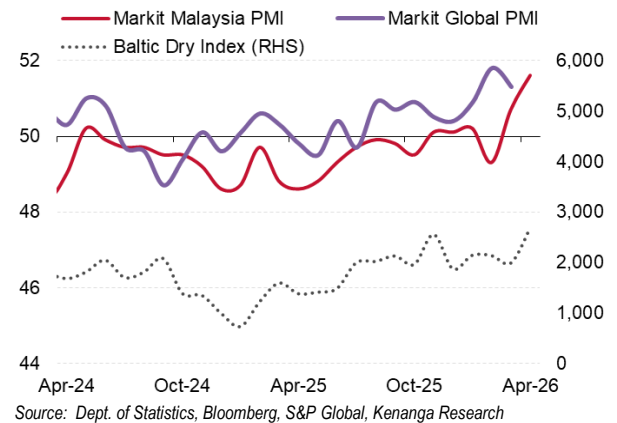


Malaysia Manufacturing PMI (Apr 26)

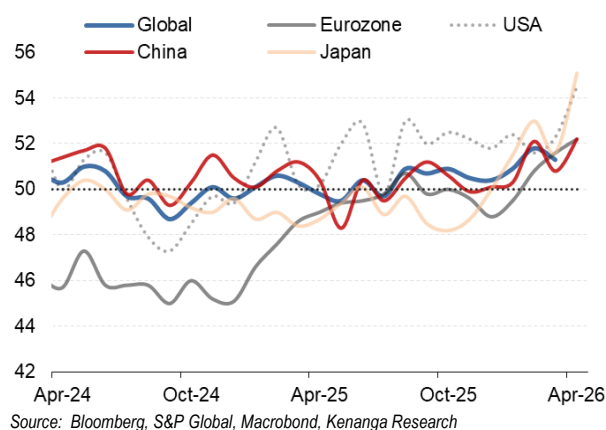
Hits four-year high as stockbuilding lifts activity, masks demand fragility ahead

- The Manufacturing Purchasing Managers' Index (PMI) expanded to 51.6 in April (Mar: 50.7), marking the highest reading in four years**
 - The expansion reflects post-festive normalisation and pre-emptive stockbuilding amid supply chain risks linked to Middle East conflicts. Production, employment and purchasing activity drove the rebound, though inflation pressures hit a record high and delivery delays worsened.
- Production strengthened on stockbuilding, while demand remained mixed**
 - Output rose for a second straight month, the strongest pace since December 2021, driven by strategic inventory accumulation by firms and clients.
 - New orders returned to growth after two months of moderation, driven by bulk purchasing.
 - New export orders declined for the second straight month, reflecting softer external demand amid Middle East-related disruptions.
 - Purchasing activity rebounded as firms accelerated input buying to secure supplies.
- Supply chain pressures intensified as delivery delays worsened**
 - Supplier delivery times lengthened, the sharpest deterioration in nearly four years, driven by Middle East tensions.
 - Pre-production stocks fell for a tenth straight month, albeit at a slower pace, while finished goods inventories increased for the first time in five months as firms built up stocks.
- Cost and price pressures surged to multi-year highs**
 - Input cost inflation accelerated to a 45-month high, driven by higher energy, transportation, and raw material costs.
 - Firms responded by raising output prices, with selling price inflation hitting a record high.
- Hiring improved, but confidence softened**
 - Employment rose for the second straight month as firms hired to meet rising production needs.
 - Business sentiment weakened further, slipping to an eight-month low and remaining historically subdued.
- Asia manufacturing strengthened in April as Middle East tensions drove inventory build-up**
 - Taiwan (55.3; Mar: 53.3): Sharp expansion due to higher production and new orders tied to stockbuilding activity.
 - Japan (55.1; Mar: 51.6): Rose sharply to the fastest pace since January 2022 on strong new orders from stockpiling.
- Outlook: Stockbuilding supports near-term growth, but sustainability is uncertain**
 - Manufacturing outlook:** Continued PMI expansion suggests the near-term manufacturing outlook remains relatively firm, supported mainly by precautionary stockbuilding rather than underlying end-demand strength. However, persistently high logistics, energy and material costs, alongside worsening delivery delays, will remain key headwinds as second-round effects from prolonged Middle East tensions begin to surface.
 - GDP growth forecast:** Growth should remain robust in 1H26, supported by a festive boost, resilient domestic demand and stockbuilding activity. However, downside risks are rising in 2H26 as cost pressure and supply chain disruptions intensify. Nevertheless, we expect domestic resilience to cushion the impact. We therefore maintain our 2026 GDP forecast at 4.5% for now.

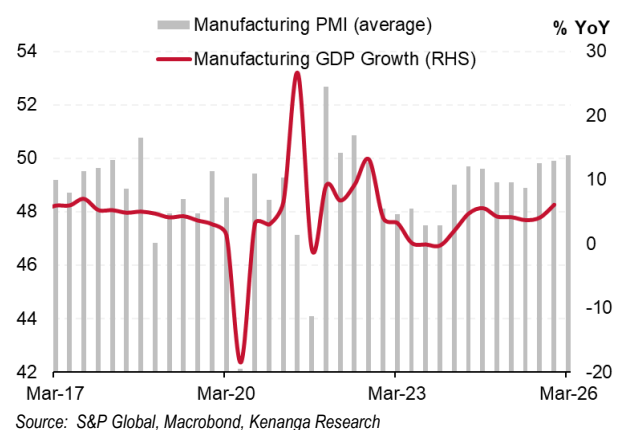
Graph 1: Global & Malaysia Manufacturing PMI



Graph 2: Global PMI Trend



Graph 3: Manufacturing PMI vs Manufacturing GDP



05 May 2026

Table 2: Malaysia PMI Trend

| | 2023 | 2024 | 2025 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 |
|----------------------------------|-------------|------|-------|--------|--------|--------|--------|--------|--------|--------|
| S&P Malaysia PMI | 47.9 | 48.6 | 50.1 | 49.5 | 50.1 | 50.1 | 50.2 | 49.3 | 50.7 | 51.6 |
| New Orders* | | | | Down | Up | Down | Up | Down | Down | Up |
| Output* | | | | Down | Down | Down | Up | Down | Up | Up |
| Employment* | | | | Down | Up | Up | Down | Down | Up | Up |
| Stocks of Purchases* | | | | Down | Up | Down | Down | Down | Down | Up |
| S&P Global PMI | 49.0 | 49.6 | 50.4 | 50.9 | 50.5 | 50.4 | 50.9 | 51.8 | 51.3 | N/A |
| Baltic Dry Index | 2,094 | 997 | 1,877 | 1,966 | 2,560 | 1,877 | 2,148 | 2,140 | 1,995 | 2,686 |
| DoS Leading Index (% YoY) | -0.9 | 3.2 | 0.5 | 3.4 | 0.5 | 0.2 | 0.6 | 0.5 | 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

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

