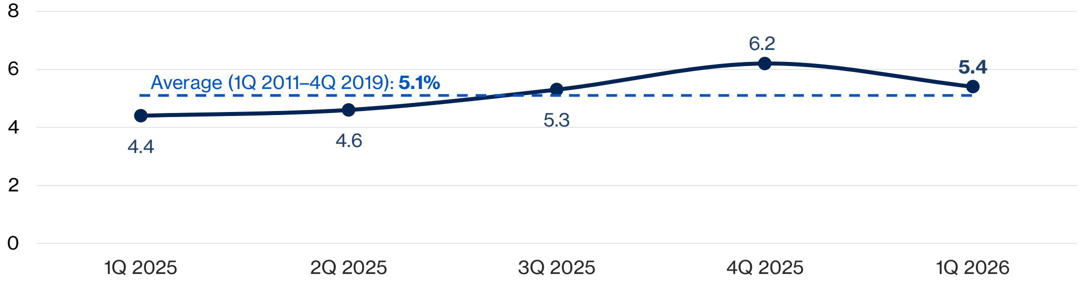
Gross Domestic Product

GDP growth remained resilient at 5.4% in 1Q 2026

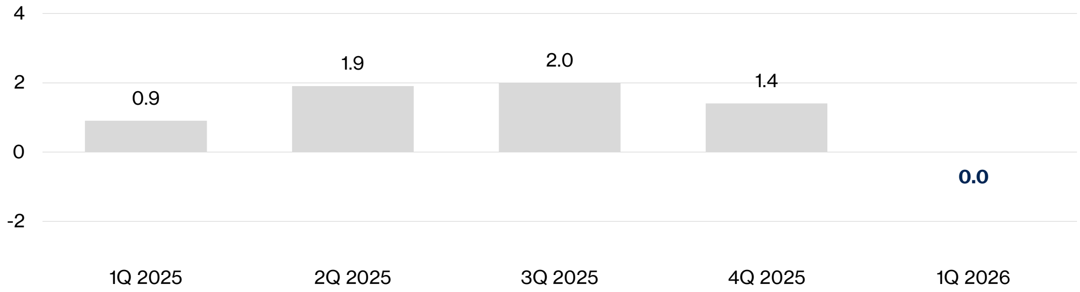
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

Economic activity was broadly unchanged on a quarter-on-quarter basis

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



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 1Q 2026?

Continued growth in household spending supported by firm labour market conditions and ongoing policy support

Resilient private investment underpinned by robust spending on structures, machinery and equipment, particularly for data centres

Export growth remained firm, driven by high demand for electrical and electronics (E&E) products as well as travel and information and communication technology (ICT) services

Malaysia's Economic Performance

Continued expansion in domestic demand driven by private sector

Annual change, %

Private Consumption

4.7%
(4Q 2025: 5.6%)

Positive labour market conditions and continued policy support

Private Investment

7.8%
(4Q 2025: 9.2%)

Continued machinery and equipment spending and structures investment

Public Consumption

4.1%
(4Q 2025: 6.6%)

Slower supplies and services spending

Public Investment

5.3%
(4Q 2025: 9.5%)

Slower government fixed asset spending and lower support from major infrastructure projects nearing completion

Net Exports

13.5%
(4Q 2025: -32.9%)

Steady exports growth amid faster moderation of imports growth

Source: Department of Statistics, Malaysia

Growth supported by services and manufacturing sectors

Annual change, %

Services

5.6%
(4Q 2025: 6.2%)

Resilient growth in business-related and Government services

Manufacturing

5.9%
(4Q 2025: 6.0%)

Sustained growth driven by strong E&E production following continued demand for AI-related components

Agriculture

2.6%
(4Q 2025: 5.7%)

Lower growth as oil palm production normalise following strong yield in 4Q 2025

Mining

-2.1%
(4Q 2025: 1.4%)

Weaker oil and gas production output

Construction

7.7%
(4Q 2025: 10.9%)

Supported by special trade and non-residential activities

Source: Department of Statistics, Malaysia

Developments in the Malaysian Economy

Labour Market Conditions

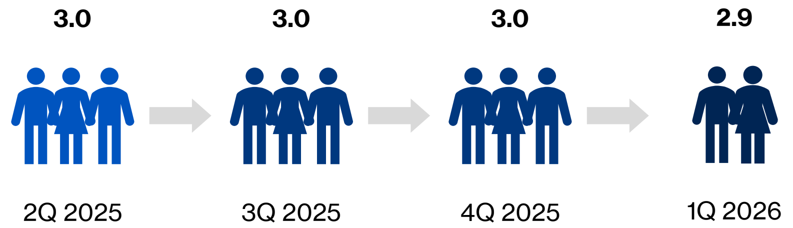
Labour market remained positive

- The unemployment rate declined to 2.9% in 1Q 2026 (4Q 2025: 3% of the labour force).
- Employment increased to 16.73 million persons in 1Q 2026 (4Q 2025: 16.68 million persons) amid continued demand for labour.
- Labour supply remained forthcoming, with the labour force participation rate unchanged at 70.9% in 1Q 2026 (4Q 2025: 70.9%).

Source: Department of Statistics, Malaysia

Low unemployment rate

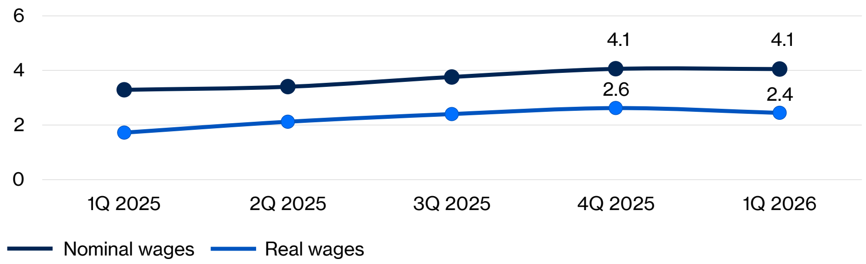
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

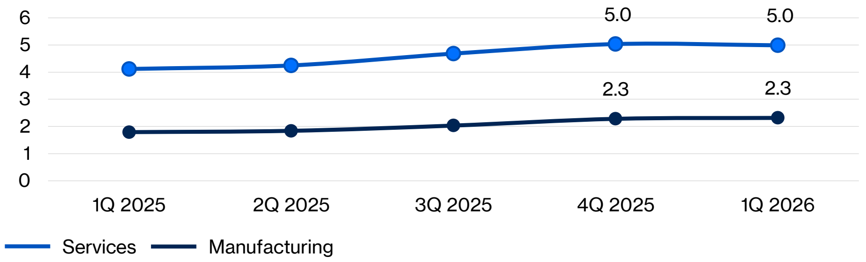
Continued growth in private sector wages

Private sector nominal and real wages,
Annual change, %



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

Sectoral nominal wages,
Annual change, %



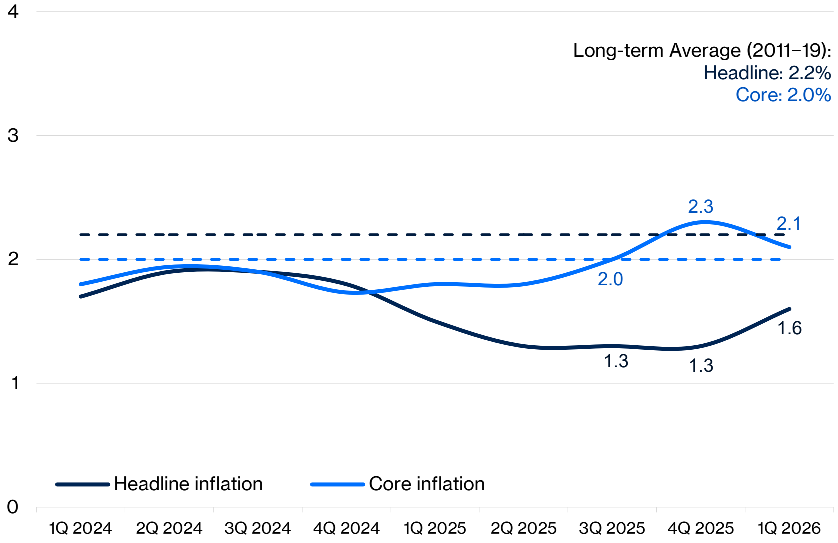
Source: Department of Statistics, Malaysia

Inflation Trend

Headline inflation increased, while core inflation moderated during the quarter

- Headline inflation rose to 1.6%, reflecting some initial pass-through of higher global cost pressures, partly from the Middle East conflict. Electricity charges and fuel prices increased [1] during the quarter, which led to slower declines in electricity and fuel inflation.
- These upward pressures were partly offset by lower core inflation, which moderated to 2.1%, mainly reflecting softer inflation in food away from home and rental.

