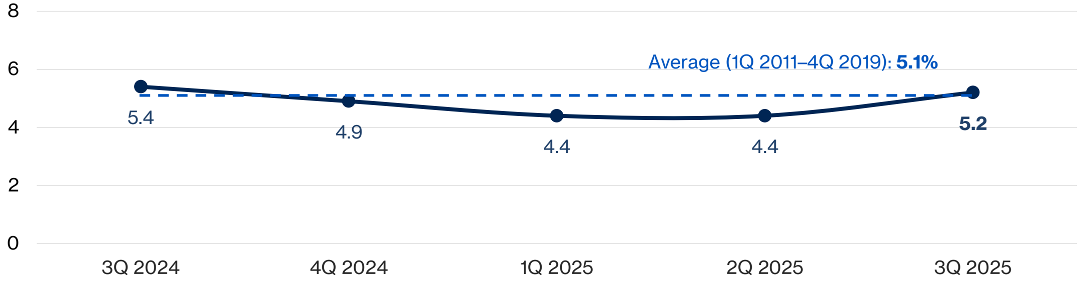
Gross Domestic Product

GDP recorded a strong growth of 5.2% in 3Q 2025

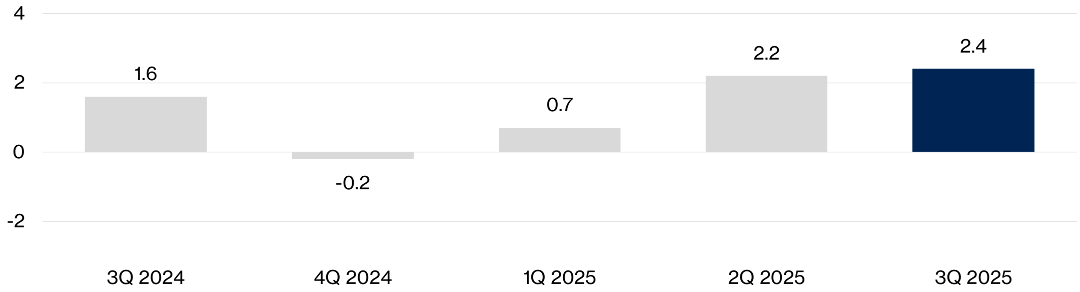
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, the economy expanded by 2.4%

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



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 3Q 2025?

Sustained growth in household spending supported by positive labour market conditions

Steady investment activities

Continued export growth led by E&E, robust tourism activity and strong recovery in mining-related exports

However, agriculture sector moderated led by slower performance in rubber, oil palm and other agriculture subsectors

Malaysia's Economic Performance

Sustained domestic demand and higher net exports

Annual change, %

Private Consumption

5%
(2Q 2025: 5.3%)

Sustained household spending supported by positive labour market conditions

Private Investment

7.3%
(2Q 2025: 11.8%)

Further capacity expansion by firms and robust construction activities

Public Consumption

7.1%
(2Q 2025: 6.4%)

Higher growth in emolument as well as supplies and services spending

Public Investment

7.4%
(2Q 2025: 13.6%)

Supported by continued capital expenditures by public corporations

Net Exports

17.7%
(2Q 2025: -72.6%)

Continued export growth and lower import growth

Source: Department of Statistics, Malaysia

Growth driven by services and manufacturing sectors

Annual change, %

Services

5%
(2Q 2025: 5.1%)

Sustained growth driven mainly by consumer-related sectors

Manufacturing

4.1%
(2Q 2025: 3.7%)

Stronger production in E&E and consumer-related goods

Agriculture

0.4%
(2Q 2025: 2.5%)

Slower growth in rubber, oil palm and other agriculture subsectors

Mining

9.7%
(2Q 2025: -5.2%)

Recovery in LNG and crude oil production, post-planned maintenance

Construction

11.8%
(2Q 2025: 12.1%)

Continued robust growth across all subsectors

Source: Department of Statistics, Malaysia

Labour Market Conditions

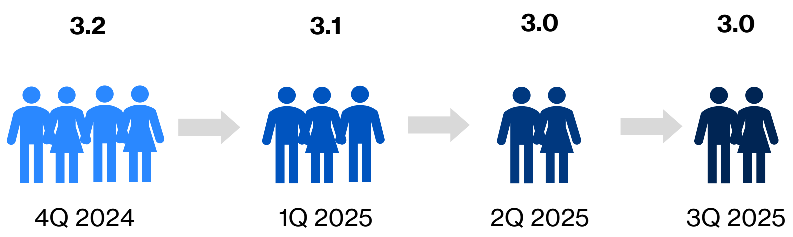
Labour market remains positive

- The unemployment rate remained unchanged at 3% in 3Q 2025 (2Q 2025: 3% of the labour force).
- Employment improved to 16.97 million persons in 3Q 2025 (2Q 2025: 16.85 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to 70.9% in 3Q 2025 (2Q 2025: 70.8%).

