

To Zheng Hong
 (603) 7890 8888 (ext 2099)
zhenghong.to@apexsecurities.com.my

3Q25 GDP Growth:	+5.2%
2025 GDP Growth Forecast:	+4.7%
2026 GDP Growth Forecast:	+4.3%
11M25 Export Growth:	+6.1%
2025 Export Growth Forecast:	+6.0%
2026 Export Growth Forecast:	+4.8%
10M25 Unemployment Rate:	3.0%
2025 Unemployment Rate Forecast:	3.0%
2026 Unemployment Rate Forecast:	3.1%
10M25 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

Positive trade lifts growth outlook

- Malaysia's export growth held up at +7.0% YoY in November (Oct: +15.7%), albeit easing from October's surge and undershooting market expectations, while gross imports jumped to +15.8% (Oct: +10.0%). The trade surplus narrowed to RM6.1bn (Oct: RM20.4bn).
- Manufacturing exports expanded at a softer pace, with E&E pulling back from October's surge (+15.0% YoY; Oct: +26.5%). Mining provided additional support, driven by an improvement in LNG (-12.5%; Oct: -17.6%).
- Capital goods imports surged +56.8% YoY (Oct: +51.6%), reaffirming sustained investment momentum led by data-centre expansion, with positive spillovers to job creation and services exports over the medium term.
- The positive export prints in recent months reinforce our view that trade momentum remains intact in 2025. We revise our full-year 2025 export growth forecast upward to +6.0% YoY (previously +4.2%). Looking ahead, we project 2026 export growth at +4.8%.
- Reflecting the stronger export outlook, we raise our 2025 GDP growth forecast to +4.7% YoY (previously +4.5%) and our 2026 GDP growth forecast to +4.3% (previously +4.1%).

Exports remain on a firm footing

Malaysia's exports remained resilient at +7.0% YoY in November, albeit easing from October's +15.7% surge and below Bloomberg consensus of +11.6%. Imports accelerated further to +15.8% (Oct: +10.0%), driven by stronger capital and intermediate goods demand. Consequently, the trade surplus narrowed sharply to RM6.1bn (Oct: RM20.4bn). On a YTD basis, exports and imports expanded by +6.1% and +5.6% respectively (11M24: +4.8% and +13.3%), underscoring trade resilience in the early phase of US tariff implementation.

Diversified export markets cushion US softness

Manufactured goods recorded sustained expansion, albeit at a softer pace (+7.9% YoY; Oct: +15.7%), with E&E pulling back from October's surge (+15.0%; Oct: +26.5%). Mining (+9.9%; Oct: +8.4%) provided additional lift, supported by an improvement in LNG (-12.5%; Oct: -17.6%). By destination, shipments to Singapore slowed sharply (+4.1%; Oct: +27.2%), while exports to the US declined (-0.9%; Oct: -2.6%). In contrast, exports to China, Malaysia's third-largest market, strengthened further for the month (+9.3%; Oct: +7.5%), underscoring the role of diversified export markets amid volatile US trade flows.

Capital imports signal sustained investment momentum

Capital goods imports surged further (+56.8% YoY; Oct: +51.6%), reaffirming sustained investment momentum, particularly from the ongoing infrastructure projects and continued data-centre expansion. According to BNM, data centres accounted for 51% of net FDI inflows in 2024, highlighting its increasing role in attracting high value FDI. With only around 20% of committed data centre capacity currently operational, there remains a sustained investment pipeline ahead.

In addition to positive spillovers into job creation that support a more resilient private consumption trend over the medium term, there are tentative signs that operational data centres have begun to lift Information and Communications Technology (ICT) services exports. In 9M25, ICT services exports grew by 9% YoY to RM16.8bn, up from RM15.5bn in the corresponding period last year.

Meanwhile, intermediate goods imports rebounded (+5.0% YoY; Oct: -1.5%), pointing to firmer order pipelines. While we caution that monthly intermediate imports can be volatile, the underlying trend suggests export momentum should remain firm in the near term.

