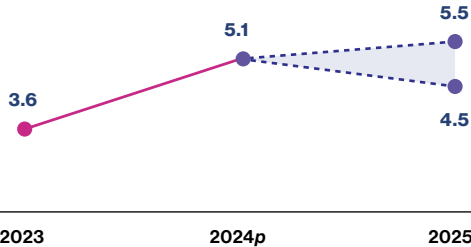


Key Highlights on Economic Development and Outlook

Malaysia's economy to grow between 4.5% and 5.5% in 2025

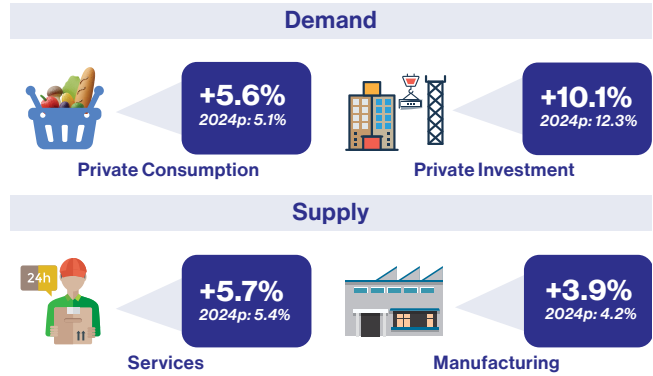
Malaysia's real GDP growth
Annual change (%)



p Preliminary
f Forecast

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

Key drivers of growth in 2025
Annual change (%)



Growth will be driven by sustained strength in domestic demand amid external uncertainties

Factors driving growth outlook



Higher household spending
Improving labour market conditions and continued policy support



Robust investment activity
Driven by new and existing projects as well as implementation of national master plans



Moderate expansion in exports
Ongoing global technology upcycle and sustained external demand

Upside potential to growth

- Higher external demand from successful trade negotiations and pro-growth policies
- Greater positive spillovers from global tech upcycle
- More robust tourism activity
- Faster implementation of investment projects



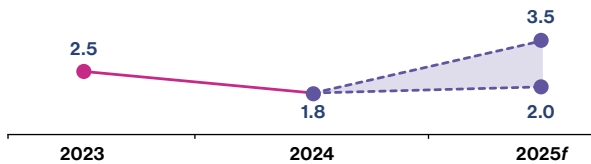
Downside risks to growth

- More restrictive trade policies
- Escalation of geopolitical conflicts
- Weaker business confidence and consumer sentiments
- Lower-than-expected commodity production

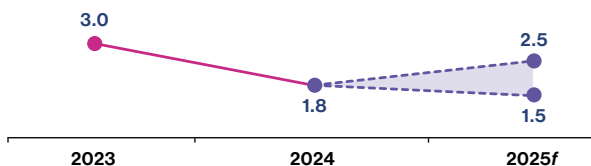


Headline inflation to average between 2% and 3.5% in 2025

Headline Inflation
Annual change (%)



Core Inflation
Annual change (%)



f Forecast

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

Risks to the inflation outlook



Larger-than-expected spillovers from policy measures
Higher external costs amid geopolitical developments

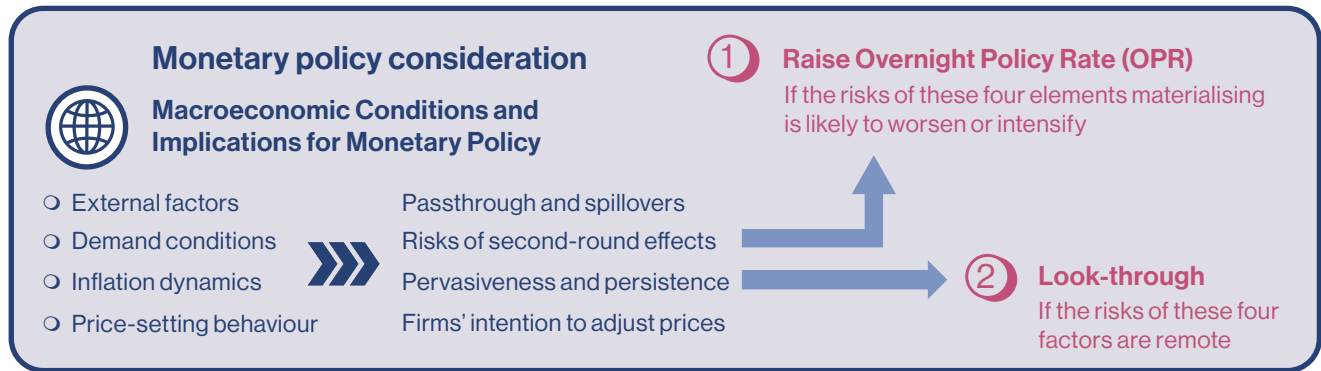


Weaker global growth from rising trade tensions
Larger moderation in commodity prices

Key Highlights on Box Articles

Supply Shocks and Implications for Monetary Policy

A well-grounded analytical framework in managing supply shocks is key to ensure price stability and sustainable growth

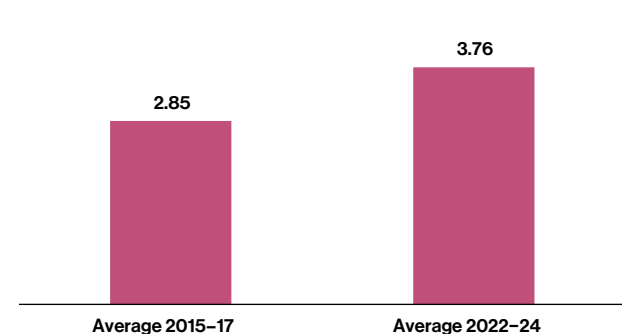


Malaysia's Position in the Global E&E Value Chain and Prospects

Electrical and Electronics (E&E) industry recovery will remain intact in 2025

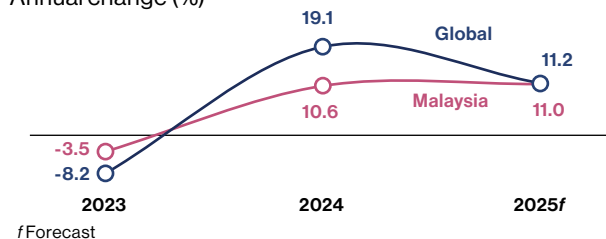
- 1 **Malaysia's presence in the global E&E value chain has strengthened in recent years**
- 2 **Exports will continue to benefit from the ongoing global tech upcycle**

Malaysia's Share of Global E&E Exports
% share of Global E&E exports



Source: S&P Global and Bank Negara Malaysia estimates

Global and Malaysia-implied WSTS Semiconductor Sales Forecast
Annual change (%)



Note: The Malaysia-implied WSTS semiconductor sales is constructed using the aggregate WSTS global semiconductor forecast by product weighted by Malaysia's semiconductor export shares by product in 2024.

Source: World Semiconductor Trade Statistics and Bank Negara Malaysia estimates

- 3 **Malaysia must pursue the right strategies to compete in the global semiconductor race**

- Invest in E&E ecosystem enhancement
- Strengthen supply chain resiliency through bilateral trade agreements
- Pursue relevant research, development, commercialisation and innovation (RDCI) strategies
- Mobilise financing of differing modalities
- Pragmatic labour market and immigration reforms

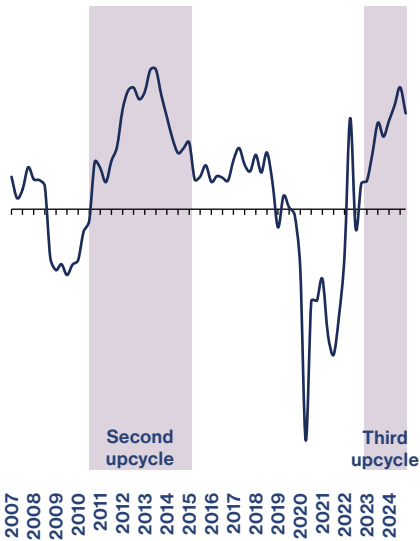
Key Highlights on Box Articles

Deciphering Investment Cycles in Malaysia

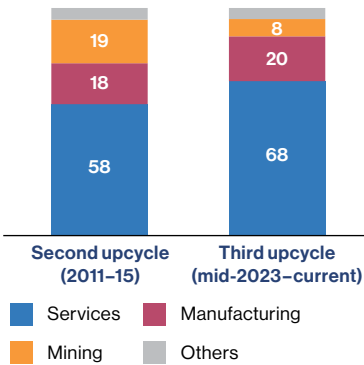
Malaysia's third investment upcycle is characterised by high quality investments

- 1** Investment consistently above long-term trend since mid-2023
- 2** Shift towards high-value added investments
- 3** Policy strategies to sustain upcycle and maximise benefits

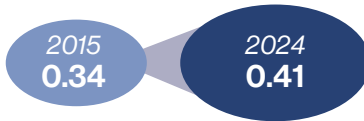
Cyclical Component of Investment
% deviation from seasonally-adjusted long-term trend



Share of Real GFCF by Sectors
% of overall GFCF



Ratio of M&E to Real GFCF



Sustaining the upcycle

- Foster conducive domestic investment ecosystem
- Provide policy certainty, stabilise business sentiments and facilitate investment realisation

Maximising the benefits

- Focus on high-quality investment
- Monitor pressures from upcycle
- Localise supply chains, develop intangible capital and facilitate structured talent development

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