Source: Department of Statistics, Malaysia

Low unemployment rate

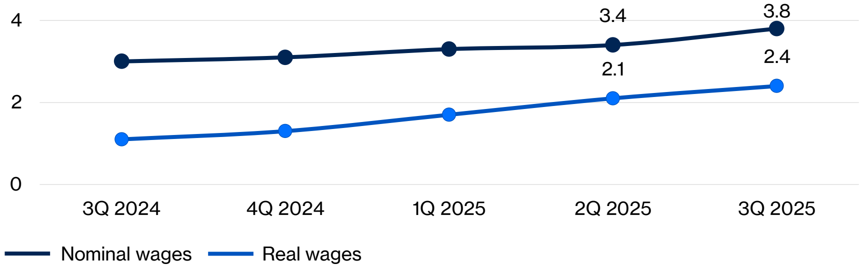
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

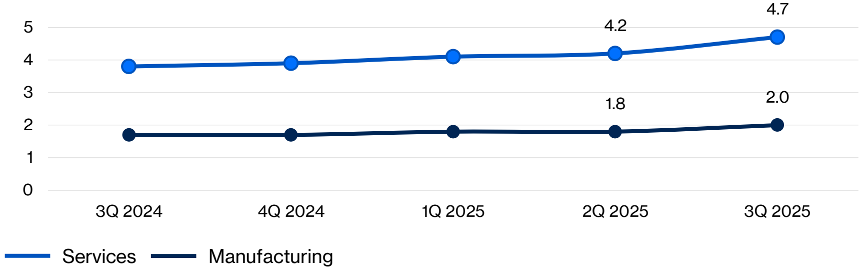
Continued growth in private sector wages

Private sector nominal and real wages,
Annual change, %



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

Sectoral nominal wages,
Annual change, %



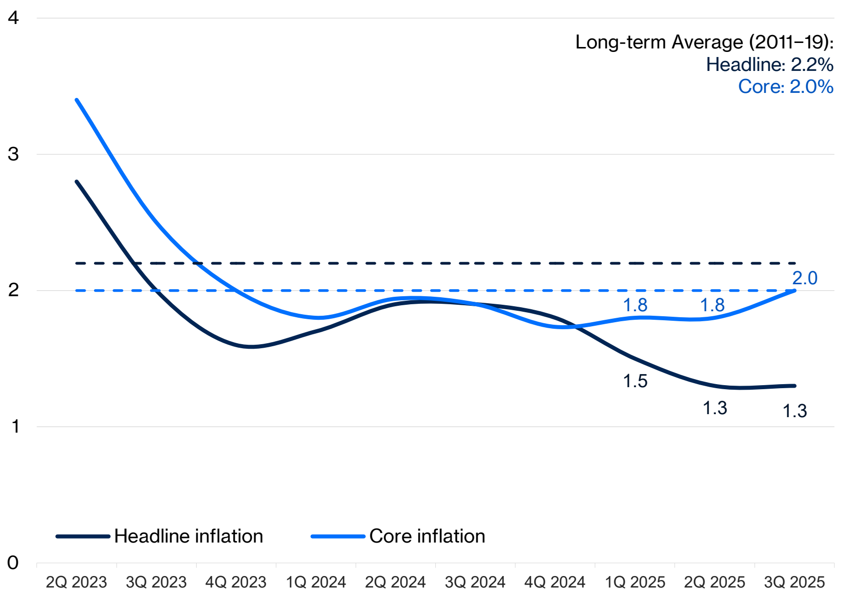
Source: Department of Statistics, Malaysia

Inflation Trend

Headline inflation remained stable during the quarter while core inflation edged higher

- Headline inflation remained stable at 1.3%, while core inflation increased to 2%.
- While the higher core inflation added impetus to headline inflation, this was offset by declines in selected administered prices, namely electricity and diesel, during the quarter.

