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3Q25 GDP Growth:	+5.2%
2025 GDP Growth Forecast:	+4.5%
2026 GDP Growth Forecast:	+4.1%
10M25 Export Growth:	+6.0%
2025 Export Growth Forecast:	+4.2%
9M25 Unemployment Rate:	3.0%
2025 Unemployment Rate Forecast:	3.0%
2026 Unemployment Rate Forecast:	3.1%
9M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
2026 Headline Inflation Forecast:	+2.0%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

Malaysia External Trade

Another month of positive surprise

- Malaysia's export growth surged +15.7% YoY in October (Sep: +12.5%), beating market expectations, while gross imports rose +11.2% (Sep: +7.2%). The trade surplus narrowed slightly to RM19.0bn (Sep: RM20.2bn).
- Manufacturing exports was lifted by a stronger E&E print of +26.5% (Sep: +19.5%), while commodity exports provided additional support to headline growth.
- Capital goods imports jumped +51.9% YoY (Sep: +9.0%), reinforcing our view that the investment cycle still has room to run, underpinning domestic demand.
- We remain cautious as external headwinds are likely to intensify heading into 2026, with intermittent volatility expected as global supply chains continue to reshuffle.
- We maintain our USDMYR projection at 4.20 for 2025, strengthening modestly to 4.15 in 2026, providing stability to the external sector.
- We maintain our full-year 2025 export forecast at +4.2%, with risks increasingly skewed to the upside.

Exports' fine run continues

Malaysia's exports extended its uptrend in October, surging +15.7% YoY (Sep: +12.5%) and beating Bloomberg consensus of +7.6%. Imports also climbed sharply to +11.2% (Sep: +7.2%), reflecting firmer capital goods demand. On a MoM basis, imports (+8.9%; Sep: +2.9%) outpaced exports (+6.7%; Sep: +5.6%), narrowing the trade surplus slightly to RM19.0bn (Sep: RM20.2bn).

Manufacturing strength skewed by E&E

Manufacturing exports rose by a robust +15.7% YoY (Sep: +12.8%), lifted by a stronger-than-expected E&E print at +26.5% (Sep: +19.5%). The resilience in semiconductors, currently exempt from tariffs, continues to support overall manufacturing. Excluding E&E, however, manufacturing eased to +5.6% (Sep: +5.8%), dragged by petroleum products (-8.1%; Sep: +11.6%), iron & steel (-27.9%; Sep: -3.9%) and rubber products (-10.1%, Sep: -4.3%).

Commodity exports added further tailwinds. Agriculture surged +20.3% YoY (Sep: +6.4%), driven by higher palm oil shipments of +23.8% (Sep: +8.6%). Mining rose +8.0% (Sep: +4.3%), supported by a petroleum rebound of +38.1% (Sep: -17.3%).

By destination, exports to China (+7.5% YoY; Sep: +2.9%), EU (+23.8%; Sep: +19.7%) and Singapore (+27.2%; Sep: +28.7%) remained firm, while shipments to the US dipped (-2.6%; Sep: +24.2%) following last month's strong rebound, underscoring the volatility of monthly flows.

Capital imports reaffirm investment momentum

Capital goods imports surged +51.9% YoY (Sep: +9.0%), partly due to low base effects but also reflective of ongoing investment appetite. Ongoing infrastructure projects and data-centre expansion remain key drivers, consistent with BNM's recent guidance that only around 20% of committed data-centre capacity is currently operational. This reinforces our view that the investment cycle still has room to run, supporting domestic demand momentum even as 3Q25 investment GDP growth moderated to +7.3% (refer to [Malaysia 3Q25 GDP report](#)).

Fluid trade dynamics into 2026

The recent slew of positive economic releases points to steady trade momentum in the near term. Demand for E&E remains firm, consistent with the sustained uptrend in global semiconductor sales (Sep: +25.1% YoY; Aug: +21.7%).

While the early phase of US tariff implementation has shown limited impact on Malaysia's exports, we remain cautious as the headwinds is likely to become more pronounced heading into 2026. Trade dynamics remain fluid, as key swing factors including US-China trade negotiations, the outcome of the US Section 232 semiconductor investigation and the US

Supreme Court ruling on tariff legality could shift Malaysia's trade trajectory in either direction. We expect intermittent volatility ahead as global supply chains continue to reshuffle.

Limited spillover from the ringgit rally

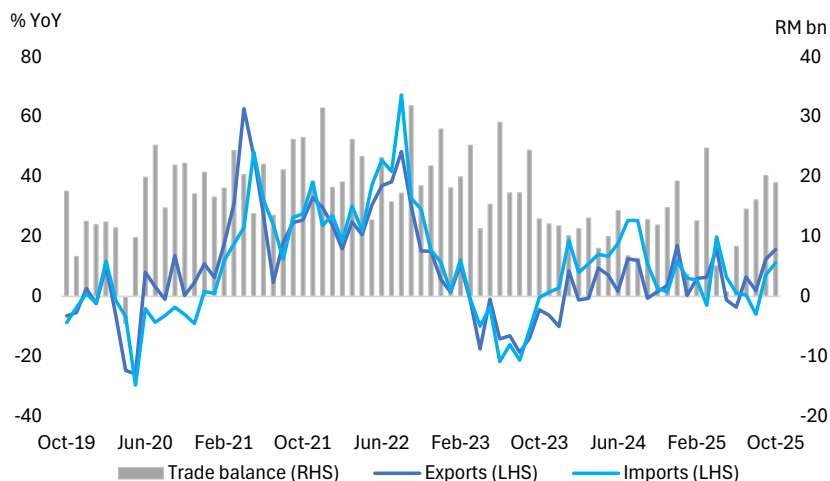
The ringgit's recent rally saw the currency strengthening 1.5% MTD against the greenback to a more than one-year high of 4.13 on 13 Nov 2025 before easing to 4.15. It also appreciated against major currencies including Vietnamese Dong (+0.9%), Indonesian Rupiah (+1.4%), Euro (+0.4%) and Chinese Yuan (+0.6%), supported partly by improved sentiment following the stronger 3Q25 GDP print of +5.2% YoY. An extended rally could exert some pressure on export competitiveness.

We believe the ringgit's upside against the USD will remain limited in the near term. Market expectations for December Fed rate cut have been pared following hawkish Fed commentary, while a softer external outlook amid tariff-related risks should cap further Ringgit strength. With UST yields likely to retain a mild downward bias as the Fed eases in 2026, we maintain our USDMYR projection at **4.20 for 2025** (YTD: 4.31), strengthening only modestly to **4.15 next year**. A relatively steady ringgit should provide stability to the external sector.

Robust external sector; upside to 2025 growth

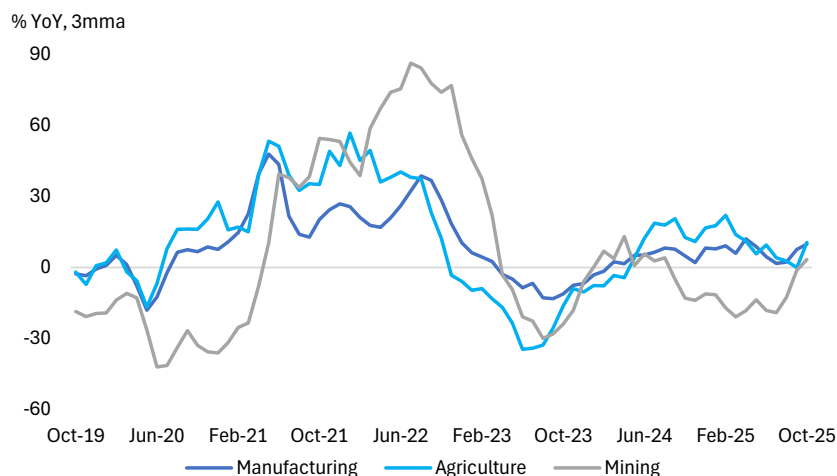
With 10M25 export growth at +6.0% YoY, we maintain our **full-year 2025 export forecast at +4.2%** for now, though risks are increasingly skewed to the upside. The external sector has held up better than expected, signalling upside potential to our 2025 GDP growth forecast of +4.5%. That said, tariff-related headwinds could become more pronounced in 2026, particularly for export-oriented manufacturing.

Figure 1: Exports registered a strong growth of +15.7% YoY in October



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing led the growth in October



Source: Department of Statistics, Apex Securities

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.
