8%yoy). Shipments to Taiwan remained exceptionally strong at +102.2%yoy, while exports to Hong Kong (+79.1%yoy) and Japan (+50.9%yoy) also accelerated. Exports to China moderated to +19.9%yoy (Jul-26: +30.1%yoy), India slowed to +7.3%yoy and shipments to Australia fell further by -31.4%yoy.

ASEAN demand strengthened further

Exports to ASEAN strengthened to +40.2%yoy in Aug-26 (Jul-26: +28.7%yoy). The expansion was broad-based, led by Singapore (+58.5%yoy) and Thailand (+33.2%yoy), followed by Vietnam (+28.3%yoy), the Philippines (+15.2%yoy) and Indonesia (+11.5%yoy). Exports to the EU continued to record firm growth of +20.0%yoy, although the pace moderated from +37.0%yoy in Jul-26. Increased exports to most major destinations were driven by higher demand for E&E products.

Imports led by E&E and intermediate goods

Import growth strengthened to +41.1%yoy in Aug-26 (Jul-26: +36.3%yoy), driven by intermediate goods (+50.5%yoy) and capital goods (+37.4%yoy), while consumption goods declined by -1.6%yoy. By product contribution, E&E products added +33.2ppt to overall import growth, followed by crude petroleum (+2.7ppt), petroleum products (+1.9ppt) and machinery, equipment & parts (+1.9ppt). Transport equipment reduced import growth by about -1.9ppt. We expect the strong imports of intermediate and capital goods to continue growing on the back of higher demand and to a certain extent the effect of higher prices.

Trade growth remained volume-driven

Volume growth remained an important driver of Malaysia's external trade performance. The latest available data for Jul-26 show export volume increasing by +27.7%yoy (Jun-26: +35.2%yoy), while import volume rose by +25.0%yoy (Jun-26: +20.8%yoy). The continued strength in volumes indicates that recent trade gains reflected stronger shipment flows rather than price effects alone.

Price effects also remained supportive, as nominal export and import growth continued to outpace their respective volume growth in Jul-26. Nevertheless, the sizeable increase in trade volumes suggests that real shipment growth remained the main contributor. We expect volumes to remain an important driver of Malaysia's external trade outlook, although commodity-price volatility and supply disruptions could still affect nominal trade values.

Trade surplus widened as imports fell faster

Trade surplus widened to +RM28.1b in Aug-26 (Jul-26: +RM22.5b), as imports fell faster than exports on a monthly basis. Larger product surpluses were recorded for other manufactured products (+RM15.4b; Jul-26: +RM10.6b), LNG (+RM5.7b; Jul-26: +RM4.3b) and others (+RM0.8b; Jul-26: -RM1.5b). Meanwhile, transport equipment (-RM1.5b; Jul-26: -RM4.1b), machinery, equipment & parts (-RM3.4b; Jul-26: -RM4.7b) and chemicals & chemical products (-RM2.6b; Jul-26: -RM3.5b) recorded smaller deficits. In contrast, trade of E&E products registered smaller surplus of +RM11.3b (Jul-26: +RM18.8b) as E&E imports outpaced E&E exports. Similarly, the surplus in palm oil trade shrank to +RM7.2b (Jul-26: +RM9.7b). Malaysia is expected to continue recording trade surplus, supported mainly by sustained surpluses in E&E, palm oil, LNG and selected manufactured products.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	8MCY25	8MCY26
Exports (RM b)	**148.8**	**183.3**	**183.9**	**177.9**	**193.6**	**191.0**	**1,033.4**	**1,356.2**
YoY%	8.0	37.3	44.7	45.5	38.0	45.5	4.1	31.2
MoM%	13.6	23.2	0.3	(3.2)	8.8	(1.3)		
Imports (RMb)	**124.3**	**154.0**	**144.0**	**162.1**	**171.0**	**163.0**	**946.1**	**1,157.6**
YoY%	10.3	20.0	14.4	43.1	36.3	41.1	3.7	22.4
MoM%	8.8	23.9	(6.5)	12.6	5.5	(4.7)		
Total Trade (RMb)	**273.1**	**337.3**	**327.8**	**340.1**	**364.6**	**354.0**	**1,979.5**	**2,513.8**
YoY%	9.0	28.8	29.6	44.3	37.2	43.4	3.9	27.0
MoM%	11.4	23.5	(2.8)	3.7	7.2	(2.9)		
Trade Balance (RMb)	**24.5**	**29.2**	**39.9**	**15.8**	**22.5**	**28.1**	**87.3**	**198.7**
YoY%	(2.3)	476.5	3228.4	74.8	52.4	77.1	8.9	127.6
MoM%	46.6	19.3	36.4	(60.4)	42.8	24.7		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	8MCY25	8MCY26
Exports								
Re-Exports (RM b)	**37.9**	**71.7**	**40.7**	**39.3**	**52.2**	**40.1**	**225.2**	**346.7**
YoY%	36.1	113.7	57.8	48.7	41.1	43.3	17.7	53.9
MoM%	42.3	89.1	(43.2)	(3.4)	32.8	(23.3)		
Domestic Exports (RM b)	**110.9**	**111.6**	**143.1**	**138.6**	**141.3**	**151.0**	**808.1**	**1009.5**
YoY %	0.9	11.7	41.4	44.6	36.9	46.0	0.9	24.9
MoM%	6.3	0.7	28.3	(3.2)	2.0	6.8		
Imports								
Intermediate (RM b)	**58.6**	**47.2**	**75.0**	**85.3**	**80.0**	**90.7**	**479.1**	**553.6**
YoY%	(0.4)	(18.9)	15.1	41.2	40.8	50.5	(4.9)	15.6
MoM%	(1.1)	(19.4)	58.8	13.8	(6.2)	13.3		
Capital (RM b)	**16.2**	**18.6**	**18.6**	**23.4**	**22.5**	**21.6**	**141.4**	**152.5**
YoY%	23.2	(20.8)	(18.0)	61.9	23.8	37.4	33.1	7.8
MoM%	1.8	15.2	(0.3)	25.8	(3.8)	(4.0)		
Consumption (RM b)	**9.0**	**10.3**	**9.9**	**11.0**	**11.0**	**9.3**	**77.9**	**80.8**
YoY%	(7.8)	5.7	(2.4)	17.2	5.2	(1.6)	(0.9)	3.7
MoM%	(2.3)	14.3	(3.9)	11.7	(0.4)	(15.6)		