Headline and core inflation,
Annual change, %

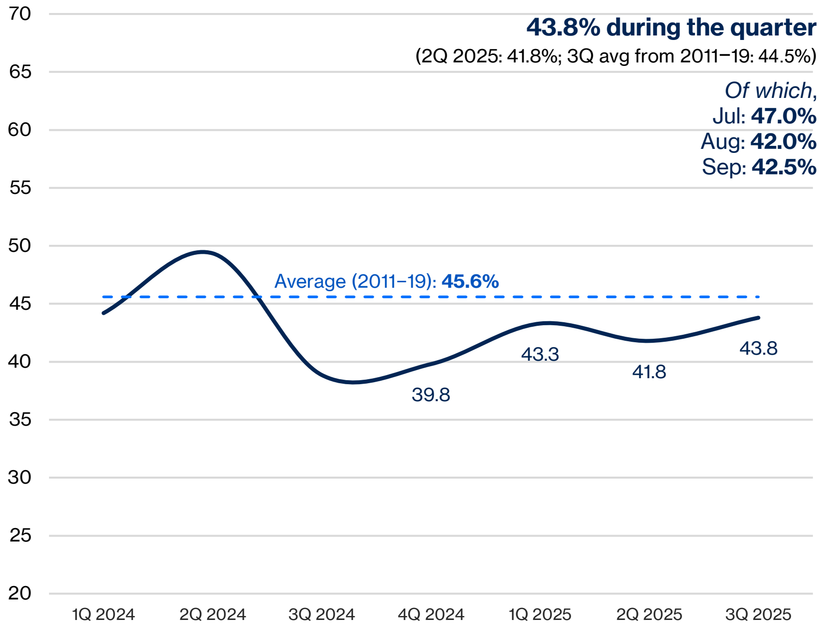


Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Inflation pervasiveness increased in the third quarter

- The share of CPI items registering price increases trended higher in the third quarter, although it remained below the historical average.
- The higher pervasiveness reflected the gradual pass-through of Sales and Service Tax (SST) expansion to CPI prices, although the extent of price increases remained contained amid moderate global cost conditions.

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

Higher export growth while import growth moderated

Gross Exports **6.7%**
2Q 2025: 3.3%
Higher manufactured exports led by E&E and improvement in mining exports

Gross Imports **0.4%**
2Q 2025: 9%
Moderating capital imports and larger contraction in intermediate imports

Source: Department of Statistics, Malaysia

Larger current account surplus and financial account outflows

Current Account
RM12.2 billion; 2.4% of GDP
(2Q 2025: RM0.3 bil; 0.1%)

Key driving factors
- Higher goods surplus, supported by improved manufacturing and mining exports, alongside lower capital and intermediate imports.
- Services account turned around to record a surplus, driven by improved travel and construction-related services.
- Narrower secondary income deficit.

Which offset
- Wider primary income deficit.

Financial Account
Net outflows RM11.2 billion
(2Q 2025: Net outflows RM2.2 bil)

Key driving factors
- Net outflows in portfolio investment, attributed to non-resident redemption of domestic debt securities.

Which partially offset
- Net inflows in direct investment, due to higher net foreign direct investment (FDI) inflows.
- Net inflows in other investments, driven mainly by repayment of interbank loans by non-resident banks to resident banks.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Lower external debt

RM1.38 trillion or 69.4% of GDP
(2Q 2025: RM1.4 trillion or 71.4% of GDP)
- Liquidation of non-resident holdings of domestic debt securities.
- Net redemption of bonds and notes, mainly by corporates.

External debt remained manageable
% of total external debt

Currency
Ringgit-denominated: 32.3%
Unaffected by ringgit exchange rate fluctuations.
FCY-denominated: 67.7%
of which 59.5% is subject to BNM's prudential and regulatory requirements, and 18.4% are due to intercompany loans.

Maturity
Medium- and long-term: 56.9%
Limited rollover risks.

Net International Investment Position	**RM77.3 billion** (2Q 2025: RM63.1 billion)
International Reserves[1]	**USD123.8 billion** (2Q 2025: USD120.6 billion)

- **4.8 months** of imports of goods and services
- **0.9 times** short-term external debt

[1] As of 31 October 2025
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia