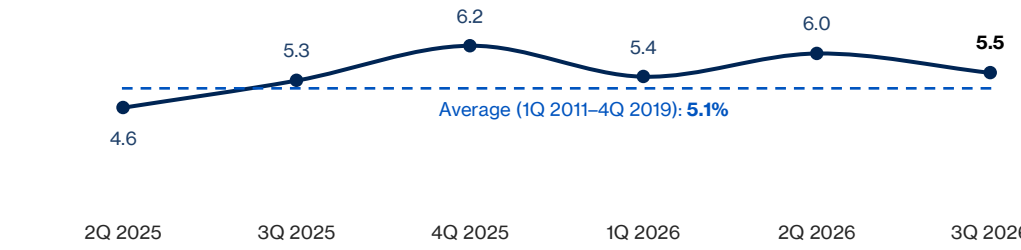
# Gross Domestic Product

## GDP advanced by 5.5% in 3Q 2026

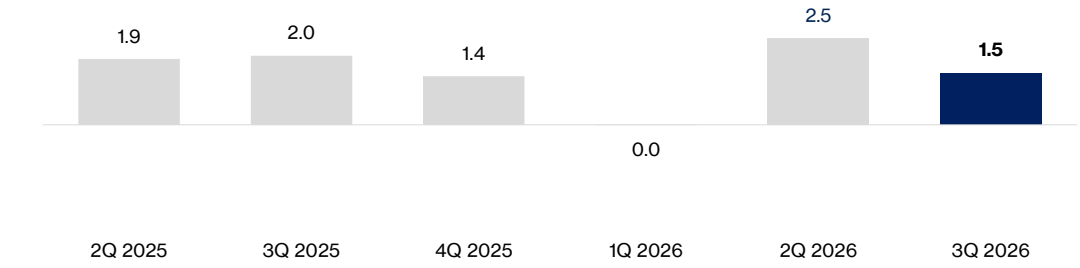
**Gross domestic product,**
Annual change, %




Source: Department of Statistics, Malaysia

## On a QoQ seasonally adjusted basis, the economy expanded by 1.5%

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




Source: Department of Statistics, Malaysia

## Factors supporting growth in 3Q 2026

Continued growth in household spending, driven by favourable labour market and steady income growth, but growth affected by base effects

Higher private investment underpinned by spending on machinery and equipment, as well as structures

Strong export growth with continued support from tech-related goods and tourism

## Factors weighing on growth in 3Q 2026

Lower oil and gas production due to planned maintenance activities

# Malaysia's Economic Performance

## Continued expansion in domestic demand

Annual change, %

### Private Consumption

**4.3%**
(2Q 2026: 4.8%)

Supported by favourable labour market conditions, but affected by base effect from larger cash transfers in 3Q25

### Private Investment

**9.4%**
(2Q 2026: 4.3%)

Higher investment in both machinery & equipment and structures

### Public Consumption

**1.2%**
(2Q 2026: 7.6%)

Lower spending especially for supplies and services

### Public Investment

**3%**
(2Q 2026: 6.3%)

Weaker capital expenditures by public corporations amid completions of major projects

### Net Exports

**5.7%**
(2Q 2026: 168.5%)

Strong tech-related exports, partially offset by intermediate and capital imports

Source: Department of Statistics, Malaysia

## Growth underpinned by strength in manufacturing and services activity

Annual change, %

### Services

**5.8%**
(2Q 2026: 5.9%)

Stronger business-related services growth

### Manufacturing

**7.7%**
(2Q 2026: 7.3%)

Higher growth in E&E production amid strong AI-related demand

### Agriculture

**1.4%**
(2Q 2026: -3.6%)

Stronger palm oil production as yields improved across regions

### Mining

**-6.1%**
(2Q 2026: 9.2%)

Lower oil and natural gas output due to scheduled maintenance activities

### Construction

**5.9%**
(2Q 2026: 6.5%)

Robust non-residential activities offset by slower residential segment

Source: Department of Statistics, Malaysia

# Labour Market Conditions

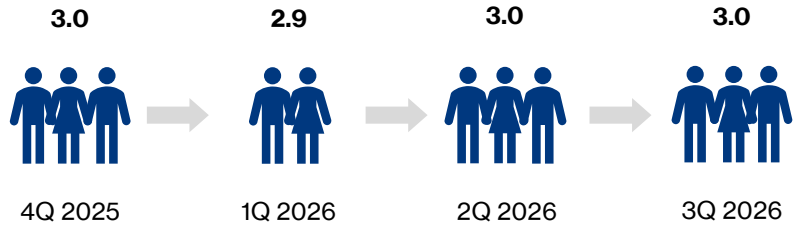
## Labour market remained favourable

- The unemployment rate was unchanged at 3% in 3Q 2026 (2Q 2026: 3%, 2015-19: 3.3%).
- Employment edged up to 16.82 million persons in 3Q 2026 (2Q 2026: 16.77 million persons) amid continued demand for labour.
- Labour supply remained forthcoming, with the labour force participation rate increasing marginally to 71% in 3Q 2026 (2Q 2026: 70.9%).

Source: Department of Statistics, Malaysia

## Low unemployment rate

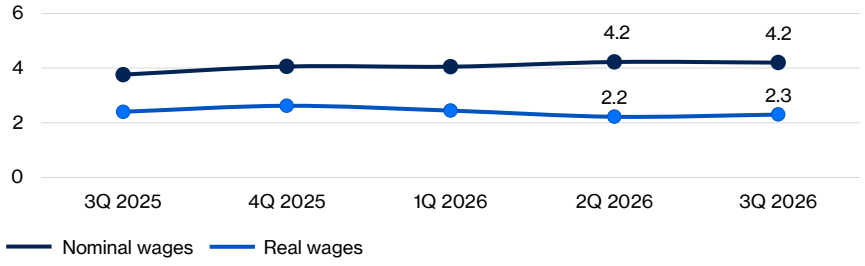
**Unemployment rate,** % of labour force




Source: Department of Statistics, Malaysia

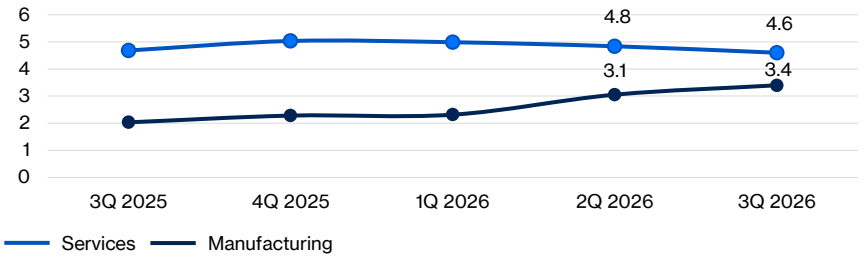
## Continued growth in private sector wages

**Private sector nominal and real wages,**
Annual change, %




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

**Sectoral nominal wages,**
Annual change, %



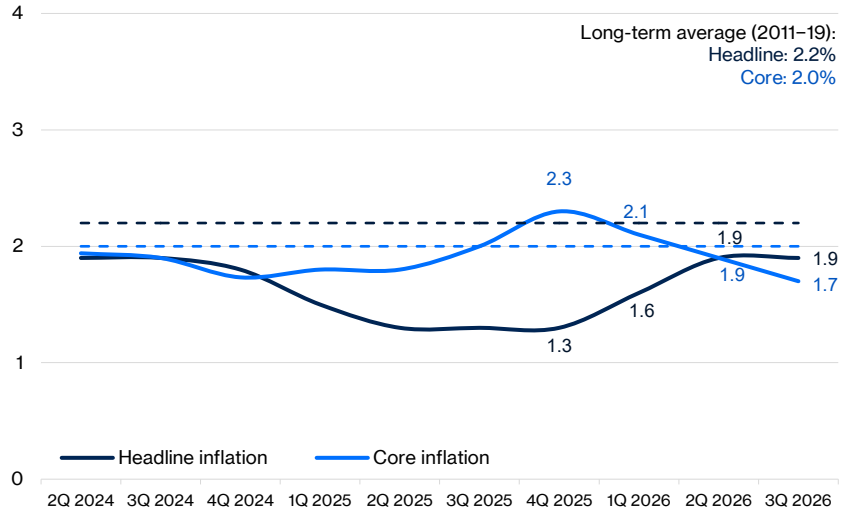

Source: Department of Statistics, Malaysia

# Inflation Trend

## Headline inflation remained stable, while core inflation moderated further

- Headline inflation remained stable at 1.9%, while core inflation continued to moderate to 1.7%.
- Higher electricity charges, reflecting higher Automatic Fuel Adjustment (AFA) surcharges, were offset by lower fuel prices[1] and lower core inflation. Core inflation eased, driven among others by softer inflation in jewellery and watches.

**Headline and core inflation,**
Annual change, %

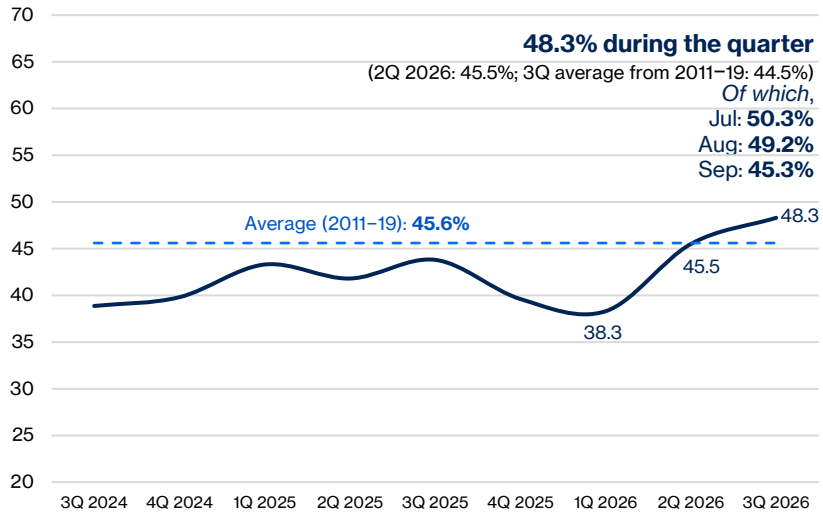



[1] Starting in July, Malaysian users were eligible for a subsidised diesel price of RM2.10/litre up to 200 litres per month under the BUDI Diesel programme, while most Malaysian users of RON95 continued to pay the subsidised price of RM1.99/litre (up to 200 litres) under BUDI95. From September, the combined monthly quota for both BUDI95 and BUDI Diesel was increased to 300 litres. Meanwhile, the average market price of RON97 in 3Q 2026 was lower at RM4.33/litre (2Q 2026: RM4.73/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 increased in 3Q 2026

- A larger share of CPI items registered month-on-month price increases in 3Q, bringing inflation pervasiveness above its historical average. Within the quarter, however, pervasiveness moderated from July to September.
- Higher pervasiveness in July partly reflected seasonal and idiosyncratic factors. Underlying price pressures remained moderate, with price increases for most items remaining below their historical norms.

**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

## Continued exports and imports growth

**Gross Exports** **46%** 2Q 2026: 42.4%

Strong tech-related exports across E&E and non-E&E goods.

**Gross Imports** **43.3%** 2Q 2026: 25.2%

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

Source: Department of Statistics, Malaysia

## Continued current account surplus and a turnaround in the financial account into inflows

Current Account
**RM5.7 billion; 1% of GDP**
(2Q 2026: RM10.8 billion; 2%)

Continued surplus given
- Higher goods surplus, driven mainly by tech-related manufacturing exports.
- Narrower secondary income deficit due to stronger receipts.

Which was partially offset by
- Wider primary income deficit due to higher profits recorded by foreign direct investment (FDI) firms.
- Larger services deficit due to higher imports of other business services despite stronger travel and ICT-related receipts.

Financial Account
**Net inflows RM19.8 billion**
(2Q 2026: Net outflows RM27 billion)

Net inflows in
- Portfolio investments, driven mainly by acquisition of domestic debt securities by non-residents.
- Direct investments, supported by higher net FDI inflows, amounting to RM14.3 billion.
- 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

## Higher external debt

**RM1.61 trillion or 74.4% of GDP**
(2Q 2026: RM1.51 trillion or 71.6% of GDP)
- Higher trade credits and intercompany loans by corporates.
- Increased deposit placements by non-residents.

**External debt remained manageable**
% of total external debt

Currency

**Ringgit-denominated: 30.1%**
Unaffected by ringgit exchange rate fluctuations.

**FCY-denominated: 69.9%**
Of which 48.4% is subject to BNM's prudential and regulatory requirements and 20.9% are due to intercompany loans, including by multinational corporations.

Maturity

**Medium- and long-term: 54.3%**
Limited rollover risks.

| | |
|---|---|
| **Net International Investment Position** | **-RM36 billion** (2Q 2026: +RM68.3 billion) |
| **International Reserves[2]** | **USD132.6 billion** (2Q 2026: USD132.6 billion) |

[2] As of 30 October 2026.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia