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2025 GDP Growth	+5.2%
2026 GDP Growth Forecast:	+5.0%
2027 GDP Growth Forecast:	+4.5%
2025 Unemployment Rate	3.0%
2026 Unemployment Rate Forecast:	3.0%
2027 Unemployment Rate Forecast:	3.0%
2025 Headline Inflation:	+1.4%
2026 Headline Inflation Forecast:	+1.8%
2027 Headline Inflation Forecast:	+2.0%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%
End-2027 OPR Forecast:	3.00%

Malaysia External Trade

Upside surprise in exports

- Exports surged **+54.5% YoY in September (Aug: +45.4%)**, while imports accelerated to **+52.7% (Aug: +41.1%)**. The trade surplus widened to RM33.7bn (Aug: RM28.1bn).
- Manufacturing led export growth, while commodity exports improved.
- Sustained growth in intermediate imports points to robust manufacturing activity ahead.
- We raise our 2026 export growth forecast to **+35.1% YoY (previously: +26.2%)**, reflecting stronger-than-expected YTD growth momentum.
- Downside risks include prolonged Middle East tensions and continued uncertainty surrounding US trade policy.

Another month of positive surprise

Malaysia's exports surprised to the upside in September, surging +54.5% YoY (Aug: +45.4%) and beating Bloomberg consensus of +39.9%. Import growth also accelerated to +52.7% (Aug: +41.1%), driven by stronger intermediate and consumption goods imports. Consequently, the trade surplus widened to RM33.7bn (Aug: RM28.1bn). On a YTD basis, exports and imports grew +34.0% and +25.7% respectively (9M25: +5.0% and +4.1%).

Broad-based improvement

Manufacturing exports accelerated to +58.6% YoY (Aug: +50.4%), led by sustained E&E strength (+69.2%; Aug: +66.5%) amid the AI-led global tech upcycle. Non-E&E manufacturing also gained momentum (+46.2%; Aug: +35.1%), driven by petroleum products (+33.2%; Aug: +21.7%), machinery, equipment & parts (+38.4%; Aug: +27.8%) and optical & scientific equipment (+43.2%; Aug: +23.5%).

Commodity exports also improved. Mining exports surged +56.3% YoY (Aug: +43.3%), supported by a sharp rebound in crude petroleum exports (+68.9%; Aug: -19.3%), while LNG remained firm (+45.7%; Aug: +51.8%). Meanwhile, agriculture exports declined at a slower pace (-5.7%; Aug: -21.6%), as palm oil exports fell at a more moderate rate (-9.1%; Aug: -25.1%).

By destination, exports to Taiwan (+175.2% YoY; Aug: +102.2%), the EU (+35.3%; Aug: +28.4%) and China (+22.1%; Aug: +19.9%) strengthened. Exports to the US remained robust (+89.9%; Aug: +130.4%), albeit at a slower pace. Within ASEAN, exports to Thailand (+57.3%; Aug: +33.2%) and Vietnam (+55.0%; Aug: +28.3%) accelerated, while shipments to Singapore (+50.4%; Aug: +58.4%) and Indonesia (+9.5%; Aug: +11.5%) moderated.

Intermediate imports reaffirm manufacturing momentum

Capital goods imports continued to expand (+20.9% YoY; Aug: +37.2%), pointing to sustained investment activity. Meanwhile, intermediate goods imports recorded double-digit growth for the fifth consecutive month (+69.6%; Aug: +50.5%), signalling robust demand for industrial inputs and sustained manufacturing activity ahead. Consumption goods imports also rebounded (+18.2%; Aug: -1.7%).

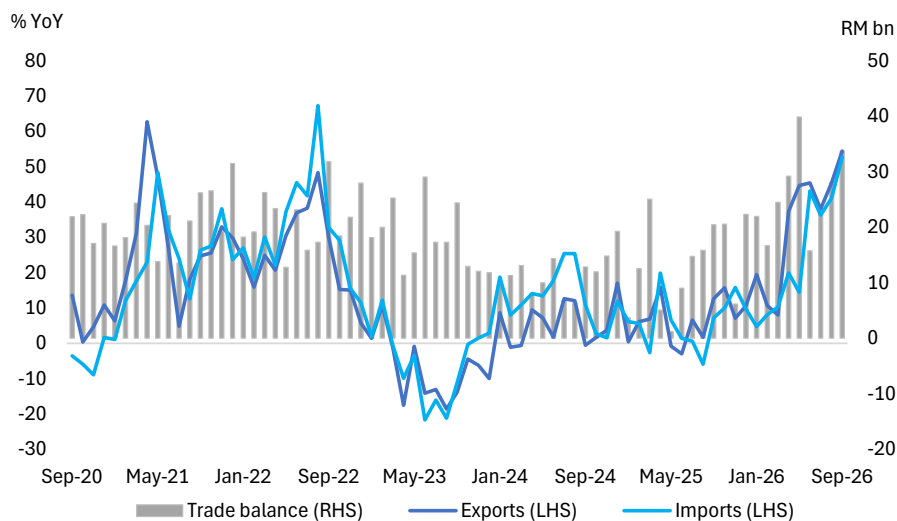
Raising export forecast

We raise our 2026 export growth forecast to **+35.1% YoY** (previously: +26.2%), reflecting stronger-than-expected 9M26 growth momentum of +34.0% YoY. We remain positive on E&E exports, underpinned by the global tech upcycle and structural demand for AI-related applications. Meanwhile, LNG exports should remain resilient, supported by elevated oil prices and potential trade diversion arising from the Middle East conflict. Robust intermediate imports also point to a firm manufacturing orderbook and near-term support for export activity.

Nonetheless, export growth is likely to moderate going forward amid an unfavourable high base effect. Downside risks remain, particularly from prolonged Middle East tensions that could disrupt global trade flows and continued uncertainty surrounding US trade policy. Malaysia also

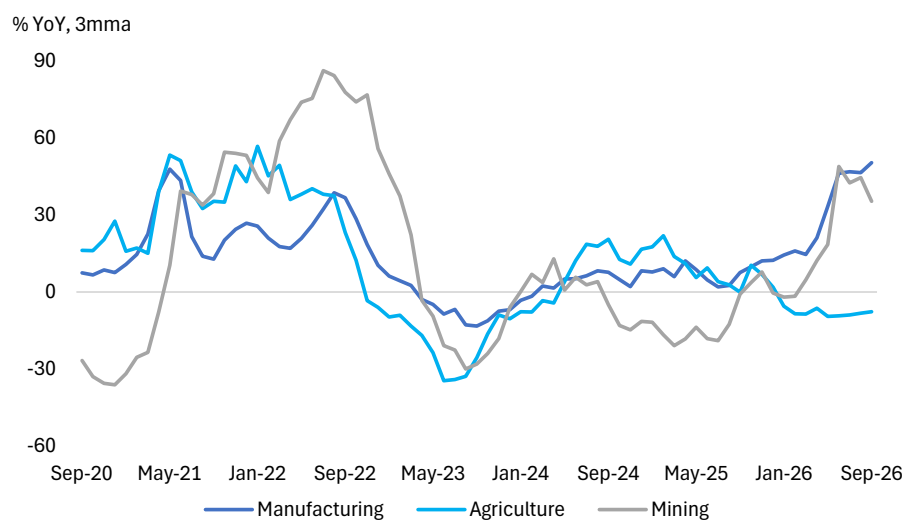
remains exposed to higher US tariffs, pending the outcome of the ongoing Section 301 investigation into excess capacity.

Figure 1: Exports rose +54.5% YoY in September



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing sustained expansion in September



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.
