

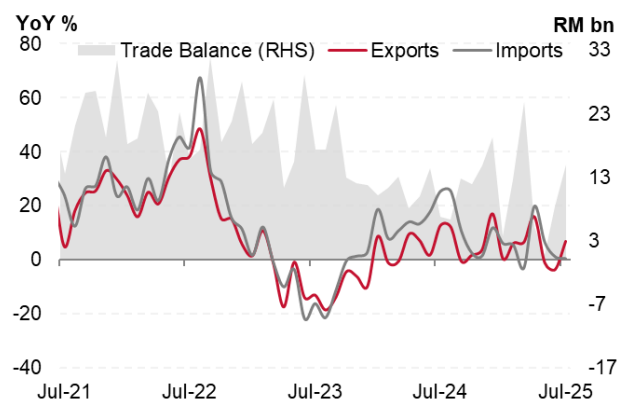
20 August 2025

# Malaysia External Trade

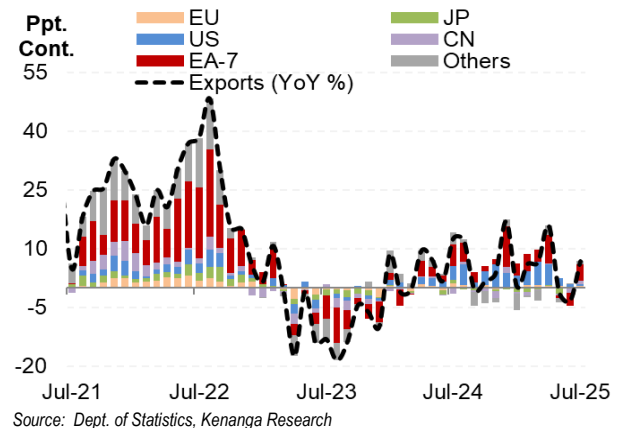
July exports surprisingly rebounded to a 3-month high; E&E led

- **Exports rebounded sharply to 6.8% (Jun: -3.6%), marking a three-month high and beating expectations (KIBB: -4.7%; consensus: -3.2%)**
  - MoM (15.5%; Jun: -4.0%): rebounded sharply to four-month high following three straight months of decline.
- **Stronger shipments to Singapore, Taiwan and robust E&E exports drove the rebound**
  - **By destination:** largely attributed to a sharp rebound in shipments to Singapore (22.2%; Jun: -16.9%) and China (6.8%; Jun: -9.3%) while Taiwan surged (46.6%; Jun: 14.2%). Notably, shipments to the US (3.8%; Jun: 4.7%) slowed to 16-month low despite expectations of frontloading ahead of tariff implementation.
  - **By sector:** supported by a rebound in manufacturing exports (9.0%; Jun: -3.3%) following two straight months of decline. However, the momentum was partially weighed down by weak agriculture (-8.6%; Jun: 17.5%) and persistent weakness in mining (-4.3%; Jun: -30.5%) despite easing contraction.
  - **By major product:** Electrical & Electronic (E&E) exports rose sharply (22.5%; Jun: 7.1%) accounting for 51.8% of total exports for the month. Commodities-related exports remained weak, led by petroleum products (-27.2%; Jun: -28.1%), liquefied natural gas (LNG) (-7.2%; Jun: -26.5%), crude petroleum (-0.9%; Jun: -49.7%) and palm oil & palm-based products (-12.1%; Jun: 24.7%).
- **Imports slowed for the third straight month to 0.6% (Jun: 1.3%), but better than expectations (KIBB: -2.8%; consensus: -2.3%)**
  - **Drivers:** the slowdown was broad-based, led by a sharp drop in retained imports (-10.3%; Jun: 0.6%) but was partially offset by a surge in re-exports (42.0%; Jun: 3.4%).
  - **By category:** import of intermediate goods fell sharply (-17.8%; Jun: -0.9%), marking the fifth straight month of decline, alongside weaker consumption goods (-5.0%; Jun: 1.6%) but the slowdown was partially supported by higher capital goods (20.6%; Jun: 20.2%).
  - MoM (10.9%; Jun: -10.1%): rebounded sharply, after two straight months of decline.
- **Trade surplus surged to RM15.0b (Jun: RM8.4b) beating expectations (KIBB: RM4.1b; consensus: RM5.4b)**
  - Total trade rebounded modestly to 3.8% YoY (Jun: -1.3%), with MoM rebounded (13.3%; Jun: -7.0%) sharply.
- **2025 exports forecast maintained at 3.1% (2024: 5.7%) amid cautious 2H25 outlook**
  - **Outlook:** Exports grew 4.3% in the first seven month of this year (versus Jan-Jun: 3.8%), still tracking above our full-year forecast but slower than 2024 levels. July's upsurge is likely transitory, with volatility expected as global supply chain recalibrated. E&E demand stay firm, underpinned by the global tech upcycle, while a modest recovery in commodity exports could offer upside in 2H25.
  - **Risks:** The balance of risk remains tilted to the downside. US growth trajectory and China's patchy recovery, particularly under new tariffs, pose key external headwinds. A stronger ringgit may weigh on export competitiveness, especially in low value-added products and commodity-linked sector.
  - **GDP Outlook:** We keep 2025 GDP growth forecast at 4.3% (2024: 5.1%) given that 2Q25 growth is steady at 4.4% (1Q25: 4.4%), as economic momentum remains intact. Growth is expected to remain resilient for the rest of the year, supported by accommodative policy settings, stable employment and favourable policy rates.

Graph 1: External Trade Growth



Graph 2: Exports by Destination



20 August 2025

Table 1: Malaysia External Trade Growth Trend

		2021	2022	2023	2024	Jul-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Total Trade	%YoY	24.9	27.6	-7.3	9.2	18.5	5.8	2.1	17.8	2.6	-1.3	3.8
Trade Balance	RM bil	253.7	256.2	215.2	139.1	6.8	12.6	24.8	5.1	0.8	8.4	15.0
Exports	%YoY	26.1	24.9	-8.0	5.8	12.6	6.1	6.5	15.9	-1.2	-3.6	6.8
	%MoM					4.3	-3.7	16.1	-2.8	-5.2	-4.0	15.5
Manufacturing	%YoY	25.7	22.4	-6.9	5.9	10.6	8.8	8.9	19.0	-0.3	-3.3	9.0
	Shr	86.1	84.2	85.3	85.5	85.2	85.7	86.9	86.7	86.9	87.2	87.0
Agriculture	%YoY	36.8	23.3	-21.8	11.7	32.5	27.3	5.3	3.4	8.2	17.5	-8.6
	Shr	7.9	7.8	6.6	7.0	7.6	7.3	6.0	6.3	7.7	7.4	6.5
Mining	%YoY	20.6	67.0	-10.0	-2.5	15.4	-33.0	-16.4	-1.3	-23.5	-30.5	-4.3
	Shr	5.7	7.6	7.4	6.8	6.4	6.1	6.4	6.1	4.6	4.6	5.7
Others	%YoY	11.4	51.5	26.8	15.4	29.0	3.3	-0.2	8.2	-19.3	3.5	10.0
	Shr	0.4	0.5	0.6	0.7	0.7	0.9	0.8	0.9	0.7	0.8	0.8
Imports	%YoY	23.3	31.0	-6.4	13.1	25.4	5.5	-2.9	19.9	6.6	1.3	0.6
	%MoM					11.6	-11.4	6.5	14.1	-2.0	-10.1	10.9
Capital	%YoY	14.4	15.8	7.1	29.6	44.3	35.3	-19.4	113.9	63.2	20.2	20.6
	Shr	10.5	9.3	10.6	12.2	12.1	13.1	11.6	18.3	18.0	12.7	14.5
Intermediate	%YoY	27.2	29.5	-12.2	20.7	41.3	5.7	-0.6	-1.7	-4.3	-0.9	-17.8
	Shr	55.3	54.6	51.2	54.7	55.4	55.6	52.4	45.3	51.8	53.3	45.3
Consumption	%YoY	13.2	24.0	0.1	12.8	25.5	7.6	3.7	-0.4	-0.8	1.6	-5.0
	Shr	8.5	8.0	8.6	8.6	8.8	8.6	8.6	7.6	8.0	8.3	8.3

\*Shr = share to total exports or imports.

Source: Dept. of Statistics preliminary release, Kenanga Research

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