To Zheng Hong
(603) 7890 8899 (ext 2099)
zhenghong.to@apexsecurities.com.my

2025 GDP Growth	+5.2%
2026 GDP Growth Forecast:	+5.0%
2025 Export Growth:	+6.6%
2026 Export Growth Forecast:	+26.2%
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

Still going strong

- **Exports accelerated to +45.5% YoY in August (Jul: +38.0%), while imports remained robust at +41.1% (Jul: +36.3%). The trade surplus widened to RM28.1bn (Jul: RM22.5bn).**
- **Manufacturing and LNG drove export growth, partly offset by weaker agriculture.**
- **Strong intermediate goods imports point to firm order pipelines, which should support near-term industrial and export activity.**
- **We expect exports to remain supported by the tech upcycle and potential trade diversion.**
- **Headwinds include an unfavourable base effect, renewed Middle East tensions and uncertainty surrounding US trade policy.**
- **We maintain our 2026 export growth forecast at +26.2% YoY (2025: +6.6%).**

Sustained trade resilience

Malaysia's exports accelerated to +45.5% YoY in August (Jul: +38.0%), well above Bloomberg consensus of +38.0%. Import growth also rose to +41.1% (Jul: +36.3%), driven by stronger intermediate and capital goods imports. Consequently, the trade surplus widened to RM28.1bn (Jul: RM22.5bn). On a YTD basis, exports and imports grew +31.2% and +22.4% respectively (8M25: +4.1% and +3.7%), underscoring sustained trade resilience.

Manufacturing-led expansion

Manufacturing exports accelerated (+50.4% YoY; Jul: +42.6%), lifted by a robust E&E print (+66.5%; Jul: +51.0%) amid the sustained AI-led global tech upcycle. Non-E&E manufacturing also strengthened (+35.1%; Jul: +33.5%), driven by metal (+35.4%; Jul: +23.3%), transport equipment (+34.1%; Jul: +15.4%) and petroleum products (+21.7%; Jul: +26.9%).

Commodity exports remained mixed. Mining exports surged (+43.3% YoY; Jul: +9.6%), supported by firmer LNG (+51.8%; Jul: +14.1%) and a sharp improvement in crude petroleum (-19.3%; Jul: -79.4%), though we note the volatile trend in energy-related exports. In contrast, agriculture exports declined (-21.4%; Jul: +4.8%), dragged by weaker palm oil exports (-25.0%; Jul: +7.7%) amid lower export volumes.

By destination, exports to the US (+130.4% YoY; Jul: +79.8%), Singapore (+58.5%; Jul: +16.5%) and Taiwan (+102.2%; Jul: +96.0%) strengthened markedly, likely driven by E&E products. Meanwhile, shipments to selected trading partners moderated, including China (+19.9%; Jul: +30.1%), EU (+20.0%; Jul: +37.0%) and ASEAN markets such as Thailand (+33.2%; Jul: +37.5%), Vietnam (+28.3%; Jul: +77.4%) and Indonesia (+11.5%; Jul: +35.0%).

Indication of strong order pipeline

Capital goods imports expanded for the third straight month (+37.4% YoY; Jul: +23.8%), pointing to sustained investment appetite. Data-centre expansions and ongoing infrastructure projects should continue to support investment activity. Meanwhile, intermediate goods imports accelerated further (+50.5%; Jul: +40.8%), driven by accessories of capital goods (+101.6%; Jul: +96.1%) and fuel & lubricants (+92.2%; Jul: -16.3%). We view the strength in intermediate imports as an indication of firm order pipelines, with manufacturers securing critical industrial inputs for future production.

Prospects remain intact

We **maintain our 2026 export growth forecast at +26.2% YoY** (2025: +6.6%). Going forward, we **remain particularly positive on the E&E sector**, underpinned by structural growth in AI, EVs and other related industrial segments. Meanwhile, **energy-related exports should provide additional support**, as Malaysia remains a beneficiary of potential trade diversion arising from the Middle East conflicts. The robust growth in intermediate imports is also typically an indication of a **strong orderbook** and near-term strength in industrial and export activity.

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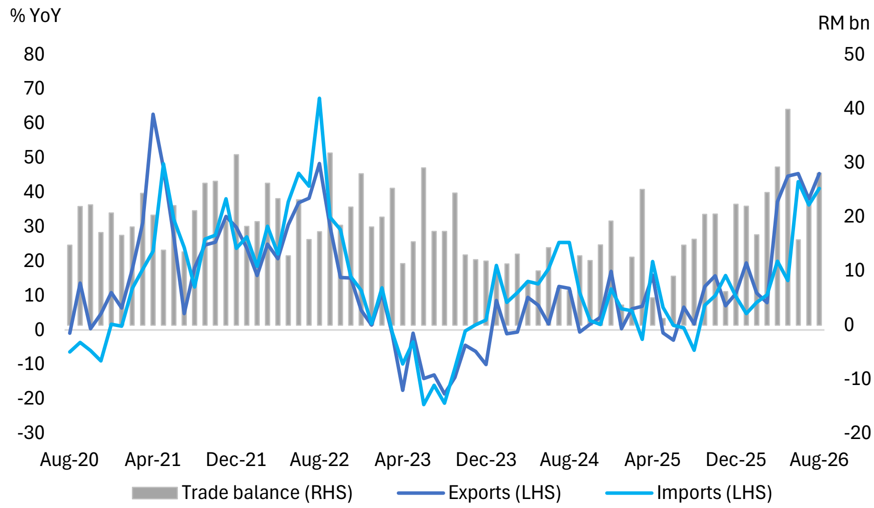
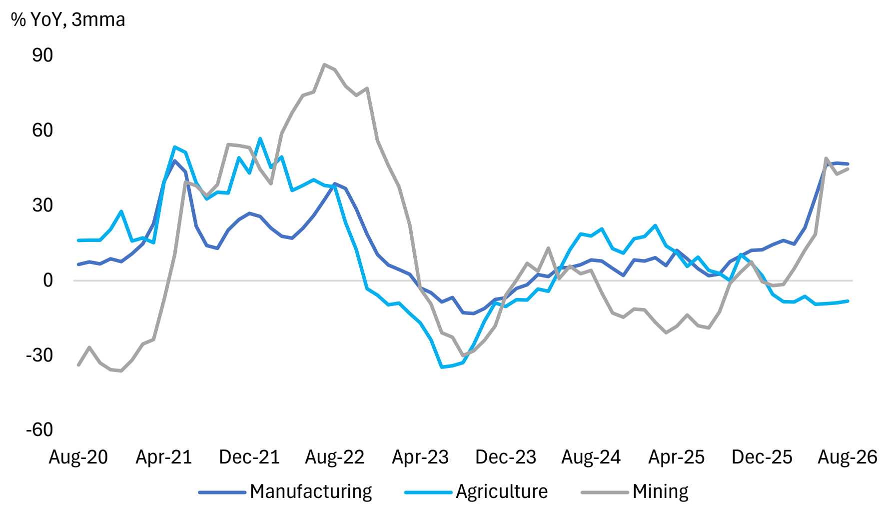
That said, exports are likely to face headwinds in the remaining months of 2026 due to an **unfavourable high base** in the corresponding period last year. Downside risks include a **renewed flare-up in Middle East tensions** that could disrupt global trade flows, as well as continued **uncertainty surrounding US trade policy**. Malaysia remains vulnerable to higher tariffs, with the US Section 301 investigation into structural excess capacity and production still underway.

Figure 1: Exports rose +45.5% YoY in August



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing sustained expansion in August



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 **Monday, 21 Sep, 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.