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2025 GDP Growth	+5.2%
2026 GDP Growth Forecast:	+4.7%
2025 Export Growth:	+6.4%
2026 Export Growth Forecast:	+8.1%
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

### Wary of rising risks despite strong headline growth

- Exports surged to **+36.9% YoY** in April (Mar: **+8.4%**), while imports accelerated to **+20.0%** (Mar: **+10.4%**). The trade surplus widened to **RM28.8bn** (Mar: **RM24.5bn**).
- **Manufacturing exports (+40.1% YoY; Mar: +9.6%)** accounted for the bulk of April's surge, while commodity exports provided additional support.
- Exports should continue to benefit from sustained E&E demand and firmer commodity prices, although growth may moderate as frontloading activities gradually fade.
- External risks remain elevated, stemming from the prolonged Middle East conflict and persistent uncertainty surrounding US trade policy.
- We revise our 2026 export growth forecast to **+8.1% YoY** (previously **+4.8%**), reflecting robust year-to-date growth.

### A strong April surprise

Malaysia's exports surged to a 43-month high of **+36.9% YoY** in April (Mar: **+8.4%**), well above Bloomberg consensus of **+9.5%**. The strong print largely reflected a surge in re-exports (**+113.5%**; Mar: **+38.3%**), possibly alongside some frontloading and stockpiling activities amid the Middle East conflict. Imports also accelerated to **+20.0%** (Mar: **+10.4%**), driven by higher re-export flows. As a result, the trade surplus widened to **RM28.8bn** (Mar: **RM24.5bn**).

### Broad-based improvement in exports

Manufacturing exports accounted for the bulk of April's surge, accelerating to **+40.1% YoY** (Mar: **+9.6%**) and contributing **+34.7ppts** to headline export growth (Mar: **+8.4ppts**). E&E rose sharply to **+46.4%** (Mar: **+15.1%**) amid the tech upcycle, reinforcing our view that semiconductors will remain a key anchor of Malaysia's external outlook. Non-E&E manufacturing also strengthened (**+33.2%**; Mar: **+3.7%**), driven by petroleum products (**+70.2%**; Mar: **+23.5%**), chemical products (**+25.8%**; Mar: **-20.1%**) and machinery, equipment & parts (**+26.6%**; Mar: **+2.1%**).

Commodity exports provided additional support. Agriculture rebounded (**+5.2% YoY**; Mar: **-7.8%**), lifted by a recovery in palm oil and related products (**+4.1%**; Mar: **-6.1%**). Meanwhile, liquefied natural gas (LNG) exports rebounded (**+4.8%**; Mar: **-17.5%**), largely due to a **14.5%** increase in export volume.

By destination, exports to key partners strengthened markedly, including the US (**+39.0% YoY**; Mar: **+18.3%**), China (**+39.2%**; Mar: **+7.1%**) and the EU (**+43.5%**; Mar: **-4.1%**). Exports to other key Asian markets were also robust, including Singapore (**+23.2%**; Mar: **-10.3%**), Japan (**+6.4%**; Mar: **-4.8%**), South Korea (**+62.2%**; Mar: **+31.8%**), Taiwan (**+86.0%**; Mar: **+45.0%**) and Indonesia (**+36.0%**; Mar: **-4.7%**).

### Investment outlook remains intact

Capital goods imports, typically a leading indicator of investment, declined **20.7% YoY** (Mar: **+24.2%**), largely reflecting high base effects from last year. On a MoM basis, however, capital goods imports rose to **+15.4%** (Mar: **+1.8%**), suggesting that investment momentum remains intact. We continue to expect investment activity to stay supported by ongoing infrastructure rollout, data centre and manufacturing expansion, although some investment decisions could be delayed amid heightened geopolitical uncertainty.

### Resilience amid rising external risks

The strong April export print reinforces our view that Malaysia's trade outlook should remain intact in 2026 despite rising external headwinds. Exports should continue to benefit from sustained E&E demand, driven by rising semiconductor applications across EVs and industrial sectors, alongside ongoing AI developments. Meanwhile, exports of oil & gas and palm oil, which accounted for **11.1%** and **4.2%** of Malaysia's total exports respectively in 2025, should also benefit from firmer commodity prices and provide support to the trade balance.

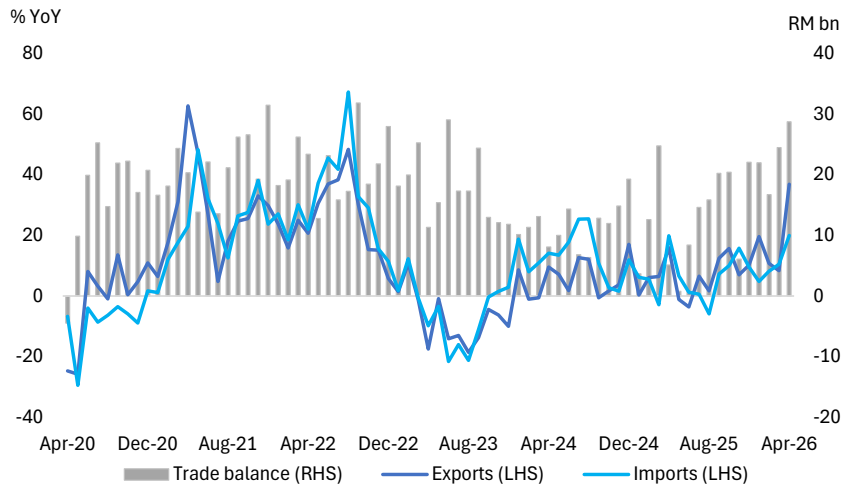
Nonetheless, we caution against reading too much into April’s export strength, which was largely driven by the sharp rise in re-exports (+113.5% YoY; Mar: +38.3%), contributing 28.5ppts to headline export growth. Re-exports, typically routed through transshipment hubs such as Singapore, are inherently volatile and may prove short-lived. Excluding re-exports, domestic exports grew at a more moderate pace of +11.2% (Mar: +0.9%).

Going forward, we expect export growth to moderate as frontloading activities gradually fade. External risks remain elevated, stemming from a prolonged Middle East conflict that could exacerbate supply chain disruptions and weigh on global demand, alongside persistent uncertainty surrounding US trade policy.

### Raising export forecast, but caution remains

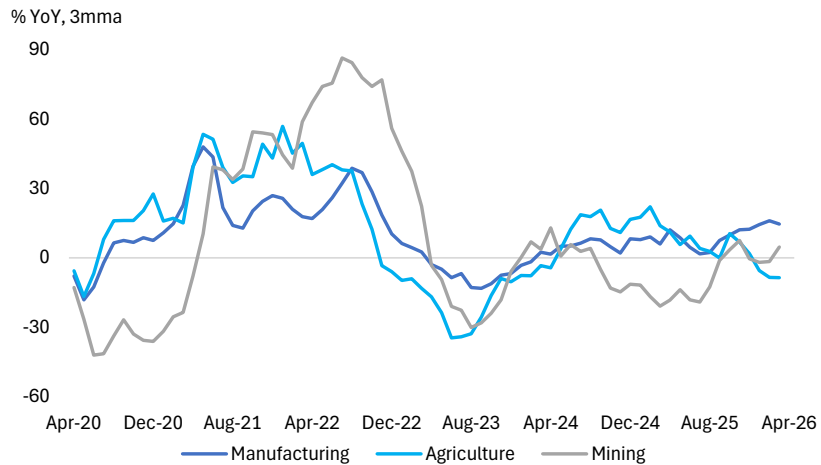
Given the robust year-to-date growth of +19.0% YoY, we **adjust our 2026 export growth forecast to +8.1% YoY** (previously +4.8%). However, the moderate upward revision reflects our continued caution over developments in the Middle East conflict, where a prolonged disruption to global supply chains could materially weaken the external trade outlook, particularly in 2H26.

**Figure 1: Exports surged to +36.9% YoY in April**



Source: Department of Statistics, Apex Securities

**Figure 2: Manufacturing sustained expansion in April**



Source: Department of Statistics, Apex Securities

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#### 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.

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#### 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.

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