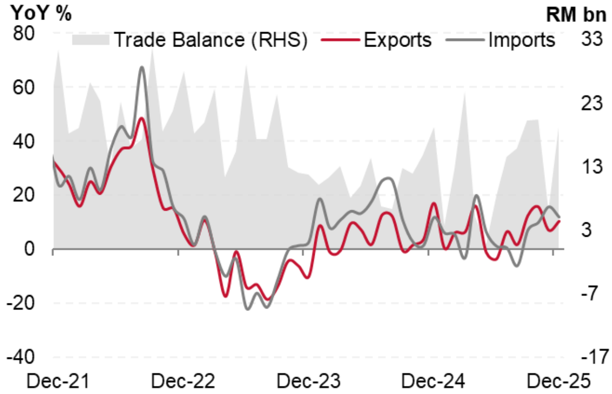
Malaysia External Trade

December trade data surprise on the upside as E&E shipments surge

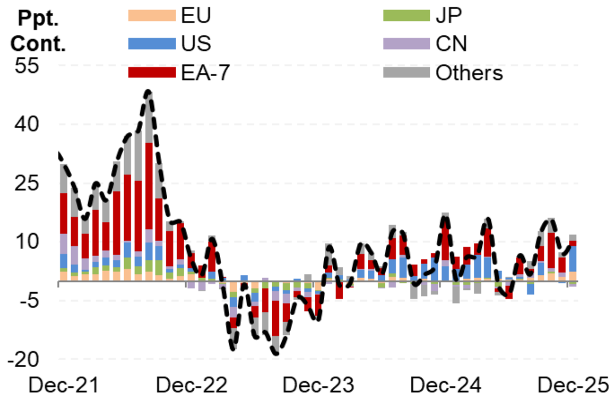
- **Exports expanded sharply to 10.4% (Nov: 7.0%), a two-month high, and far above expectations (KIBB: 1.1%; consensus: 2.5%). This lifted full-year 2025 export growth to 6.5% (2024: 5.8%), beating our 6.0% forecast.**
  - MoM (13.4%; Nov: -9.0%): Growth rebounded strongly to a five-month high.
- **Surging exports to the US and strong E&E shipments bolstered December performance**
  - **By destination:** Growth was driven by a sharp rebound in shipments to the US (48.8%; Nov: -0.8%), and strong expansion to the EU (34.8%; Nov: 13.2%). However, momentum was capped by continued weakness in exports to Japan (-16.9%; Nov: -4.9%), and China (-3.5%; Nov: 9.8%). Shipments to East Asia slowed, with declines to Singapore (-12.8%; Nov: 4.1%) and South Korea (-0.7%; Nov: -8.9%), while Hong Kong (12.0%; Nov: 16.9%) and Taiwan (34.4%; Nov: 53.0%) moderated.
  - **Sector:** Manufacturing exports accelerated sharply to 13.6% (Nov: 7.9%), offsetting contractions in agriculture (-7.4%; Nov: -6.1%), and mining (-15.2%; Nov: 9.4%).
  - **By major product: Growth was mainly driven by Electrical & Electronic (E&E) exports, which surged to 25.3% (Nov: 15.0%), with a record value of RM73.6b or 48.1% of total exports**. Commodity-related exports remained weak, particularly palm oil & palm-based products (-8.4%; Nov: -9.3%) and liquified natural gas (LNG) (-24.9%; Nov: -12.5%). Chemical & chemical products (-6.5%; Nov: -14.8%) continued to contract for the 12th straight month.
- **Imports moderated to 12.0% YoY (Nov: 15.8%) but remained in double-digit growth for the third straight month, beating expectations (KIBB: 3.1%; consensus: 8.3%)**
  - **Drivers:** Re-exports (35.0%; Nov: 40.4%) and retained imports (4.9%; Nov: 10.0%) eased to four-month and three-month low, respectively.
  - **Imports by end use:** Imports were weighed by a sharp contraction in capital goods (-11.8%; Nov: 56.6%) and slower intermediate goods (3.6%; Nov: 5.0%). This was partly offset by a strong rebound in consumption goods (27.6%; Nov: -1.5%), led by processed food & beverages for households (21.4%; Nov: -3.3%).
  - MoM (3.7%; Nov: 0.7%): Expanded to a two-month high.
- **Trade surplus rose to RM19.3b (Nov: RM6.1b), exceeding expectations (KIBB: RM17.1b; consensus: RM13.7b)**
  - **Total trade** growth sustained at 11.1% YoY (Nov: 11.1%), while MoM growth rebounded to 8.7% (Nov: -4.5%), the strongest since July 2025 (13.1%).
- **We maintained 2026 export growth forecast at 5.1% following a resilient performance in 2025 (6.5%)**
  - **Outlook:** Exports continue to benefit from resilient E&E demand, underpinned by strong global appetite for AI, 5G, and EVs, and improved shipments to other trading partners. This comes despite higher US tariffs and policy uncertainty under President Trump. The stronger 4Q25 performance also reflects the ongoing global tech cycle, while semiconductor exports remain exempt from US tariffs. Nonetheless, we remain cautiously optimistic, though US policy uncertainty could weigh on external demand in 2026.
  - **Risks:** The trade outlook remains skewed to the downside due to tariff uncertainty and the lagged impact of higher US tariffs on global demand and supply chains. The latest Trump semiconductor tariffs add further uncertainty. Commodity-related exports are particularly vulnerable to global economic and political uncertainties, while China's uneven recovery remains a concern. That said, potential monetary easing by major global central banks, global fiscal stimulus, and a strengthening global tech cycle could help cushion the downside.
  - **GDP Outlook:** We recently revised our 2026 GDP growth forecast to 4.5%, up from 4.2%, reflecting better-than-expected performance in 2025. DOSM's Advance GDP estimates showed full-year 2025 growth at 4.9%, supported by robust 4Q25 GDP of 5.7% (3Q25: 5.2%). Momentum is likely to carry through the year.

Graph 1: External Trade Growth



Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

Table 1: Malaysia External Trade Growth Trend

		2022	2023	2024	2025	Dec-24	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Total Trade	%YoY	27.6	-7.3	9.2	-7.2	14.6	3.6	-2.0	10.0	13.0	11.1	11.1
Trade Balance	**RM bil**	**256.2**	**215.2**	**139.1**	**151.8**	**19.3**	**14.6**	**15.8**	**20.2**	**20.4**	**6.1**	**19.3**
Exports	**%YoY**	**24.9**	**-8.0**	**5.8**	**6.5**	**17.0**	**6.5**	**1.7**	**12.5**	**15.7**	**7.0**	**10.4**
	%MoM					9.9	15.2	-6.2	5.9	6.7	-5.6	8.7
Manufacturing	%YoY	22.4	-6.9	5.9	7.7	18.5	8.7	1.5	12.8	15.7	7.9	13.6
	Shr	84.2	85.3	85.4	86.4	84.5	87.0	86.5	86.8	85.4	85.9	87.0
Agriculture	%YoY	23.3	-21.8	11.7	5.8	28.8	-9.8	4.4	6.4	20.0	-6.1	-7.4
	Shr	7.8	6.6	7.0	7.0	7.6	6.5	7.3	6.9	7.9	6.6	6.4
Mining	%YoY	67.0	-10.0	-2.0	-10.8	-4.0	-4.4	-2.4	4.3	8.4	9.4	-15.2
	Shr	7.6	7.4	6.9	5.7	7.2	5.7	5.4	5.2	5.7	6.6	5.6
Others	%YoY	51.5	26.8	15.4	37.3	-24.7	12.5	0.5	42.9	-0.9	-18.9	24.2
	Shr	0.5	0.6	0.7	0.9	0.6	0.8	0.8	1.1	1.0	0.9	1.0
Imports	**%YoY**	**31.0**	**-6.4**	**13.1**	**6.2**	**11.9**	**0.6**	**-5.9**	**7.2**	**10.0**	**15.8**	**12.0**
	%MoM					7.3	10.9	-8.0	2.9	7.7	-5.8	0.3
Capital	%YoY	15.8	7.1	29.0	29.1	41.3	20.3	10.9	9.0	51.6	56.6	-11.8
	Shr	9.3	10.6	12.1	14.7	14.5	14.5	13.6	15.5	14.6	16.1	11.4
Intermediate	%YoY	29.5	-12.2	20.0	-3.2	1.5	-17.8	-16.7	-7.4	-1.5	5.0	3.6
	Shr	54.6	51.2	54.4	49.5	51.1	45.3	52.2	45.7	45.2	51.5	47.2
Consumption	%YoY	24.0	0.1	12.8	2.3	11.5	-4.9	-8.9	4.9	3.7	-1.5	27.6
	Shr	8.0	8.6	8.6	8.3	8.6	8.3	8.2	7.8	7.8	7.7	9.8

**Shr = share to total exports or imports,*

Source: Dept. of Statistics preliminary release, Kenanga Research

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