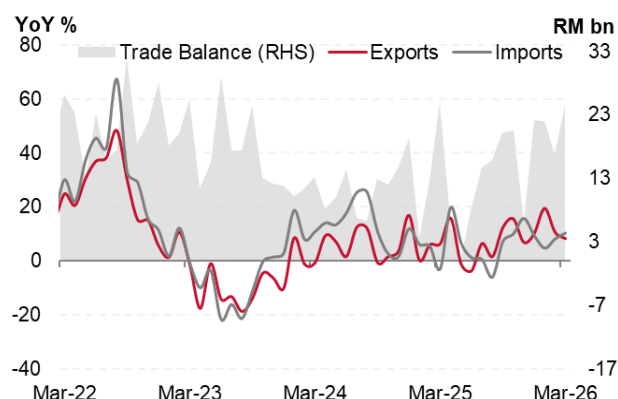


Malaysia External Trade (Mar 26)

Exports ease in March, but surplus peaks at 12-month high

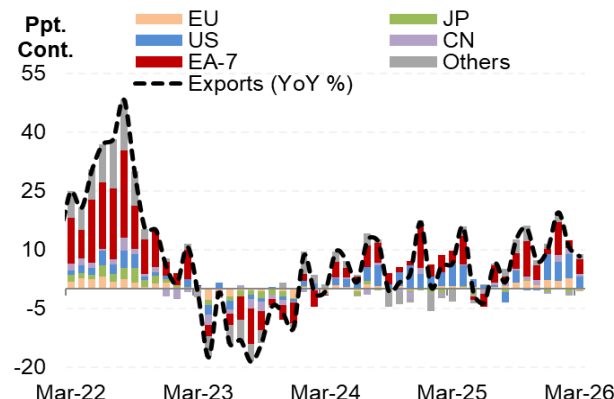
- Export growth eased further to 8.3% in March (Feb: 10.7%), below consensus (14.0%), but above our forecast (6.6%). Overall, exports grew 12.7% in 1Q26 (4Q25: 11.0%), the strongest since 3Q22 (38.5%)**
 - MoM (16.7%; Feb: -10.8%): Rebounded sharply, broadly in line with the typical post-festive recovery.
- Broad-based moderation across markets and key products**
 - By destination:** Among the top 3 markets, exports to China (7.0%; Feb: 13.2%) and the US (18.3%; Feb: 42.2%) slowed sharply, while shipments to Singapore (-10.3%; Feb: -17.1%) fell for the second straight month. Exports to the EU (-4.1%; Feb: 33.9%), and Japan (-4.8%; Feb: -14.8%) also declined. Elsewhere in East Asia, exports to Taiwan (45.0%; Feb: 66.0%) and Hong Kong (19.2%; Feb: 32.6%) moderated but remained robust, while South Korea (31.8%; Feb: 16.2%) surprised to the upside.
 - Sector:** Manufacturing growth eased further to a four-month low (9.6%; Feb: 12.7%), while agriculture (-7.8%; Feb: -15.8%) and mining (-0.4%; Feb: 12.2%) both contracted.
 - By major product:** **Electrical & Electronic (E&E) exports (15.0%; Feb: 28.5%) slowed, though export value rose to RM71.7b (Feb: RM60.8b) and their share of total exports expanded to 48.2% (Feb: 46.4%).** Commodity-linked exports remained weak, notably liquefied natural gas (LNG) (-17.5%; Feb: -27.3%), palm oil & palm-based products (-6.1%; Feb: -12.8%), and natural rubber (-45.9%; Feb: -47.0%). Iron & steel products (-46.9%; Feb: 0.4%) and chemical & chemical products (-20.1%; Feb: -16.7%) also fell sharply. In contrast, petroleum products rebounded sharply (23.7%; Feb: -23.5%) to a 26-month high amid heightened Middle East tensions.
- Imports jumped to 10.4% YoY (Feb: 8.2%), a tad above house forecast (10.3%), but below consensus (12.5%). Overall, imports moderated to 7.7% in 1Q26 (4Q25: 11.7%)**
 - Drivers:** Strong growth in re-export (38.3%; Feb: 24.8%) offset a slowdown in retained imports (1.4%; Feb: 3.9%).
 - Imports by end use:** Capital goods led (24.7%; Feb: 15.0%), partially offset by contractions in consumption goods (-7.8%; Feb: 1.4%) and intermediate goods (-1.1%; Feb: 0.9%).
 - MoM (11.1%; Feb: -8.5%): Rebounded sharply after two consecutive months of decline.
- Trade surplus widened sharply to RM24.6b (Feb: RM16.7b) marking a 12-month high, exceeding house forecast (RM22.2b) but slightly below consensus (RM25.9b)**
 - Total trade** growth edged down slightly to 9.3% YoY (Feb: 9.5%), a seven-month low, though MoM growth rebounded sharply by 11.3% (Feb: -9.8%), ending two consecutive contractions.
- We maintain our 2026 export growth forecast at 5.1% (2025: 6.4%) amid a volatile global backdrop**
 - Outlook:** E&E exports should continue to anchor performance, supported by sustained global demand for semiconductors tied to AI data centres. Encouragingly, Malaysia's trade data point to a strong start to the year, with 1Q26 exports rising 12.7% despite global economic uncertainty.
 - Risks:** Export outlook remains vulnerable to external shocks, including fragile geopolitical conditions in the Middle East, potential supply-chain disruptions, persistent uncertainty over US trade and tariff policies, sticky global inflation and China's uneven recovery. While semiconductor demand remains firm, any abrupt correction in global tech spending or escalation in trade restrictions could weigh on export momentum.
 - GDP Outlook:** Growth momentum remains firm into early 2026. Department of Statistics Malaysia's advance estimate shows GDP growing 5.3% in 1Q26 (4Q25: 6.3%), above our estimate of 4.7%, reflecting support from services, manufacturing and festive-related spending. Nevertheless, elevated external risks, particularly geopolitical tensions and energy price volatility continue to cloud the outlook. We therefore maintain our 2026 GDP growth forecast at 4.5% (2025: 5.2%), consistent with a cautiously optimistic stance.

Graph 1: External Trade Growth



Source: Dept. of Statistics, Kenanga Research

Graph 2: Exports by Destination



Source: Dept. of Statistics, Kenanga Research

20 April 2026

Table 1: Malaysia External Trade Growth Trend

		2022	2023	2024	2025	Mar-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Total Trade	%YoY	27.6	-7.3	9.2	-7.2	2.1	13.0	11.1	9.9	12.3	9.5	9.3
Trade Balance	RM bil	256.2	215.2	139.1	154.6	24.8	20.4	6.1	22.1	22.0	16.7	24.6
Exports	%YoY	24.9	-8.0	5.8	6.4	6.5	15.7	7.0	10.2	19.6	10.7	8.3
	%MoM					16.1	6.7	-9.0	13.2	-3.9	-10.8	16.7
Manufacturing	%YoY	22.4	-6.9	5.9	7.7	8.9	15.7	7.9	13.4	22.3	12.7	9.6
	Shr	84.2	85.3	85.4	86.4	86.9	85.4	85.9	87.0	86.7	87.2	88.0
Agriculture	%YoY	23.3	-21.8	11.7	5.8	5.3	20.0	-6.1	-7.5	-2.5	-15.8	-7.8
	Shr	7.8	6.6	7.0	7.0	6.0	7.9	6.6	6.4	6.1	5.6	5.1
Mining	%YoY	67.0	-10.0	-2.0	-10.8	-16.4	8.4	9.4	-15.2	2.7	12.2	-0.4
	Shr	7.6	7.4	6.9	5.7	6.4	5.7	6.6	5.6	6.0	6.2	5.8
Others	%YoY	51.5	26.8	15.4	37.5	-0.2	-0.9	-18.9	25.3	17.2	-24.2	20.2
	Shr	0.5	0.6	0.7	0.9	0.8	1.0	0.9	1.0	1.3	1.1	1.1
Imports	%YoY	31.0	-6.4	13.1	6.0	-2.9	10.0	15.8	9.5	4.8	8.2	10.4
	%MoM					6.5	7.7	0.7	1.4	-4.5	-8.5	11.1
Capital	%YoY	15.8	7.1	29.0	29.0	-19.4	51.6	56.6	-12.9	-21.0	15.0	24.7
	Shr	9.3	10.6	12.1	14.8	11.6	14.6	16.1	11.6	12.6	13.9	13.1
Intermediate	%YoY	29.5	-12.2	20.0	-3.5	-0.6	-1.5	5.0	0.1	-5.0	0.9	-1.1
	Shr	54.6	51.2	54.4	49.5	52.4	45.2	51.5	46.7	46.2	51.8	46.9
Consumption	%YoY	24.0	0.1	12.8	1.8	3.7	3.7	-1.5	21.4	12.0	1.4	-7.8
	Shr	8.0	8.6	8.6	8.2	8.6	7.8	7.7	9.5	9.0	8.0	7.2

*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my