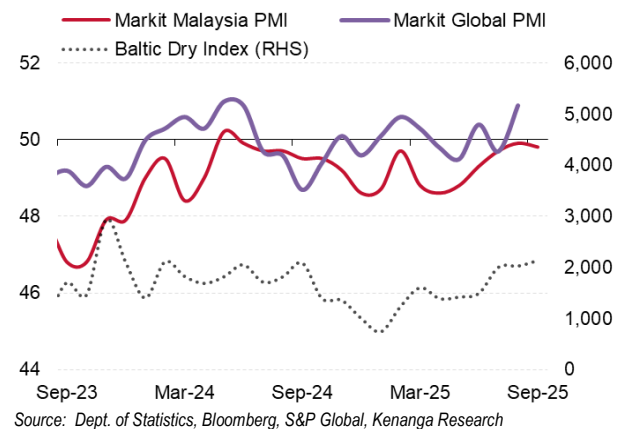


Malaysia Manufacturing PMI

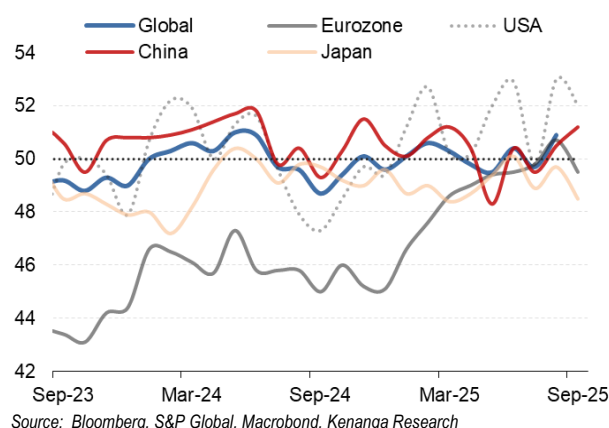
Broadly unchanged in September; new order rise for the first time in 15-months

- The Manufacturing Purchasing Managers' Index (PMI) eased slightly to 49.8 (Aug: 49.9), a tad below the neutral 50.0 threshold**
 - Conditions remained broadly unchanged, still in mild contraction.
- Subdued production, but rising new orders cushioned the slowdown**
 - New orders increased for the second straight month led by domestic demand, though at a slower pace.
 - New export orders moderated on weaker demand from key markets, mainly the US, Europe and Asia-Pacific.
 - Firms ran down inventories to meet demand, reducing stocks of finished goods, with some firms reported lower staffing levels.
- Price pressures relatively stable in September**
 - Input prices increase slightly as manufacturers cited higher taxed, but lower raw material costs offset the increase, keeping output prices flat.
- Business sentiment remained positive, but employment fell again**
 - Firms continue to express confidence, hoping that production would rise in the coming years on stronger demand and new product launches.
 - Employment dropped for the third straight month despite optimism.
- Mixed signals across Asia's major manufacturers, but overall relatively stable**
 - China (51.2; Aug: 50.5): Private Manufacturing PMI hit a six-month high on stronger new orders.
 - Japan (48.5; Aug: 49.7): Weakened on declining factory output and lower new work.
 - South Korea (50.7; Aug: 48.3): Returned to expansion, a 13-month high on strong exports.
- Outlook: Stable near-term conditions, but US tariffs may cloud 2026 outcome**
 - Manufacturing outlook:** Latest Manufacturing PMI readings point to stability, underpinned by domestic demand, favourable policy measures, stable employment growth, rising household incomes. We expect these domestic drivers to continue supporting manufacturing activity into 2026. The government is expected to announce targeted measures in Budget 2026 that likely to reinforce domestic resilience outlined in the five-year 13th Malaysia Plan. However, external risks remain, particularly uncertainty over US trade policy, US-China trade tension and geopolitical risk. Despite these headwinds, the sector is poised to benefit from global trends, including 5G infrastructure roll out, AI adoption, Electric Vehicles (EV) uptake, and a wave of new product launches.
 - GDP growth forecast:** Manufacturing PMI averaged 49.8 in 3Q25 (2Q25: 48.9), suggesting modest improvement. Together with mining recovery and stable services, this supports 3Q25 growth. but a softer 4Q25 outlook caps the upside. We maintain our 2025 GDP forecast at 4.3% (2024: 5.1%).

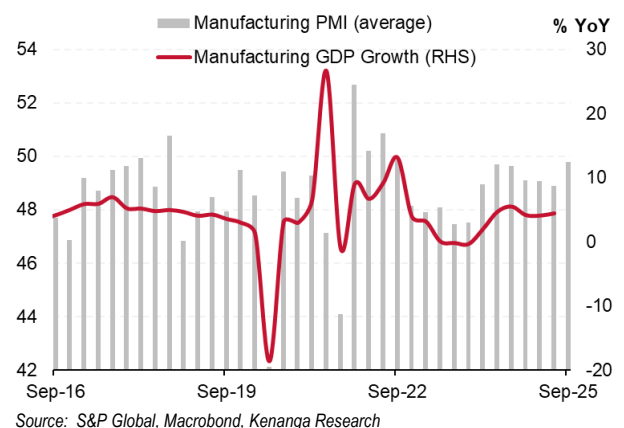
Graph 1: Global & Malaysia Manufacturing PMI



Graph 2: Global PMI Trend



Graph 3: Manufacturing PMI vs Manufacturing GDP



01 October 2025

Table 2: Malaysia PMI Trend

	2022	2023	2024	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
S&P Malaysia PMI	47.8	47.9	48.6	48.8	48.6	48.8	49.3	49.7	49.9	49.8
New Orders*				Down	Down	Down	Down	Down	Up	Up
Output*				Down	Down	Down	Down	Down	Up	Down
Employment*				Down	Down	Down	Up	Down	Down	Down
Stocks of Purchases*				Down	Down	Down	Down	Up	Down	Flat
S&P Global PMI	48.6	49.0	49.6	50.3	49.8	49.5	50.4	49.7	50.9	N/A
Baltic Dry Index	1,515	2,094	997	1,598	1,386	1,418	1,489	2,003	2,025	2,134
DoS Leading Index (% YoY)	1.0	-0.9	3.2	0.7	0.5	0.3	0.1	-0.5	N/A	N/A

Source: PMI by S&P Global, Bloomberg, Dept. of Statistics, Kenanga Research

*The "Up/Down/Flat" movements for sub-indicators are based on S&P Global own reports. Detailed and historical data are available on a subscription basis only.

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