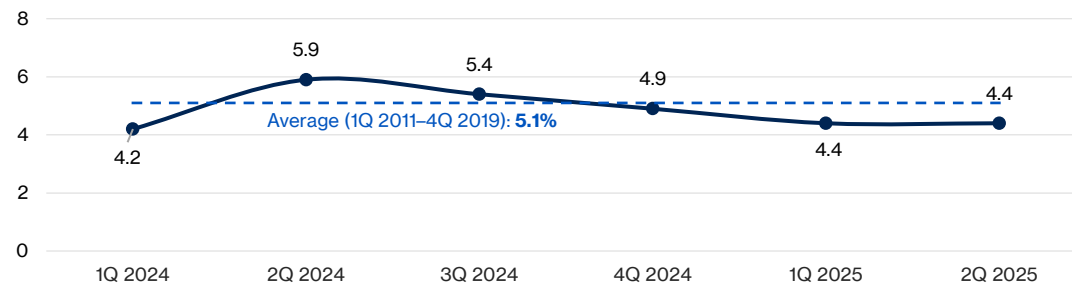


Developments in the Malaysian Economy

Gross Domestic Product

GDP grew by 4.4% in 2Q 2025

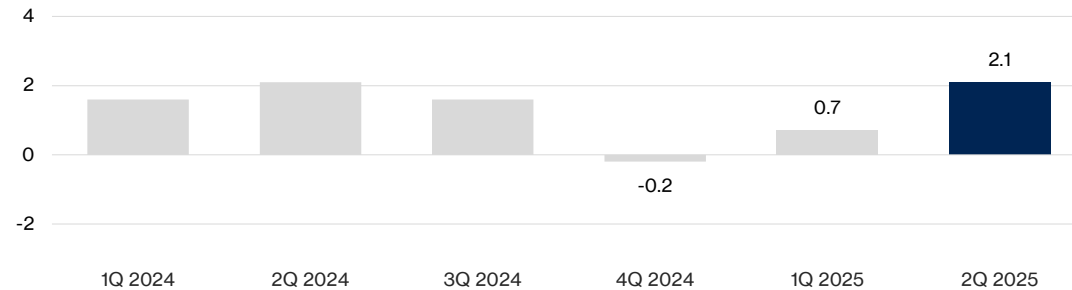
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, the economy rose by 2.1%

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



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 2Q 2025?



Higher growth in household spending supported by positive labour market conditions



Stronger private and public investment activities



Continued demand for electrical and electronics (E&E) exports and robust tourism activity

What are the factors weighing on growth in 2Q 2025?



Lower oil and gas production due to planned maintenance activities

Developments in the Malaysian Economy

Malaysia's Economic Performance

Robust domestic demand

Annual change, %

Private Consumption



5.3%
(1Q 2025: 5%)

Higher household spending supported by positive labour market conditions

Private Investment



11.8%
(1Q 2025: 9.2%)

Continued structures investment and stronger machinery and equipment spending

Public Consumption



6.4%
(1Q 2025: 4.3%)

Higher spending on emoluments as well as supplies and services

Public Investment



13.6%
(1Q 2025: 11.6%)

Stronger capital expenditure by public corporations

Net Exports



-72.6%
(1Q 2025: 19.6%)

Decline in mining-related exports and high capital imports offset continued E&E exports

Source: Department of Statistics, Malaysia

Continued expansion in most sectors

Annual change, %

Services



5.1%
(1Q 2025: 5%)

Sustained support from consumer-related and Government services

Manufacturing



3.7%
(1Q 2025: 4.1%)

Steady growth in domestic-oriented manufacturing, weighed down by disruptions in refined petroleum production

Agriculture



2.1%
(1Q 2025: 0.7%)

Stronger growth in oil palm production following favourable weather conditions

Mining



-5.2%
(1Q 2025: -2.7%)

Lower oil and natural gas output due to planned maintenance activities

Construction



12.1%
(1Q 2025: 14.2%)

Continued robust growth in non-residential, residential and special trade subsectors

Source: Department of Statistics, Malaysia

Developments in the Malaysian Economy

Labour Market Conditions

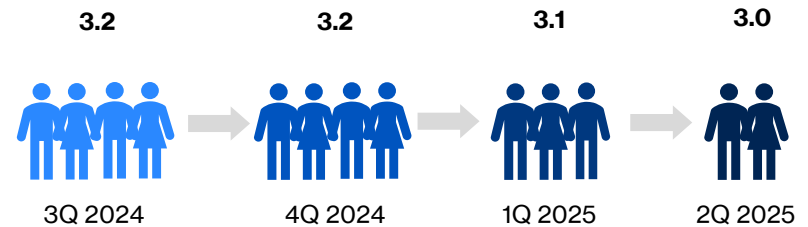
Labour market remains positive

- The unemployment rate declined further to 3% in 2Q 2025 (1Q 2025: 3.1% of the labour force).
- Employment improved to 16.85 million persons in 2Q 2025 (1Q 2025: 16.7 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to 70.8% in 2Q 2025 (1Q 2025: 70.7%).

Source: Department of Statistics, Malaysia

Low unemployment rate

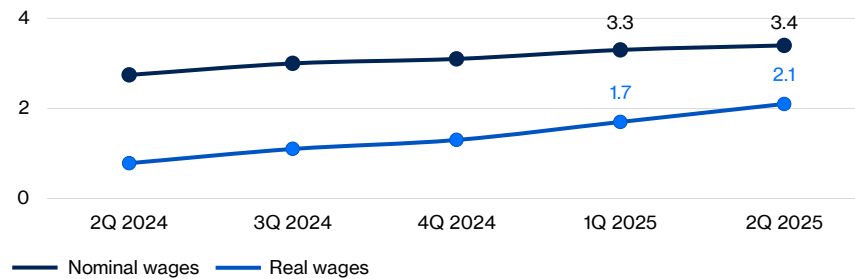
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

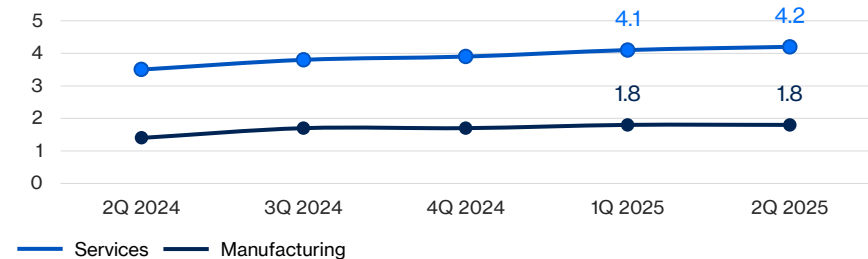
Continued growth in private sector wages

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

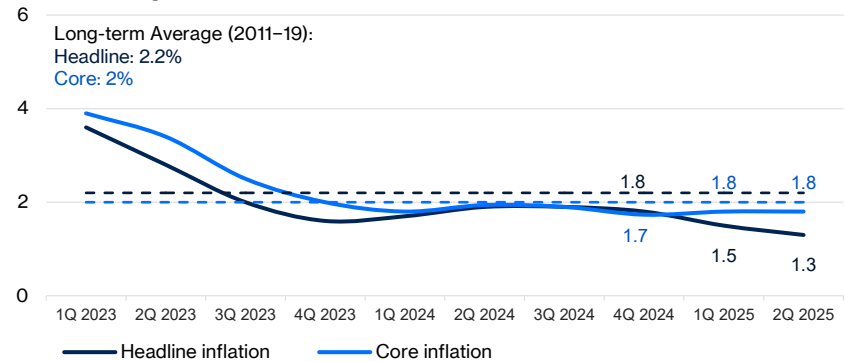
Developments in the Malaysian Economy

Inflation Trend

Headline and core inflation remained moderate during the quarter

- Headline inflation continued to moderate to 1.3%, while core inflation remained stable at 1.8%.
- Lower prices were observed during the quarter for fuel (RON97 and diesel) and food-related items. However, this was partly offset by a slower price decline for mobile communication services.

Headline and core inflation, Annual change, %



Selected Consumer Price Index (CPI) Items

Non-Core Items		Core Items	
Fuel (RON97 & Diesel) (Weight: 5.7% ¹)	Fresh Food (Weight: 7.2% ²)	Food Away from Home (Weight: 13.4%)	Mobile Comms Services (Weight: 2.7%)
▼ -0.6%	▼ -0.8%	▼ 4.4%	▲ -12.1%
1Q 2025: 0.3%	1Q 2025: 0.2%	1Q 2025: 4.7%	1Q 2025: -13.5%

¹ Petrol CPI weight includes both RON95 and RON97.

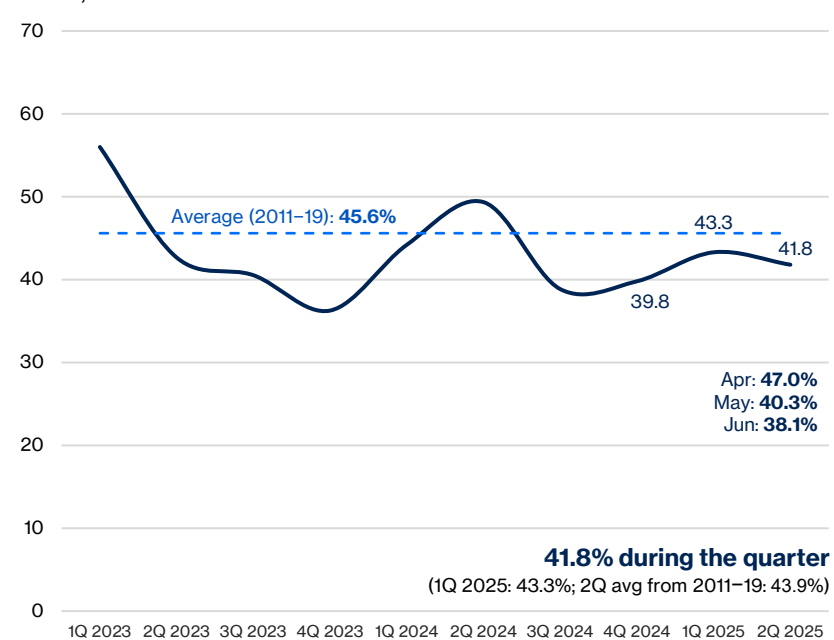
² Price-volatile items are mainly vegetables and eggs.

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 declined in the second quarter

- A smaller share of CPI items recorded price increases in the second quarter, though this remained broadly in line with the historical average.
- The lower pervasiveness was mainly driven by easing cost conditions, particularly softer global commodity prices.

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

Developments in the Malaysian Economy

External Sector Development

Continued growth in exports and imports



Gross Exports **3.4%**
1Q 2025: 4.3%

Continued E&E exports weighed by weak mining and non-E&E exports



Gross Imports **9%**
1Q 2025: 2.8%

Robust capital imports partly offset by lower intermediate imports

Source: Department of Statistics, Malaysia

Lower current account surplus and financial account outflows



Current Account
RM0.3 billion; 0.1% of GDP
(1Q 2025: RM16.7 bil; 3.4%)

Key driving factors

- Lower goods surplus amid weaker mining-related exports and higher capital imports.
- Wider secondary income deficit.

Which offset

- Narrower primary income deficit driven by liquidation of overseas assets by resident MNCs.
- Narrower services deficit driven by improving travel balance.



Financial Account
Net outflows RM2.2 billion
(1Q 2025: Net outflows RM20.3 bil)

Key driving factors

- Net inflows in portfolio investment attributed to higher non-resident acquisition of domestic debt securities.
- Net inflows in direct investment as both foreign direct investment (FDI) and direct investment abroad (DIA) recorded inflows.

Which partially offset

- Net outflows in other investments due to deposit placement abroad by resident investors.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Higher external debt

RM1.4 trillion or 71.4% of GDP
(1Q 2025: RM1.38 trillion or 70.5% of GDP)

- Higher non-resident holdings of Government domestic debt securities.
- Net issuance of bonds and notes abroad mainly by public corporations.

External debt remained manageable
% of total external debt

Currency

Ringgit-denominated: 32.2%
Unaffected by ringgit exchange rate fluctuations.
FCY-denominated: 67.8%
of which 59.9% is subject to BNM's prudential & regulatory requirements and 18.7% are due to intercompany loans.

Maturity

Medium- and long-term: 57.5%
Limited rollover risks.

Net International Investment Position **RM63.1 billion**
(1Q 2025: RM37.8 billion)

International Reserves¹ **USD121.3 billion**
(1Q 2025: USD117.5 billion)

- **4.7 months²** of imports of goods and services
- **0.9 times** short term external debt

¹ As at 31 July 2025

² Coverage may differ from the press statement on international reserves published on 7 August 2025, as it reflects the latest 2Q 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