Headline and core inflation,
Annual change, %

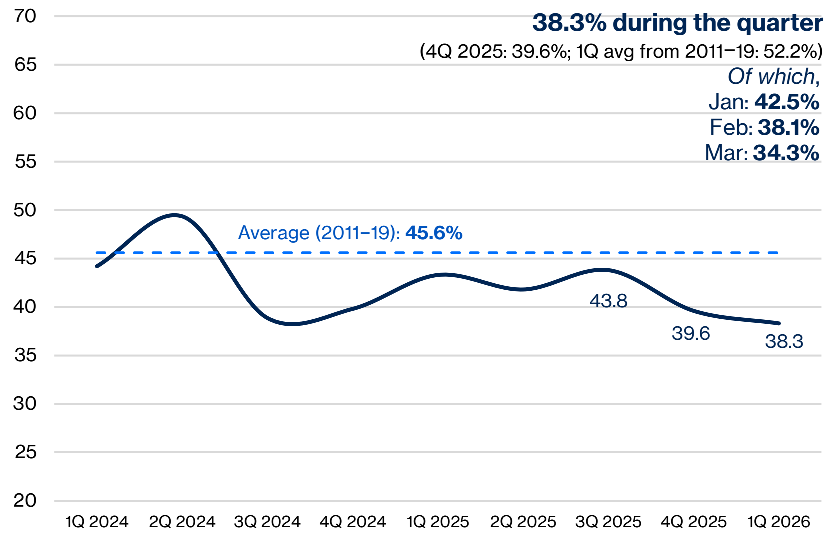


[1] In March, the average market prices of RON95, RON97 and diesel increased to RM2.54/litre, RM3.10/litre and RM2.98/litre respectively. Nevertheless, most Malaysian users of RON95 continued to pay the subsidised price of RM1.99/litre (up to 300 litres) under BUDI95, and eligible diesel users in Sabah and Sarawak continued to pay the subsidised price of RM2.15/litre.
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 continued to decline in the first quarter

- A smaller share of CPI items recorded month-on-month price increases in the first quarter, remaining below the historical average.
- The lower pervasiveness reflected moderate underlying price pressures, in line with the lower core inflation.

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



Note: The data for 2024 onwards reflect 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 exports growth relative to imports

Gross Exports **12.7%**
4Q 2025: 11.0%

Continued strength in E&E exports, offsetting weaker exports of crude petroleum, liquified natural gas (LNG) and agriculture.

Gross Imports **7.7%**
4Q 2025: 11.7%

Broad-based moderation in capital, intermediate and consumption goods.

Source: Department of Statistics, Malaysia

Higher current account surplus and inflows into the financial account

Current Account
RM15.2 billion; 3% of GDP
(4Q 2025: RM2.7 billion; 0.5%)

Higher surplus driven by
- Larger goods surplus given moderation of imports.
- Higher services surplus amid sustained travel and ICT receipts, as well as slower services payments.
- Narrower primary income deficit due to lower profits recorded by FDI firms.

Which was partially offset by
- Wider secondary income deficit due to continued outward remittances.

Financial Account
Net inflows RM27.4 billion
(4Q 2025: Net inflows RM9.4 billion)

Net inflows into
- Portfolio investments, driven mainly by acquisition of domestic debt and equity securities by non-residents and liquidation of equity securities abroad by residents.
- Direct investments, supported by sustained net foreign direct investment (FDI).
- Other investments, supported by higher deposit placements and repayment of interbank borrowing by non-residents.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Higher external debt

RM1.44 trillion or 70.1% of GDP
(4Q 2025: RM1.40 trillion or 68.9% of GDP)
- Higher intercompany loans by corporates.
- Increased deposits placements by non-residents.

External debt remained manageable
% of total external debt

Currency

Ringgit-denominated: 32.6%
Unaffected by ringgit exchange rate fluctuations.
FCY-denominated: 67.4%
of which 52.8% is subject to BNM's prudential and regulatory requirements and 20.2% are due to intercompany loans.

Maturity

Medium- and long-term: 57.4%
Limited rollover risks.

Net International Investment Position	**-RM67.8 billion** (4Q 2025: -RM26.1 billion)
International Reserves[2]	**USD129.7 billion** (4Q 2025: USD125.5 billion)

- **4.6 months[3]** of imports of goods and services
- **0.9 times** short-term external debt

[2] As of 30 April 2026.
[3] Coverage may differ from the press statement on international reserves published on 8 May 2026, as it reflects the latest 1Q 2026 data on imports of goods and services.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia