

WTN

WORLD TRADE NETWORK

MALAYSIA ECONOMIC & TRADE REPORT

APRIL 2026

ADB Asian Development Outlook | DOSM External Trade Statistics

Sources: ADB ADO April 2026 | DOSM Malaysia Feb 2026 External Trade Statistics

4.6%

GDP GROWTH FORECAST 2026

RM1.61T

TOTAL EXPORTS 2025

+15.2%

EXPORTS JAN-FEB 2026

RM4.00

RINGGIT VS USD (FORECAST)

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EXECUTIVE SUMMARY

ADB GDP Forecast 2026 4.6% +0.3pp vs Dec 2025	Total Exports 2025 RM1.61T +6.45% YoY	Trade Surplus Jan-Feb 2026 RM38.7B +137.6% YoY	CPI Inflation Forecast 2026 1.8% Contained
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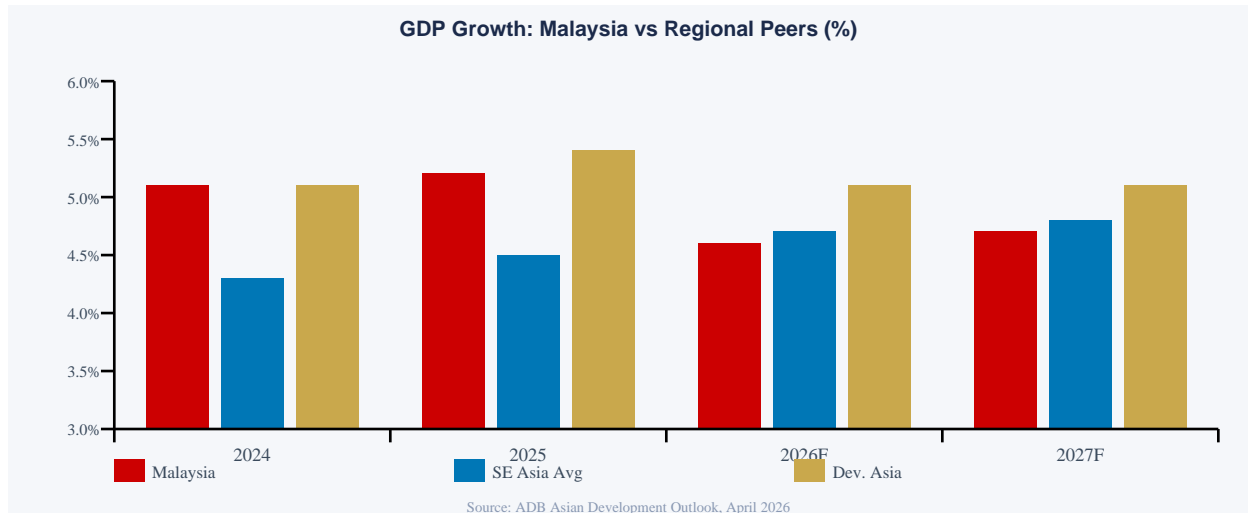
Malaysia's economy enters 2026 with considerable momentum. The Asian Development Bank's April 2026 edition of the **Asian Development Outlook (ADO)** projects GDP growth of **4.6%** for 2026, edging up to 4.7% in 2027. This is broadly aligned with forecasts from Bank Negara Malaysia (4-5%), the Ministry of Finance (4-4.5%), and the World Bank (4.4%). Malaysia's economy grew **5.2% in 2025**, comfortably exceeding initial official targets.

The Department of Statistics Malaysia's (DOSM) **February 2026 External Trade Statistics**, released March 19, confirm strong trade momentum. Total trade rose 9.5% to RM245.2 billion in February, while the January-February cumulative trade surplus surged 137.6% to RM38.7 billion — marking 70 consecutive months of surplus since May 2020. Exports in January alone surged **19.6% year-on-year**, the strongest growth since September 2022.

WTN Key Finding: Malaysia's trade engine is firing on multiple cylinders. The Electrical & Electronics (E&E;) sector — accounting for 44% of exports — is riding the global AI-driven semiconductor wave (+28-39% monthly growth). The country faces a "mixed bag" from the Hormuz crisis: higher oil prices benefit LNG/crude exports but risk raising production costs and eroding the fuel subsidy budget (PM Anwar reported subsidies hit RM3.2 billion in a single week). External risks remain the primary downside factor.

MALAYSIA GDP OUTLOOK — ADB ADO APRIL 2026

GDP Growth: Malaysia vs Regional Peers



Source: ADB Asian Development Outlook, April 2026
 Malaysia (red) moderates from 5.2% in 2025 to 4.6% in 2026 — while SE Asia overall accelerates. Source: ADB Asian Development Outlook, April 2026

Growth Drivers — ADB Assessment

Growth Driver	2026 Contribution	ADB Assessment
Electrical & Electronics (E&E)	High — key driver	AI semiconductor wave; global semiconductor sales forecast +26% in 2026 (WSTS)
Domestic Consumption	Moderate-High	Civil service salary adjustments; social assistance RM50-200; employment growth
Construction & Infrastructure	High	Data centres (capacity to double by end-2026); Pan Borneo Highway; Johor-Singapore EZ
Tourism (Visit Malaysia 2026)	Moderate	Target: 47 million visitors; special RM1,000 tax deduction for domestic tourism
Investment (RM611B 13MP)	Medium-term driver	13th Malaysia Plan: higher-value sectors; Sarawak/Sabah ≥RM6B each under 2026 budget
LNG & Crude Exports	Variable — Hormuz upside	Beneficiary of supply diversion from Gulf; but subsidy costs rising with oil prices
Re-exports	Moderate	22.8% of total exports; transshipment hub role growing but domestic value-add needed

Source: ADB ADO April 2026, FMT, The Edge Malaysia — April 2026

Macro Forecasts — Multi-Institution Comparison

Institution	GDP 2026F	GDP 2027F	CPI 2026F	USD/MYR
ADB (ADO April 2026)	4.6%	4.7%	1.8%	~RM4.00
Bank Negara Malaysia (BNM)	4.0% – 5.0%	—	Stable	—
Ministry of Finance (MOF)	4.0% – 4.5%	—	—	—
World Bank (revised)	4.4%	—	—	—
WTN Baseline Estimate	4.4% – 4.7%	4.5% – 5.0%	1.8% – 2.2%	RM4.00 – 4.20

Note: WTN estimates incorporate Middle East risk premium. Sources: ADB, BNM, MOF, World Bank — April 2026

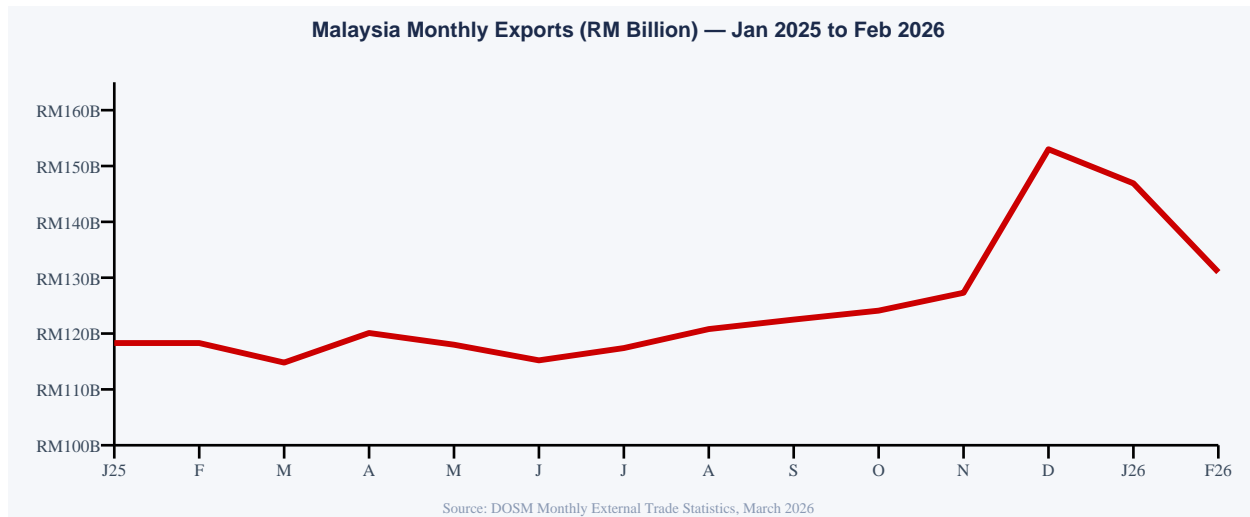
SOURCES: ADB Asian Development Outlook April 2026 | DOSM Monthly External Trade Statistics Feb 2026 | wtn.world

The ADB notes that the delayed effects of tax reforms — including the expanded sales and services tax (SST) — and tighter global trade measures introduced in 2025 are likely to weigh on near-term growth. However, by 2027, initiatives under the **13th Malaysia Plan (13MP)** — prioritising higher-value economic sectors backed by RM611 billion in investment — should support recovery. The ringgit is expected to average **RM4.00 per US dollar**, reflecting stronger investor confidence and an improving investment climate.

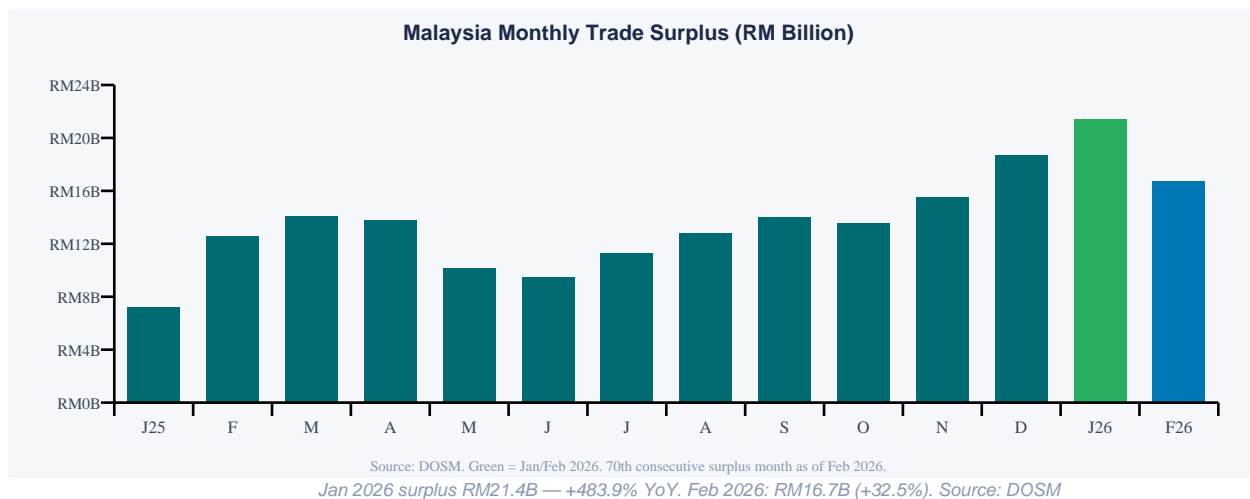
EXTERNAL TRADE PERFORMANCE — DOSM FEB 2026

Total Trade Feb 2026 RM245.2B +9.5% YoY	Exports Feb 2026 RM131.0B +10.8% YoY	Imports Feb 2026 RM114.2B +8.2% YoY	Trade Surplus Feb RM16.7B 70th consec. month
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Monthly Export Trend — Jan 2025 to Feb 2026



Monthly Trade Surplus Trend



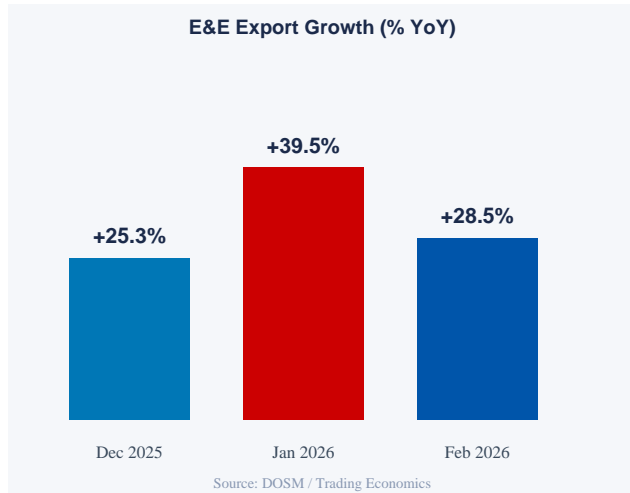
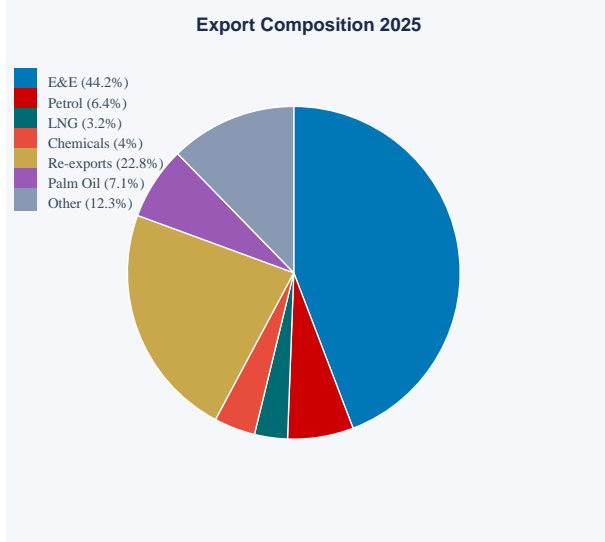
Jan-Feb 2026 Cumulative Trade Summary

Metric	Jan 2026	Feb 2026	Jan-Feb Cumul.	YoY Change
Total Trade	RM272.4B	RM245.2B	RM516.9B	+11.0%
Exports	RM146.9B	RM131.0B	RM277.9B	+15.2%
Imports	RM125.5B	RM114.2B	RM239.2B	+6.4%
Trade Surplus	RM21.4B	RM16.7B	RM38.7B	+137.6%
Domestic Exports	RM118.3B	RM104.3B	RM222.6B	+~13%
Re-exports	—	RM26.6B (+24.8%)	—	Strong momentum

Source: DOSM Monthly External Trade Statistics, March 19 & February 20, 2026

EXPORT SECTOR ANALYSIS

Export Composition 2025 & E&E; Sector: AI Semiconductor Boom



E&E; products drove RM711.6B in exports in 2025 (+18.4% YoY), representing 44.2% of total exports. Monthly growth has been exceptional — +39.5% in January 2026 and +28.5% in February 2026. Optical and scientific equipment also surged +42.9% in February. The catalyst: global semiconductor sales are projected to grow +26.3% in 2026, driven by AI infrastructure demand.

Sector Performance Summary — 2025 Full Year

Export Sector	2025 Value	YoY Growth	% of Total	2026 Outlook
Electrical & Electronics	RM711.6B	+18.4%	44.2%	Strong — AI demand
Re-exports	RM366.4B	+25.0%	22.8%	Stable — hub role
Petroleum Products	RM103.6B	-18.7%	6.4%	Recovering w/ Hormuz
Palm Oil & Products	RM114.6B	Mixed	+7.1%	Headwinds — agri -16%
LNG (Liquefied Nat. Gas)	RM51.6B	Variable	3.2%	Upside — supply gap
Chemicals & Products	RM65.2B	-11.4%	4.0%	Subdued
Optical & Scientific Equip.	Growing	+42.9% (Feb)	<2%	Accelerating

Sources: DOSM 2025 full-year data, Trading Economics, The Edge Malaysia

TRADING PARTNERS & MARKET DIVERSIFICATION

Export Growth by Destination — February 2026

SOURCES: ADB Asian Development Outlook April 2026 | DOSM Monthly External Trade Statistics Feb 2026 | wtn.world



What is driving US, Taiwan, EU surges?

The sharp export growth to the US (+42.3%), Taiwan (+65.9%), EU (+33.9%), and Hong Kong (+32.6%) is primarily driven by **AI-related electronics demand**. Malaysia is a critical node in the global semiconductor supply chain — particularly for chip testing, packaging, and assembly. As US companies accelerate AI infrastructure buildout, demand for Malaysian E&E products surges. Taiwan's growth reflects integrated supply-chain flows for advanced semiconductor manufacturing. China also remains strong at +13.2%.

The decline in exports to **Australia (-22.0%)** and flat Japan (-0.4%) reflects weaker commodity demand — particularly LNG and petroleum products — as both countries adjust their energy mix. Agricultural exports fell 16.4% in February, dragged down by palm oil (-13.7%) and natural rubber (-47%), reflecting global soft commodity price pressures.

RISKS: MIDDLE EAST, US TARIFFS & GEOPOLITICS

■ The ADB April 2026 report explicitly warns that a **prolonged Middle East conflict** represents the most significant downside risk to Malaysia's 2026 outlook. Higher oil prices create a dual tension: benefiting Malaysia's crude and LNG export revenues while simultaneously raising production costs, inflating the fuel subsidy bill, and threatening domestic inflation.

Risk Factor	Impact on Malaysia	Probability	WTN Assessment
Prolonged Hormuz closure (>2 quarters)	LNG exports benefit (+revenue) But: fuel subsidies explode; production costs rise	Medium (ceasefire fragile)	Monitor weekly — dual-edged; hedge energy costs
US tariffs (25% AI chips from Jan 2026)	Constrains E&E export growth; some re-routing via Malaysia still possible	HIGH — already in effect	ADB flags this explicitly; impact partially offset by non-US demand growth
Bab al-Mandeb closure (threatened by Iran allies)	Shipping rerouting adds cost; LNG spot rises further; fertilizer price inflation	Medium (elevated threat)	Would further inflate food/fertilizer CPI
Ringgit strength (RM4.00 forecast)	Reduces import costs for domestic sectors; challenges US-dollar-revenue exporters	High confidence	Net neutral to positive; manage FX exposure
SST / fiscal reform delayed pass-through	Constrains discretionary spending; dampens consumption in H1 2026	HIGH — already unfolding	Reduces fuel quota from 300L to 200L/month
Weaker China growth (4.6% in 2026)	China = major trade partner; slower demand for Malaysia's commodities and E&E	Medium	Partially offset by China's non-US trade diversion benefit for Malaysia

Sources: ADB ADO April 2026, Business Today, The Edge Malaysia, CGS International

INVESTMENT, INFRASTRUCTURE & POLICY DRIVERS

13th Malaysia Plan (13MP) — Key Projects

Project / Initiative	Budget	Status
Pan Borneo Highway	≥RM6B	Ongoing
Johor-Singapore Economic Zone	Major	Active
Sarawak development	≥RM6B	2026 priority
Sabah development	≥RM6B	2026 priority
Data centre expansion	Private-led	2x capacity by end-2026
Water infrastructure	Multi-billion	Ongoing
SME Fund (BNM)	RM2.5B add.	New — announced Q1
Guaranteed financing	RM10B target	In transition

Source: ADB ADO April 2026, FMT, The Star

Malaysia's Structural Strengths

- **70 consecutive trade surplus months** since May 2020 — remarkable resilience
- **AI semiconductor hub** — central to global chip supply chains; well-positioned for WSTS-projected +26.3% global semiconductor sales in 2026
- **Energy duality** — LNG and crude exporter benefiting from Hormuz supply disruption while managing domestic subsidy pressures
- **Visit Malaysia 2026** — 47 million visitor target; RM1,000 domestic tourism tax deduction
- **Ringgit stability** — strengthening towards RM4.00/USD underpins investor confidence and reduces import inflation
- **Labour market** — unemployment 2.9%; labour force 17.62M (+3% YoY)
- **Strong Q4 2025 base** — GDP +6.3% in Q4; IPI +4.8% Dec 2025

WTN OUTLOOK — MALAYSIA APRIL 2026

Upside Scenarios

- Hormuz partial reopening boosts LNG revenue
- Semiconductor supercycle extends into H2 2026
- Johor-Singapore EZ attracts major FDI
- Visit Malaysia 2026 hits visitor targets
- Ringgit holds RM4.00 — investor confidence

Downside Risks

- Prolonged Hormuz closure → fuel subsidy crisis
- US AI chip tariffs dent E&E; export growth
- SST pass-through constrains consumption
- Slower China growth hits commodity demand
- Bab al-Mandeb closure → dual chokepoint shock

WTN Assessment: Malaysia enters April 2026 with solid fundamentals — strong trade surpluses, E&E; sector tailwinds from AI demand, and a clear infrastructure investment pipeline. The ADB's 4.6% GDP forecast is credible but carries meaningful downside risk from energy cost pass-through and external trade headwinds. The key watch is the Hormuz situation: a prolonged closure is a net negative for Malaysia despite short-term LNG revenue upside, due to subsidy burden and upstream cost inflation.

Data Sources: ADB Asian Development Outlook April 2026 (mal-ado-april-2026) | DOSM Monthly External Trade Statistics February 2026 (dosm.gov.my, released 19 March 2026) | Trading Economics | The Edge Malaysia | Business Today | FMT | Bernama

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