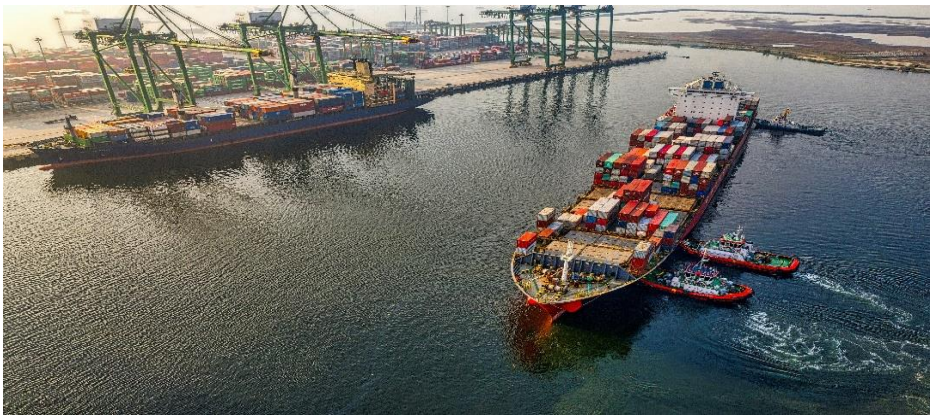
Exports Growth Jumped to +61.1%yoy in Oct, Largely Led by Robust E&E Demand

Economic Review
Oct-26 External Trade



Author
MBSB Research
research@mbsb.com

- Malaysia's total trade growth accelerated further to +58.0%yoy (Sep-26: +53.9%yoy), attributable to stronger growth in both exports and imports. Export growth strengthened to +61.1%yoy (Sep-26: +54.9%yoy), and imports also rose faster by +54.4%yoy (Sep-26: +52.7%yoy).
- Outbound shipments continued to be primarily driven by E&E products, which rose by +87.2%yoy and accounted for about 64.5% (or +39.4ppt) of overall export growth in Oct-26. Other key contributors were: other manufactured goods; crude & refined petroleum products; LNG; and machinery, equipment & parts.
- By destination, exports to Taiwan surged by +292.6%yoy in Oct-26 (Sep-26: +176.0%yoy), while shipments to the US accelerated to +107.8%yoy (Sep-26: +89.9%yoy). Exports to India also strengthened sharply to +117.3%yoy (Sep-26: +43.7%yoy), while growth in China picked up to +34.8%yoy (Sep-26: +22.7%yoy).
- For 2026, we revise our export and import growth forecasts upwards to +39.0% and +31.0% (previous projection: +32.0% and +26.0%), respectively, taking into account the robust and very encouraging performance this year. We expect the trade outlook will continue to be challenged by various factors such as uncertainties surrounding US trade policies, risk of softer global demand, supply chain disruptions and elevated costs.

External trade surged +61.1%yoy, the fastest since Apr-21

Malaysia's total trade growth accelerated further to +58.0%yoy (Sep-26: +53.9%yoy), attributable to stronger growth in both exports and imports. Export growth strengthened to +61.1%yoy (Sep-26: +54.9%yoy), the fastest growth since Apr-21, driven by pick-up in domestic exports (+60.3%yoy; Sep-26: +55.4%yoy) and re-exports (+63.6%yoy; Sep-26: +53.4%yoy). Imports also grew faster by +54.4%yoy (Sep-26: +52.7%yoy), led by robust imports of intermediate and capital goods. The latest data continued to indicate that Malaysia's external trade sustained robust performance mainly driven by E&E products, as well as higher shipments of processed petroleum and palm oil products and LNG.

