Sidang Akhbar

Prestasi Ekonomi Suku Pertama Tahun 2026

15 Mei 2026

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

JABATAN PERANGKAAN MALAYSIA
DEPARTMENT OF STATISTICS MALAYSIA

The global economy experienced a major shock from the Middle East conflict

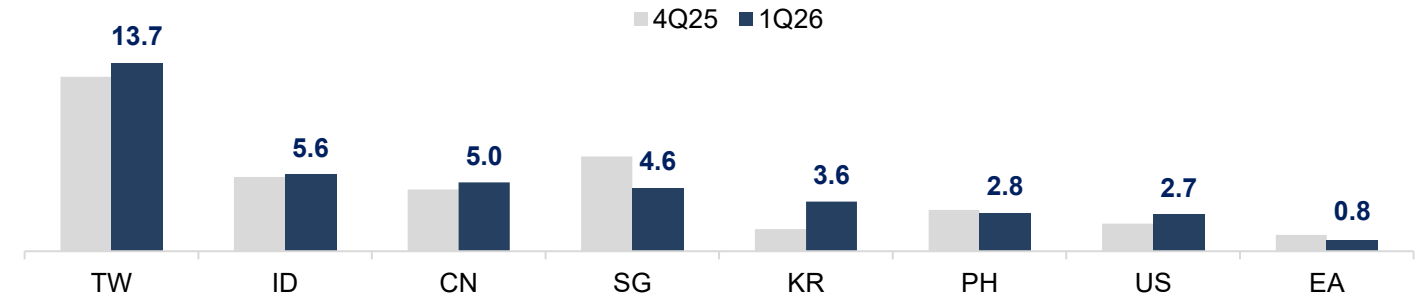
- **Brent price rose to an average of USD102 within 30 days of conflict**
- **Petrochemical product prices rose sharply**
- **Shortages emerged in key intermediate inputs**
- **Impact has been uneven across countries**
- **However, markets remain relatively calm**

Key Uncertainties

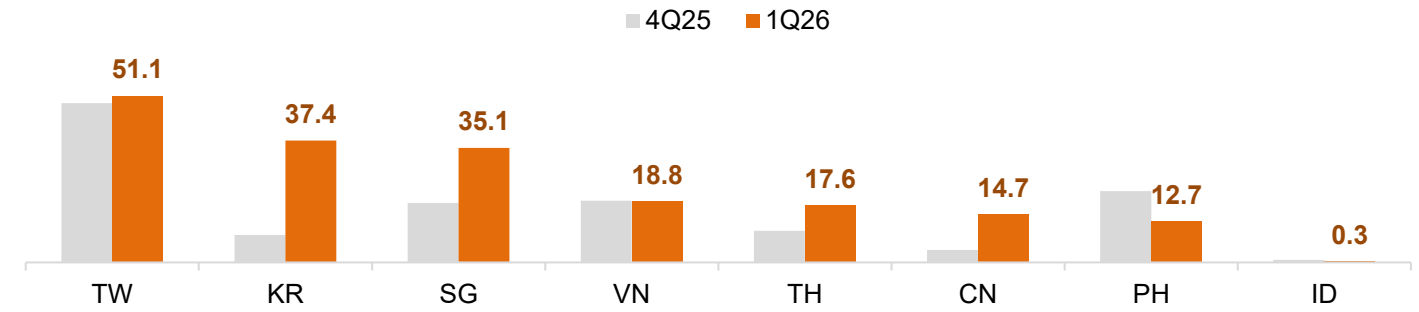
1. ***Duration of conflict:*** Indeterminate
2. ***Damages to production facilities:*** Uncertain
3. ***Re-opening of the Strait of Hormuz:*** Unknown

Global growth remained resilient in 1Q 2026

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



Regional Trade Growth,
Annual change (%)



[1] GDP for the first quarter of 2026 are advanced or preliminary estimates except for China, Indonesia and Philippines
Source: National authorities

Global Growth Developments

Continued economic growth

supported mainly by sustained domestic demand and continued global tech expansion

Broadly sustained regional trade activity

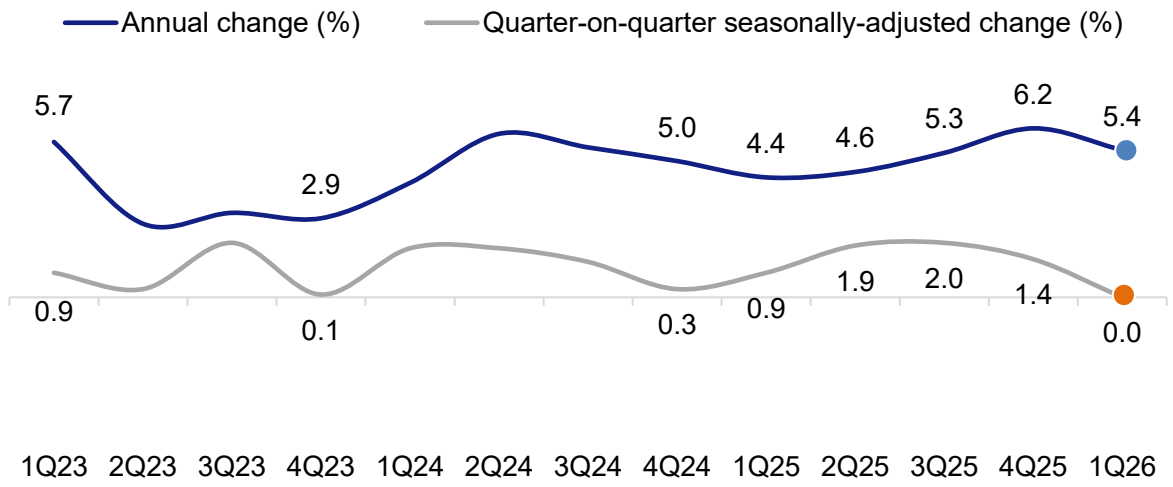
supported by continued demand for tech products, especially in AI-related segments

Higher inflation

due to rising energy prices amid disruptions to global commodity output and supply chains

Malaysia's GDP registered a firm growth of 5.4% in 1Q 2026

Quarterly Real GDP Growth,
Annual change (%)



Monthly Real GDP Growth,
Annual change (%)

Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
6.2	5.3	7.1	6.8	5.2	4.1

Factors Influencing Growth in 1Q 2026

▲ **Sustained household spending**

▲ **Steady investment activities**

▲ **Continued export growth**
supported by E&E, travel and ICT services

▼ **Major infrastructure projects nearing completion**

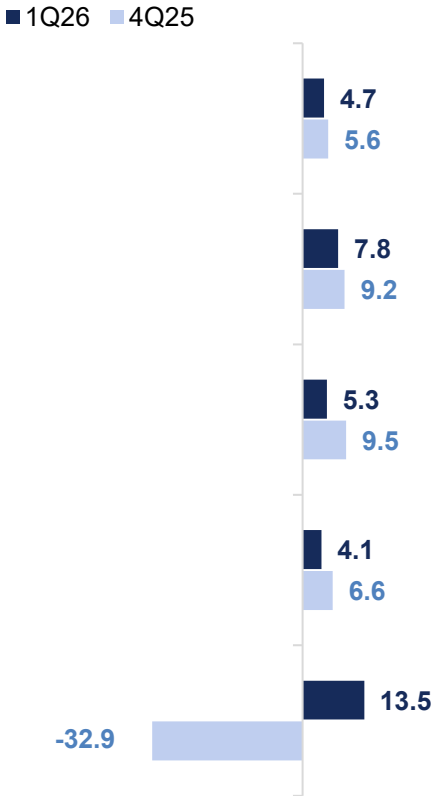
▼ **Weaker domestic oil and gas production**

Source: Department of Statistics, Malaysia

Growth underpinned by expansion in demand and most economic sectors

Demand Side

Real GDP Growth,
Annual change (%)



Private Consumption
Positive labour market conditions and continued policy support

Private Investment
Continued machinery and equipment spending and structures investment

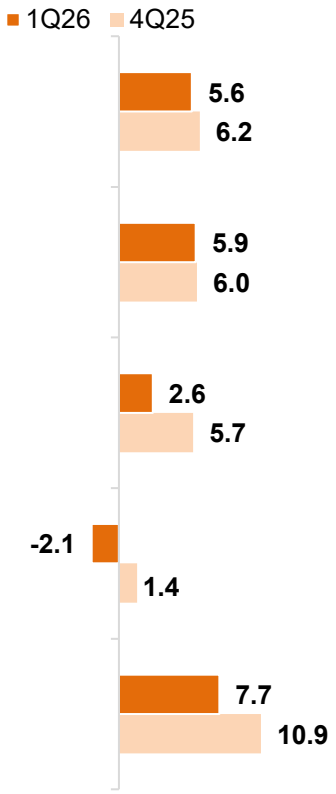
Public Investment
Slower government fixed asset spending and lower support from major infrastructure projects nearing completion

Public Consumption
Slower supplies & services spending

Net Exports
Steady exports growth amid faster moderation of imports growth

Supply Side

Real GDP Growth,
Annual change (%)



Services
Resilient growth in business-related and Government services

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

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

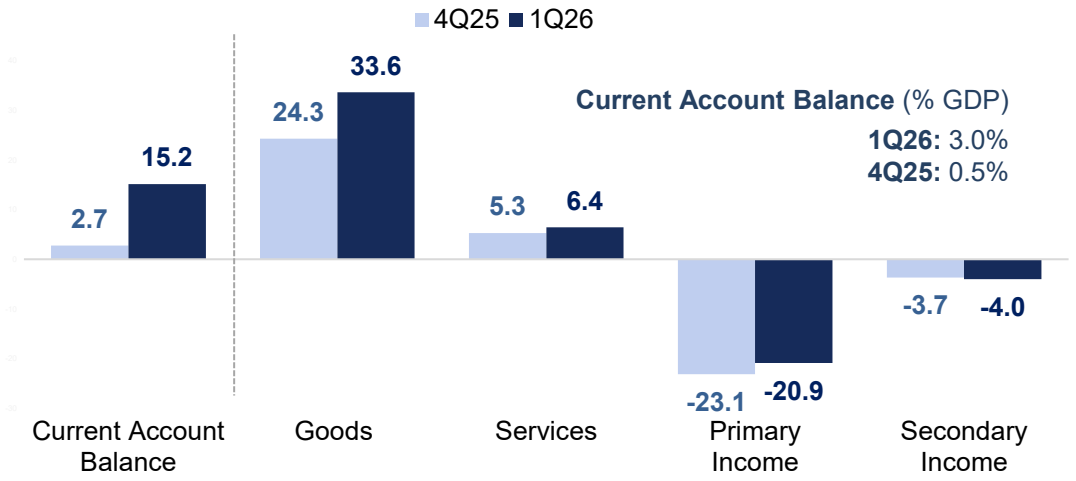
Mining
Weaker oil and gas production output

Construction
Supported by special trade and non-residential activities

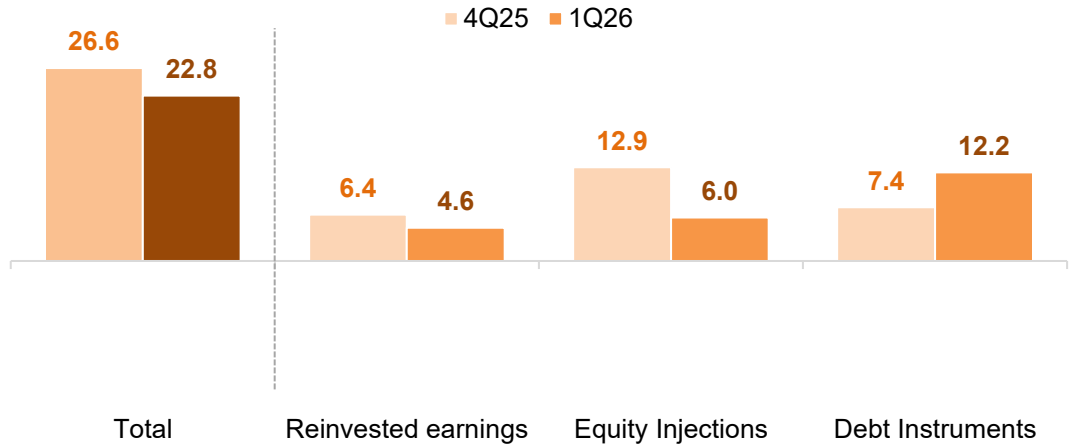
Source: Department of Statistics, Malaysia

Wider current account surplus and continued FDI inflows

Current Account Balance,
RM bil



Foreign Direct Investment,
RM bil



- **Larger goods surplus** amid moderation of imports.
- **Higher services surplus** due to sustained travel and ICT receipts, as well as lower payments for trade-related services.
- **Narrower primary income deficits** while secondary income deficits widened.

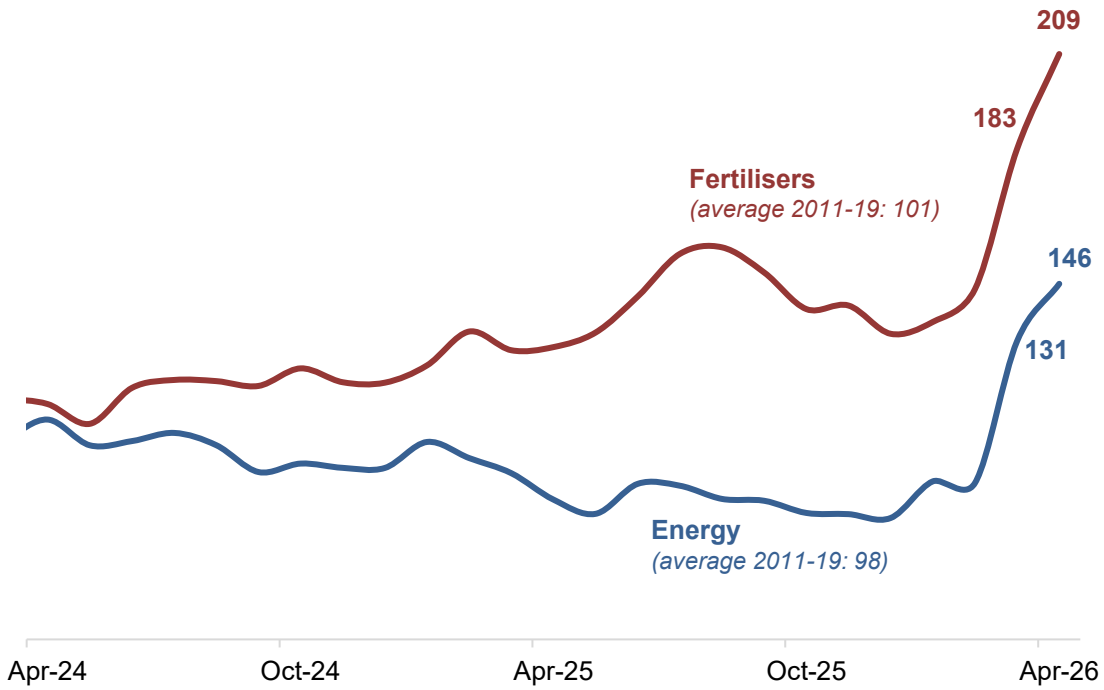
- **Sustained net FDI inflows** supported by larger debt flows, amid lower equity injections and reinvested earnings.
- FDIs were mainly **channelled into the ICT and professional, scientific and technical activities services** sub-sectors.

Source: Department of Statistics, Malaysia

Ongoing conflict in Middle East has disrupted global economic activity

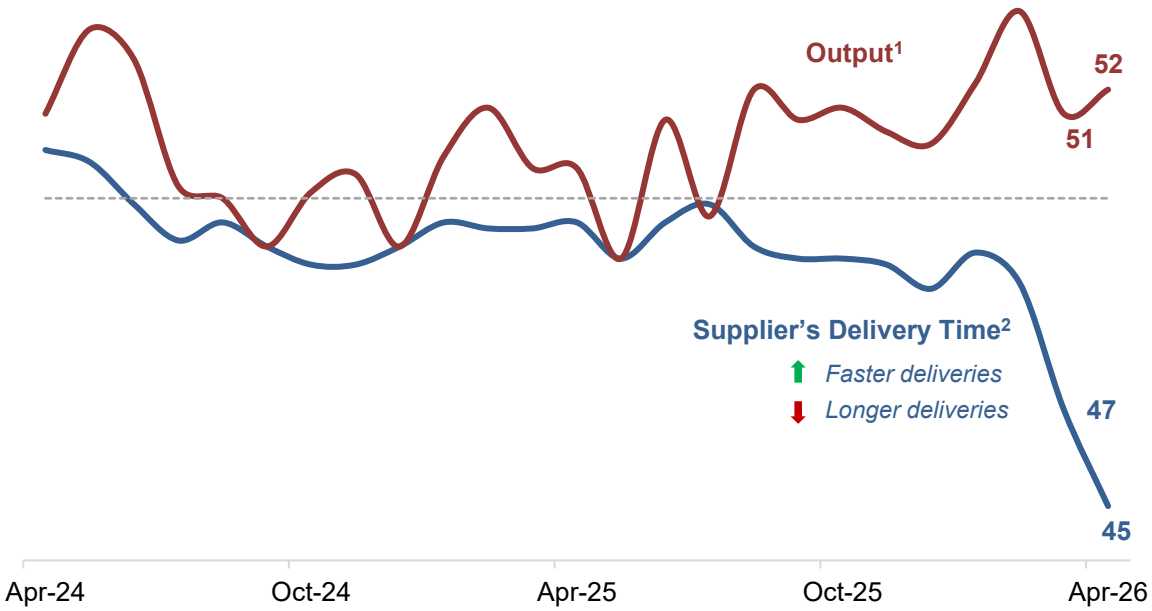
Significant price increases in key commodities since the onset of the conflict

Key Global Commodity Prices
Index (2010=100)



Supply disruptions and higher costs are weighing on production and logistics

Global PMI Output and Delivery Time
Index (>50: expansion; <50 contraction)

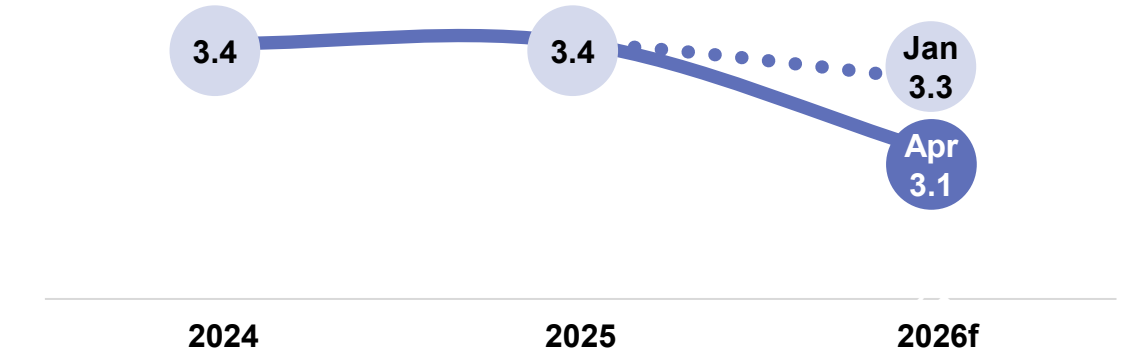


Note: 1) Refers to changes in production levels reported by surveyed firms; 2) Measures changes in delivery speed; lower readings indicate longer delivery times, while higher readings indicate faster deliveries.
Source: World Bank, S&P Global

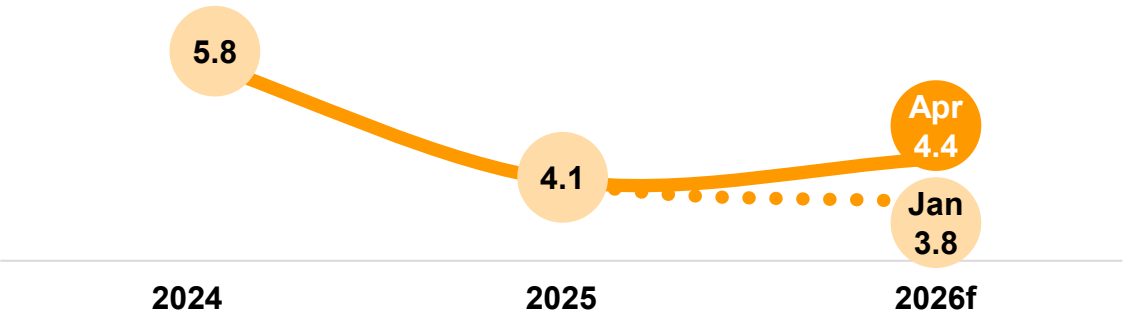
Global outlook clouded by the Middle East conflict

Global GDP was revised down while inflation outlook was revised up following escalation of Middle East conflict

Global Real GDP, Annual Change (%)



Global Consumer Prices, Annual Change (%)



Source: International Monetary Fund (January & April 2026 World Economic Outlook)

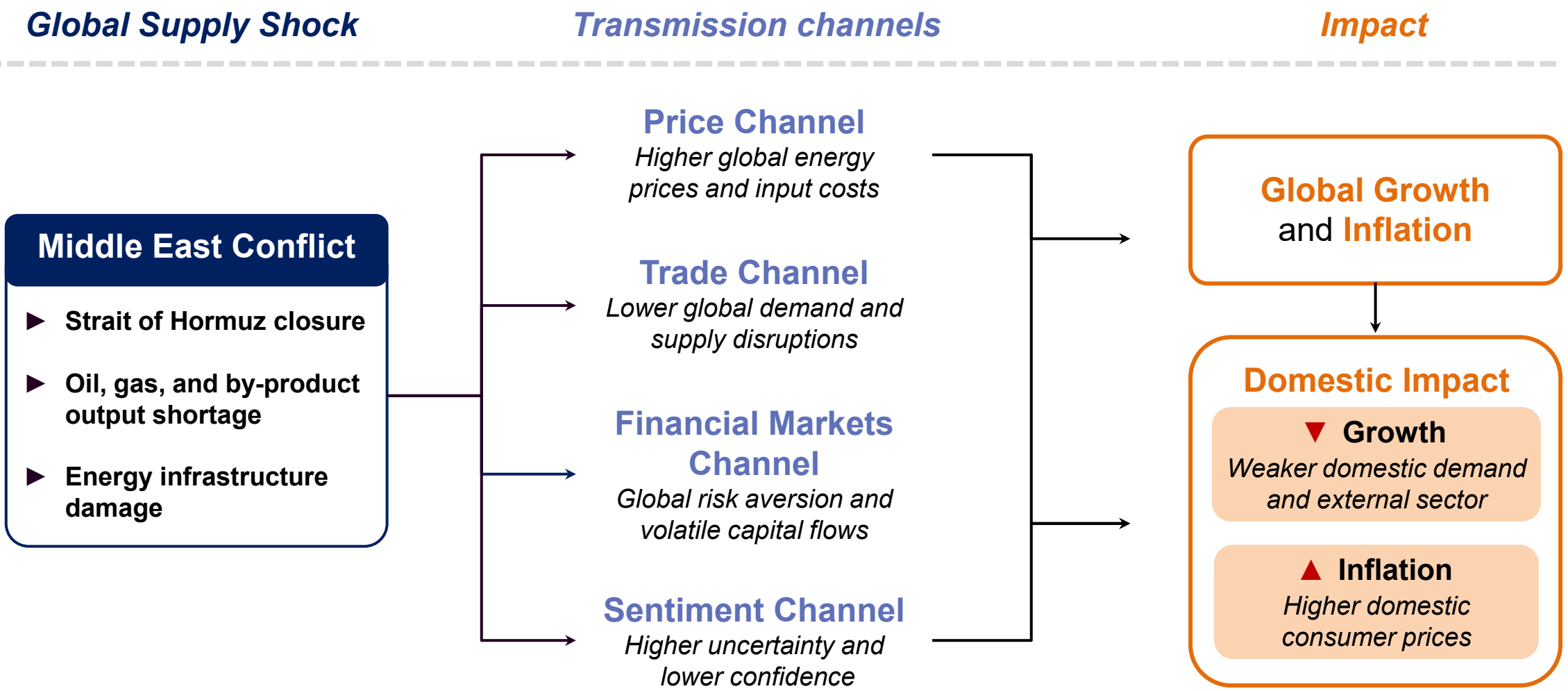
Nevertheless, underlying drivers continue to partially offset the negative shocks from the conflict

- ▲ Robust tech investments
- ▲ Continued policy support
- ▲ Carryover momentum from stronger-than-expected outturns at the end of 2025 and 1Q 2026

Downside risks would be dominated by

- ▼ Further escalation of geopolitical conflicts
- ▼ Correction in tech-related asset valuations
- ▼ More protectionist trade measures

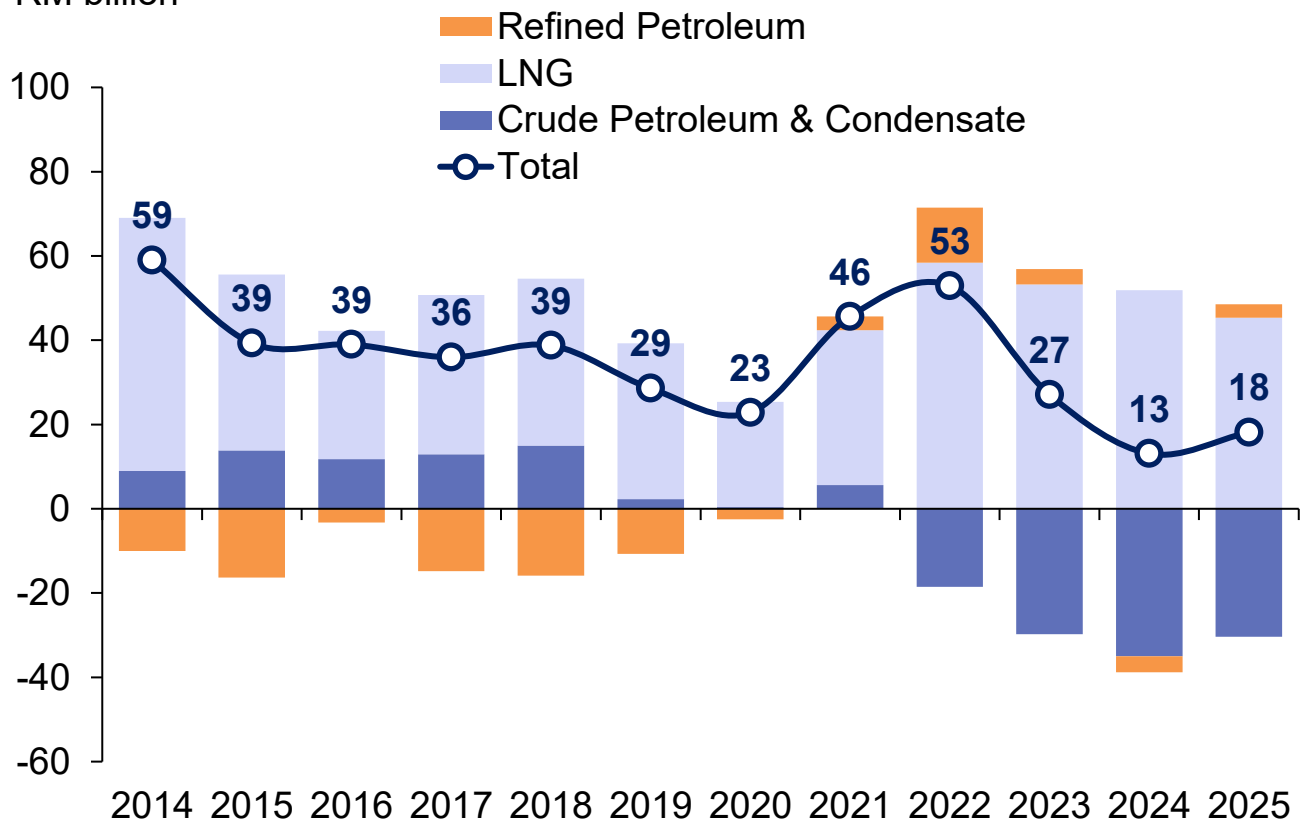
Conflict posing risks to the domestic economy



Malaysia's solid fundamentals provide buffers against the brunt of the shocks

- **Malaysia's net energy exporter position** provides a cushion against external pressures
- **Diversified growth drivers underpin resilience,** supported by firm domestic demand and exports
- **Low and stable inflation environment** helps anchor macroeconomic stability
- **Policy measures help contain higher cost pressures,** through targeted support

Malaysia's Oil & Gas Trade Balance
RM billion

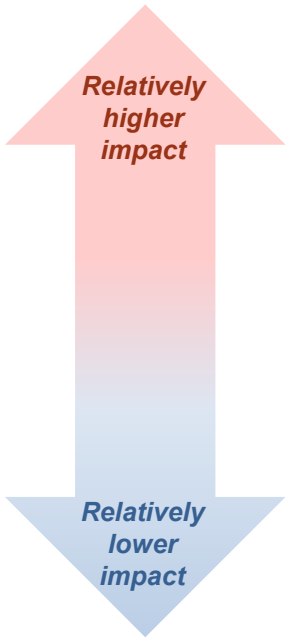


Source: Department of Statistics, Malaysia, PETRONAS, Bank Negara Malaysia estimates

Several factors mitigating impact on firms

Firms were affected mainly from the cost channel, while investment and hiring intentions remained broadly intact

How are firms impacted by the conflict?



Higher costs
Higher raw material, energy and logistic costs

Lower revenue
Booking cancellations due to travel disruption, decline in orders due to higher selling price and raw material shortages

Deferred investments
Cautious, wait-and-see approach amid rising cost environment

Lower hiring intention
Deferring new hires and allow natural attrition

Mitigation Actions

Use of existing inventory
Utilise existing inventories to sustain production

Alternative sourcing
Mitigate supply disruptions by sourcing inputs from alternative countries

Market diversification
Explore new export markets beyond Middle East

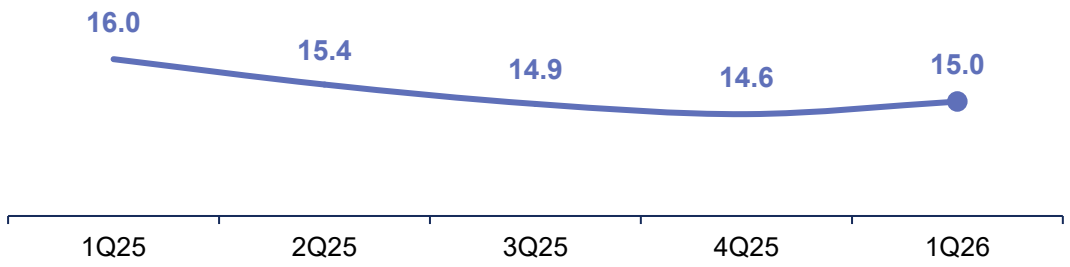
Internal cost management
Shift towards less fuel-reliant machinery

Note: Findings based on corporate engagements between March and April 2026 for a sample of 85 firms. Participants were surveyed on outlook for 3 months ahead.
Source: Bank Negara Malaysia Regional Economic Industrial Surveillance Industry Engagements

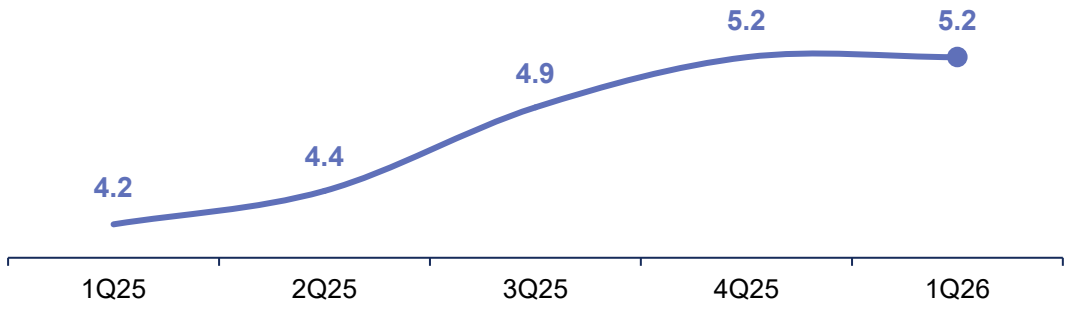
Domestic demand remains resilient in the face of rising costs and uncertainty

Household spending continues to anchor growth, supported by firm labour market conditions

Credit Card, Debit Card and E-Money Spending
Annual change (%)



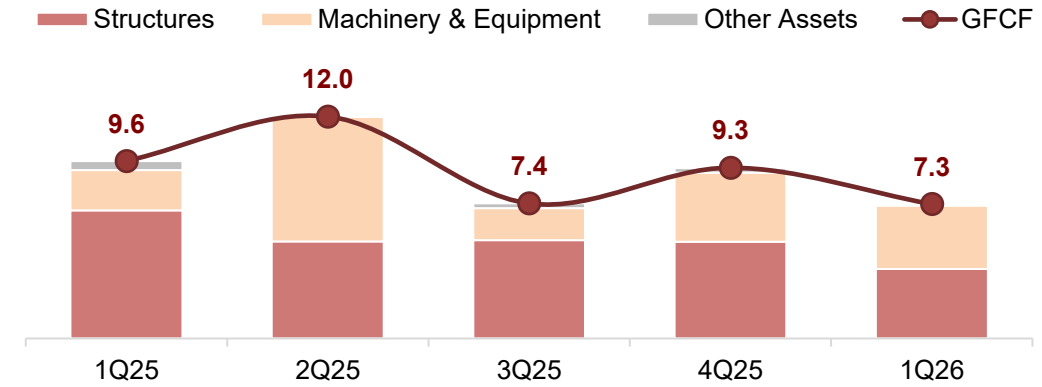
Aggregate Wages
Annual change (%)



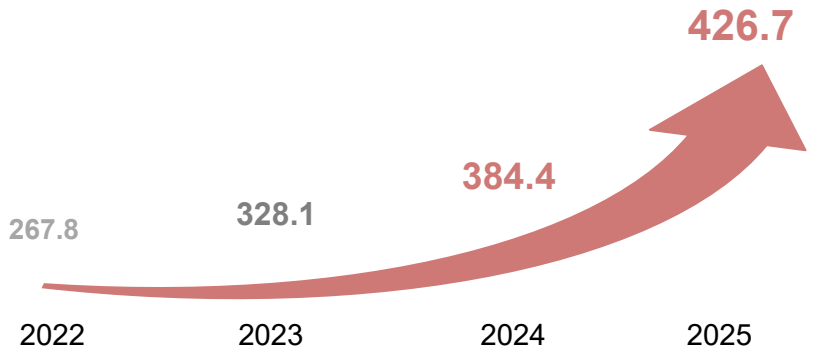
[1] Value of transactions includes overseas transactions by local cardholders but excludes debit card cash advances.
Source: Department of Statistics, Malaysia

Realisation of new and existing projects to continue supporting investment expansion

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



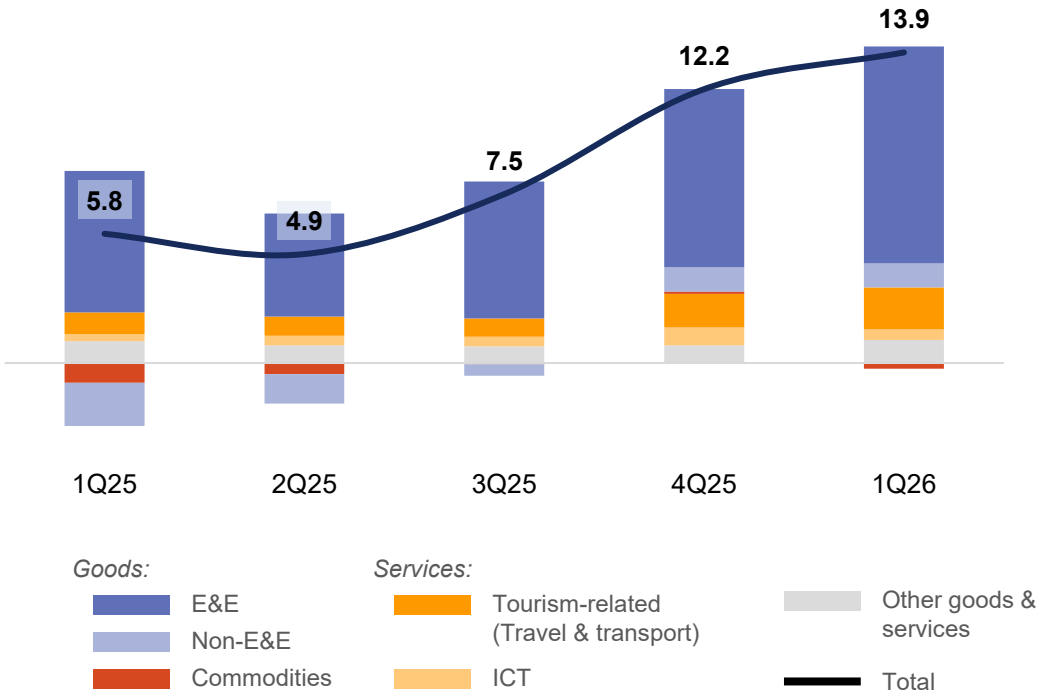
MIDA: Total Approved Investments
RM bil



Diverse exports structure provides some buffer to external shocks

Continued exports growth to be driven by resilient E&E products and ICT services, cushioning the impact from geopolitical conflict

Goods & Services Exports
Annual change and contribution to growth (%, ppt)



Exports growth drivers in 2026

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

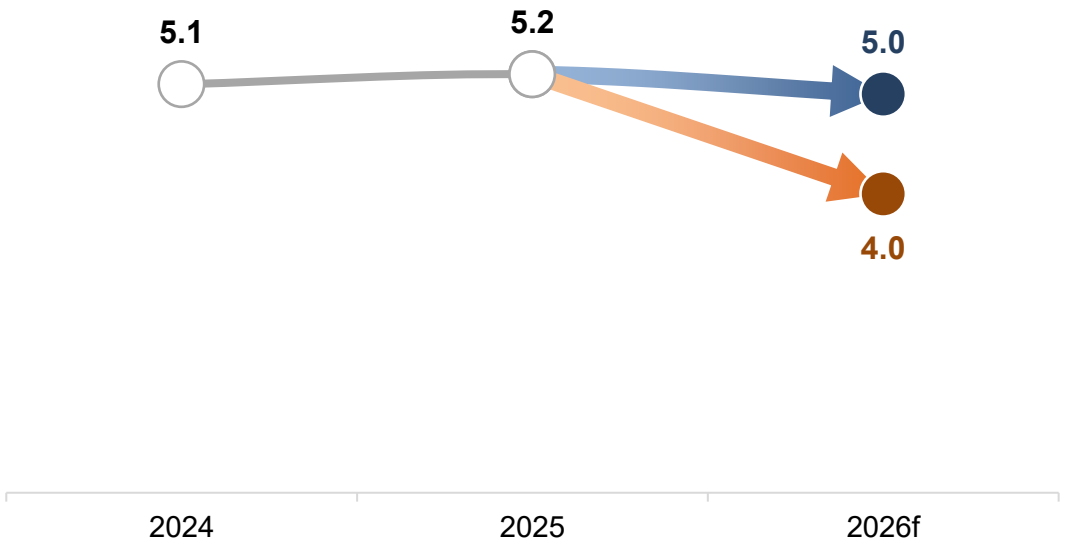
▲ **Higher data centre exports**
from existing and new data centre capacity, supporting ICT receipts

▼ **Spillovers from the Middle East conflict**
expected to weigh on commodity-related exports volume and growth of inbound international tourists

Note: Goods refers to gross exports from merchandise trade; Services refers to receipts from Balance of Payment statistics.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Malaysia: Growth to remain within forecast range of 4.0%– 5.0%

Real GDP Growth



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

Key Growth Drivers for 2026

▲ **Sustained household spending**

▲ **Resilient private investment**

▲ **Firm export growth**
driven by E&E demand alongside stronger ICT-related services

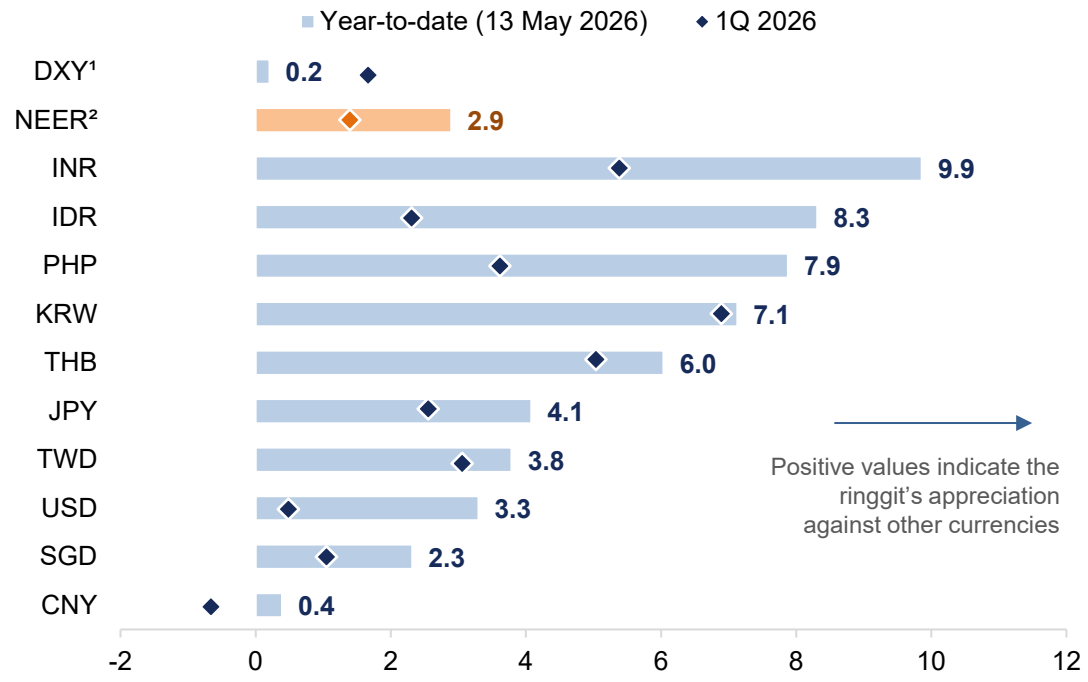
▼ **Effects of ME conflict on commodity-related export volume and tourism**

▼ **Weaker global growth and sentiments**

The ringgit appreciated against currencies of most trading partners in 1Q 2026 and remains resilient despite the ongoing conflict in the Middle East

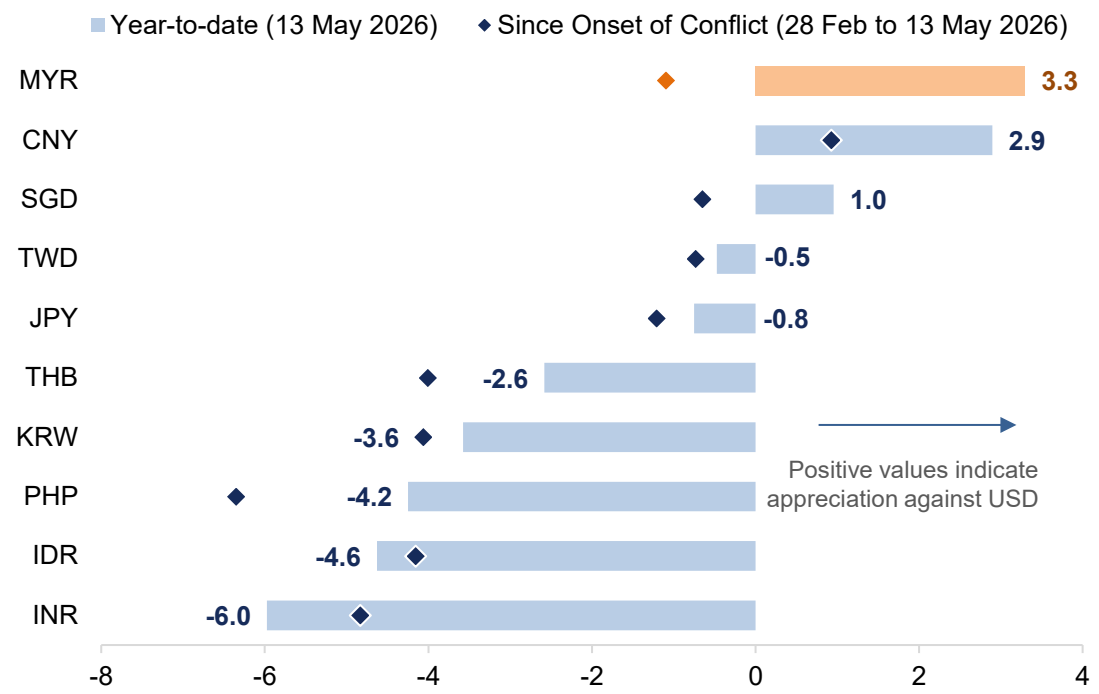
Ringgit has performed well in 1Q 2026 and on a YTD basis, appreciating against most trading partners

Ringgit Movements Against Selected Currencies in 1Q 2026 and YTD,
Change (%)



Despite earlier depreciation against the US dollar following the conflict, ringgit has remained relatively resilient

Ringgit and Regional Currency Performance Against the US Dollar since the Start of the Middle East Conflict (28 Feb 2026),
Change (%)



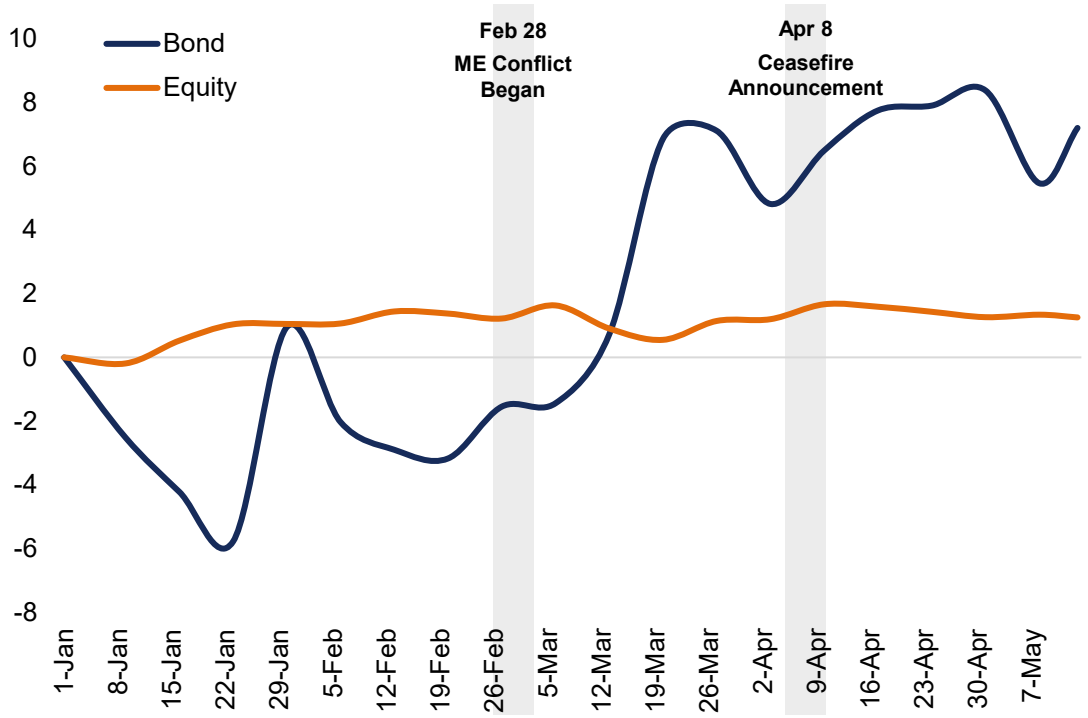
[1] The US Dollar Index (DXY) measures the value of the US dollar against a basket of major foreign currencies: EUR (57.6%), JPY (13.6%), GBP (11.9%), CAD (9.1%), SEK (4.2%), and CHF (3.6%).
[2] Refers to the ringgit nominal effective exchange rate, which measures the ringgit's performance against a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

Add. Info
Ringgit and others against USD performance

The ringgit continues to be supported by non-resident inflows and strong domestic fundamentals

Ringgit remains supported by continued non-resident inflows into the domestic bond and equity markets

Cumulative Non-resident Bond and Equity Flows,
RM billion



Source: Bank Negara Malaysia, INSIDES, Bursa Malaysia and Bloomberg. Data as of 13 May 2026.

FACTORS AFFECTING THE RINGGIT

Strong domestic fundamentals

Underpinned by firm economic prospects and ongoing structural reforms

Continuous coordinated efforts by Government and BNM

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

Monetary policy path of the US Federal Reserve

Reduced expectations for rate cuts amid ongoing Middle East conflict

Tighter global financial conditions

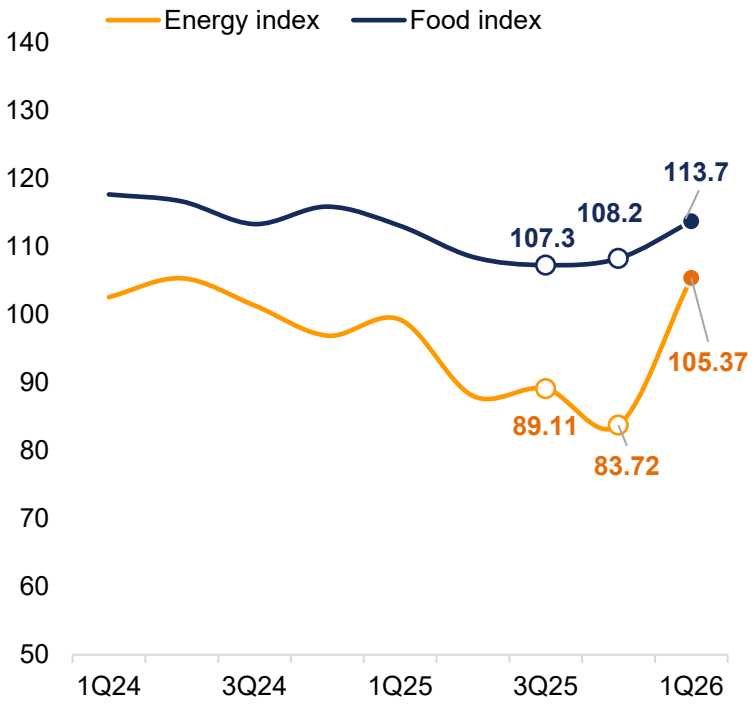
Heightened geopolitical uncertainty contributed to elevated market volatility amid global risk-off sentiment

Add. Info
Ringgit and others against USD performance

Headline inflation rose during the quarter driven by external cost pressures

Higher external costs following the conflict contributed some upward pressures to headline inflation, though this was partly offset by lower core inflation

Global Commodity Prices
Index (2010=100)

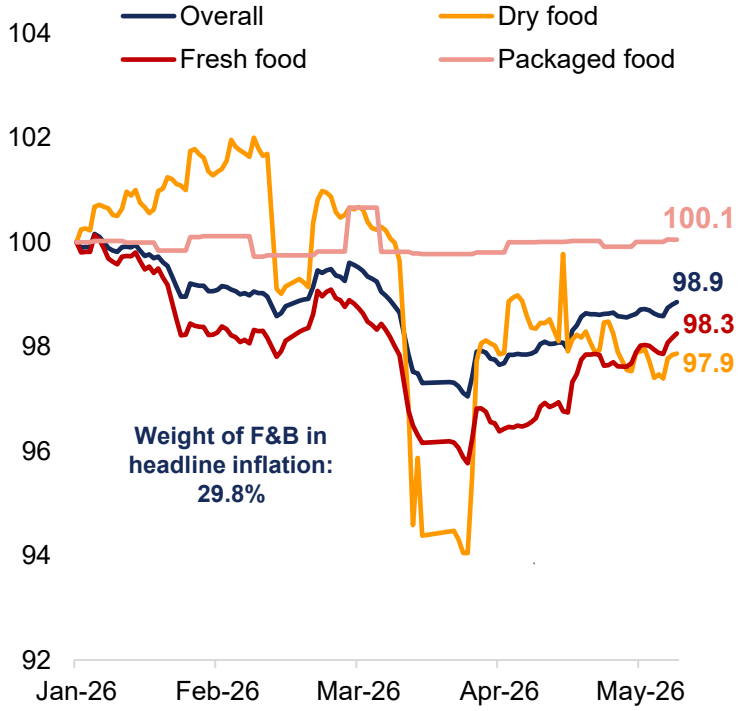


Malaysia's Headline and Core Inflation,
Annual change (%)



High-frequency indicators signal food prices have rebounded after earlier declines, but remain mostly below pre-conflict levels

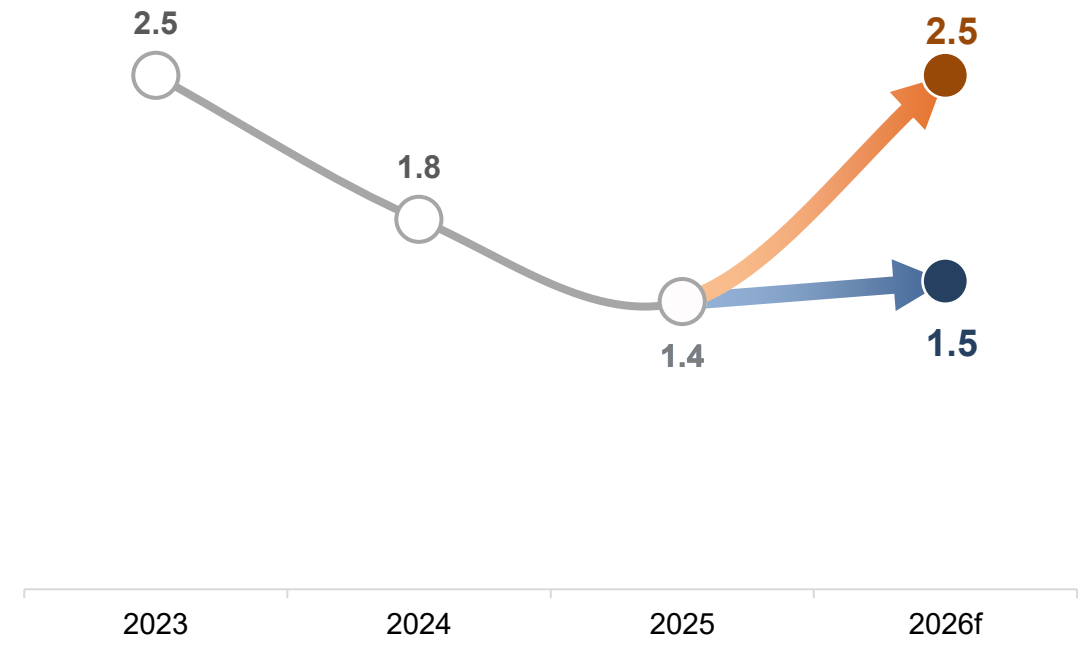
PriceCatcher Daily Prices for Selected Food Items
Index (Jan-26=100)



