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4Q25 Advance GDP Growth:	+5.7%
2025 GDP Growth Forecast:	+4.7%
2026 GDP Growth Forecast:	+4.3%
2025 Export Growth:	+6.5%
2026 Export Growth Forecast:	+4.8%
11M25 Unemployment Rate:	3.0%
2025 Unemployment Rate Forecast:	3.0%
2026 Unemployment Rate Forecast:	3.1%
2025 Headline Inflation:	+1.4%
2026 Headline Inflation Forecast:	+1.8%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

Malaysia External Trade

Upside to growth on positive trade

- Malaysia's exports accelerated to +10.4% YoY in December 2025 (Nov: +7.0%), well above consensus of +2.5%, while imports maintained double-digit growth of +12.0% (Nov: +15.8%). The trade surplus widened sharply to RM19.3bn (Nov: RM6.1bn).
- For full-year 2025, exports and imports expanded by +6.5% YoY and +6.2% respectively (2024: +5.8% and +13.1%).
- Export strength was driven by manufactured goods (+13.6% YoY; Nov: +7.9%), led by robust E&E. In contrast, mining (-15.2%; Nov: +9.4%) and agriculture (-7.4%; Nov: -6.1%) weighed on overall export performance.
- We view the decline in capital goods imports (-11.8% YoY; Nov: +56.6%) as a temporary breather. Investment momentum should remain intact in 2026, supported by ongoing infrastructure projects and continued data centre expansion.
- Improving global growth and a steady global semiconductor outlook amid the AI-led upcycle should continue to support Malaysia's external sector. That said, potential semiconductor tariffs, geopolitical tensions and a stronger ringgit remain key risks.
- We maintain our 2026 export growth forecast at +4.8% YoY and GDP growth at +4.3% for now. A sustained improvement in early-2026 data could warrant an upward revision.

A strong December surprise

Malaysia's exports accelerated to +10.4% YoY in December 2025 (Nov: +7.0%), well above Bloomberg consensus of +2.5%. Imports maintained double-digit growth of +12.0% (Nov: +15.8%), driven by intermediate and consumer goods. As a result, the trade surplus widened sharply to RM19.3bn (Nov: RM6.1bn). For full-year 2025, exports and imports expanded by +6.5% and +6.2% respectively (2024: +5.8% and +13.1%), underscoring trade resilience despite US tariff implementation.

Manufacturing-led expansion; offset by commodities

Export strength was driven by robust manufactured goods (+13.6% YoY; Nov: +7.9%), with E&E products maintaining strong double-digit growth (+25.3%; Nov: +15.0%) amid the AI-led global tech upcycle. Non-E&E manufacturing rose at a modest pace (+1.8%; Nov: +1.4%), supported by machinery, equipment & parts (+11.3%; Nov: +5.1%), iron & steel (+28.2%; Nov: -20.1%) and chemical products (-6.5%; Nov: -14.8%).

In contrast, mining exports contracted sharply (-15.2% YoY; Nov: +9.4%), reflecting declines in LNG (-24.9%; Nov: -12.5%) and crude petroleum (-38.8%; Nov: +6.0%), partly due to high base effect in the corresponding period last year. Agriculture exports declined further (-7.4%; Nov: -6.1%), alongside a 21.0% decline in palm oil prices to RM4,043/mt.

By destination, shipments to the US rebounded strongly (+48.8% YoY; Nov: -0.8%), which we believe was supported by E&E. Exports to the EU (+34.8%; Nov: +13.2%) and India (+10.7%; Nov: +4.7%) also strengthened. Meanwhile, exports to China (-3.5%; Nov: +9.8%) and Singapore (-12.8%; Nov: +4.1%) declined after five consecutive months of expansion.

Investment momentum remains intact in 2026

Import growth was supported by positive intermediate goods (+3.6% YoY; Nov: +5.0%), pointing to steady order pipelines and solid export momentum ahead. Consumer goods imports rebounded sharply (+27.6%; Nov: -1.5%), reflecting resilient demand for imported durables.