Source: MATRADE, Macrobond, MBSBR

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

	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
China	7.2	40.5	26.8	36.1	30.1	19.9
US	18.3	40.0	97.1	108.7	79.8	130.4
Japan	(4.7)	6.7	33.9	45.8	21.9	50.9
Taiwan	45.0	86.9	77.9	44.8	96.0	102.2
India	12.6	48.8	11.2	20.5	45.0	7.3
Hong Kong	19.3	68.1	100.3	25.4	58.7	79.1
Australia	(1.9)	50.7	21.0	21.2	(21.0)	(31.4)
EU	(4.1)	43.8	45.0	29.7	37.0	20.0
ASEAN	6.7	34.1	(1.7)	46.3	28.7	40.2
Singapore	(10.6)	22.3	40.9	47.7	16.5	58.5
Thailand	19.7	33.3	28.7	51.8	37.5	33.2
Indonesia	(6.0)	36.0	40.1	53.6	35.0	11.5
Vietnam	37.0	64.9	26.8	43.9	77.4	28.3
Philippines	1.3	30.8	29.2	7.1	25.6	15.2

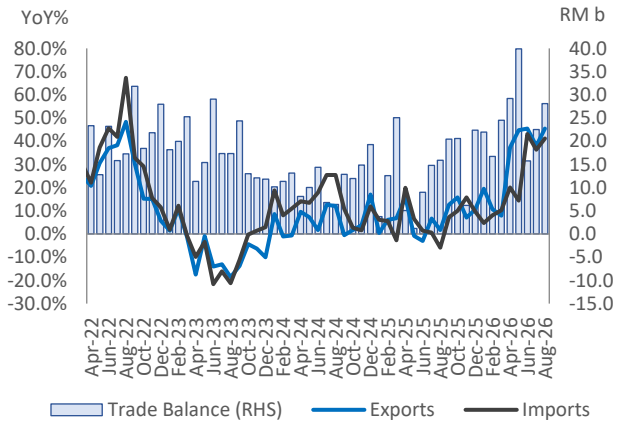
Source: Macrobond, MBSBR

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

	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
E&E	15.1	46.6	70.0	57.0	51.0	66.5
Machinery, Equipment & Parts	2.1	26.5	15.4	18.4	41.4	27.8
Optical & Scientific Equipment	29.3	49.5	45.0	42.8	36.1	23.5
Palm oil & palm oil-based products	(5.8)	9.1	(11.8)	(1.5)	13.5	(15.5)
Crude Petroleum	4.9	(20.4)	(67.1)	110.2	(79.4)	(19.3)
Petroleum Products	32.3	74.4	63.8	46.2	26.9	21.7
LNG	(17.5)	4.8	111.5	83.3	14.1	51.8
Rubber products	(22.1)	18.4	(3.2)	16.7	18.7	11.1
Transport equipment	6.4	(27.1)	6.1	8.7	15.4	34.1

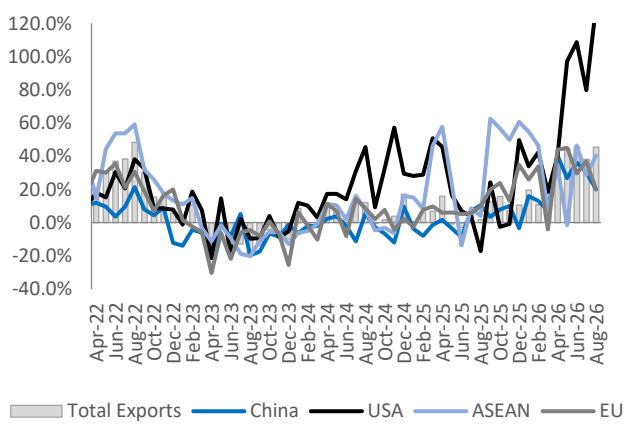
Source: Macrobond, MBSBR

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



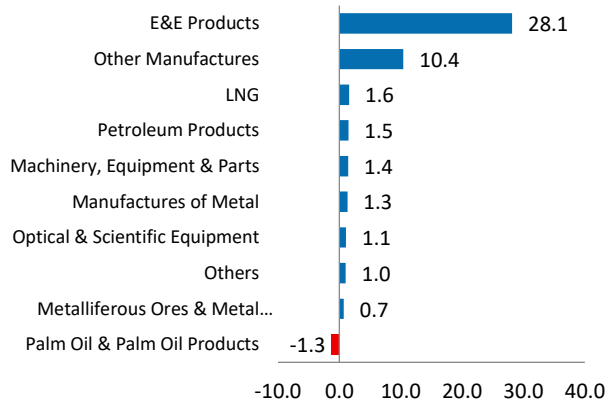
Source: MATRADE, Macrobond, MBSBR

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



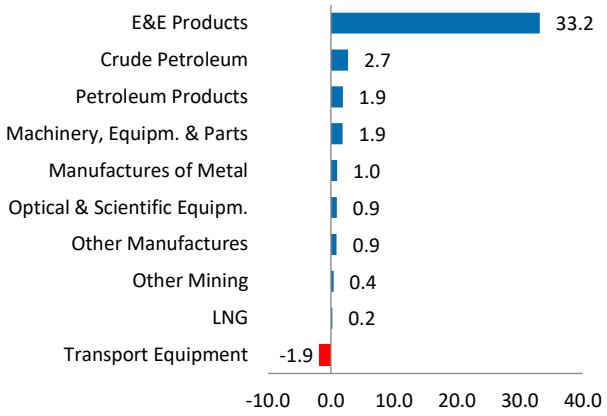
Source: MATRADE, Macrobond, MBSBR

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



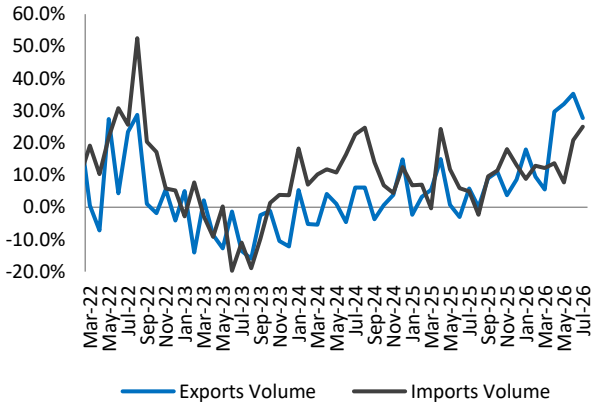
Source: MATRADE, Macrobond, MBSBR

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



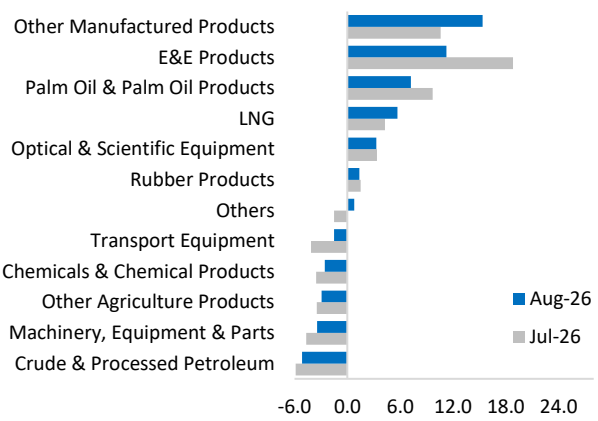
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



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

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



Source: MATRADE, Macrobond, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD.

The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This document may not be reproduced, distributed or published in any form or for any purpose.