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2025 GDP Growth	**+5.2%**
2026 GDP Growth Forecast:	**+4.7%**
2025 Export Growth:	**+6.4%**
2026 Export Growth Forecast:	**+4.8%**
2025 Unemployment Rate	**3.0%**
2026 Unemployment Rate Forecast:	**3.0%**
2025 Headline Inflation:	**+1.4%**
2026 Headline Inflation Forecast:	**+2.1%**
End-2025 OPR	**2.75%**
End-2026 OPR Forecast:	**2.75%**

Malaysia External Trade

Resilience amid external headwinds

- **Exports held firm at +8.3% YoY in March (Feb: +10.7%), while imports accelerated to +10.4% (Feb: +8.2%). The trade surplus widened to RM24.6bn (Feb: RM16.7bn).**
- **The quarterly trade surplus of RM63.2bn (4Q25: RM48.6bn) points to a stronger external sector contribution to 1Q26 GDP.**
- **Manufacturing exports sustained growth (+9.6% YoY; Feb: +12.7%), with E&E maintaining double-digit expansion, while commodity exports remained weak.**
- **While risks of supply chain disruption from the Middle East conflict persist, current import trends suggest no material impact at this juncture.**
- **Exports should remain supported by sustained E&E demand and higher commodity prices. However, external headwinds from the Middle East conflict and tariff uncertainty remain.**
- **We maintain our 2026 export growth forecast at +4.8% YoY (2025: +6.4%).**

Trade surplus widens

Malaysia's export growth held firm at +8.3% YoY in March, albeit easing from February's +10.7% and coming in below consensus of +14.0%. The steady growth came despite the onset of the Middle East conflict. Imports accelerated to +10.4% (Feb: +8.2%), driven by stronger capital goods demand. Nonetheless, the trade surplus widened to RM24.6bn (Feb: RM16.7bn).

For 1Q26, exports grew +12.7% YoY (4Q25: +11.0%), while imports moderated to +7.7% (4Q25: +11.7%), lifting the quarterly trade surplus to a three-year high of RM63.2bn (4Q25: RM48.6bn). This suggests a stronger net export contribution to 1Q26 GDP growth.

Sustained expansion in manufacturing

Manufacturing exports sustained growth, albeit at a softer pace of +9.6% YoY (Feb: +12.7%), with E&E maintaining double-digit expansion at +15.0% (Feb: +28.5%). Meanwhile, commodity exports remained weak, with agriculture declining further (-7.8%; Feb: -15.8%), weighed by lower palm oil and related products (-6.1%; Feb: -12.8%), while LNG exports also contracted (-17.5%; Feb: -27.3%).

By destination, shipments to the US (+18.3% YoY; Feb: +42.2%) and China (+7.0%; Feb: +13.2%) remained resilient. In contrast, exports to Singapore (-10.3%; Feb: -17.1%) and the EU (-4.1%; Feb: +33.9%) declined. Exports to other key Asian markets were mixed, including Japan (-4.8%; Feb: -14.8%), South Korea (+31.8%; Feb: +16.2%), Taiwan (+45.0%; Feb: +66.0%) and Indonesia (-4.7%; Feb: -36.1%).

No immediate signs of intermediate goods disruption

Capital goods imports rose further (+24.7% YoY; Feb: +15.0%), reaffirming sustained investment momentum, supported by infrastructure rollout, manufacturing expansion and data-centre investments. Meanwhile, intermediate goods imports were broadly stable (-1.1%; Feb: +0.9%), suggesting that order pipelines remain intact. While risks of supply chain disruption from the Middle East conflict persist, current import trends point to no material impact at this juncture.

External outlook supported, but risks rising

We remain broadly optimistic on Malaysia's trade outlook for 2026. Exports should remain supported by sustained E&E demand, driven by the AI-led tech upcycle and rising semiconductor applications across EVs and other industrial sectors. The Semiconductor Industry Association (SIA) continues to project strong global demand, with sales expected to reach USD1tn in 2026 (2025: USD800bn).

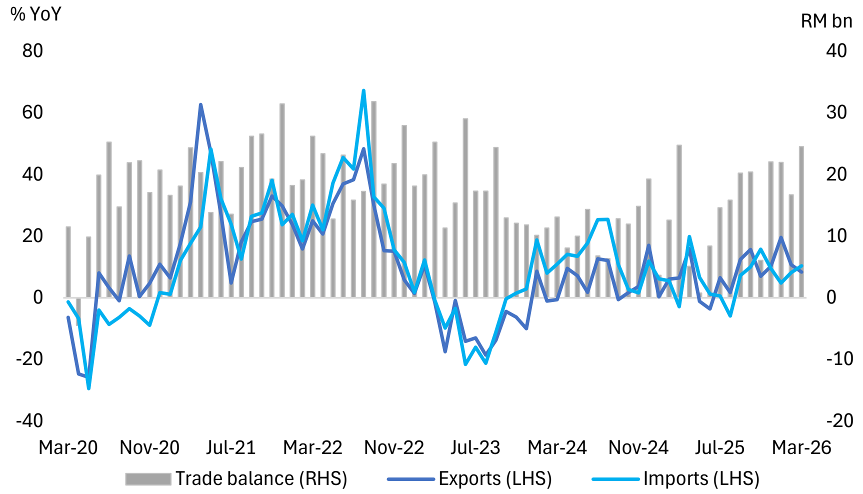
Malaysia should also benefit from its position as a net energy exporter, particularly LNG, with higher energy prices providing some support to the trade balance. Meanwhile, exports of key commodities such as palm oil, which accounted for 4.2% of total exports in 2025, could also benefit from stronger biofuel demand as a substitute amid elevated crude oil prices.

That said, external headwinds are rising, as a prolonged Middle East conflict could exacerbate supply chain disruptions and cost pressures, weighing on global growth and Malaysia's external demand. Meanwhile, US trade policy uncertainty remains a key risk. The 10% global tariff (150-day window) remains in place, with the administration reportedly working towards raising it to 15%. Furthermore, Section 301 investigations into unfair trade practices add to downside risks.

Maintaining forecasts for now

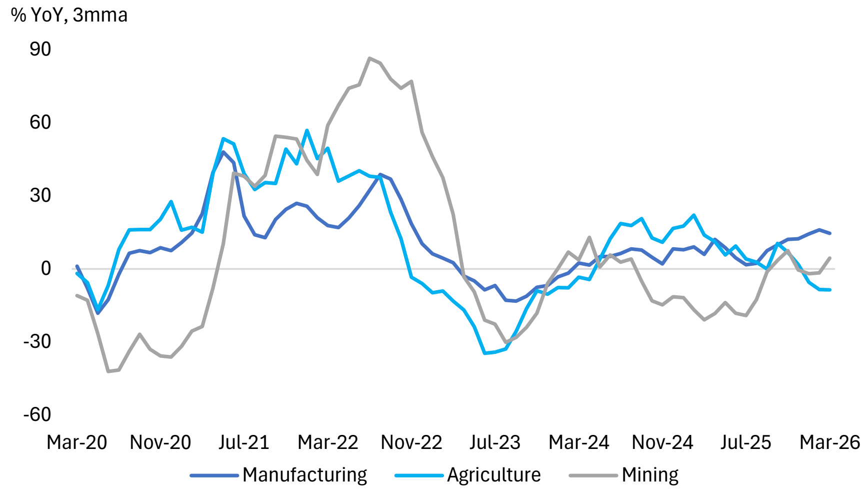
We **maintain our 2026 export growth forecast at +4.8% YoY** (2025: +6.4%). While robust year-to-date growth of +12.7% suggests some upside risk, a further escalation in geopolitical tensions or adverse US tariff outcomes could materially weaken the global trade outlook.

Figure 1: Exports remained firm +8.3% YoY in March



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing sustained expansion in March



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

As of **Tuesday, 21 Apr, 2026**, 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.