

# Trade Snapshot – May 2025: Trade Slows as Weak Commodities Offset Frontloading

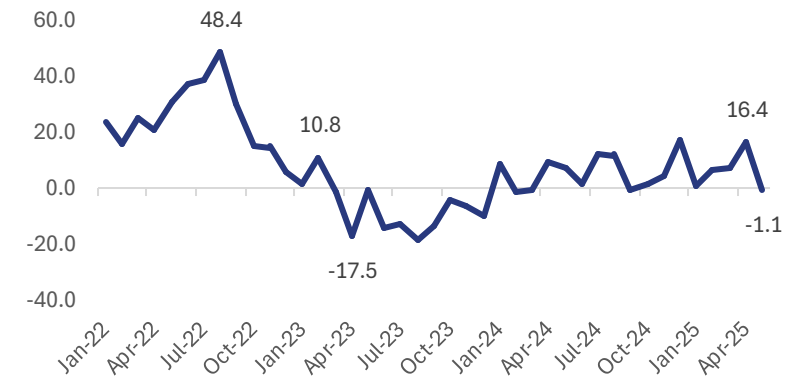
Malaysia's external trade performance moderated in May 2025, with **total trade expanding by 2.6% year-on-year** to RM252.48 billion, down 3.6% on a monthly basis. **Exports fell 1.1% y-o-y** to RM126.62 billion, weighed down by declines in major commodity-linked products including **refined petroleum (-30.7%)**, **liquefied natural gas (-42.2%)**, and **crude petroleum (-28.9%)**. Meanwhile, **electrical and electronic (E&E) products**, which made up 42.4% of total exports, **grew by 7.0%**, and **palm oil and palm-based products rose 8.9%**. By destination, export growth was mixed. **Exports to the US increased 16.1% y-o-y**, while shipments to the European Union (+6.0%), Taiwan (+41.4%), Thailand (+15.9%), and Vietnam (+1.8%) also registered positive growth. In contrast, exports declined to several major trading partners, including **Singapore (-18.0%)**, **China (-4.3%)**, **Japan (-25.7%)**, and **India (-11.0%)**.

**Imports climbed 6.6% y-o-y** to RM125.86 billion, supported by a **sharp increase in capital goods (+63.7%)**, while **intermediate goods (-4.4%)** and **consumption goods (-1.1%)** recorded declines. As imports outpaced exports, Malaysia's **trade surplus narrowed significantly to RM0.77 billion**, marking a 92.3% decline from the same month last year and the lowest monthly surplus since January 2020.

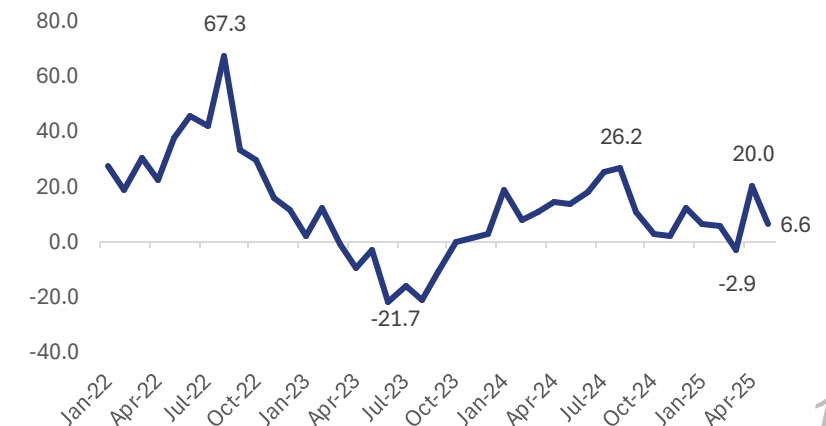
## Headline Trade Performance

- Total Trade: RM252.48 billion (+2.6% y-o-y)
- Exports: RM126.62 billion (-1.1% y-o-y)
- Imports: RM125.86 billion (+6.6% y-o-y)
- Trade Surplus: RM0.77 billion, lowest monthly surplus since January 2020

Malaysia's Exports (%yoy)



Malaysia's Imports (%yoy)



Source: Department of Statistics Malaysia, BMMB Economics

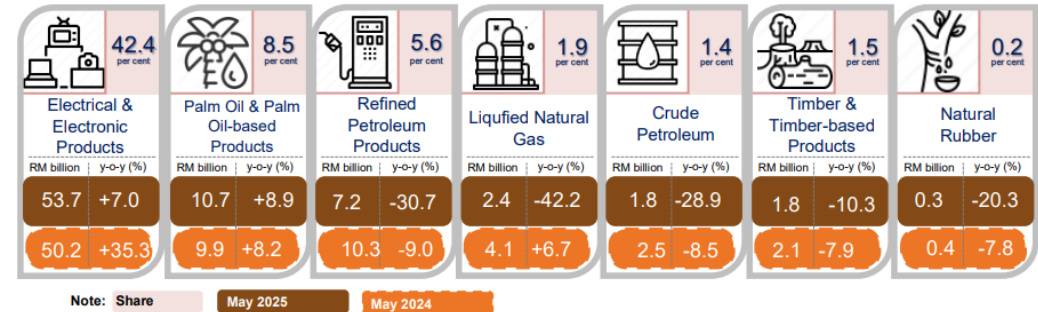
# Dissecting the Downturn: What Drove Malaysia's Export Weakness in May?

Malaysia's export performance in May 2025 fell short of expectations, **contracting 1.1% y-o-y despite continued frontloading activity** ahead of the end of the US tariff pause. While **exports to the US rose 16.1%, driven by a 19.2% increase in E&E shipments**, the gains were narrower than April's surge (+45.6%) and insufficient to offset declines elsewhere. The data also suggests that the frontloading effect is starting to fade. The moderation likely stems from reduced urgency, as the US held off on announcing new tariffs in May, softening the pressure to accelerate shipments. Many buyers had already frontloaded in March and April, resulting in inventory accumulation. **Rising freight costs and logistics bottlenecks may have also discouraged further advance orders.**

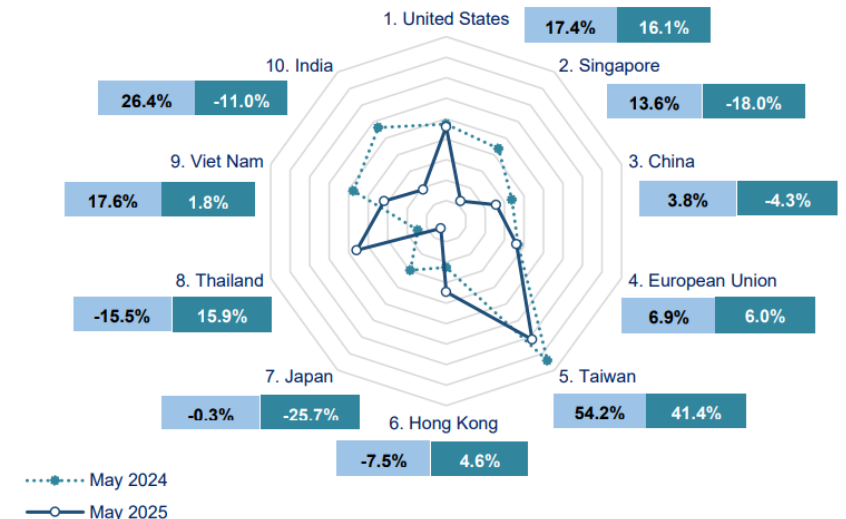
At the same time, exports were dragged by **weaker demand from regional markets**. Shipments to **Singapore (-18.0%), China (-4.3%), Japan (-25.7%), and India (-11.0%) fell sharply**, due to slower manufacturing activity, reduced energy trade, and price-sensitive commodity demand. Broader indicators reflect this trend, with **China's Caixin PMI falling below 50** and **Singapore's NODX turning negative in May.**

By product, the divergence was clear: **E&E exports remained firm (+7.0%), while commodity-linked products—including refined petroleum (-30.7%), LNG (-42.2%), crude oil (-28.9%), and rubber (-20.3%)—saw steep declines** due to falling prices and volumes. These headwinds, combined with softer regional demand and cooling frontloading activity, weighed heavily on Malaysia's overall export momentum.

Exports of Selected Major Product, May 2024 and May 2025 (%yoy)



Exports for Major Country of Destination, May 2024 and May 2025



Source: Department of Statistics Malaysia, BMMB Economics

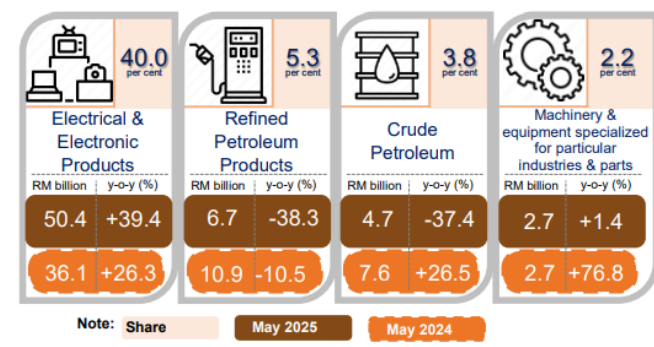
# Capital Goods Drive Imports in May; Outlook Hinges on June Data

Malaysia's imports rose 6.6% y-o-y to RM125.86 billion in May 2025, reflecting **continued strength in domestic investment activity**. The increase was largely driven by a **sharp 63.7% surge in capital goods, particularly in industrial transport equipment, machinery, and E&E-related items**. This suggests that firms are still actively expanding production capacity and upgrading equipment, likely in response to earlier supply chain disruptions and automation demand. The sustained import of capital goods aligns with Malaysia's broader investment recovery, even as external uncertainties persist. In contrast, **intermediate goods**—which make up more than half of total imports—**declined 4.4% y-o-y**, pointing to a possible slowdown in re-export activity or reduced input demand from local manufacturers amid soft global orders. **Consumption goods also slipped slightly by 1.1%**, despite firm labour market conditions, possibly due to import substitution or cautious household spending. On a monthly basis, total imports fell 2.0%, indicating that while underlying demand remains healthy, **import momentum may be stabilising after recent highs**.

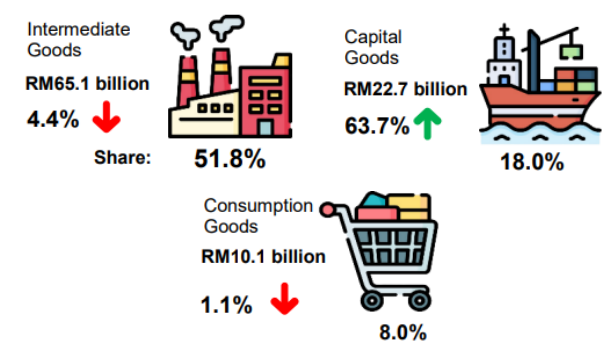
## Outlook

We will continue to monitor the performance of leading indicators for 2Q, although we do not rule out the possibility of a better outturn compared to 1Q, **depending largely on June data**. **A modest pick-up remains possible**, supported by stronger trade activity in April, sustained capital imports, firm domestic consumption, and stable labour market conditions. While exports dipped in May, resilience in E&E and palm oil, along with continued investment-related imports, point to underlying strength. As for now, **we maintain our 2025 GDP growth forecast at 4.1%, with the balance of risks tilted to the downside**—but buffered by firm domestic demand and selective external strength.

Imports of Selected Major Product, May 2024 and May 2025



Imports by End Use, May 2025



Source: Department of Statistics Malaysia, BMMB Economics

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# Appendix: Export Performance in May 2025

Major Export Products, May 2025

Products	May 2025 <sup>P</sup>	Apr 2025 <sup>P</sup>	May 2024 <sup>P</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
Total Exports	126,623.3	133,499.4	128,037.4	-5.2	-1.1
E&E Products	53,678.3	60,207.7	50,150.3	-10.8	7.0
Petroleum Products	7,996.1	8,503.4	11,247.0	-6.0	-28.9
Palm Oil & Palm Oil Based Agriculture Products	7,367.6	6,306.6	6,802.5	16.8	8.3
Machinery, Equipment & Parts	6,394.5	6,468.2	5,495.9	-1.1	16.4
Manufactures of Metal	5,829.5	5,103.5	6,016.5	14.2	-3.1
Chemicals & Chemical Products	5,355.7	5,226.4	6,308.2	2.5	-15.1
Optical & Scientific Equipment	5,051.8	5,047.2	5,287.1	0.1	-4.5
Processed Food	3,437.2	3,231.1	3,013.4	6.4	14.1
Palm Oil-Based Manufactured Products	3,379.8	3,474.4	3,064.3	-2.7	10.3
Iron & Steel Products	2,490.6	2,192.9	2,868.0	13.6	-13.2

Major Export Markets, May 2025

Markets	May 2025 <sup>P</sup>	Apr 2025 <sup>P</sup>	May 2024 <sup>P</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
Total Exports	126,623.3	133,499.4	128,037.4	-5.2	-1.1
USA	18,678.4	19,222.3	16,092.3	-2.8	16.1
Singapore	18,252.1	22,984.5	22,247.0	-20.6	-18.0
China	15,049.4	14,339.7	15,728.6	4.9	-4.3
Taiwan	7,561.2	7,220.3	5,346.8	4.7	41.4
Hong Kong SAR	6,785.2	7,325.6	6,489.1	-7.4	4.6
Japan	5,351.8	6,139.4	7,201.4	-12.8	-25.7
Thailand	5,255.4	5,788.9	4,533.7	-9.2	15.9
Viet Nam	4,897.6	4,561.3	4,811.7	7.4	1.8
India	4,516.9	4,049.5	5,074.1	11.5	-11.0
ROK	4,235.5	4,068.7	3,449.4	4.1	22.8

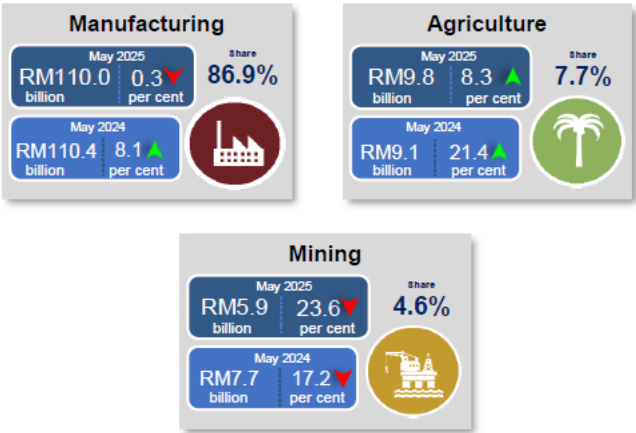
Extracted from MATRADE External Trade Statistics – May 2025

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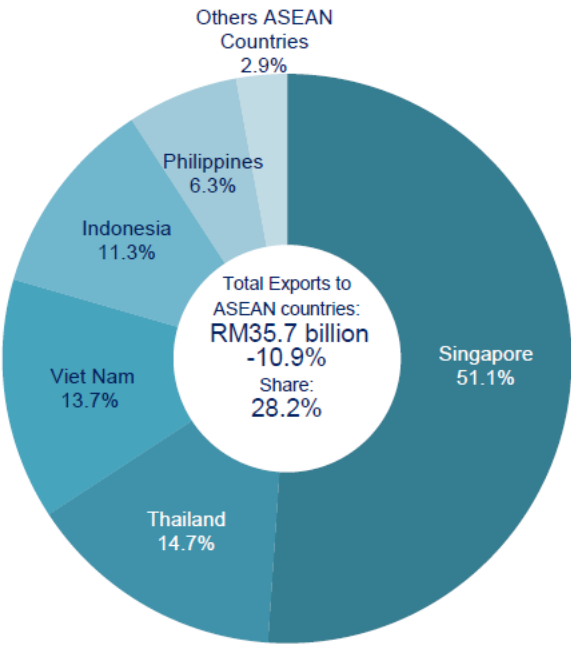


# Appendix: Export Performance by Sector and Selected Products

Exports by Sector, May 2024 and May 2025



Percentage Share of Exports to ASEAN Countries, May 2025



Extracted from DOSM Monthly External Trade Statistics – April 2025