Capital goods imports, typically a leading indicator of investment, declined 11.8% YoY (Nov: +56.6%). We view this as a temporary breather, reflecting a short pause in capital purchasing that has historically rebounded quickly in subsequent months. Investment momentum should remain intact in 2026, supported by ongoing infrastructure projects and continued data centre expansion amid the global tech upcycle. Our view is reinforced by BNM's assessment that data

centres accounted for 51% of net FDI inflows in 2024. We forecast a steady real private investment growth of +8.0% in 2026 (2025E: +9.8%).

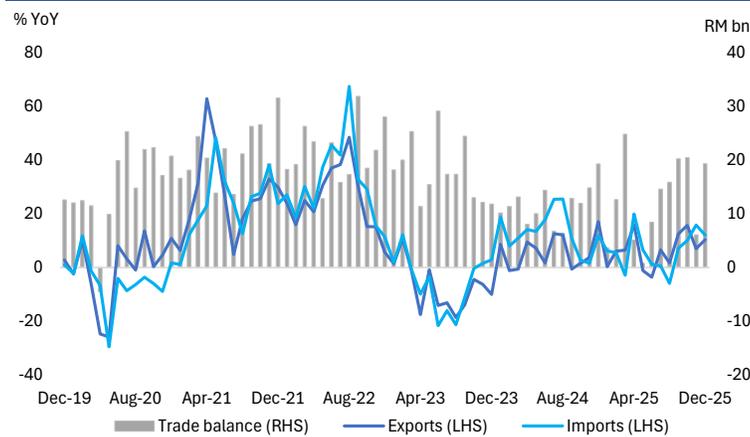
Upside to 2026 GDP growth; volatility ahead

The strong December exports print reinforces our view that positive trade momentum will extend into 2026. Global growth has proven more resilient than expected despite earlier tariff concerns. The World Bank recently revised its 2026 global growth forecast higher by 0.2ppt to +2.6% YoY (2025: +2.7%), led by firmer US growth (+2.2%; 2025: +2.1%). A steady global semiconductor outlook amid the AI-led upcycle should remain a key support for Malaysia’s external sector.

Nonetheless, we remain cautious over external risks, including potential semiconductor-related tariffs on Malaysia. Geopolitical tensions and trade disruptions may resurface, as tariffs remain a central policy theme under the Trump administration. Lastly, a stronger ringgit could pose some downward pressure on export-oriented industries.

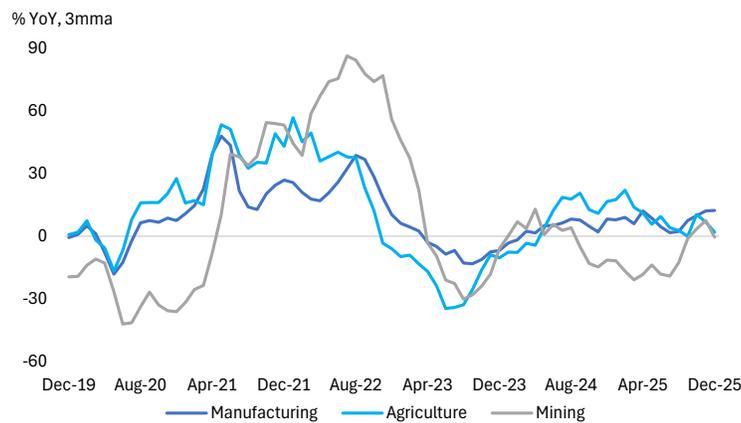
Following solid export growth of +6.5% YoY in 2025, we **maintain our 2026 export growth forecast at +4.8%**. Correspondingly, we **keep our 2026 GDP growth forecast of +4.3%** for now. A sustained improvement in early-2026 data could warrant an upward revision to our forecasts.

Figure 1: Exports rose to +10.4% YoY in December



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing recorded sustained expansion in December



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.
