

Malaysia

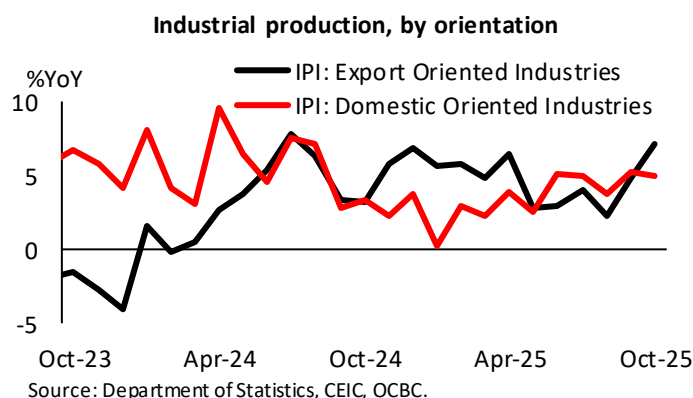
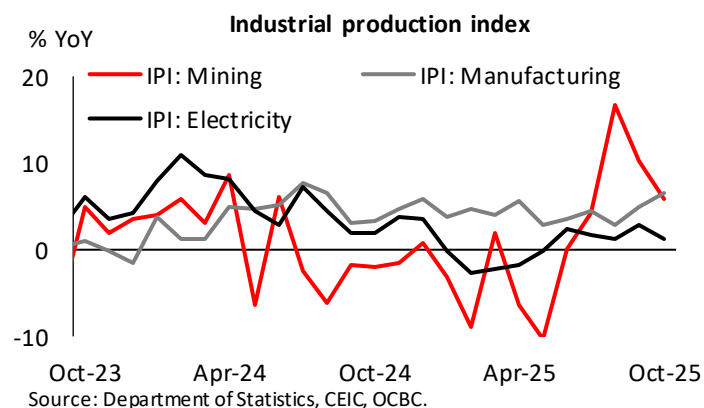
12 December 2025

Malaysia: Solid October industrial production growth

- Industrial production (IP) growth of 6%YoY in October versus 5.7% in September, outpaced expectations of a modest slowdown.
- The main driver of October IP was the manufacturing sector, where production rose by 6.5% YoY in October compared to 5.0% in September.
- We expect IP growth to remain resilient averaging 3.6% YoY in 2025 before slowing to 3.0% in 2026. This is consistent with our forecast for 2026 GDP growth to slow to 3.8%YoY from 4.6% in 2025.

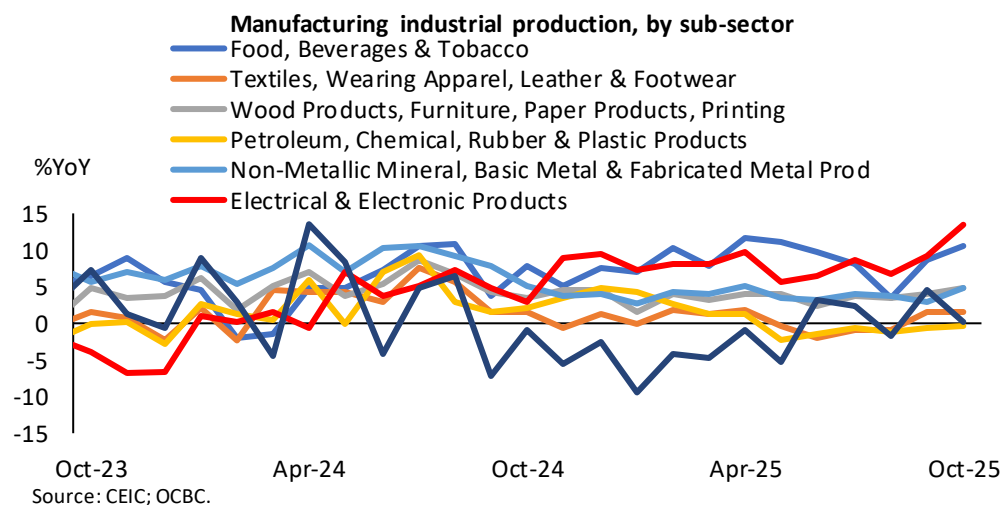
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Industrial production (IP) growth of 6%YoY in October versus 5.7% in September, outpaced expectations of a modest slowdown (Consensus: 5.3%; OCBC: 5.0%). On a sequential basis, IP rose by 0.6% MoM sa in October after contracting 0.9% in September.



The main driver of October IP was the manufacturing sector, where production rose by 6.5% YoY in October compared to 5.0% in September. Within this, the electrical and electronic products sector registered higher growth of 13.4%YoY versus 9.1% in September while production of food, beverages and tobacco rose by 10.6% YoY in October versus 8.7% in September.

Higher manufacturing sector output more than offset slower growth in the mining (5.8% YoY in October from 10.2% in September) and electricity (1.2% YoY from 2.8%) sectors. By orientation, export oriented industrial production growth picked up to 7.2%YoY in October from 4.8% in September while domestic oriented industrial production growth slowed to 4.9%YoY from 5.3% in September.



IP growth averaged 3.4%YoY for the first ten months of 2025. We expect resilient growth for the remaining two months of the year, taking the full year 2025 average to 3.6% versus 3.7% in 2024. We do, however, expect IP growth to slow to 3.0% YoY in 2026 reflecting weaker external demand conditions and a normalisation in domestic demand conditions. This is consistent with our forecast for 2026 GDP growth to slow to 3.8% YoY from 4.6% in 2025 (see OCBC Global Outlook 1H26: *Can 2026 pull off another hat-trick of surprising on the upside?* Page: 84).

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