

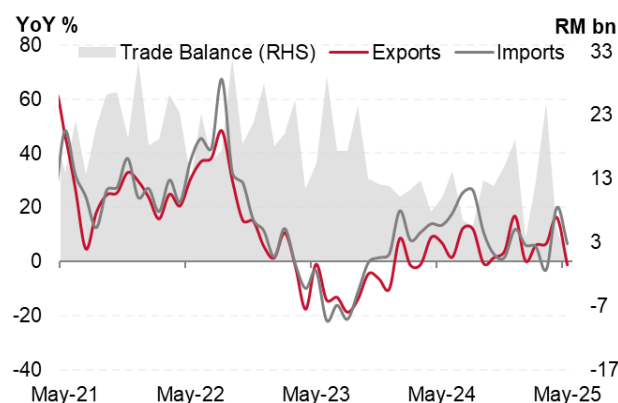
23 June 2025

# Malaysia External Trade

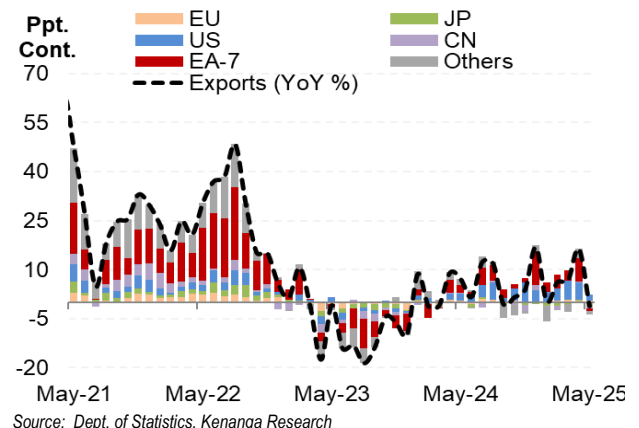
Exports hit 15-month low in May; trade balance shrinks to five-year low

- **Exports fell by 1.1% (Apr: 16.4%), a 15-month low and below expectations (KIBB: 4.7%; consensus: 7.5%) as exporters likely have frontloaded in April**
  - MoM (-5.2%; Apr: -2.8%): fell for the second straight month, and the weakest in four months.
- **Weak exports to Japan, Singapore and China and commodities related dragged overall export growth**
  - **By destination:** weighed by weaker shipments to Japan (-25.7%; Apr: 6.8%), Singapore (-18.0%; Apr: 26.1%) and China (-4.3%; Apr: 1.7%). Meanwhile shipments to the US (16.1%; Apr: 45.6%) slowed sharply but remained at double-digit growth expansion. Nevertheless, the overall slowdown was partially mitigated by higher shipments to the EU (6.0%; Apr: 5.8%) and South Korea (22.8%; Apr: 2.0%).
  - **By sector:** manufacturing (-0.3%; Apr: 19.0%) contracted slightly to an eight-month low, and mining (-23.6%; Apr: -1.3%) fell sharply to a three-month low. However, the slowdown was partially capped by higher shipment of agriculture (8.3%; Apr: 3.4%) products.
  - **By major product:** electrical & electronic products (E&E) (7.0%; Apr: 35.3%) slowed sharply, the slowest in eight months, after April's surge. Commodities-related exports dropped sharply, such as petroleum products (-28.9%; Apr: -9.3%), liquified natural gas (LNG) (-42.2%; Apr: 6.7%) and crude petroleum (-28.9%; Apr: -8.5%).
- **Imports slowed sharply to 6.6% (Apr: 20.0%), beating house forecast (2.9%), but below consensus (9.0%)**
  - **Drivers:** re-exports slowed sharply (16.1%; Apr: 45.9%) after a surge in the previous month. Similarly, retained imports also moderated (4.4%; Apr: 12.9%).
  - **By category:** broad-based slowdown, with contraction recorded in intermediate goods (-4.4%; Apr: -1.7%) and consumption goods (-1.1%; Apr: -0.4%). Meanwhile, capital goods (63.7%; Apr: 113.9%) moderated, though remained elevated.
  - MoM (-2.0%; Apr: 14.1%): contracted after a surge in the previous month.
- **Trade surplus narrowed sharply to RM0.8b (Apr: RM5.1b), far below expectations (KIBB: RM12.6b; consensus: RM10.0b), and the lowest since April 2020 (-RM4.5b)**
  - Meanwhile, total trade slowed to 2.6% YoY (Apr: 18.1%), a two-month low, but fell 3.6% MoM (Apr: 4.8%).
- **2025 exports forecast maintained at 3.1% (2024: 5.7%) following a minor revision last month**
  - **Outlook:** Exports grew 5.5% in the first five months of this year (versus Jan-Apr: 7.3%), ahead of the full-year forecast. Although May's exports data underwhelmed, we expect the dip to be short-lived with a likely rebound in June. However, growth will stay volatile in the near term due to the July reciprocal tariff deadline. Nevertheless, we see continued support from the global tech upcycle, driven by AI-related demand, new product launches, and Malaysia's export diversification.
  - **Risks:** Trump's tariffs and policy uncertainty remain the biggest threats to global growth and trade outlook. While a positive outcome with the US is possible, higher tariffs are expected to remain and may weigh on export demand from 2H25 onwards. Therefore, we remain cautious due to the delayed impact of Trump's tariffs and its policy unpredictability.
  - **GDP Outlook:** We maintain our 2025 GDP growth forecast at 4.3% (2024: 5.1%). Domestic demand and services sector are expected to stay resilient despite global economic uncertainty. However, persistent weakness in the commodity-related sector will continue to weigh on growth momentum.