E&E alone contributed about 64.5% of export growth

Outbound shipments continued to be primarily driven by E&E products, which rose by +87.2%yoy and accounted for about 64.5% (or +39.4ppt) of overall export growth in Oct-26. Other key contributors were: other manufactures (+8.2ppt); crude & refined petroleum products (+7.3ppt); LNG (+2.1ppt); and machinery, equipment & parts (+2.1ppt). Although exports of palm oil and palm oil-based products rebounded and grew by +1.3%yoy (Sep-26: -1.8%yoy), the recovery was mainly driven by higher exports of refined palm oil-based manufactured products (+16.6%yoy), in contrast to the continued contraction in exports of palm oil-based agriculture products (-5.3%yoy).

Trade surplus widened to +RM41.8b, highest in 4 months

On a monthly basis, exports expanded robustly by +10.9%mom in Oct-26 (Sep-26: +12.9%mom), driven largely by manufactured goods (+11.1%mom), particularly E&E products (+13.9%mom), as well as double-digit rise in exports of petroleum products (+39.1%mom) and palm oil & palm oil products (+22.3%mom). Meanwhile, imports rose relatively more moderate by +8.8%mom (Sep-26: +11.3%mom), driven mainly by higher purchases of E&E products (+9.8%mom); crude & processed petroleum products

(+34.3%mom); and machinery, equipment & parts (+7.4%mom). On balance, the trade surplus widened to +RM41.8b (Sep-26: +RM34.4b).

Strong exports and higher trade surplus, driving economic growth thus far

For 10MCY26, total trade expanded by +33.2%yoy, with the value exceeding RM3t mark 2 months earlier than in 2025. During the same 10-month period, exports and imports grew strongly by +37.1%yoy and +28.8%yoy, respectively. The cumulative trade surplus widened by +114.2%yoy to +RM274.8b (10MCY25: +RM128.3b), indicating the resilience in external trade has been one of the key factors driving Malaysia's economic growth thus far this year.

2026 trade forecasts adjusted higher on sustained strong performance

For 2026, we revise our export and import growth forecasts upwards to +39.0% and +31.0% (previous projection: +32.0% and +26.0%), respectively, taking into account the robust and very encouraging performance this year. Export growth will continue to be mainly supported by robust demand for E&E products, particularly AI-related semiconductors, while imports will benefit from sustained demand for intermediate inputs and non-transport capital goods amid strong manufacturing and investment activities. We expect trade momentum to remain robust in the final two months of 2026. Nevertheless, uncertainties surrounding US trade policies, risk of softer global demand, supply chain disruptions and elevated costs remain key downside risks. Looking ahead, trade growth is expected to moderate in 2027, partly reflecting the high base in 2026.

Higher demand for non-E&E goods

Apart from E&E exports, stronger gains were recorded for petroleum products (+92.9%yoy; Sep-26: +33.2%yoy), LNG (+60.9%yoy), and machinery, equipment & parts (+45.9%yoy). Exports of transport equipment; crude petroleum; machinery, equipment & parts, and rubber products also expanded, but moderated from the previous month. Meanwhile, the recovery in palm oil exports (+1.3%yoy; Sep-26: -1.8%yoy) was driven by shipments to India (+60.9%yoy), and other markets such as Turkiye (+88.7%yoy), Oman (+946.1%yoy), and Vietnam (+98.3%yoy). The recovery was rather subdued, weighed down by weaker palm oil shipments to China (-26.1%yoy), and countries affected by the ongoing conflict in the Middle East, namely Iran (-99.3%yoy) and Saudi Arabia (-99.6%yoy).

Shipments to Taiwan and US grew at triple digits

By destination, exports to Taiwan surged by +292.6%yoy in Oct-26 (Sep-26: +176.0%yoy), while shipments to the US accelerated to +107.8%yoy (Sep-26: +89.9%yoy). Exports to India also strengthened sharply to +117.3%yoy (Sep-26: +43.7%yoy), while growth in China picked up to +34.8%yoy (Sep-26: +22.7%yoy). In contrast, exports to Hong Kong moderated significantly to +12.4%yoy (Sep-26: +86.3%yoy), while shipments to Japan eased to +30.0%yoy (Sep-26: +41.2%yoy). Meanwhile, exports to Australia contracted by -5.6%yoy, reversing the +20.0%yoy growth in Sep-26.

Demand from ASEAN strengthened, grew slower from EU

Exports to ASEAN strengthened further to +53.9%yoy in Oct-26 (Sep-26: +47.6%yoy). The expansion was mainly supported by a sharp acceleration in shipments to Indonesia (+91.6%yoy; Sep-26: +10.2%yoy), alongside sustained strong growth in Singapore (+54.9%yoy; Sep-26: +50.6%yoy). However, exports to Thailand (+49.4%yoy; Sep-26: +57.7%yoy) and Vietnam (+44.0%yoy; Sep-26: +55.4%yoy) moderated, while shipments to the Philippines declined marginally by -0.9%yoy (Sep-26: +19.6%yoy). Meanwhile, exports to the EU eased to +22.5%yoy (Sep-26: +25.0%yoy), but the growth was underpinned by strong exports to countries such as the Netherlands (+57.1%yoy), France (+142.7%yoy) and Ireland (+54.7%yoy). Overall, the continued robust export performance across major markets suggests resilient external demand, particularly for E&E products.

Intermediate goods continued to drive import growth

Import growth remained strong in Oct-26, accelerating to +54.4%yoy (Sep-26: +52.7%yoy). Imports of intermediate goods remained strong (+64.0%yoy; Sep-26: +69.8%yoy), while capital goods imports grew faster at +32.9%yoy (Sep-26: +20.9%yoy), driven by higher purchases of non-transport capital goods. Meanwhile, consumption goods import growth moderated but remained in double-digit pace (+11.8%yoy; Sep-26: +18.1%yoy). The sustained demand for intermediate goods remains consistent with robust manufacturing activity, while higher capital goods imports point to resilient investment-related demand amid growing investment spending. Going forward, imports of production inputs and capital

goods are expected to continue driving import growth, while resilient domestic demand should continue to underpin consumption goods imports.

Trade growth continued to be largely volume-driven, on top of higher prices

Volume growth remained a key driver of Malaysia's external trade performance. The latest available data for Sep-26 showed a further acceleration in export volumes (+42.9%yoy; Aug-26: +34.8%yoy) and import volumes (+44.4%yoy; Aug-26: +35.5%yoy). The stronger volume expansion suggests that robust growth in nominal exports and imports continued to be driven primarily by higher shipment volumes, alongside positive contributions from price increases.

Price effects also remained supportive, with export prices rising by +8.1%yoy in Sep-26 (Aug-26: +7.9%yoy), while import price inflation accelerated to +5.8%yoy (Aug-26: +4.2%yoy). On average, export prices increased by +7.9%yoy between Apr-26 and Sep-26 (1QCY26: +1.6%yoy), while import prices rose by +5.1%yoy over the same period (1QCY26: -3.2%yoy). In particular, higher mineral fuel prices continued to contribute to trade price inflation, reflecting the impact of elevated energy prices amid ongoing geopolitical tensions in West Asia. Nevertheless, we expect shipment volumes to remain the key driver of trade growth, supported by sustained external demand and manufacturing activity, although commodity-price volatility and potential disruptions to global trade and supply chains could continue to influence nominal trade values.

Trade surplus widened to +RM41.8b, the new high

Trade surplus widened to +RM41.8b in Oct-26 (Sep-26: +RM33.7b), a new high and the 78th consecutive monthly surplus since May-20. This was attributable to (a) larger surplus in E&E products (+RM28.9b; Sep-26: +RM22.3b), palm oil & palm oil products (+11.3b; Sep-26: +RM8.8b) and LNG (+RM5.9b; Sep-26: +RM4.1b); and (b) reduced deficit in manufactures of metal (-RM0.4b; Sep-26: -RM1.6b). On the other hand, deficits widened for trade of petroleum, reflecting larger deficit in crude petroleum which more than offset the larger surplus in trade of refined petroleum products. Looking ahead, we expect overall trade surplus to be sustained, underpinned by sustained demand for E&E products and major commodities such as palm oil and LNG. Nevertheless, the widening of trade surplus may be limited by increased imports of intermediate and capital goods, such as machinery, equipment & parts; chemicals & chemical products; and transport equipment.

Table 1: Malaysia's External Trade Summary

	Monthly Data						Cumulative Data	
	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	10MCY25	10MCY26
Exports (RM b)	**183.9**	**177.9**	**193.6**	**191.0**	**215.8**	**239.2**	**1,321.1**	**1,811.2**
YoY%	44.7	45.5	38.0	45.4	54.9	61.1	6.1	37.1
MoM%	0.3	(3.2)	8.8	(1.3)	12.9	10.9		
Imports (RM b)	**144.0**	**162.1**	**171.0**	**162.9**	**181.4**	**197.4**	**1,192.8**	**1,536.4**
YoY%	14.4	43.1	36.3	41.1	52.7	54.4	4.7	28.8
MoM%	(6.5)	12.6	5.5	(4.7)	11.3	8.8		
Total Trade (RM b)	**327.8**	**340.1**	**364.6**	**354.0**	**397.2**	**436.6**	**2,513.8**	**3,347.6**
YoY%	29.6	44.3	37.2	43.4	53.9	58.0	5.4	33.2
MoM%	(2.8)	3.7	7.2	(2.9)	12.2	9.9		
Trade Balance (RM b)	**39.9**	**15.8**	**22.5**	**28.1**	**34.4**	**41.8**	**128.3**	**274.8**
YoY%	3228.4	74.8	52.4	77.1	67.9	103.4	22.2	114.2
MoM%	36.4	(60.4)	42.8	24.6	22.3	21.7		

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

Table 2: Malaysia's Exports and Imports Breakdown

	Monthly Data						Cumulative Data	
	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	10MCY25	10MCY26
Exports								
Re-Exports (RM b)	**40.7**	**39.3**	**52.2**	**40.1**	**53.0**	**64.1**	**298.9**	**463.7**
YoY%	57.8	48.7	41.1	43.3	53.4	63.6	22.6	55.1
MoM%	(43.2)	(3.4)	32.8	(23.3)	32.3	20.9		
Domestic Exports (RM b)	**143.1**	**138.6**	**141.3**	**151.0**	**162.8**	**175.1**	**1,022.2**	**1,347.5**
YoY %	41.4	44.6	36.9	46.0	55.4	60.3	2.1	31.8
MoM%	28.3	(3.2)	2.0	6.8	7.8	7.6		
Imports								
Intermediate (RM b)	**75.0**	**85.3**	**80.0**	**90.7**	**92.2**	**94.8**	**591.2**	**740.7**
YoY%	15.1	41.2	40.8	50.5	69.8	64.0	-5.4	25.3
MoM%	58.8	13.8	(6.2)	13.4	1.7	2.8		
Capital (RM b)	**18.6**	**23.4**	**22.5**	**21.6**	**22.3**	**24.8**	**178.5**	**199.5**
YoY%	(18.0)	61.9	23.8	37.2	20.9	32.9	31.8	11.8
MoM%	(0.3)	25.8	(3.8)	(4.1)	3.4	11.1		
Consumption (RM b)	**9.9**	**11.0**	**11.0**	**9.3**	**10.9**	**11.2**	**97.1**	**102.9**
YoY%	(2.4)	17.2	5.2	(1.7)	18.1	11.8	0.1	5.9
MoM%	(3.9)	11.7	(0.4)	(15.6)	17.8	2.4		

Source: MATRADE, Macrobond, MBSBR

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

	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
China	40.5	26.8	36.1	30.1	19.9	22.7	34.8
US	40.0	97.1	108.7	79.8	130.4	89.9	107.8
Japan	6.7	33.9	45.8	21.9	50.9	41.2	30.0
Taiwan	86.9	77.9	44.8	96.0	102.2	176.0	292.6
India	48.8	11.2	20.5	45.0	7.3	43.7	117.3
Hong Kong	68.1	100.3	25.4	58.7	79.1	86.3	12.4
Australia	50.7	21.0	21.2	(21.0)	(31.4)	20.0	(5.6)
EU	43.8	45.0	29.7	37.0	28.4	25.0	22.5
ASEAN	31.1	36.5	46.9	28.6	41.5	47.6	53.9
Singapore	22.3	40.9	47.7	16.5	58.4	50.6	54.9
Thailand	33.3	28.7	51.8	37.5	33.2	57.7	49.4
Indonesia	36.0	40.1	53.6	35.0	11.5	10.2	91.6
Vietnam	64.9	26.8	43.9	77.4	28.3	55.4	44.0
Philippines	30.8	29.2	7.1	25.6	15.2	19.6	(0.9)

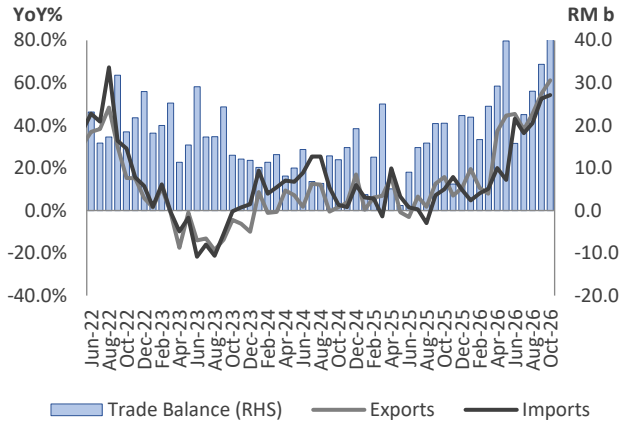
Source: Macrobond, MBSBR

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

	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
E&E	46.6	70.0	57.0	51.0	66.5	69.3	87.2
Machinery, Equipment & Parts	26.5	15.4	18.4	41.4	27.8	38.2	45.9
Optical & Scientific Equipment	49.5	45.0	42.8	36.1	23.5	43.0	14.1
Palm oil & palm oil-based products	9.1	(11.8)	(1.5)	13.5	(15.6)	(1.8)	1.3
Crude Petroleum	(20.4)	(67.1)	110.2	(79.4)	(19.3)	72.7	14.3
Petroleum Products	74.4	63.8	46.2	26.9	21.7	33.2	92.9
LNG	4.8	111.5	83.3	14.1	51.8	45.7	60.9
Rubber products	18.4	(3.2)	16.7	18.7	11.1	14.8	3.9
Transport equipment	(27.1)	6.1	8.7	15.4	34.3	16.6	15.7

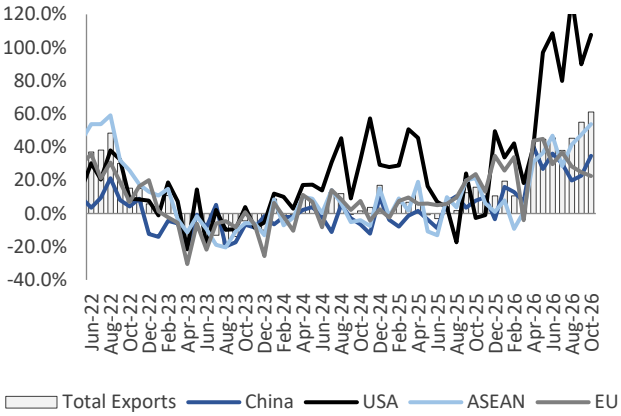
Source: Macrobond, MBSBR

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



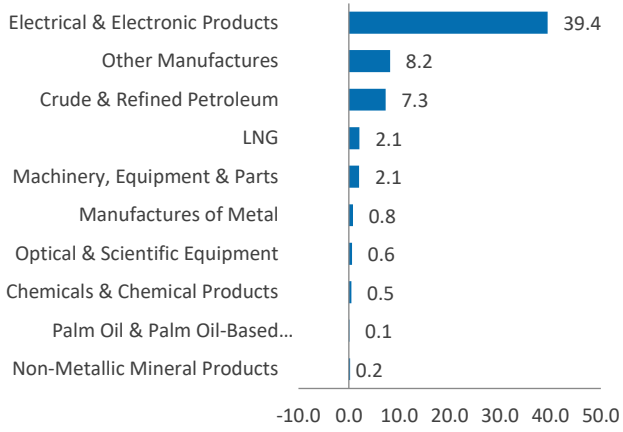
Source: MATRADE, Macrobond, MBSBR

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



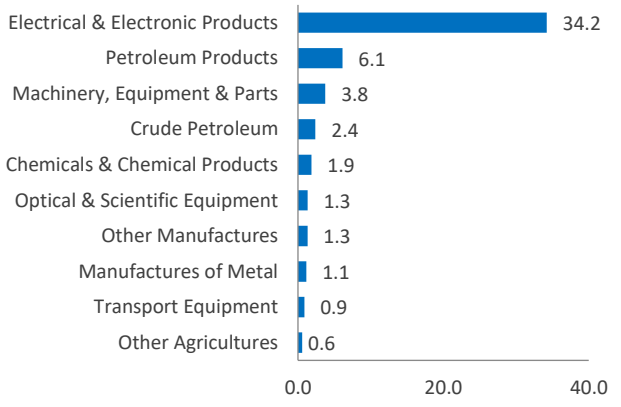
Source: MATRADE, Macrobond, MBSBR

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



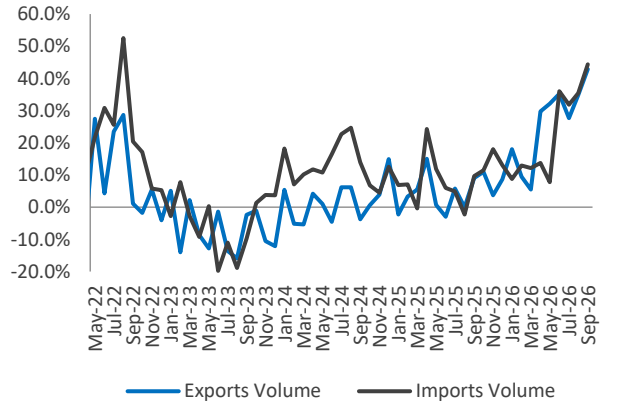
Source: MATRADE, Macrobond, MBSBR

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



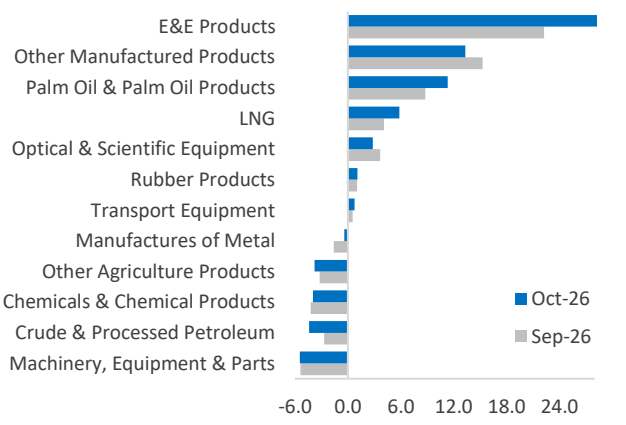
Source: MATRADE, Macrobond, MBSBR

Chart 5: Exports vs Imports Volume (YoY%)



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

Chart 6: Oct-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.