

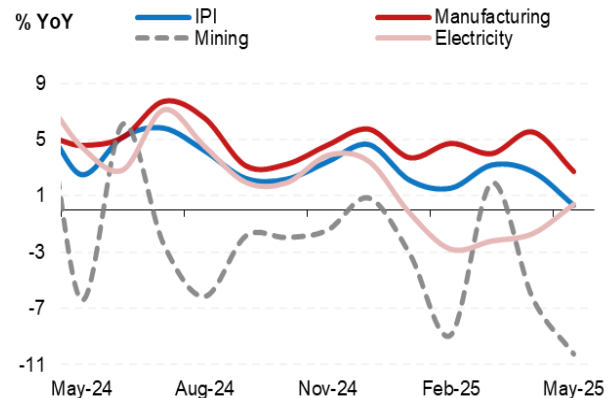
14 July 2025

Malaysia Industrial Production

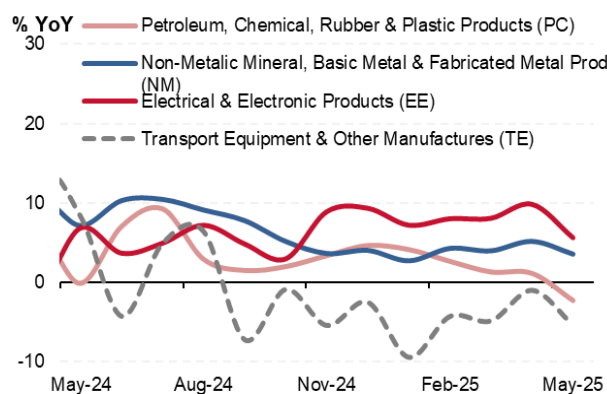
May output slowed sharply amid weak mining & manufacturing

- Industrial Production Index (IPI) moderated sharply to 0.3% YoY (Apr: 2.7%), a 17-month low, below expectations (KIBB: 3.2%; consensus: 2.1%)**
 - The slowdown was due to persistent weakness in mining output and softer manufacturing growth, which outweighed the rebound in electricity production.
 - MoM (1.1%; Apr: -8.0%): reflecting a typical seasonal upswing following a pronounced drop in April, though recovery was modest.
- Manufacturing index slowed to 2.8% YoY (Apr: 5.6%), lowest since Marh 2024, due to slower production of Electrical & Electronic (E&E) (5.6%; Apr: 9.9%) and a contraction in petroleum, chemical, rubber & plastic products (-2.2%; Apr: 1.2%)**
 - Domestic-oriented:** Growth eased to 2.6% (Apr: 3.9%), led by a sharp drop in output of motor vehicles, trailers & semi-trailers (-10.1%; Apr: -3.9%), despite strong gains in food processing (10.3%; Apr: 8.2%).
 - Export-oriented:** slowed sharply to 2.9% (Apr: 6.4%), the lowest level in 12 months, mirroring weak gross manufacturing exports (-0.3%; Apr: 19.0%). The slower growth was broad-based led by commodity-related products such as coke & refined petroleum products (-4.8%; Apr: -3.9%) and petroleum, chemical products, rubber & plastic products, chemicals & chemical products (-1.1%; Apr: 4.7%). Output in computer, electronics & optical products (6.0%; Apr: 11.1%) and electrical equipment (3.0%; Apr: 3.9%) also slowed.
 - MoM (3.8%; Apr: -6.9%): a seasonal rebound in line with pre-pandemic trends.
- Mining index contracted sharply (-10.2%; Apr: -6.3%), the lowest level in five years**
 - Due to a sharp decline in natural gas (-16.6%; Apr: 10.0%) and crude petroleum & condensate (-1.6%; Apr: -0.7%)
 - MoM (-12.8%; Apr: -13.9%): contracted for the second straight month and far below long-term average of 1.7%.
- Electricity index (0.4%; Apr: -1.7%): rebounded from last month's contraction, reaching a five-month high**
 - MoM (7.9%; Apr: -3.2%): rebounded sharply, consistent with seasonal trend.
- 2025 manufacturing growth forecast is maintained at 3.9% (2024: 4.3%), though external headwinds persist**
 - Outlook:** Manufacturing may get a short-term lift ahead of Trump's August tariff deadline, but we do not rule out the possibility of export-oriented sector slowdown once the tariffs take effect. Domestic-oriented manufacturing is expected to stay resilient, supported by higher public spending in 2H25 and firm domestic demand.
 - GDP Forecast:** We expect growth to hover around 4.5% in 2Q25 (1Q25: 4.4%), led by continued expansion in the services sector and domestic demand. However, downside risks remain due to weak mining sector performance and ongoing tariff uncertainty. Still, we maintain 2025 GDP growth forecast at 4.3% (2024: 5.1%), backed by resilient private consumption, robust services activity, low unemployment rate (3.0%; Apr: 3.0%), and continued increase in tourist arrivals.

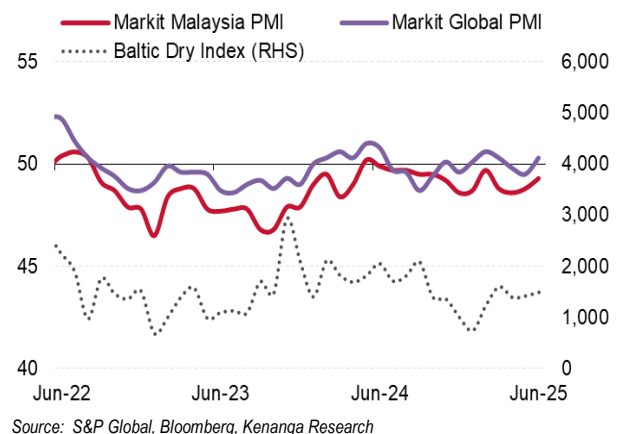
Graph 1: Industrial Production Growth Trend



Graph 2: Manufacturing Growth Trend by Sub-Sector



Graph 3: Manufacturing PMI Trend



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Table 1: Malaysia Industrial Production Trend (2015=100)

	Weight		2022	2023	2024	May-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
IPI	100.0	% YoY	6.9	0.7	3.7	2.5	4.6	2.1	1.5	3.2	2.7	0.3
		% YoY SA	6.9	0.7	3.7	2.4	4.7	2.3	1.5	3.2	2.8	0.3
		% MoM				3.5	-0.4	-0.4	-6.8	9.3	-8.0	1.1
		3mma				3.4	3.4	3.4	2.8	2.3	2.5	2.1
Manufacturing	68.3	% YoY	8.2	0.7	4.3	4.6	5.8	3.7	4.8	4.0	5.6	2.8
		% MoM				6.7	-1.5	-0.2	-5.4	7.1	-6.9	3.8
		3mma				3.5	4.5	4.7	4.7	4.2	4.8	4.1
Domestic-Oriented		% YoY	10.9	4.9	5.1	6.4	3.7	0.2	2.9	2.3	3.9	2.6
		% MoM				2.3	0.4	1.3	-4.8	1.3	0.3	1.0
Export-Oriented		% YoY	7.0	-1.1	4.0	3.7	6.8	5.6	5.7	4.8	6.4	2.9
		% MoM				9.0	-2.4	-0.9	-5.6	10.1	-10.2	5.3
Mining	25.1	% YoY	2.9	0.2	0.7	-6.4	0.9	-3.1	-8.9	1.9	-6.3	-10.2
		% MoM				-8.9	4.0	-0.5	-12.5	17.8	-13.9	-12.8
Electricity	6.6	% YoY	4.5	2.0	5.4	4.5	3.5	-0.2	-2.8	-2.2	-1.7	0.4
		% MoM				5.7	1.0	-2.0	-6.6	11.8	-3.2	7.9

Source: Dept. of Statistics, Kenanga Research, 3mma = 3-month moving average (YoY growth)

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