Graph 1: External Trade Growth



Graph 2: Exports by Destination



23 June 2025

Table 1: Malaysia External Trade Growth Trend

		2021	2022	2023	2024	May-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Total Trade	%YoY	24.9	27.6	-7.3	9.1	10.1	14.5	3.1	5.9	2.2	18.1	2.6
Trade Balance	RM bil	253.7	256.2	215.2	136.8	10.0	19.1	3.7	12.6	24.8	5.1	0.8
Exports	%YoY	26.1	24.9	-8.0	5.7	7.1	16.9	0.3	6.2	6.8	16.4	-1.1
	%MoM					11.6	9.6	-11.3	-3.7	16.1	-2.8	-5.2
Manufacturing	%YoY	25.7	22.4	-6.9	5.9	8.1	18.5	0.5	8.8	8.9	19.0	-0.3
	Shr	86.1	84.2	85.3	85.5	86.2	84.6	84.8	85.7	86.9	86.7	86.9
Agriculture	%YoY	36.8	23.3	-21.8	11.7	21.9	28.9	10.9	27.3	5.3	3.4	8.3
	Shr	7.9	7.8	6.6	7.0	7.1	7.7	7.4	7.3	6.0	6.3	7.7
Mining	%YoY	20.6	67.0	-10.0	-2.6	-17.2	-5.1	-12.3	-33.0	-16.4	-1.3	-23.6
	Shr	5.7	7.6	7.4	6.8	6.0	7.1	6.9	6.1	6.4	6.1	4.6
Others	%YoY	11.4	51.5	26.8	15.3	-6.8	-24.6	26.9	3.3	-0.2	8.2	-19.0
	Shr	0.4	0.5	0.6	0.7	0.7	0.6	0.8	0.9	0.8	0.9	0.7
Imports	%YoY	23.3	31.0	-6.4	13.2	13.4	11.9	6.2	5.5	-2.9	20.0	6.6
	%MoM					10.4	7.3	-0.2	-11.4	6.5	14.1	-2.0
Capital	%YoY	14.4	15.8	7.1	29.6	40.3	41.3	45.6	35.3	-19.4	113.9	63.7
	Shr	10.5	9.3	10.6	12.2	11.8	14.5	16.7	13.1	11.6	18.3	18.0
Intermediate	%YoY	27.2	29.5	-12.2	20.7	23.4	1.5	3.4	5.7	-0.6	-1.7	-4.4
	Shr	55.3	54.6	51.2	54.6	57.7	51.1	51.0	55.6	52.4	45.3	51.8
Consumption	%YoY	13.2	24.0	0.1	12.8	14.8	11.5	-2.6	7.6	3.7	-0.4	-1.1
	Shr	8.5	8.0	8.6	8.6	8.6	8.6	8.4	8.6	8.6	7.6	8.0

\*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](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)

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**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)