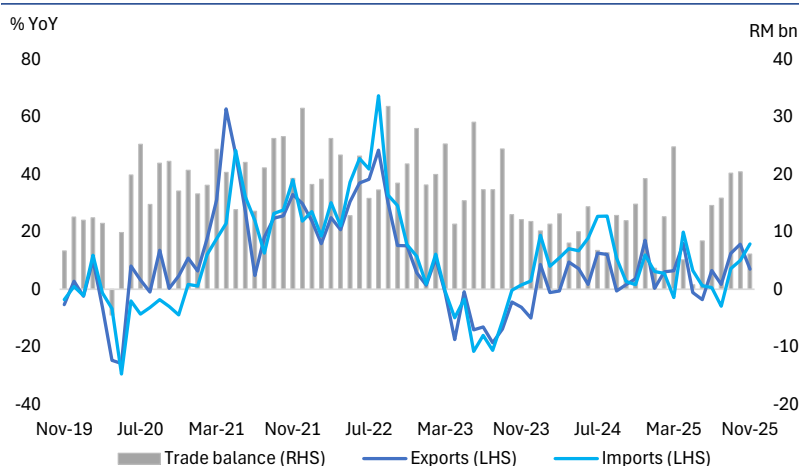
Upward revision to growth outlook

The positive export prints in recent months reinforce our view that trade momentum remains intact in 2025, particularly during the early phase of US tariff implementation. Semiconductors remain exempt from US tariffs, while the conclusion of the US-Malaysia Agreement on Reciprocal Trade (ART), under which Malaysia's semiconductor sector may receive special consideration, further caps near-term tariff risks.

Given the robust 11M25 export growth of +6.1% YoY, we **revise our full-year 2025 export growth forecast upward to +6.0%** (previously +4.2%). Looking ahead, we **project 2026 export growth at +4.8%**. Reflecting the stronger 2025 export outlook and improving trade dynamics carrying into next year, we **raise our 2025 GDP growth forecast to +4.7%** (previously +4.5%) and our **2026 GDP growth forecast to +4.3%** (previously +4.1%).

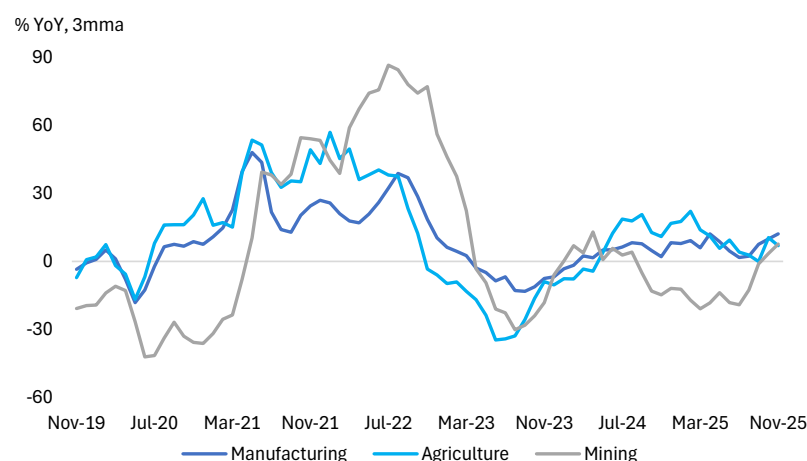
That said, key uncertainties remain in 2026, including the extent to which higher tariff-related costs are passed on to US consumers and the resulting spillover effects on US demand. In addition, potential US semiconductor tariffs remain a risk for Malaysia's E&E sector, which accounts for around 40% of total exports. Our more moderate 2026 growth projection reflects this external risk backdrop.

Figure 1: Exports remained resilient at +7.0% YoY in November



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing recorded sustained expansion in November



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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Monday, 22 Dec, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.
