

# Malaysia Manufacturing PMI (Mar 26)

Rebound signals recovery, but rising costs to test momentum

- **Malaysia's Manufacturing Purchasing Managers' Index (PMI) rose to 50.7 in March (Feb: 49.3), the highest reading in nearly four years**

- The improvement reflects a post-festive normalisation after February's contraction. Production and employment drove the rebound, while the survey flagged a clear pick-up in inflationary pressures.

- **Production improves, but demand remains uneven**

- Output rose to its highest level since December 2021, driven by improved demand and new tender wins.
- New orders slowed for a second straight month, though the pace was broadly unchanged.
- New export orders edged down, marking the first decline in three months.
- Purchasing activity weakened amid soft demand, logistical disruption, higher raw material costs and delivery delays.

- **Cost pressure intensifies amid Middle East conflict**

- Input prices rose for a second straight month and at the fastest pace since October 2024, driven by higher transportation, energy and material costs.
- Output prices rose to a 45-month high as firms sought to preserve margins.

- **Sentiment softens, but hiring picks up**

- Sentiment fell to a seven-month, weighed by concerns over the Middle East conflict. However, firms remain optimistic about demand over the next 12 months.
- Meanwhile, employment increased, with firms adding full-time workers after two straight months of cuts.

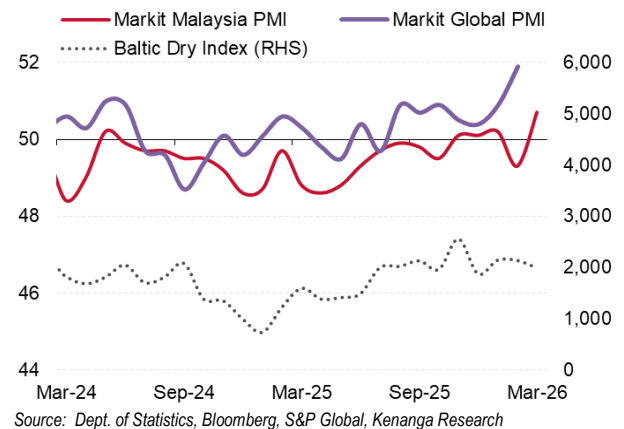
- **Asia manufacturing eased due to US-Israel strike on Iran, but impact remains contained**

- Taiwan (53.3; Feb: 55.2): Moderated but stayed firmly in expansion. Output and new orders grew more slowly, while cost pressures rose sharply due to Middle East tensions.
- Japan (51.6; Feb: 53.0): Eased from a 45-month high, reflecting slower gains in output, new orders and employment. Input prices rose at the fastest pace in 19 months amid heightened geopolitical risks.

- **Outlook: Recovery intact, but cost pressures to cap upside**

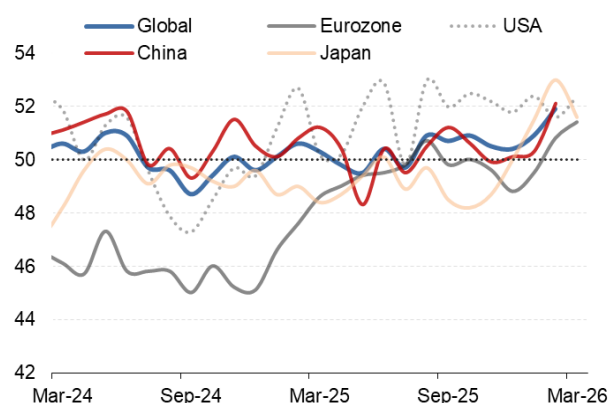
- **Manufacturing outlook:** The March rebound suggests February's weakness was largely seasonal. Activity has normalised and should extend into April. However, demand remains uneven. Rising logistics, energy and raw material costs due to Middle East tensions will remain a key headwind and could limit the pace of recovery. Overall, manufacturing performance will hinge on whether demand can outpace rising cost.
- **GDP growth forecast:** We maintain our 2026 GDP forecast at 4.5%. Risk remain tilted to the downside given ongoing Middle East tensions that could disrupt global energy and transportation costs. Still, domestic demand and continued support from the E&E sector should underpin growth.

Graph 1: Global & Malaysia Manufacturing PMI



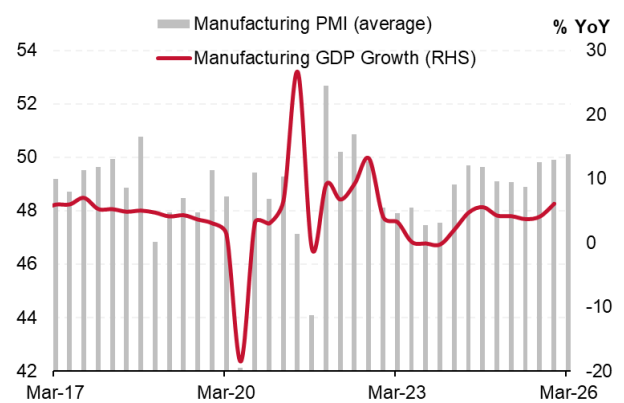
Source: Dept. of Statistics, Bloomberg, S&P Global, Kenanga Research

Graph 2: Global PMI Trend



Source: Bloomberg, S&P Global, Macrobond, Kenanga Research

Graph 3: Manufacturing PMI vs Manufacturing GDP



Source: S&P Global, Macrobond, Kenanga Research

01 April 2026

Table 2: Malaysia PMI Trend

	2023	2024	2025	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
<b>S&amp;P Malaysia PMI</b>	47.9	48.6	50.1	49.8	49.5	50.1	50.1	50.2	49.3	50.7
New Orders*				Up	Down	Up	Down	Up	Down	Down
Output*				Down	Down	Down	Down	Up	Down	Up
Employment*				Down	Down	Up	Up	Down	Down	Up
Stocks of Purchases*				Flat	Down	Up	Down	Down	Down	Down
<b>S&amp;P Global PMI</b>	49.0	49.6	50.4	50.7	50.9	50.5	50.4	50.9	51.9	N/A
<b>Baltic Dry Index</b>	2,094	997	1,877	2,134	1,966	2,560	1,877	2,148	2,140	1,995
<b>DoS Leading Index (% YoY)</b>	-0.9	3.2	0.5	0.8	3.4	0.5	0.1	0.6	N/A	N/A

Source: PMI by S&P Global, Bloomberg, Dept. of Statistics, Kenanga Research

\*The "Up/Down/Flat" movements for sub-indicators are based on S&P Global own reports. Detailed and historical data are available on a subscription basis only.

#### For further information, please contact:

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Nurul Hanees Hairulkama**  
Economist  
[nurulhanees@kenanga.com.my](mailto: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](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

