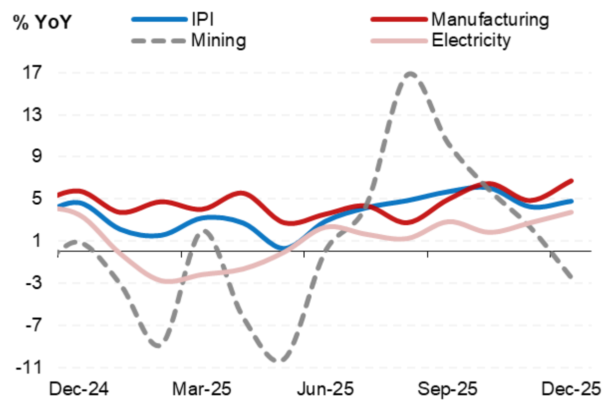
09 February 2026

Malaysia Industrial Production

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

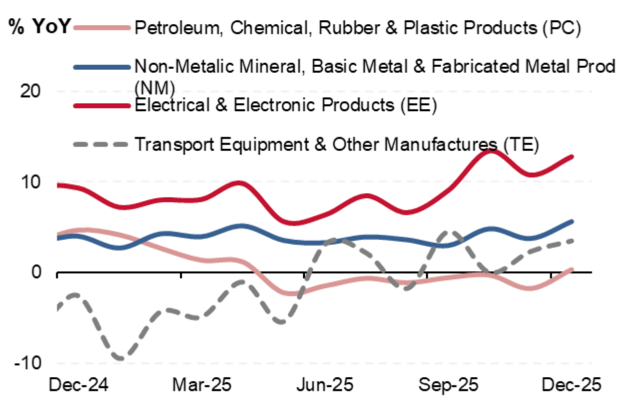
- **Industrial Production Index (IPI) rose to 4.8% YoY (Nov: 4.3%), slightly above expectations (KIBB: 4.7%; consensus: 4.5%). This brings 4Q25 growth to 5.0% (3Q25: 4.9%). For the full year, growth eased to 3.6% (2024: 3.7%)**
  - The improvement was driven mainly by stronger manufacturing output, supported 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



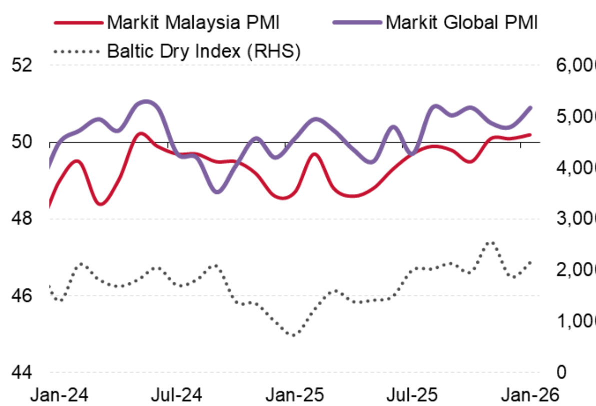
Source: Dept. of Statistics, Kenanga Research

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

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

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

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