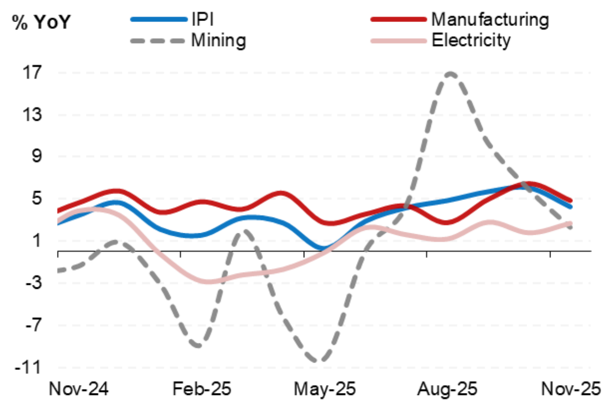
Malaysia Industrial Production

IPI growth slows in November as key sectors lose steam

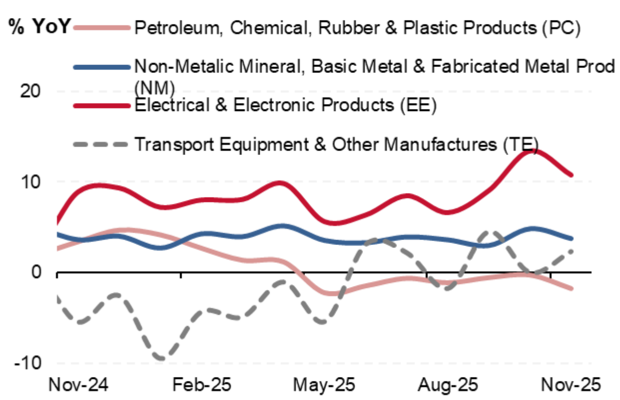
- **Industrial Production Index (IPI) slowed sharply to 4.3% YoY (Oct: 6.0%), a four-month low and below expectations (KIBB: 4.9%; consensus: 5.3%)**
  - Moderation was driven by weaker manufacturing and mining output, partly offset by higher electricity production.
  - MoM (-1.1%; Oct: 2.1%): Fell sharply, in line with seasonal trends as November typically records weaker growth.
- **Manufacturing index** eased to 4.9% YoY (Oct: 6.5%), a three-month low, as growth in Electrical & Electronic (E&E) output slowed (10.8%; Oct: 13.4%), though it remained at double digits levels
  - **Domestic-oriented** (4.6%; Oct: 4.9%): Edged down slightly due to sharp moderation in beverages (10.3%; Oct: 15.9%), and basic pharmaceuticals products (9.2%; Oct: 13.7%). This was partly offset by stronger food processing (9.5%; Oct: 8.7%), tobacco (4.3%; Oct: 1.2%), and a rebound in motor vehicles, trailers & semi-trailers (1.2%; Oct: -3.3%) helped cushion the slowdown.
  - **Export-oriented** (5.0%; Oct: 7.2%): Growth moderated, weighed by slower output of vegetable & animal oils & fats (5.7%; Oct: 12.9%) and computer, electronics & optical products (10.7%; Oct: 14.2%). Notably, several sub-sectors contracted, including chemicals & chemical products (-0.7%; Oct: 1.5%) and plastic products (-3.2%; Oct: 0.9%). Commodities-related manufacturing remained weak, with coke & refined petroleum (-2.7%; Oct: -2.3%) and rubber products (-1.7%; Oct: -1.5%), staying in contraction since February and May 2025, respectively.
  - MoM (-0.5%; Oct: 0.2%): Momentum fell to a four-month low after three consecutive months of expansion.
- **Mining index** slowed sharply (2.3%; Oct: 5.8%), a five-month low, though supported by last year's low base
  - Weighed by weaker natural gas (1.0%; Oct: 3.9%) and crude petroleum (4.3%; Oct: 8.8%) output.
  - MoM (-3.1%; Oct: 10.1%): Contracted to a six-month low, after a strong October surge.
- **Electricity index** expanded (2.7%; Oct: 1.8%), benefitting from a lower base effect last year
  - MoM (-3.0%; Oct: 4.5%): Fell to a two-month low but remained above the long-term average decline of -4.2%.
- **2025 manufacturing growth may settle around 4.3% above our current projection of 3.9% (2024: 4.3%), supported by better-than-expected 4Q25 performance**
  - **Outlook:** Manufacturing output grew 4.3% in the first 11 months of the year (Jan-Oct: 4.3%), underscoring resilience despite global uncertainty from higher US tariffs and ongoing geopolitical tensions. Momentum should hold in the near term, though at a slower pace, as high-frequency indicators remain stable. December's Manufacturing PMI stayed at 50.1 (Nov: 50.1), signalling expansion for the second straight month, likely reflecting frontloading ahead of the festive holidays.
  - **GDP Forecast:** We maintained our 4Q25 GDP growth forecast at 5.0% (3Q25: 5.2%), bringing full-year GDP growth to 4.8% (2024: 5.1%). **For 2026, we keep our projection at 4.2% given global uncertainty and lingering geopolitical risks. However, there is some upside risks if the global tech cycle strengthens.**

