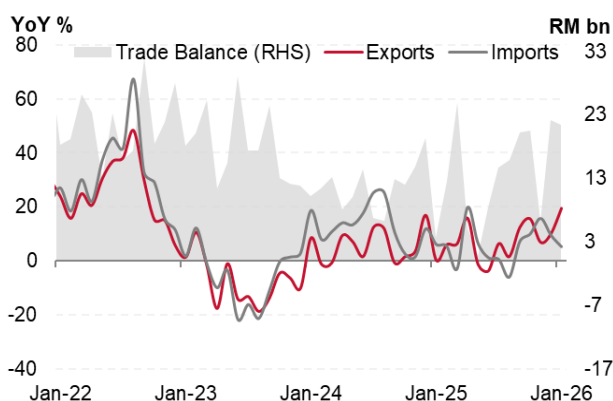


Malaysia External Trade

January exports hit 40-month high, tech cycle keeps E&E upside intact

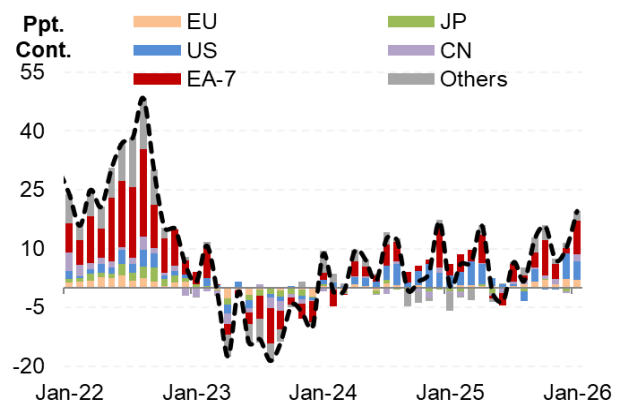
- Exports accelerated sharply to 19.6% (Dec: 10.2%), the fastest pace in 40 months, and well above expectations (KIBB: 14.8%; consensus: 14.3%)**
 - MoM (-3.9%; Dec: 13.2%): Contracted modestly following last month's strong rebound.
- Demand from China and East Asia strengthened, while E&E remained the main growth engine**
 - By destination:** Among the top 3 destination, China (16.1%; Dec: -3.5%) rebounded strongly, while Singapore (0.4%; Dec: -12.8%) returned to positive territory. The US (33.9%; Dec: 47.8%) recorded strong double-digit growth, albeit at a slower pace. Meanwhile, exports to the EU (26.0%; Dec: 34.8%) moderated but stayed elevated, while the decline to Japan (-0.4%; Dec: -16.9%) eased sharply. Notably, shipments to other East Asian countries rose sharply, led by Taiwan (79.4%; Dec: 34.4%), Hong Kong (58.0%; Dec: 12.1%) and South Korea (27.6%; Dec: -0.7%).
 - Sector:** Manufacturing surged (22.3%; Dec: 13.4%) to a 40-month high. Mining rebounded (2.7%; Dec: -15.2%), offsetting continued weakness in agriculture (-2.7%; Dec: -7.5%).
 - By major product:** **Electrical & Electronic (E&E) exports soared to a 40-month high (39.5%; Dec: 25.0%), though its value eased to RM70.5b (Dec: RM73.5b) but still accounted for 48.0% of total exports after hitting a record high in December.** Commodity-related exports remained weak, particularly palm oil & palm-based products (-2.3%; Dec: -8.4%), liquified natural gas (LNG) (-5.2%; Dec: -24.9%) and crude petroleum (-39.0%; Dec: -39.0%).
- Imports slowed to 5.3% YoY (Dec: 9.5%), below consensus (10.0%) but above house (KIBB: 2.7%) forecast**
 - Drivers:** Re-exports (51.5%; Dec: 34.9%) surged to 41-month high, while retained imports (-7.1%; Dec: 1.7%) fell to a five-month low.
 - Imports by end use:** Slower growth in consumption goods (16.7%; Dec: 21.4%) coupled with a contraction in intermediate goods (-5.1%; Dec: 0.1%) and capital goods (-20.7%; Dec: -12.9%) drove the moderation.
 - MoM (-4.0%; Dec: 1.4%): Contracted after four straight months of expansion.
- Trade surplus fell slightly to RM21.4b (Dec: RM22.1b) above expectations (KIBB: RM18.7b; consensus: RM10.1b)**
 - Total trade** growth accelerated to 12.6% YoY (Dec: 9.9%), a three-month high, but MoM fell by 3.9% (Dec: 7.5%).
- 2026 export growth forecast maintained at 5.1% (2025: 6.4%) with upside risk**
 - Outlook:** Momentum remains supported by robust global E&E demand, driven by AI-related hardware, 5G/6G infrastructure, IoT and EV components. The strong trade performance aligns with the global tech upcycle and rising global semiconductor sales. The Semiconductor Industry Association (SIA) projects global semiconductor sales to reach a record USD1.0 trillion in 2026, after growing 25.6% YoY to USD791.7b in 2025. This provides a significant tailwind for Malaysia. If current momentum holds, there is room to upgrade our export forecast.
 - Risks:** Uncertainty remains around US tariffs and the impact of Trump-era policies on global supply chains, though risks appear less severe than initially feared. Commodity-related exports remain vulnerable to geopolitical tensions, supply disruptions, and uneven global demand. China's uneven recovery also poses downside risk. On the flipside, earlier global monetary easing, ongoing fiscal support, and the strengthening global tech cycle could cushion the downside.
 - GDP Outlook:** Malaysia's better-than-expected 2025 GDP growth of 5.2%, alongside solid 4Q25 (6.3%) performance, should support momentum into 1H26. A favourable base effect and resilient domestic demand will also underpin growth. However, external risks persist. We maintain our 2026 GDP growth forecast at 4.5%, with a potential upgrade to 5.0% if current momentum continues.

Graph 1: External Trade Growth



Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

20 February 2026

Table 1: Malaysia External Trade Growth Trend

		2022	2023	2024	2025	Jan-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Total Trade	%YoY	27.6	-7.3	9.2	-7.2	3.1	-2.0	10.0	13.0	11.1	9.9	12.6
Trade Balance	RM bil	256.2	215.2	139.1	154.6	3.7	15.8	20.2	20.4	6.1	22.1	21.4
Exports	%YoY	24.9	-8.0	5.8	6.4	0.4	1.7	12.5	15.7	7.0	10.2	19.6
	%MoM					-11.4	-6.2	5.9	6.7	-9.0	13.2	-3.9
Manufacturing	%YoY	22.4	-6.9	5.9	7.7	0.5	1.5	12.8	15.7	7.9	13.4	22.3
	Shr	84.2	85.3	85.4	86.4	84.8	86.5	86.8	85.4	85.9	87.0	86.7
Agriculture	%YoY	23.3	-21.8	11.7	5.8	10.9	4.4	6.4	20.0	-6.1	-7.5	-2.7
	Shr	7.8	6.6	7.0	7.0	7.4	7.3	6.9	7.9	6.6	6.4	6.0
Mining	%YoY	67.0	-10.0	-2.0	-10.8	-12.3	-2.4	4.3	8.4	9.4	-15.2	2.7
	Shr	7.6	7.4	6.9	5.7	6.9	5.4	5.2	5.7	6.6	5.6	6.0
Others	%YoY	51.5	26.8	15.4	37.5	27.2	0.5	42.9	-0.9	-18.9	25.3	19.5
	Shr	0.5	0.6	0.7	0.9	0.8	0.8	1.1	1.0	0.9	1.0	1.3
Imports	%YoY	31.0	-6.4	13.1	6.0	6.2	-5.9	7.2	10.0	15.8	9.5	5.3
	%MoM					-0.2	-8.0	2.9	7.7	0.7	1.4	-4.0
Capital	%YoY	15.8	7.1	29.0	29.0	45.6	10.9	9.0	51.6	56.6	-12.9	-20.7
	Shr	9.3	10.6	12.1	14.8	16.7	13.6	15.5	14.6	16.1	11.6	12.6
Intermediate	%YoY	29.5	-12.2	20.0	-3.5	3.4	-16.7	-7.4	-1.5	5.0	0.1	-5.1
	Shr	54.6	51.2	54.4	49.5	51.0	52.2	45.7	45.2	51.5	46.7	45.9
Consumption	%YoY	24.0	0.1	12.8	1.8	-2.6	-8.9	4.9	3.7	-1.5	21.4	16.7
	Shr	8.0	8.6	8.6	8.2	8.4	8.2	7.8	7.8	7.7	9.5	9.3

*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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