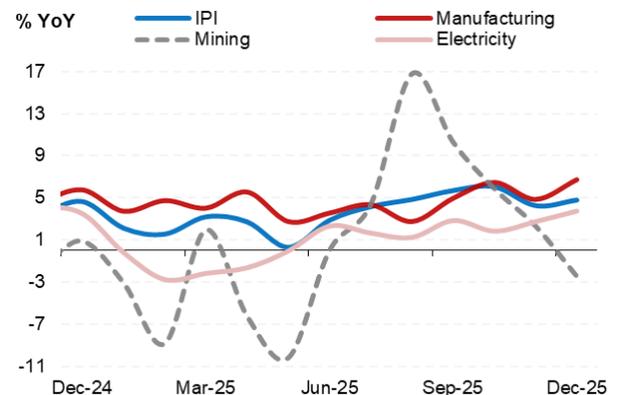


# Malaysia Industrial Production

December IPI climbs to 4.8% as E&E strength drives manufacturing surge

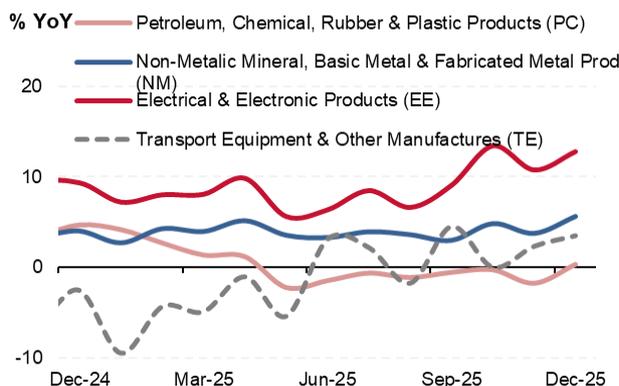
- Industrial Production Index (IPI) rose to 4.8% YoY (Nov: 4.3%), slightly above expectations (KIBB: 4.7%; consensus: 4.5%). This brings 4Q25 growth to 5.0% (3Q25: 4.9%). For the full year, growth eased to 3.6% (2024: 3.7%)**
  - The improvement was driven mainly by stronger manufacturing output, supported by E&E expansion, which offset a decline in mining production.
  - MoM (0.2%; Nov: -1.1%): Rebounded and beat the past three-year average decline of -0.8%.
- Manufacturing index rose to 6.7% YoY (Nov: 4.9%), a 17-month high, lifted by Electrical & Electronic (E&E) output (12.8%; Nov: 10.8%). Manufacturing growth reached 6.0% in 4Q25 (3Q25: 4.0%), bringing full-year 2025 growth to 4.5%, above our 3.9% projection**
  - Domestic-oriented** (5.2%; Nov: 4.6%): Accelerated to a three-month high, led by higher output in leather & related products (10.4%; Nov: 7.9%), repair & installation of machinery & equipment (7.9%; Nov: 4.3%) and fabricated metal products (7.3%; Nov: 5.1%).
  - Export-oriented** (7.5%; Nov: 5.0%): Jumped to a 17-month high, supported by a surge in vegetable & animal oils & fats output (18.1%; Nov: 5.7%) and computer, electronics & optical products (13.2%; Nov: 10.7%).
  - MoM (0.2%; Nov: -0.5%): Rebounded marginally and beat the past three-year average decline of -1.8%.
- Mining index contracted (-2.5%; Nov: 2.3%) to a seven-month low, dragging growth to 1.8% in 4Q25 (3Q25: 10.3%). The index stayed soft, averaging 0.6% in 2025 (2024: 0.7%)**
  - Weighed down by weaker natural gas output (-7.9%; Nov: 1.0%), partly cushioned by stronger crude petroleum output (6.4%; Nov: 4.3%).
  - MoM (-0.9%; Nov: -3.1%): the pace of contraction eased.
- Electricity index expanded (3.7%; Nov: 2.7%) to a seven-month high, lifting 4Q25 growth to 2.7% in 4Q25 (3Q25: 1.9%). However, the index averaged slower at 0.8% in 2025 (2024: 5.4%)**
  - MoM (2.0%; Nov: -3.0%): Rebounded in line with typical seasonal patterns.
- Manufacturing growth is expected to remain steady near-term, although seasonal festive season closures may limit gains. We forecast 2026 manufacturing IPI to moderate to 3.5% (2025: 4.5%)**
  - Outlook:** Manufacturing outperformed in 2025, defying fears of a slowdown despite higher US tariffs and geopolitical tensions. The resilience reflects sustained demand for E&E products amid global adoption of AI, 5G, EVs and data centre expansion. Momentum should extend into 2026, supported by January's improved Manufacturing PMI reading of 50.2 (Dec: 50.1), a 20-month high and the third straight month of expansion.
  - GDP Forecast:** Strong manufacturing IPI in 4Q25, supports our forecast of 5.5% GDP growth for the quarter (3Q25: 5.2%), bringing full-year GDP growth to 4.9% (2024: 5.1%), in line with DOSM Advance estimate. The actual GDP figures is due this Friday. **For 2026, we maintain our 4.5% growth projection, reflecting cautious optimism amid global uncertainties and geopolitical risks.** Nonetheless, upside risks to growth remain if the global tech cycle strengthens further

Graph 1: Industrial Production Growth Trend



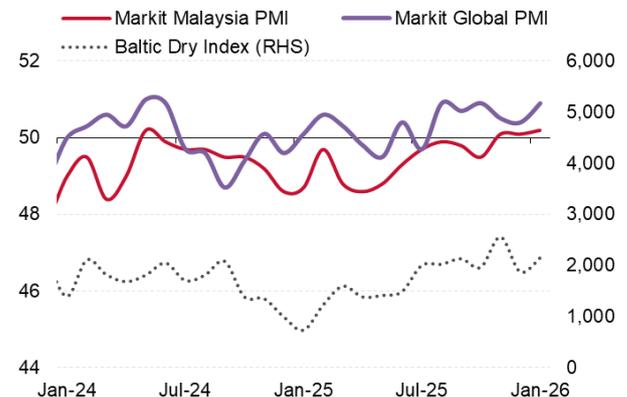
Source: Dept. of Statistics, Kenanga Research

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

09 February 2026

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

	Weight		2023	2024	2025	Dec-24	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
<b>IPI</b>	<b>100.0</b>	<b>% YoY</b>	<b>0.7</b>	<b>3.7</b>	<b>3.6</b>	<b>4.6</b>	<b>4.2</b>	<b>4.8</b>	<b>5.7</b>	<b>6.0</b>	<b>4.3</b>	<b>4.8</b>
		<b>% YoY SA</b>	<b>0.7</b>	<b>3.7</b>	<b>3.6</b>	<b>4.7</b>	<b>4.1</b>	<b>4.9</b>	<b>5.6</b>	<b>6.1</b>	<b>4.2</b>	<b>4.9</b>
		<b>% MoM</b>				<b>-0.4</b>	<b>-0.3</b>	<b>2.4</b>	<b>0.0</b>	<b>2.1</b>	<b>-1.1</b>	<b>0.2</b>
		<b>3mma</b>				<b>3.4</b>	<b>2.5</b>	<b>4.0</b>	<b>4.9</b>	<b>5.5</b>	<b>5.3</b>	<b>5.0</b>
<b>Manufacturing</b>	<b>68.3</b>	<b>% YoY</b>	<b>0.7</b>	<b>4.3</b>	<b>4.5</b>	<b>5.8</b>	<b>4.4</b>	<b>2.8</b>	<b>5.0</b>	<b>6.5</b>	<b>4.9</b>	<b>6.7</b>
		<b>% MoM</b>				<b>-1.5</b>	<b>-1.3</b>	<b>2.4</b>	<b>1.0</b>	<b>0.2</b>	<b>-0.5</b>	<b>0.2</b>
		<b>3mma</b>				<b>4.5</b>	<b>3.6</b>	<b>3.6</b>	<b>4.0</b>	<b>4.7</b>	<b>5.4</b>	<b>6.0</b>
<b>Domestic-Oriented</b>		<b>% YoY</b>	<b>4.9</b>	<b>5.1</b>	<b>3.8</b>	<b>3.7</b>	<b>5.0</b>	<b>3.8</b>	<b>5.3</b>	<b>4.9</b>	<b>4.6</b>	<b>5.2</b>
		<b>% MoM</b>				<b>0.4</b>	<b>1.0</b>	<b>4.9</b>	<b>1.5</b>	<b>-1.2</b>	<b>2.3</b>	<b>1.0</b>
<b>Export-Oriented</b>		<b>% YoY</b>	<b>-1.1</b>	<b>4.0</b>	<b>4.9</b>	<b>6.8</b>	<b>4.1</b>	<b>2.3</b>	<b>4.8</b>	<b>7.2</b>	<b>5.0</b>	<b>7.5</b>
		<b>% MoM</b>				<b>-2.4</b>	<b>-2.2</b>	<b>1.2</b>	<b>0.8</b>	<b>0.9</b>	<b>-1.8</b>	<b>-0.1</b>
<b>Mining</b>	<b>25.1</b>	<b>% YoY</b>	<b>0.2</b>	<b>0.7</b>	<b>0.6</b>	<b>0.9</b>	<b>4.3</b>	<b>16.8</b>	<b>10.2</b>	<b>5.8</b>	<b>2.3</b>	<b>-2.5</b>
		<b>% MoM</b>				<b>4.0</b>	<b>2.2</b>	<b>4.2</b>	<b>-2.9</b>	<b>10.1</b>	<b>-3.1</b>	<b>-0.9</b>
<b>Electricity</b>	<b>6.6</b>	<b>% YoY</b>	<b>2.0</b>	<b>5.4</b>	<b>0.8</b>	<b>3.5</b>	<b>1.6</b>	<b>1.2</b>	<b>2.8</b>	<b>1.8</b>	<b>2.7</b>	<b>3.7</b>
		<b>% MoM</b>				<b>1.0</b>	<b>5.5</b>	<b>-2.1</b>	<b>-4.4</b>	<b>4.5</b>	<b>-3.0</b>	<b>2.0</b>

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

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