Graph 1: Industrial Production Growth Trend



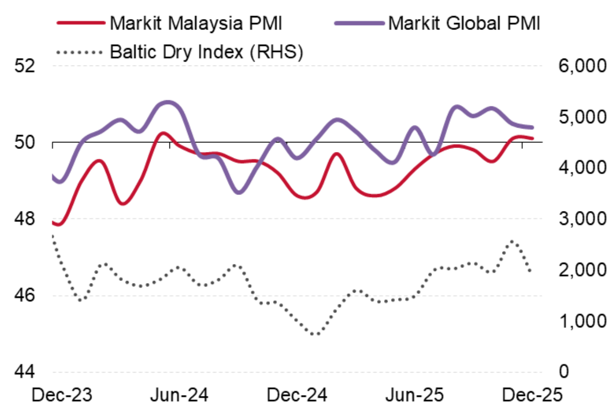
Source: Dept. of Statistics, Kenanga Research

Graph 2: Manufacturing Growth Trend by Sub-Sector



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing PMI Trend



Source: S&P Global, Bloomberg, Kenanga Research

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

	Weight		2022	2023	2024	Nov-24	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
IPI	***100.0***	**% YoY**	**6.9**	**0.7**	**3.7**	**3.4**	**2.9**	**4.2**	**4.8**	**5.7**	**6.0**	**4.3**
		% YoY SA	**6.9**	**0.7**	**3.7**	**3.4**	**2.7**	**4.1**	**4.9**	**5.6**	**6.1**	**4.2**
		% MoM				0.6	7.5	-0.3	2.4	0.0	2.1	-1.1
		3mma				2.6	2.0	2.5	4.0	4.9	5.5	5.3
Manufacturing	***68.3***	**% YoY**	**8.2**	**0.7**	**4.3**	**4.6**	**3.6**	**4.4**	**2.8**	**5.0**	**6.5**	**4.9**
		% MoM				1.0	6.9	-1.3	2.4	1.0	0.2	-0.5
		3mma				3.7	3.9	3.6	3.6	4.0	4.7	5.4
Domestic-Oriented		**% YoY**	**10.9**	**4.9**	**5.1**	**2.2**	**5.1**	**5.0**	**3.8**	**5.3**	**4.9**	**4.6**
		% MoM				2.6	-3.1	1.0	4.9	1.5	-1.2	2.3
Export-Oriented		**% YoY**	**7.0**	**-1.1**	**4.0**	**5.8**	**2.9**	**4.1**	**2.3**	**4.8**	**7.2**	**5.0**
		% MoM				0.3	11.9	-2.2	1.2	0.8	0.9	-1.8
Mining	***25.1***	**% YoY**	**2.9**	**0.2**	**0.7**	**-1.4**	**0.0**	**4.3**	**16.8**	**10.2**	**5.8**	**2.3**
		% MoM				0.2	15.8	2.2	4.2	-2.9	10.1	-3.1
Electricity	***6.6***	**% YoY**	**4.5**	**2.0**	**5.4**	**3.9**	**2.3**	**1.6**	**1.2**	**2.8**	**1.8**	**2.7**
		% MoM				-3.9	-4.6	5.5	-2.1	-4.4	4.5	-3.0

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

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