Sidang Akhbar

Prestasi Ekonomi Suku Ketiga Tahun 2025

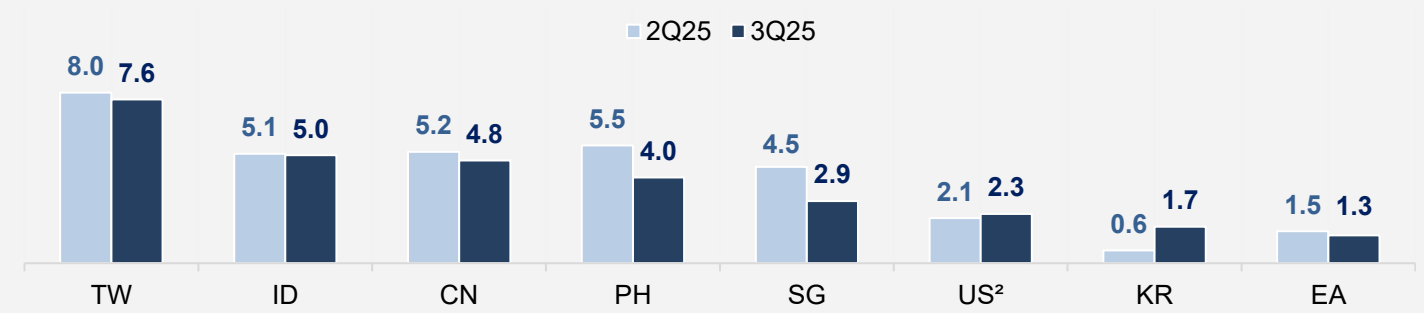
14 November 2025

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

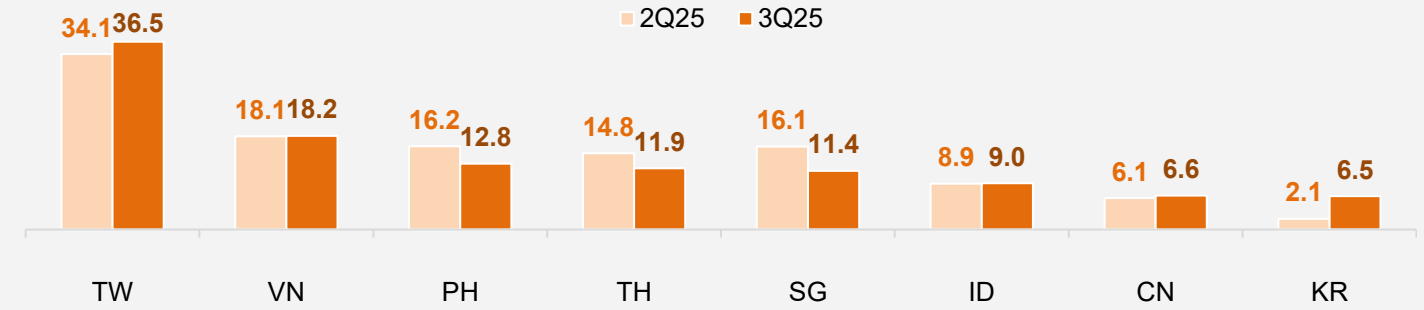
JABATAN PERANGKAAN MALAYSIA
DEPARTMENT OF STATISTICS MALAYSIA

Global growth slowed in 3Q 2025, weighed by tariffs and uncertainty

Real GDP Growth[1],
Annual change (%)



Regional Trade Growth,
Annual change (%)



Global Growth Developments

Slower growth in major economies

as tariffs started weighing on growth and uncertainty remained elevated

Easing of trade activity

after an earlier rush to beat tariffs

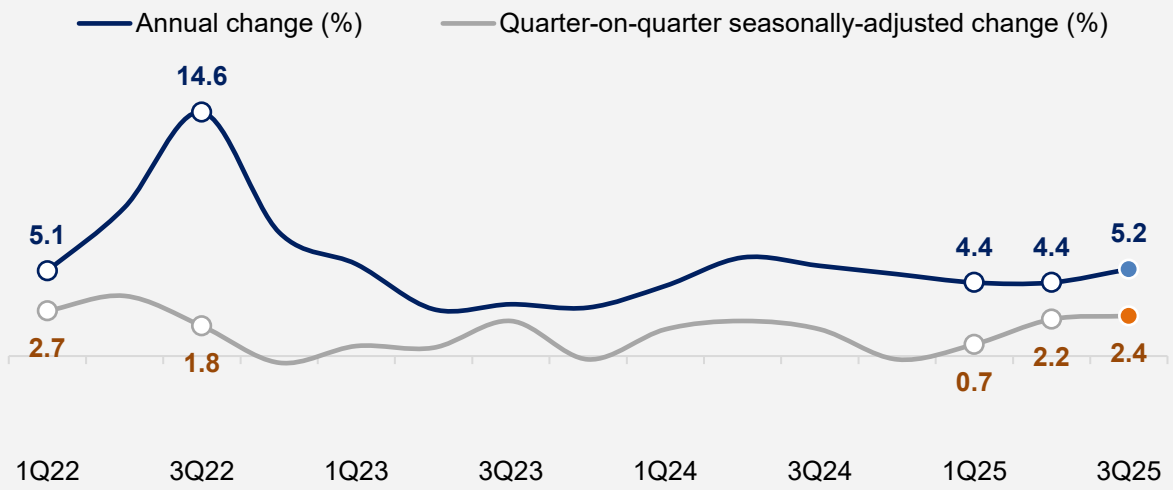
Moderating inflation

driven by lower agricultural prices, in view of higher supply

[1] GDP for the third quarter of 2025 are advanced or preliminary estimates except for China, Philippines and Indonesia.
[2] Refers to Federal Reserve Bank of Atlanta's 3Q 2025 GDP nowcast as the government shutdown delayed the actual GDP data release.
Source: National authorities

Malaysia's economy recorded a strong growth of 5.2% in 3Q 2025

Quarterly Real GDP Growth,
Annual change (%)



Monthly Real GDP Growth,
Annual change (%)

Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
3.5	3.7	6.0	4.4	3.3	5.5	5.2	5.0	5.3

Factors driving growth in 3Q 2025

Sustained household spending

Steady investment activities

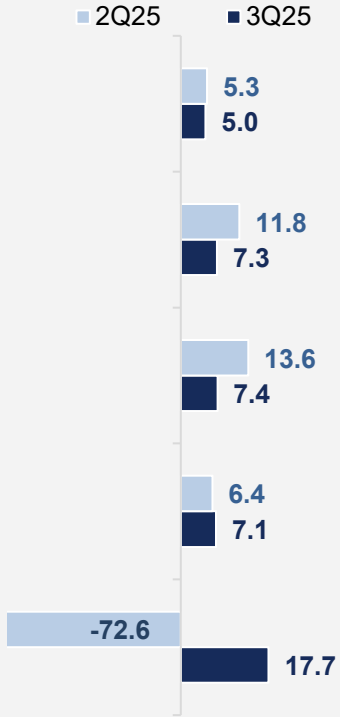
Continued export growth

Moderation in agriculture sector growth

Source: Department of Statistics, Malaysia

Growth driven by sustained domestic demand and higher net exports

Demand Side Real GDP Growth,
Annual change (%)



Private Consumption
Sustained household spending supported by positive labour market conditions

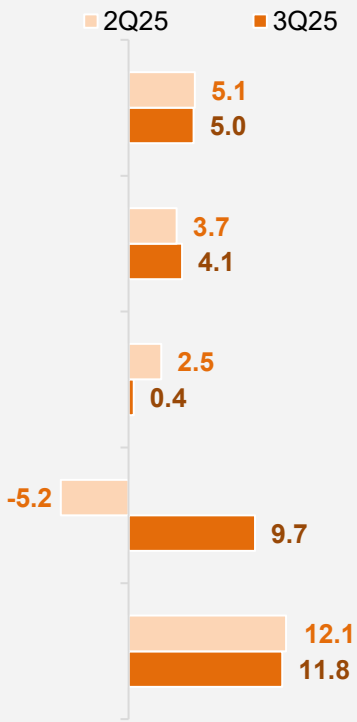
Private Investment
Further capacity expansion by firms and robust construction activities

Public Investment
Supported by continued capital expenditures by public corporations

Public Consumption
Higher growth in emolument as well as supplies and services spending

Net Exports
Continued export growth and lower import growth

Supply Side Real GDP Growth,
Annual change (%)



Services
Sustained growth driven mainly by consumer-related sectors

Manufacturing
Stronger production in E&E and consumer-related goods

Agriculture
Slower growth in rubber, oil palm and other agriculture subsectors

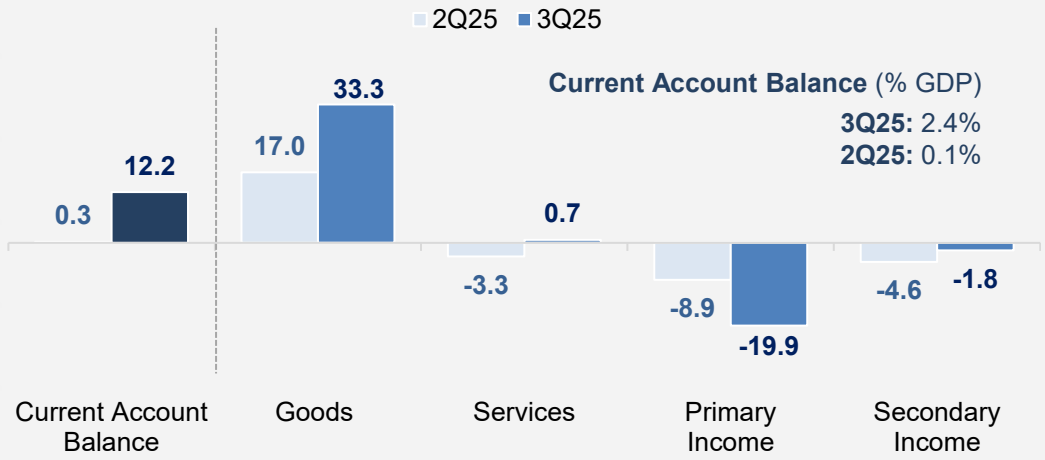
Mining
Recovery in LNG and crude oil production, post-planned maintenance

Construction
Continued robust growth across all subsectors

Source: Department of Statistics, Malaysia

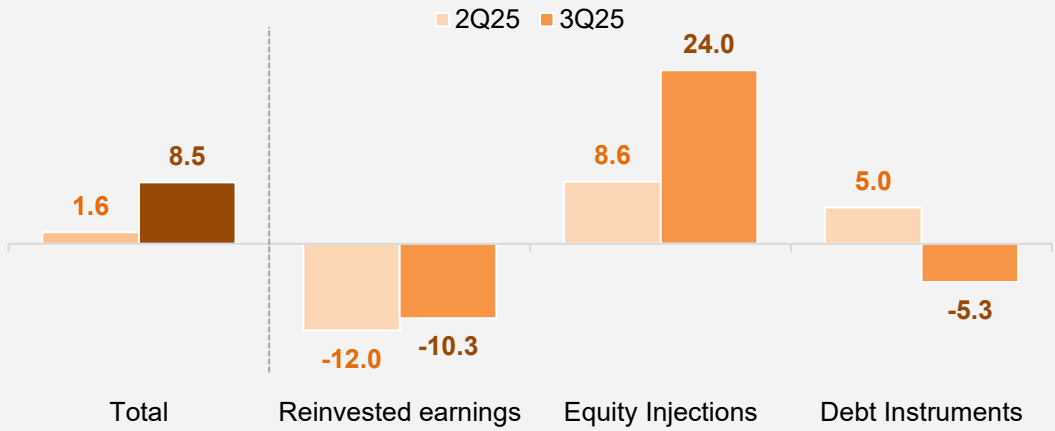
Improvement in current account surplus with higher FDI inflows

Current Account Balance,
RM bil



- Higher goods surplus with improved manufacturing and mining-related exports, as well as lower capital and intermediate imports.
- Services account turned around to record a surplus amid higher travel and construction-related services exports.
- Primary income deficit widened while secondary income deficit narrowed.

Foreign Direct Investment,
RM bil

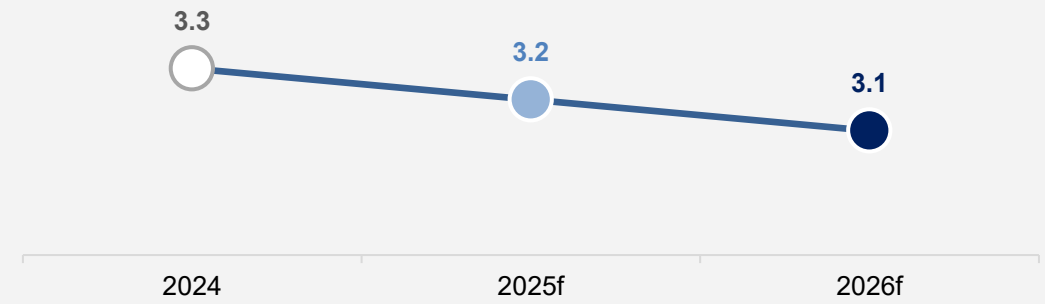


- Higher net FDI inflows supported by larger equity injections, partially offset by outflows in reinvested earnings and debt instruments.
- FDIs were mainly channelled into the ICT and financial services sub-sectors.

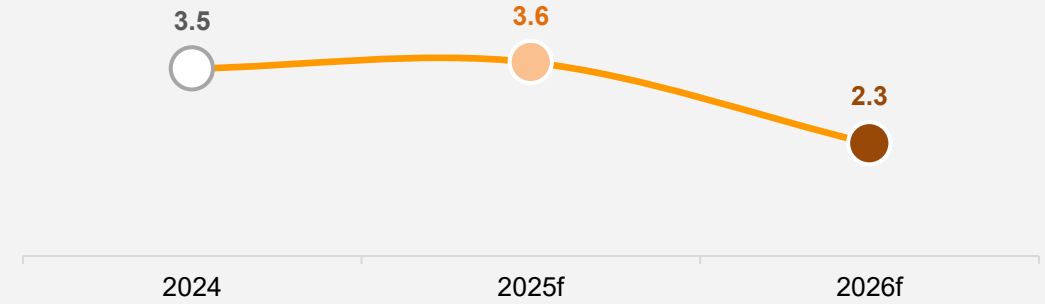
Source: Department of Statistics, Malaysia

Global growth and trade to moderate further in 2026, as tariffs take effect

Real GDP Growth,
%



Global Trade Growth,
%



Tariffs and uncertainty will be partly cushioned by:

Fiscal support and monetary policy easing
Supporting domestic demand

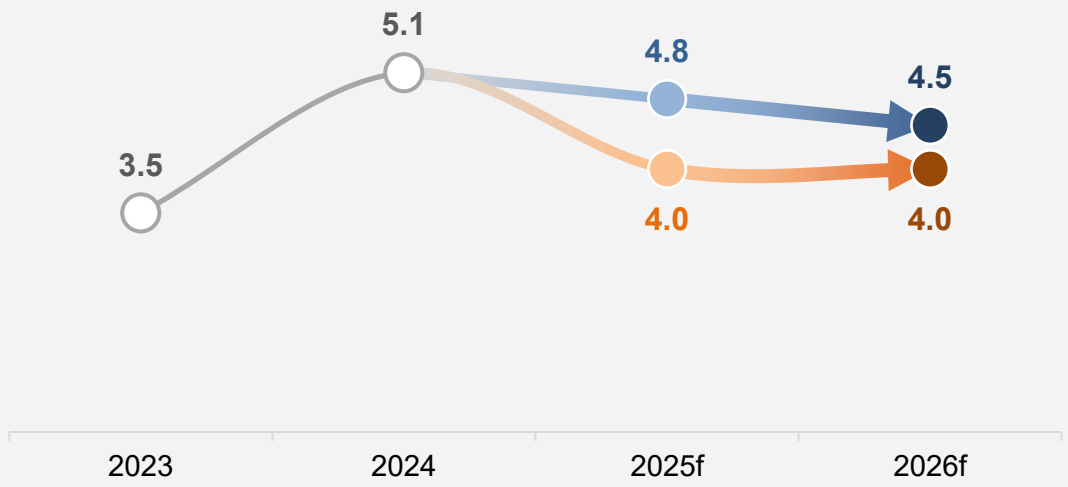
Supportive labour market conditions
Aiding consumption

Moderating inflation
Lower commodity prices, moderate demand conditions and weaker dollar

[f] IMF forecast
Source: October 2025 World Economic Outlook (International Monetary Fund)

Growth in 2026 will be driven by domestic demand

Real GDP Growth,
%



Key growth drivers for 2026

Expansion in household spending

Continued employment and wage growth supported by income-related policies and cash assistance programs

Sustained investment activity

Progress in infrastructure projects, realisation of approved investments and national master plans implementation

Moderate exports performance

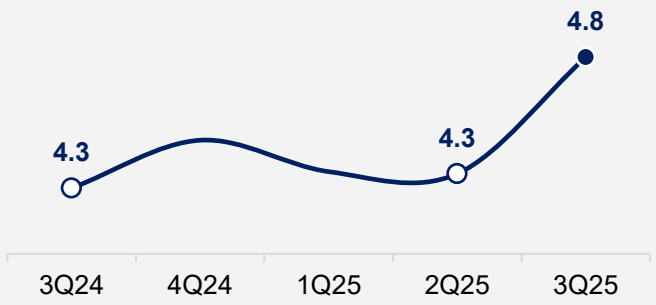
Tariffs and global demand pressures offset by E&E demand, tourism and mining-related exports

[f] forecast
Source: Department of Statistics, Malaysia and Economic Outlook 2026 (Ministry of Finance, Malaysia)

Household spending continues to anchor growth

Household spending continues to expand, supported by positive labour market conditions

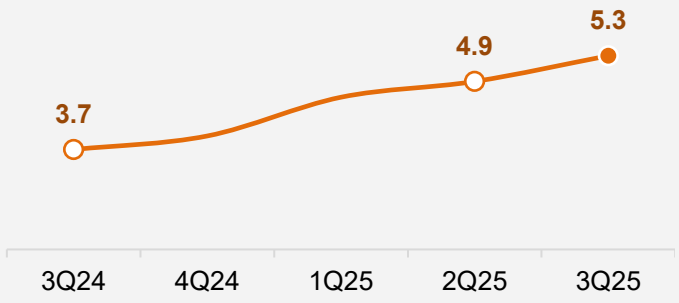
Index of Wholesale Retail Trade,
Annual change (%)



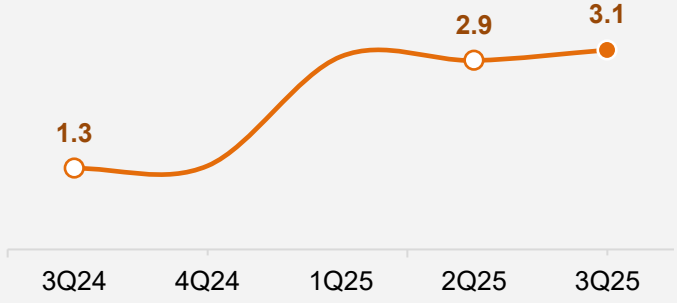
Discretionary Spending,
Annual change (%)



Aggregate Wages,
Annual change (%)



Employment,
Annual change (%)



Consumer spending to remain resilient going forward

Continued employment and wage growth
particularly within domestic-oriented sectors and further supported by income-related policies[1]

Sound household balance sheets
with limited signs of financial distress

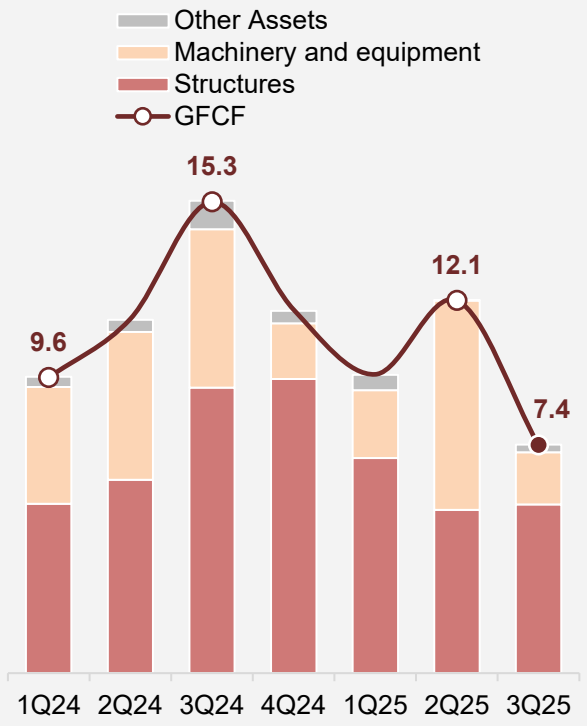
Cash assistance programmes
to supplement household income

[1] Refers to policies such as the revision in civil servant salaries and increase in minimum wage.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia

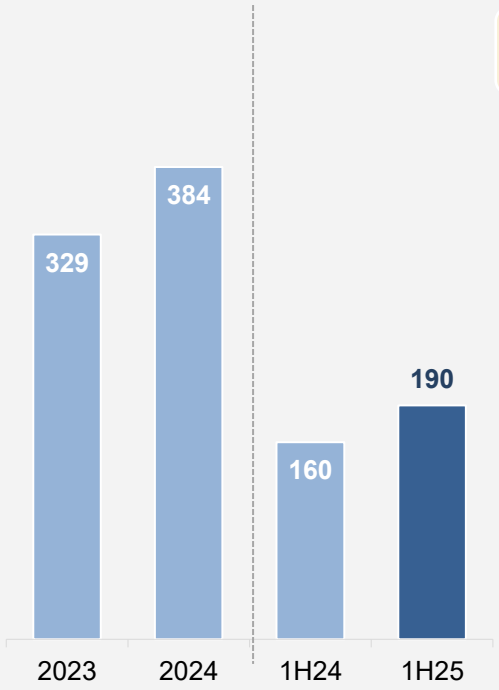
Continued expansion in both private and public sectors investment activities

Steady investment activity…

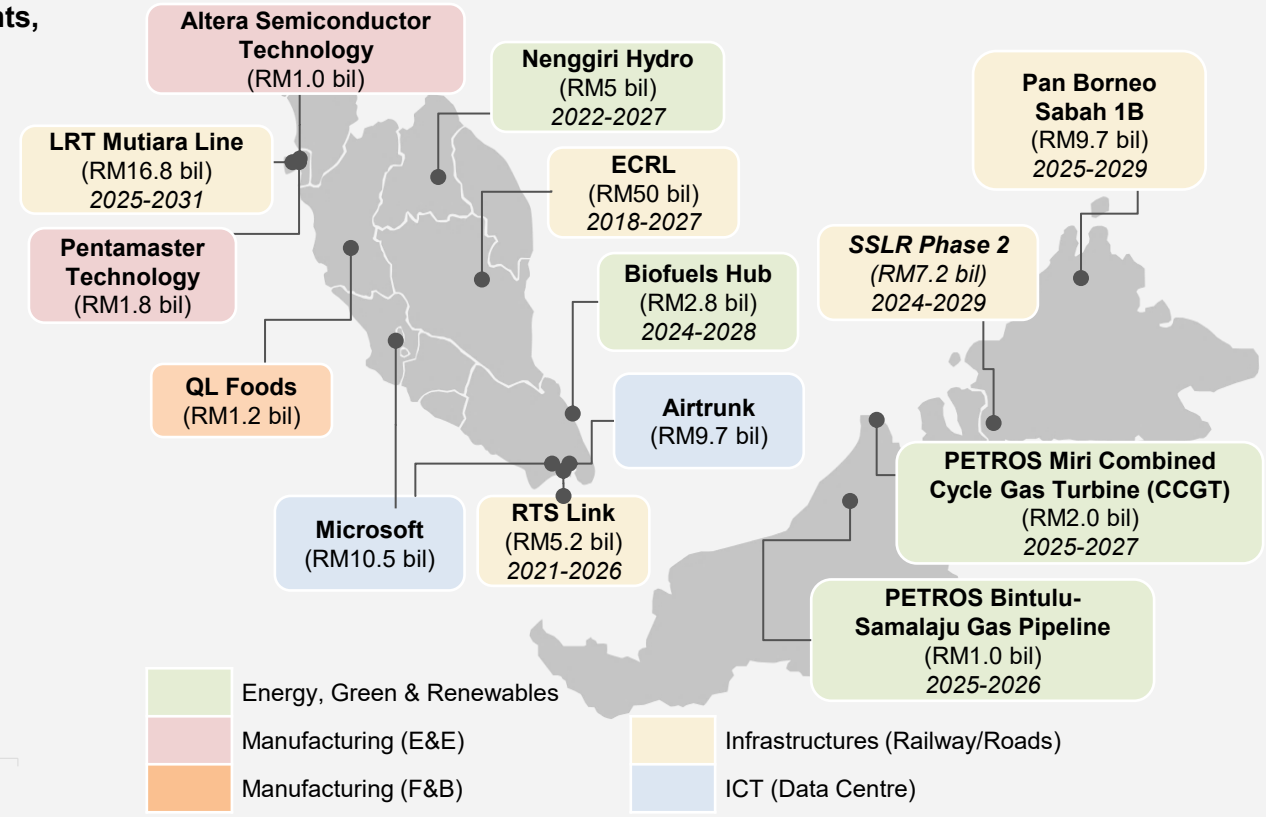
Real Gross Fixed Capital Formation,
Annual change (%) / Cont. to growth (ppt)



MIDA: Total Approved Investments,
RM bil



… supported by continued implementation of ongoing public projects and steady realisation of approved private investment activities

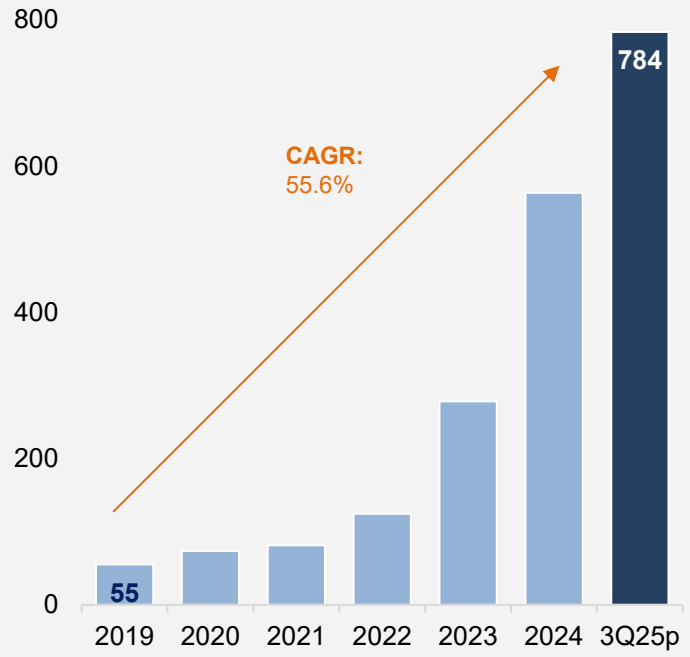


Source: Department of Statistics, Malaysia, Malaysian Investment Development Authority (MIDA) and news

Leveraging on data centres to harness new growth opportunities

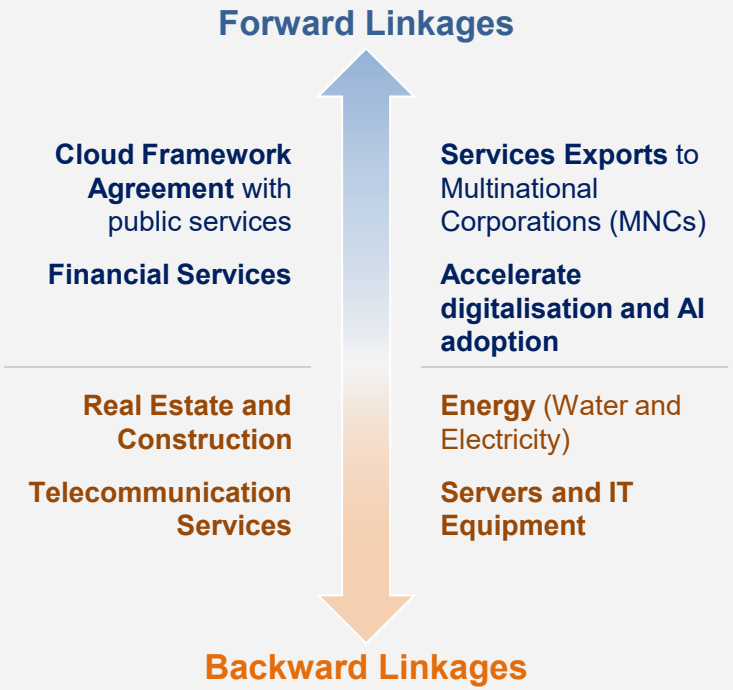
Growth of data centres in Malaysia has increased significantly in recent years

Malaysia's Data Centre Cumulative Live Capacity,
Megawatt, MW



Policy strategies should focus on enhancing data centre ecosystem while effectively managing the risks from data centres to the economy

Data centre linkages within the economy



Policy focus to maximise spillovers

Increasing economic spillovers
via localisation of supply chain and digitalisation among Malaysian firms

Managing externalities
from resource consumption and current account pressure

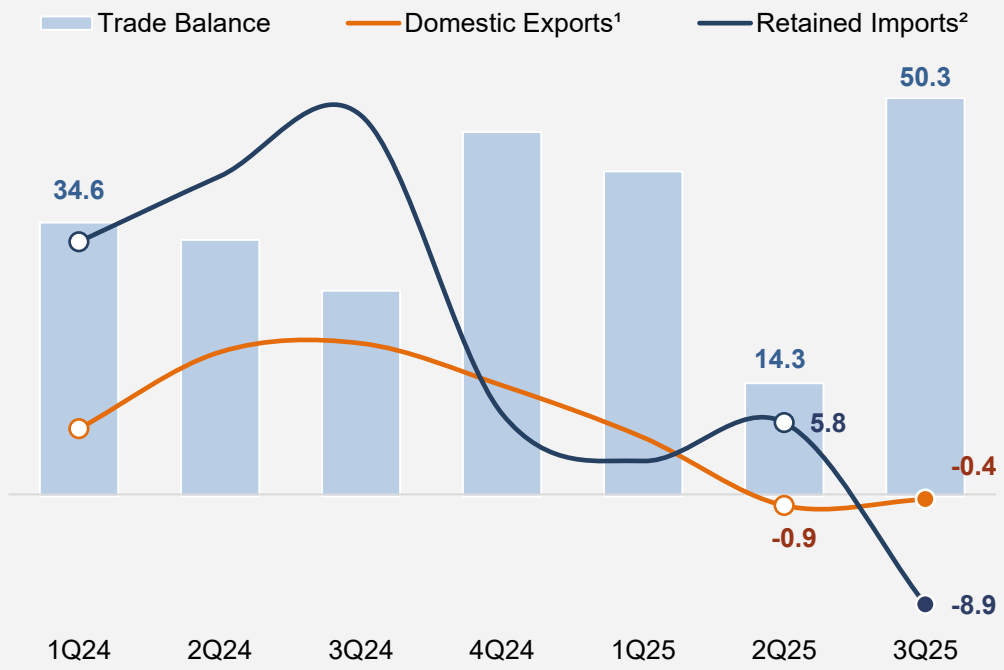
Developing future-ready talent
with industry-ready skills

p Preliminary data as of 10 November 2025
Note: Cloud Framework Agreement is a formal agreement between the Malaysian government and selected Cloud Service Providers (CSPs) and Managed Service Providers (MSPs) to deliver cloud services to public sector agencies.
Source: DC Byte and Bank Negara Malaysia estimates

Slower imports relative to exports supports current account outlook

Trade balance is sustained as imports slowed down faster than exports

Malaysia's Trade Balance vs. Domestic Exports and Retained Imports
RM bil / Annual change (%)



Current account will be supported by positive E&E and tourism outlook

Resilient demand for E&E
amid continued expansion in AI-related tech demand

Higher tourism activity
with increasing tourist arrivals in conjunction with Visit Malaysia Year 2026

Improving mining-related exports
following gradual recovery post-scheduled maintenance work

[1] Refers to goods produced in Malaysia then exported.
[2] Refers to gross imports subtracted with re-exports.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

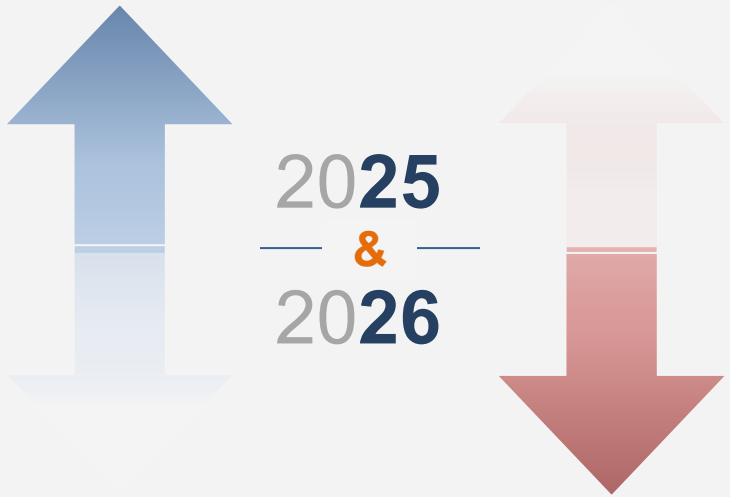
Overall growth is subject to both downside and upside risks

UPSIDE RISKS

Pro-growth policies in major economies

Favourable outcomes from remaining **US trade negotiations**

Higher demand for **E&E goods** and more robust **tourism activity**



Further slowdown in trade from higher tariffs

Prolonged weak sentiment from uncertainty, affecting spending and investments

Lower-than-expected **commodity production**

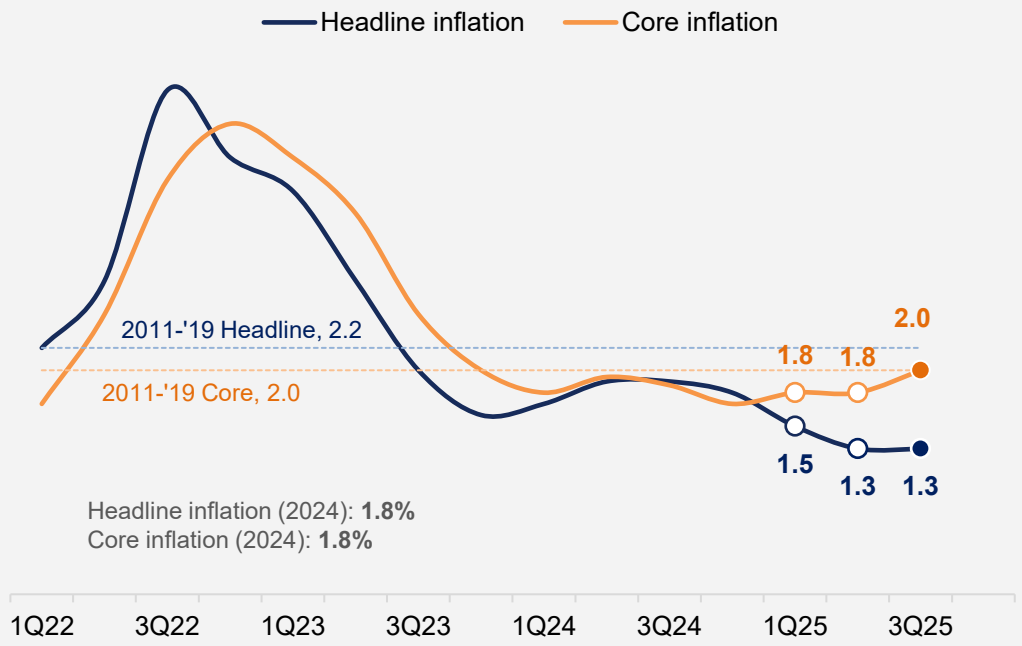
DOWNSIDE RISKS

Source: Bank Negara Malaysia

Headline inflation remained stable in 3Q 2025 while core inflation edged higher

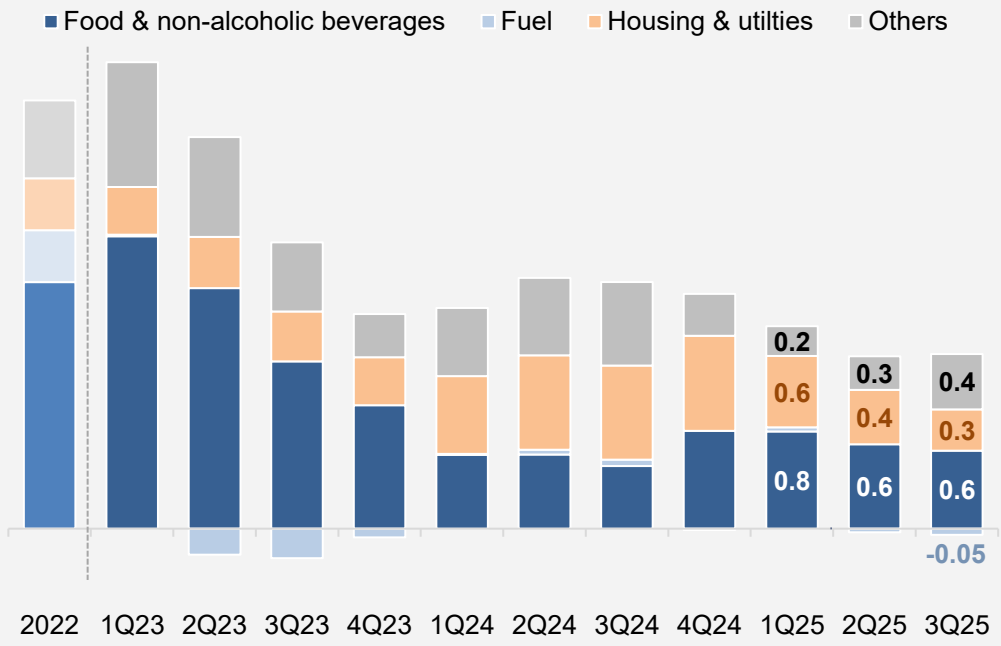
While the higher core inflation added impetus to headline inflation …

Malaysia's Headline and Core Inflation,
Annual change (%)



… this was offset by declines in selected administrated prices, namely electricity and diesel

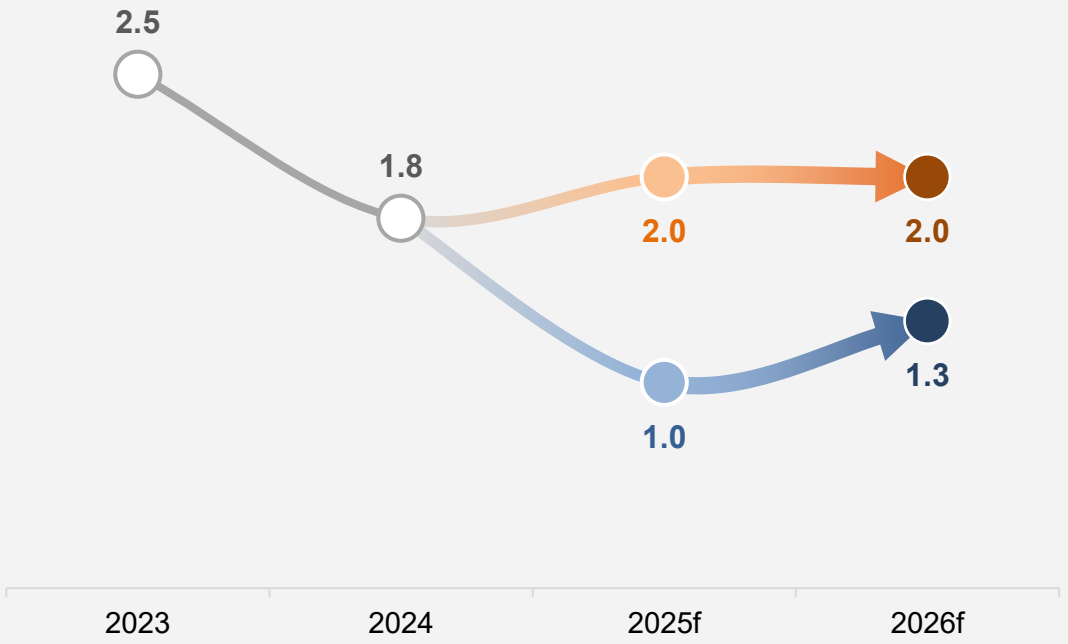
Breakdown of Headline Inflation,
Cont. to growth (ppt)



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

Inflation is projected to remain moderate

Annual Headline Inflation Growth,
%



UPSIDE RISKS

Higher crude oil prices
mainly from escalations in geopolitical tensions

Higher costs of imported inputs
amid renewed supply chain disruptions

Broader price spillovers
from domestic policies (e.g. SST expansion)

DOWNSIDE RISKS

Lower global commodity prices
due to weaker global growth and trade activity

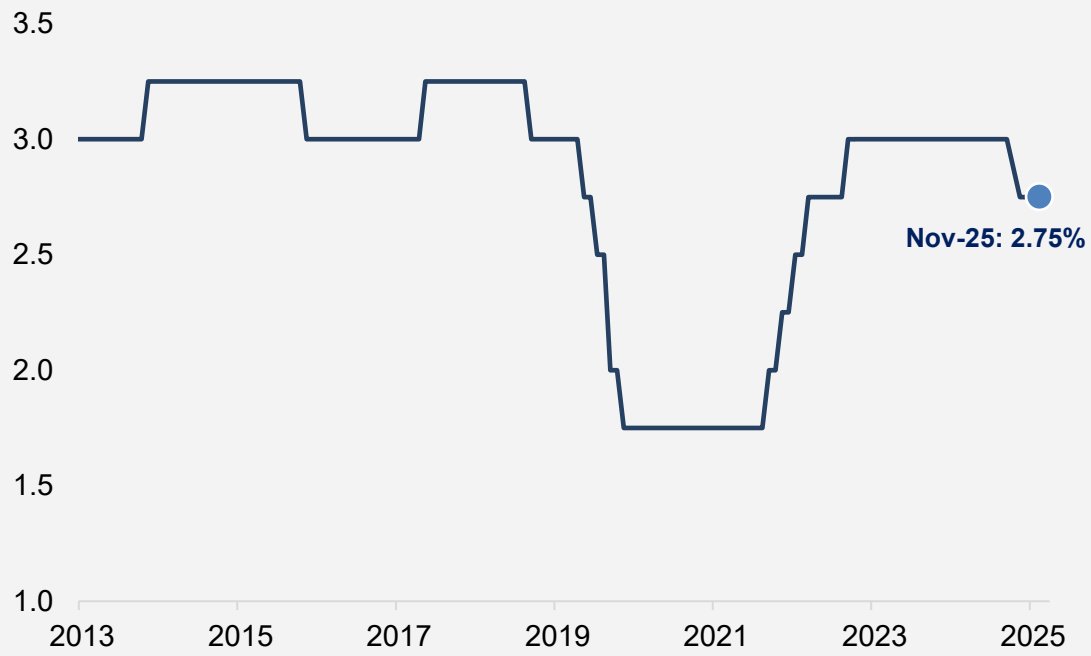
Sustained easing in input costs
from a stronger ringgit

More moderate domestic demand conditions
amid softer external demand

[f] forecast
Note: The forecast range shown reflects the Ministry of Finance's projection in their Economic Outlook 2026 Report. The lower range compared to BNM's revised projection in the 2Q 2025 Quarterly Bulletin (1.5% - 2.3%) to incorporate actual implementation of domestic policies such as recent reduction in RON95 prices announced in September.
Source: Department of Statistics, Malaysia and Economic Outlook 2026 (Ministry of Finance, Malaysia)

The OPR was maintained at 2.75% at the November 2025 MPC meeting

Overnight Policy Rate (OPR),
%



OPR was maintained at 2.75%

The MPC assessed that:

- Resilient domestic demand will continue to support economic growth going into 2026
- Inflation is expected to remain moderate
- The domestic growth outlook remains subject to uncertainties, in particular surrounding global developments

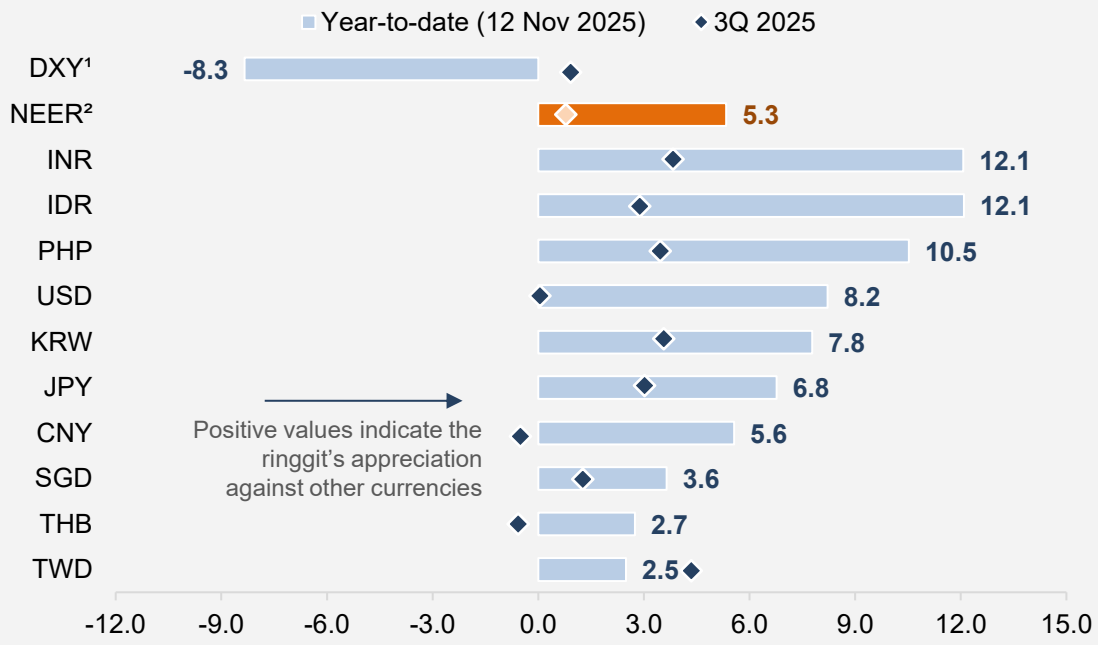
The MPC will continue to monitor ongoing developments

and assess the balance of risks surrounding the outlook for domestic growth and inflation

Source: Bank Negara Malaysia

The ringgit appreciated against currencies of most trading partners in 3Q 2025

Ringgit Movements Against Selected Currencies,
Change (%)



Year-to-date (12 November 2025):
The ringgit appreciated by 5.3% on a NEER basis and by 8.2% against the US dollar.

FACTORS AFFECTING THE RINGGIT

Monetary policy easing by the US Federal Reserve

Expectations of further US Fed rate cuts amid growth concerns

Easing trade tensions

Trade tensions eased after trade deal announcements, although they remain elevated

Positive domestic economic prospects

Government commitment to strengthen fundamentals via reforms and fiscal sustainability

Continuous coordinated efforts by Government and BNM

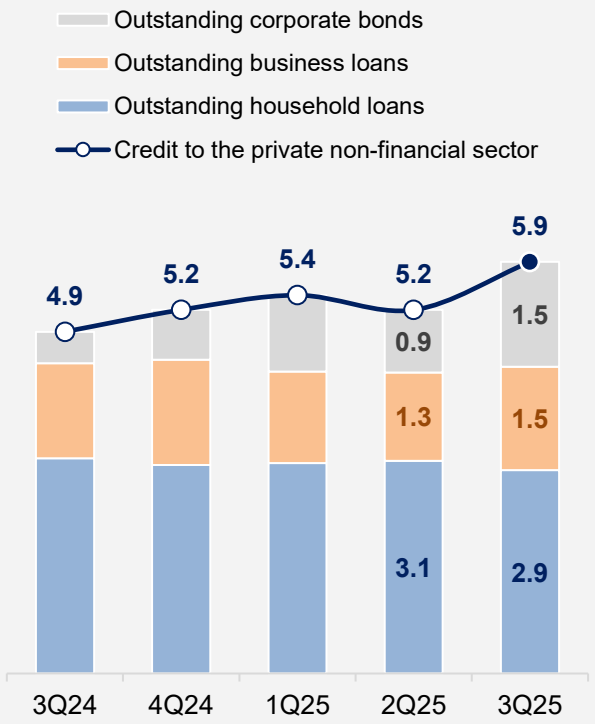
Continued balance two-way flows into the domestic financial market, including through the Qualified Resident Investor (QRI) programme

[1] The US Dollar Index (DXY) measures the value of the US dollar against a basket of major foreign currencies: EUR (57.6%), JPY (13.6%), GBP (11.9%), CAD (9.1%), SEK (4.2%), and CHF (3.6%).
[2] Refers to the ringgit nominal effective exchange rate, which measures the ringgit's performance against a basket of currencies of Malaysia's major trading partners.
Source: Bank Negara Malaysia and Bloomberg

Higher credit growth amid increase in credit for businesses

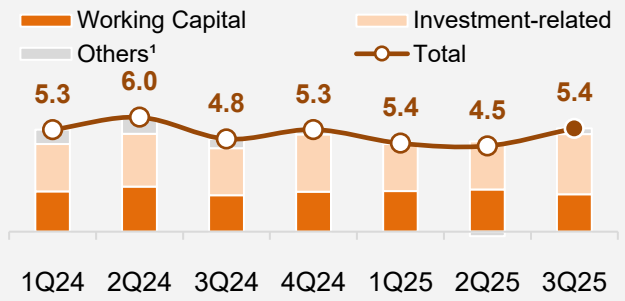
Credit growth increased following higher growth in outstanding corporate bonds…

Credit to the Private Non-Financial Sector,
Annual change (%) / Cont. to growth (ppt)

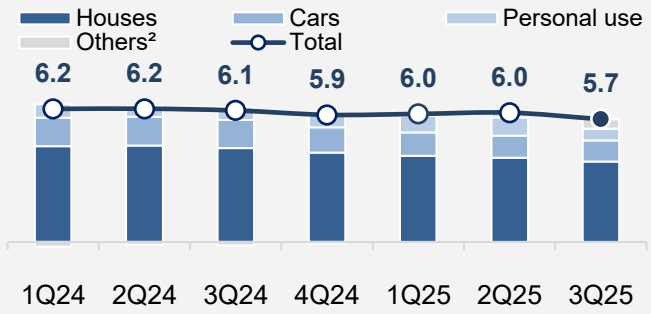


…and business loans, while household loan growth moderated slightly

Outstanding Business Loan Growth,
Annual change (%) / Cont. to growth (ppt)

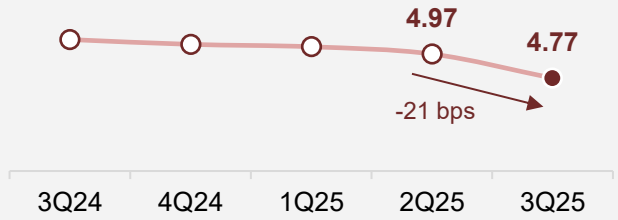


Outstanding Household Loan,
Annual change (%) / Cont. to growth (ppt)

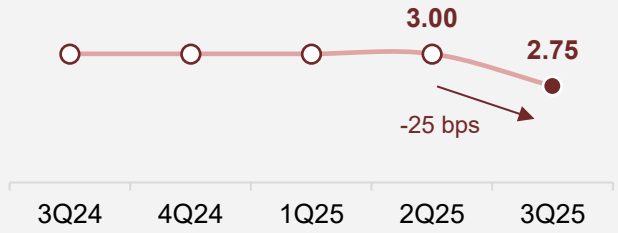


Lending rates on outstanding loans declined, reflecting effective pass-through from the OPR reduction

Weighted average lending rates (ALR) on outstanding loans³,
%



Standardised Base Rate (SBR),
%

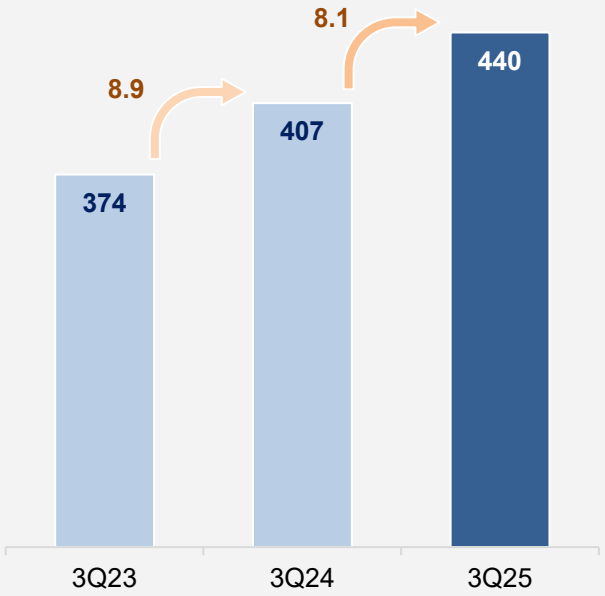


[1] Includes loans for the purchase of securities, mergers and acquisitions, credit cards, and other purposes.
[2] Includes loans for the purchase of non-residential property, credit cards, and other purposes.
[3] Includes loans for households and businesses as well as floating and fixed-rate loans.
Note: Figures may not add up due to rounding.
Source: Bank Negara Malaysia

Financing continues to support SME activities in 3Q 2025

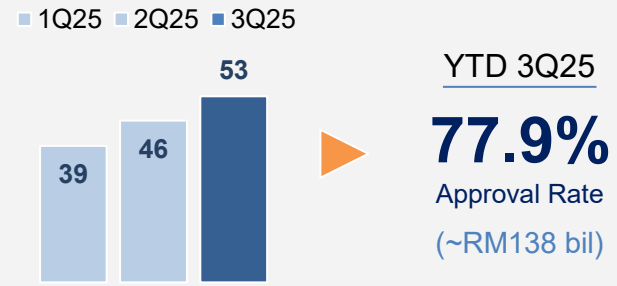
Steady growth of SME financing at 8.1%

SME Financing: Amount Outstanding,
RM bil / Annual change (%)

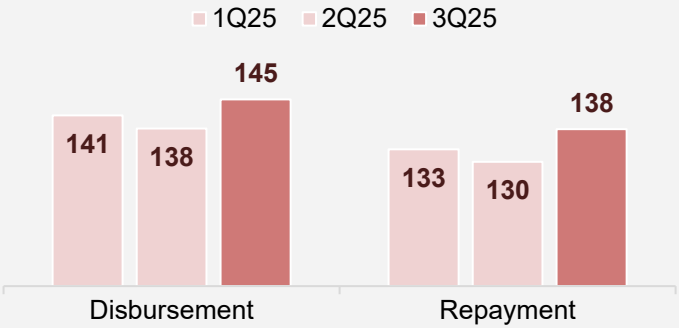


Forthcoming financing supply across quarters

SME Financing: Approvals and Approval Rate
RM bil

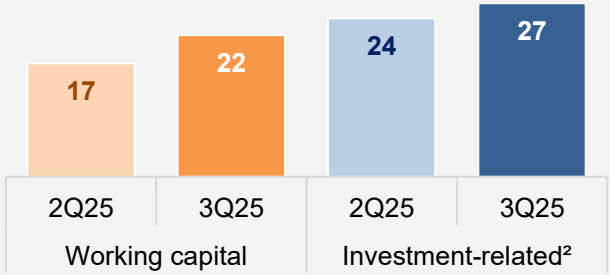


SME Financing: Disbursements and repayments,
RM bil

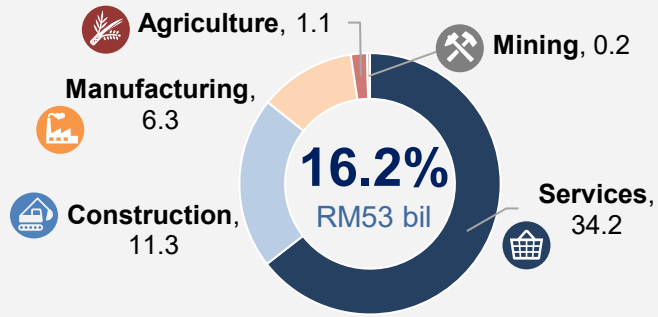


Improved in financing approval growth particularly in services sector

SME Financing: Approvals by Purposes[1],
RM bil



SME Financing: Approvals by Sector (3Q25),
Share of total (RM bil) / Quarterly change (%)



[1] Excludes approvals for 'Others' purpose, which amounted RM4.1bil and RM4.9bil in 2Q25 and 3Q25 respectively, and may not add up due to rounding.
[2] Includes financing for the purchase of non-residential properties, residential properties for business use, fixed assets (incl. cars), and construction activity.
Note: Reflects loan/financing from the banking system and development financial institutions (DFIs).
Source: Bank Negara Malaysia

Banks remain well-positioned to support financial intermediation

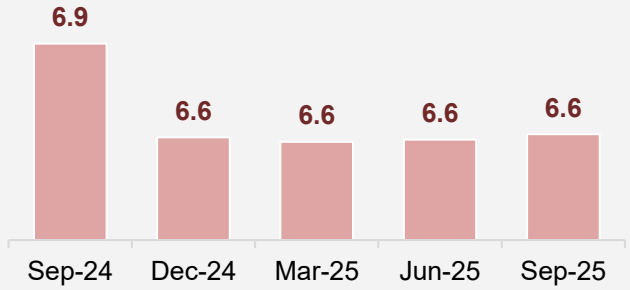
Banks' strong capital and liquidity positions help sustain financing to the real economy

Banking System: Key Indicators
(as at Sep-25)

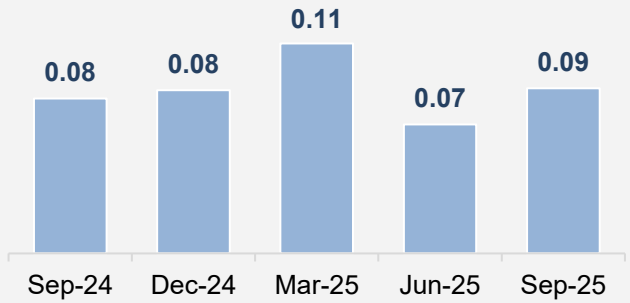
Total Capital Ratio	**17.9%**	Jun-25: 18.2%
Liquidity Coverage Ratio (LCR)	**151.5%**	Jun-25: 160.6%
Net Stable Funding Ratio (NSFR)	**115.9%**	Jun-25: 115.7%

Asset quality of banks remains sound

Stage 2 Loans Ratio,
%

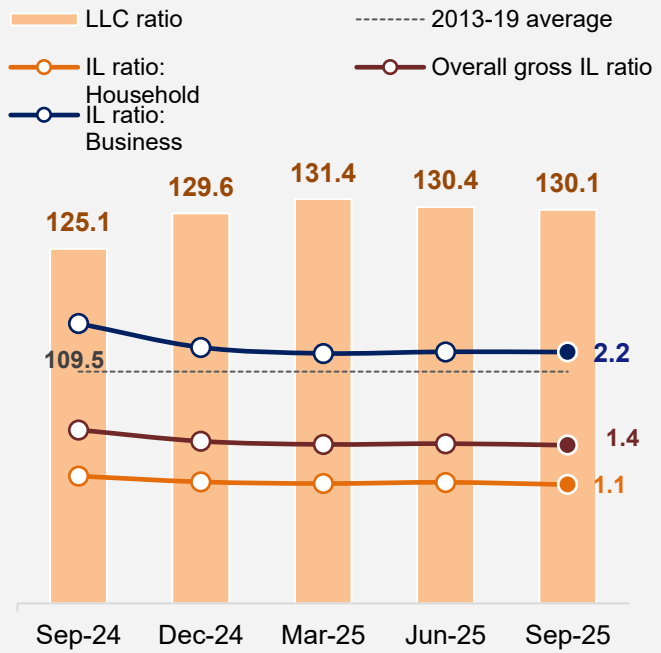


Newly Restructured and Rescheduled Loans,
% of Total Banking System Loans



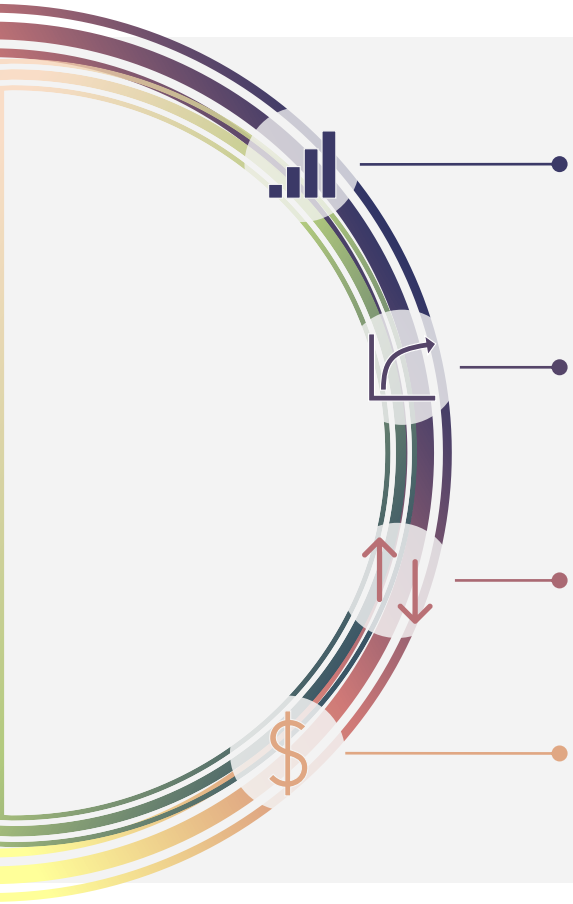
Despite low impairments, banks' provisioning practices remain prudent

Impaired Loans (IL) Ratio[1] & Loan Loss Coverage (LLC) ratio
(including regulatory reserve), %



[1] Based on loans classified as Stage 3 under MFRS 9.
Note: All figures are as at end of relevant month.
Source: Bank Negara Malaysia

Summary



The Malaysian economy recorded a strong growth of 5.2% in 3Q 2025, driven by sustained household spending, steady investment activities and higher net exports

The Malaysian economy is projected to grow between **4.0% and 4.8%** in 2025, driven by resilient domestic demand

Balance of risk to the growth outlook is **subject to both downside and upside risks**, given lingering global uncertainty

Headline inflation is projected to **remain moderate in 2025**