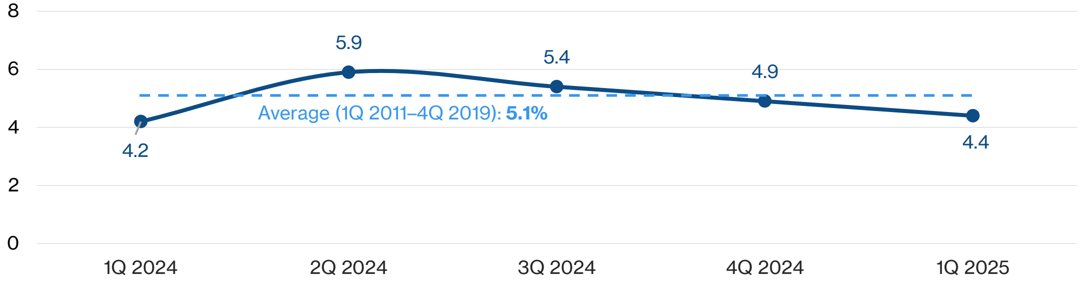
Gross Domestic Product

GDP grew by 4.4% in 1Q 2025

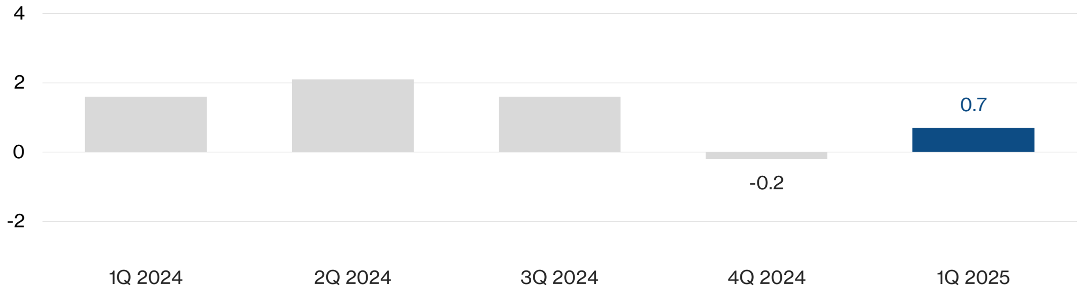
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, the economy rose by 0.7%

Gross domestic product,
Quarterly change, % (seasonally adjusted)



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 1Q 2025?

- Sustained household spending amid positive labour market conditions and policy support
- Steady expansion in investment activities
- Continued export growth supported by strong electrical and electronics (E&E) exports and tourism activity

What are the factors weighing on growth in 1Q 2025?

- Lower oil and gas production
- Normalisation in motor vehicles sales and production amid high base effect

Malaysia's Economic Performance

Sustained domestic demand

Annual change, %

Private Consumption

5%
(4Q 2024: 5.3%)

Positive labour market conditions and policy support

Private Investment

9.2%
(4Q 2024: 12.7%)

Steady growth in structures investment and machinery and equipment spending

Public Consumption

4.3%
(4Q 2024: 4%)

Higher emoluments spending

Public Investment

11.6%
(4Q 2024: 10%)

Stronger fixed assets spending by the Government and public corporations

Net Exports

19.6%
(4Q 2024: 63.6%)

Slower export growth due mainly to lower mining exports

Source: Department of Statistics, Malaysia

Growth driven mainly by services sector

Annual change, %

Services

5%
(4Q 2024: 5.5%)

Higher growth in Government services and retail segment, amid a decline in motor vehicles sales

Manufacturing

4.1%
(4Q 2024: 4.2%)

Faster growth in export-oriented manufacturing, weighed by contraction in motor vehicles output

Agriculture

0.6%
(4Q 2024: -0.7%)

Stronger growth in the fishery and other agriculture subsectors, offsetting the contraction in oil palm output

Mining

-2.7%
(4Q 2024: -0.7%)

Lower oil and natural gas output

Construction

14.2%
(4Q 2024: 20.7%)

Continued robust growth, driven by the non-residential and special trade subsectors

Source: Department of Statistics, Malaysia

Labour Market Conditions

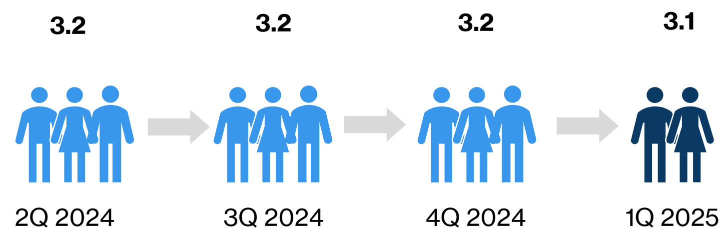
Labour market continued to improve

- The unemployment rate declined further to 3.1% in 1Q 2025 (4Q 2024: 3.2% of the labour force).
- Employment improved to 16.7 million persons in 1Q 2025 (4Q 2024: 16.6 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to 70.7% in 1Q 2025 (4Q 2024: 70.6%).

Source: Department of Statistics, Malaysia

Low unemployment rate

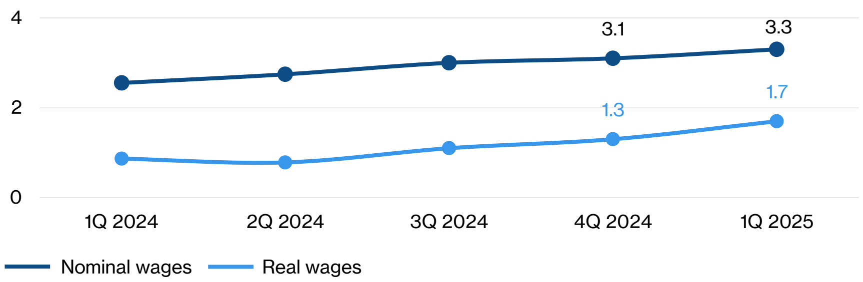
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

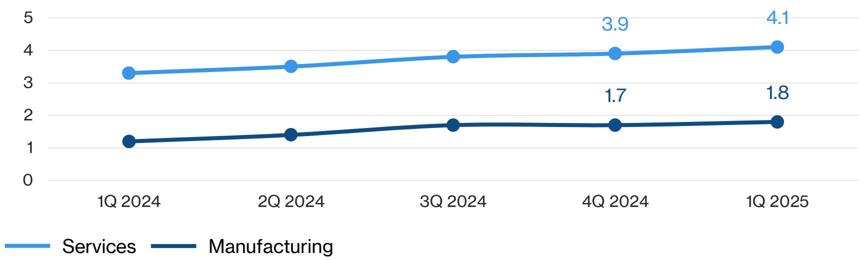
Continued growth in private sector wages

Private sector nominal and real wages,
Annual change, %



Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Sectoral nominal wages,
Annual change, %



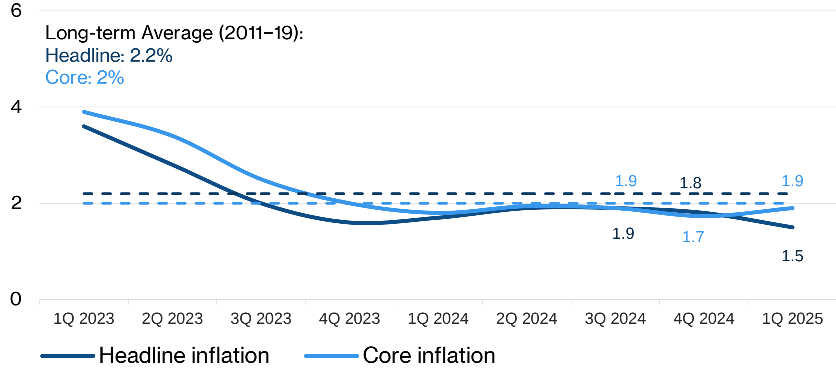
Source: Department of Statistics, Malaysia

Inflation trend

Headline and core inflation remained moderate during the quarter

- Headline inflation moderated to 1.5% and core inflation edged higher to 1.9%.
- Lower inflation was observed during the quarter for water supply and mobile communication services inflation. However, these were partly offset by higher inflation for rental.

Headline and core inflation,
Annual change, %



Selected Consumer Price Index (CPI) Items

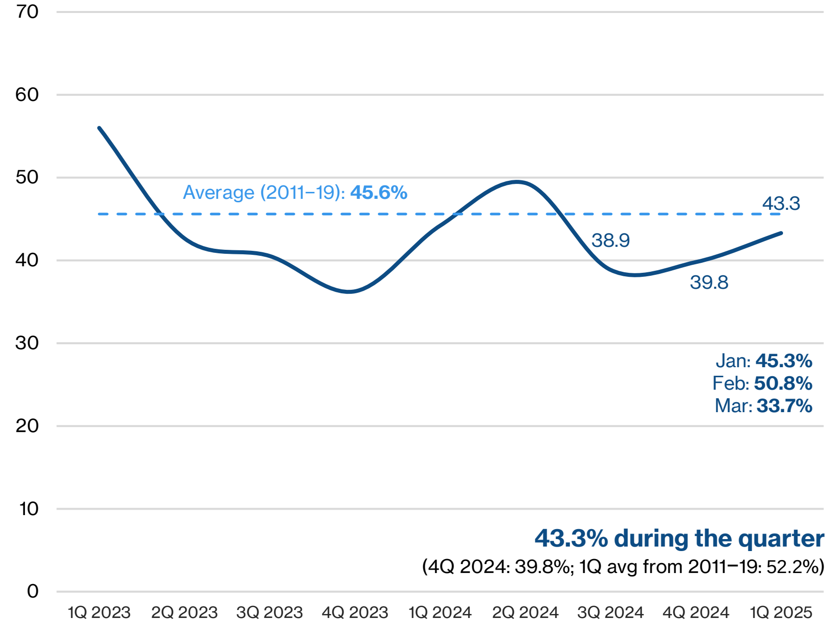
Utilities *(Weight: 4.7%)*	Mobile Communication Services *(Weight: 2.7%)*	Actual Rental Paid by Tenants *(Weight: 17.7%)*
▼ **3%** 4Q 2024: 18.1%	▼ **-13.5%** 4Q 2024: -10%	▲ **2.1%** 4Q 2024: 1.7%

Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Inflation pervasiveness rose in the first quarter, albeit remained in line with historical norm

- While a slightly higher number of CPI items recorded price increases in the first quarter, this remained in line with historical average.
- In particular, the higher pervasiveness reflected seasonal menu price adjustments, typically conducted at the beginning of the year.

CPI items recording month-on-month price increase,
Share, %



Note:: The data for 2025 onwards reflects the additional new items in the CPI basket, based on the HIES 2022.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

External Sector Development

Continued growth in exports and imports

Gross Exports **4.4%** 4Q 2024: 7.3%
Strong growth in E&E exports weighed by lower mining exports

Gross Imports **2.8%** 4Q 2024: 5.3%
Robust capital imports offset by slower intermediate imports

Source: Department of Statistics, Malaysia

Larger current account surplus and financial account outflows

Current Account
RM16.7 billion; 3.4% of GDP
(4Q 2024: RM12.9 bil; 2.6%)

Key driving factors
- Higher goods surplus due to lower imports amid strong E&E exports.
- Smaller deficit in secondary income.

Partly offset by
- Wider services deficit driven by lower manufacturing services balance.
- Sustained deficit of the primary income account.

Financial Account
Net outflows RM20.3 billion
(4Q 2024: Net outflows RM9.3 bil)

Key driving factors
- Net outflows in portfolio investment due mainly to residents' investments in debt and equity securities abroad.

Which offset
- Net inflows in direct investment due to continued net inflows in foreign direct investment (FDI) amid lower direct investment abroad (DIA).
- Net inflows in other investment mainly attributable to interbank borrowing.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Higher external debt

RM1.38 trillion or 70.5% of GDP
(4Q 2024: RM1.35 trillion or 69.9% of GDP)
- Higher interbank borrowing primarily for liquidity and balance sheet funding purposes.
- Larger trade credits mainly by companies in the manufacturing sector.

External debt remained manageable
% of total external debt

Currency	**Ringgit-denominated: 30.8%** Unaffected by ringgit exchange rate fluctuations. **FCY-denominated: 69.2%** of which 59.6% is subject to BNM prudential & regulatory requirements and 19.3% are due to intragroup loans.
Maturity	**Medium- and long-term: 56.4%** Limited rollover risks.

Net International Investment Position	**RM37.8 billion** (4Q 2024: -RM11.7 billion)
International Reserves[1]	**USD118.7 billion** (4Q 2024: USD116.2 billion)

- **4.9 months[2]** of imports of goods and services
- **0.9 times** short term external debt

[1] As at 30 April 2025.
[2] Coverage may differ from the press statement on international reserves published on 8 May 2025, as it reflects the latest 1Q 2025 data on imports of goods and services and short-term external debt.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia