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2025 GDP Growth	**+5.2%**
2026 GDP Growth Forecast:	**+5.0%**
2025 Export Growth:	**+6.4%**
2026 Export Growth Forecast:	**+16.3%**
2025 Unemployment Rate	**3.0%**
2026 Unemployment Rate Forecast:	**3.0%**
2025 Headline Inflation:	**+1.4%**
2026 Headline Inflation Forecast:	**+2.0%**
End-2025 OPR	**2.75%**
End-2026 OPR Forecast:	**2.75%**

Malaysia External Trade

Strong exports, but moderation ahead

- **Exports grew +45.4% YoY in June (May: +44.7%), while imports accelerated to +43.9% (May: +14.4%). Consequently, the trade surplus narrowed to RM14.9bn (May: RM39.9bn).**
- **Manufacturing (+47.3% YoY; May: +51.6%) continued to anchor export growth, while mining (+97.5%; May: +36.4%) provided additional support.**
- **We maintain our 2026 export growth forecast of +16.3% YoY following last month's upward revision.**
- **We remain particularly positive on the E&E sector, although headline export growth could moderate in 2H26 as frontloaded demand and base effects gradually unwind.**

Exports' fine run continues

Malaysia's exports sustained robust double-digit growth of +45.4% YoY in June (May: +44.7%), although slightly below Bloomberg consensus of +47.3%. Imports also accelerated sharply to +43.9% (May: +14.4%), driven by stronger capital (+67.4%; May: -18.0%) and intermediate (+41.3%; May: +15.1%) goods imports. Consequently, the trade surplus narrowed to RM14.9bn (May: RM39.9bn).

Manufacturing and mining underpin exports

Manufactured goods exports remained the key growth driver, rising +47.3% YoY (May: +51.6%). E&E exports continued to lead the expansion (+56.9%; May: +70.0%), reinforcing our view that semiconductors will remain the key anchor of Malaysia's external sector. Non-E&E manufacturing strengthened (+37.3%; May: +34.0%), supported mainly by chemicals & chemical products (+6.6%; May: +1.8%), metal products (+48.5%; May: +8.8%) and machinery, equipment & parts (+18.7%; May: +15.4%).

Mining exports provided additional support, surging +97.5% YoY (May: +36.4%) on the back of a sharp rebound in crude petroleum (+112.4%; May: -67.1%). Meanwhile, agriculture exports remained in contraction, albeit at a slower pace (-7.2%; May: -23.0%), reflecting weaker palm oil and palm oil-based products (-10.8%; May: -24.6%) amid lower export volumes.

By destination, exports to the US continued to surge (+108.6% YoY; May: +97.8%), which we believe was largely driven by E&E products. Shipments to other major trading partners also remained strong, including China (+36.1%; May: +27.8%), South Korea (+42.8%; May: +9.5%) and ASEAN markets such as Singapore (+47.6%; May: +41.0%), Thailand (+52.2%; May: +28.9%) and Indonesia (+53.4%; May: +41.1%). Meanwhile, exports to the EU (+29.7%; May: +45.0%) and Taiwan (+44.7%; May: +78.3%) moderated.

Maintain export forecast, but moderation ahead

We **maintain our 2026 export growth forecast of +16.3% YoY** following last month's upward revision. We have also recently raised our 2026 GDP growth forecast to +5.0% (previously +4.7%), partly reflecting a stronger export outlook. Looking ahead, we remain particularly positive on the E&E sector, supported by sustained AI-driven semiconductor demand. The Semiconductor Industry Association (SIA) projects global semiconductor sales to expand by 90% in 2026, followed by a further 27% in 2027.

That said, we believe the exceptionally strong export growth recorded since April was partly boosted by stockpiling activities, as well as a low base from the corresponding period last year following the reciprocal tariff announcement. We therefore expect **export growth to moderate in 2H26** as frontloaded demand and base effects gradually unwind.

Other key risks to Malaysia's trade outlook include uncertainty surrounding US trade policy and fluid geopolitical developments in the Middle East following the breakdown of the US-Iran ceasefire. A renewed disruption to shipping through the Strait of Hormuz and a potential sharp

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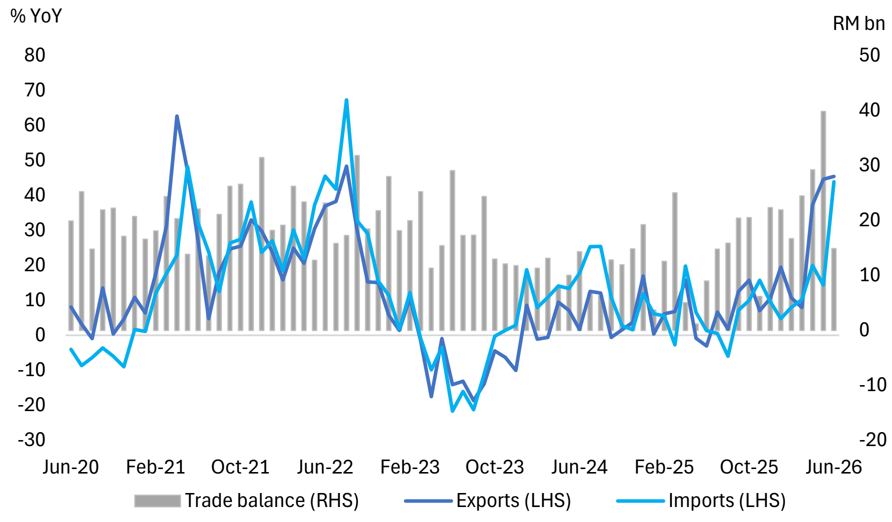
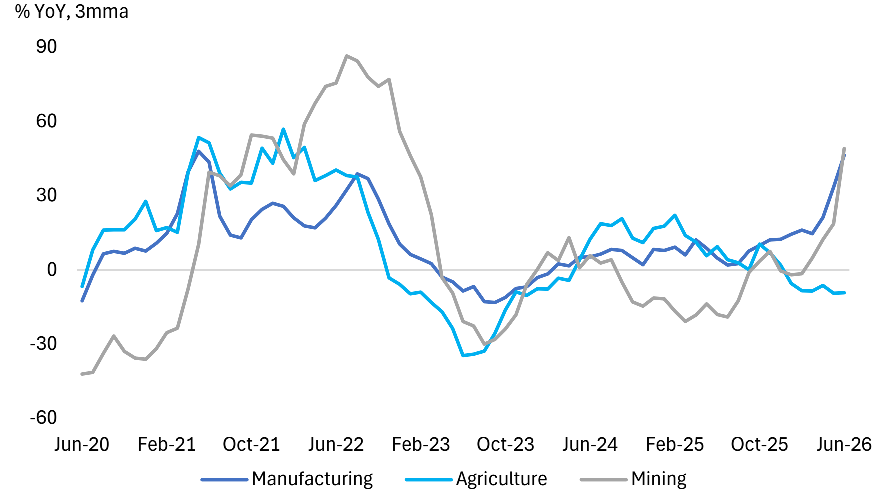
rise in Brent crude prices could exacerbate global inflationary pressures, weighing on global demand for Malaysia's exports.

Figure 1: Exports surged to +45.4% YoY in June



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing sustained expansion in June



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 Jul, 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.