Note: PriceCatcher data mainly tracks retail prices of fresh food and groceries, which form around a third of the overall CPI basket.
Source: World Bank, Department of Statistics Malaysia, Ministry of Domestic Trade and Cost of Living, and Bank Negara Malaysia estimates

Inflation is projected to edge higher in 2026

Annual Headline Inflation Growth,
%



UPSIDE RISKS

Higher and more volatile commodity prices
mainly from escalations in geopolitical tensions

Stronger and more persistent input cost pressures
amid broader supply chain disruptions

DOWNSIDE RISKS

Softening global and domestic economic activity
amid weaker sentiments and production

Easing global commodity prices and input costs
amid gradual recovery in external conditions

[f] forecast
Note: The forecast range shown reflects BNM's projection as published in the Economic and Monetary Review 2025.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

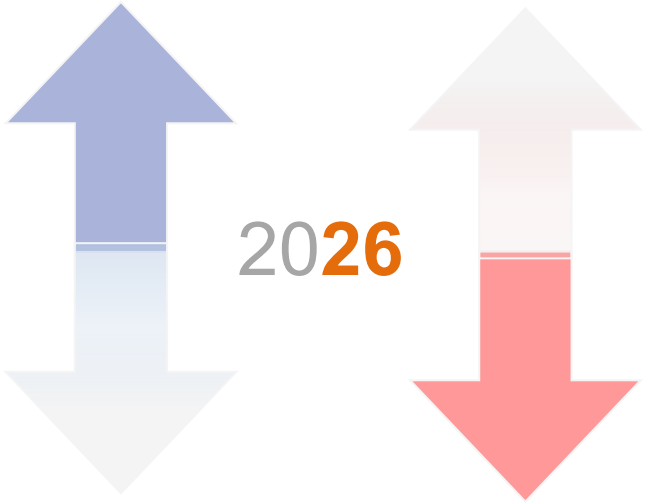
Overall growth is subject to both upside and downside risks

UPSIDE RISKS

De-escalation of the conflict

Stronger demand for E&E goods

Higher tourism activity



Prolonged conflict in the Middle East

Increased cost of living

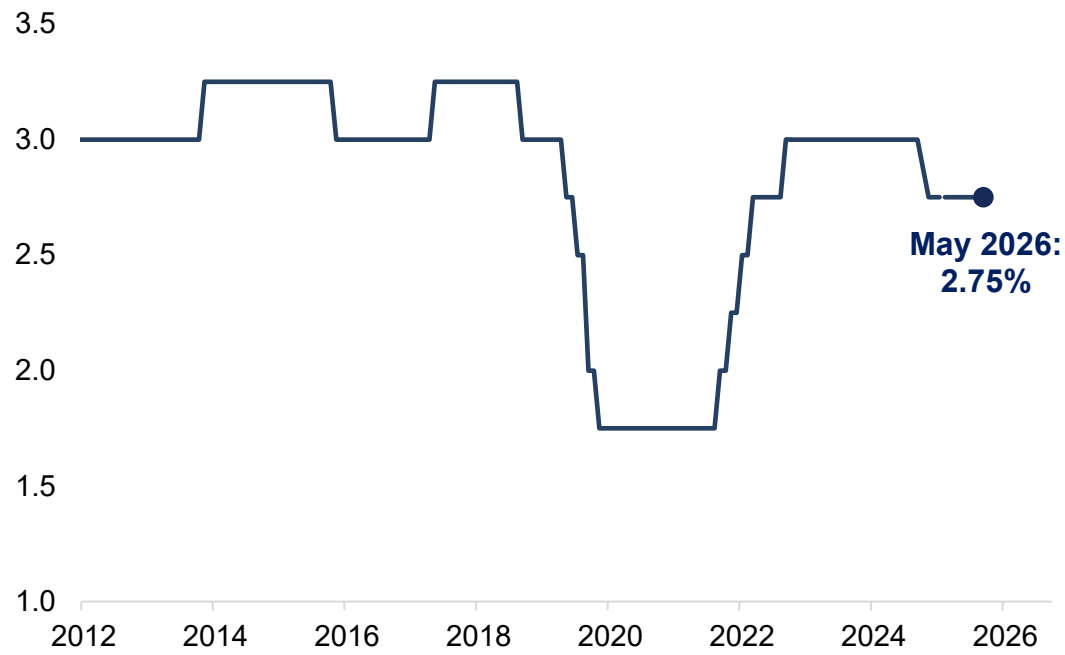
Lower-than-expected commodity production

DOWNSIDE RISKS

Source: Bank Negara Malaysia

The OPR was maintained at 2.75% at the May 2026 MPC meeting

Overnight Policy Rate (OPR),
%



Source: Bank Negara Malaysia

OPR was maintained at 2.75%

The MPC assessed that:

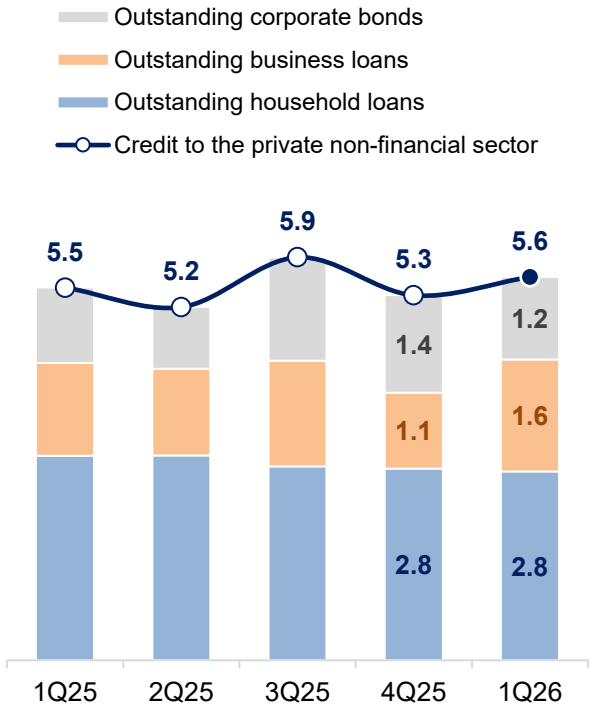
- Inflation will edge higher in 2026 given effects from the Middle East conflict on domestic cost conditions
- Resilient domestic demand and the performance of the external sector will underpin economic growth for 2026
- The outlook for domestic inflation and growth remains subject to uncertainties

The MPC will remain vigilant to ongoing developments and assess the balance of risks surrounding the outlook for domestic inflation and growth

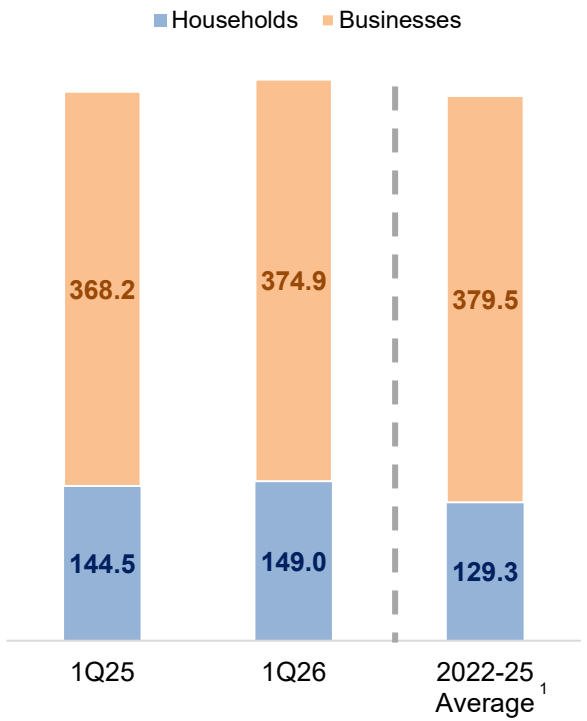
Financing conditions remain supportive

Credit growth increased following higher business loan growth across purposes, with disbursements remained sustained across segments

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



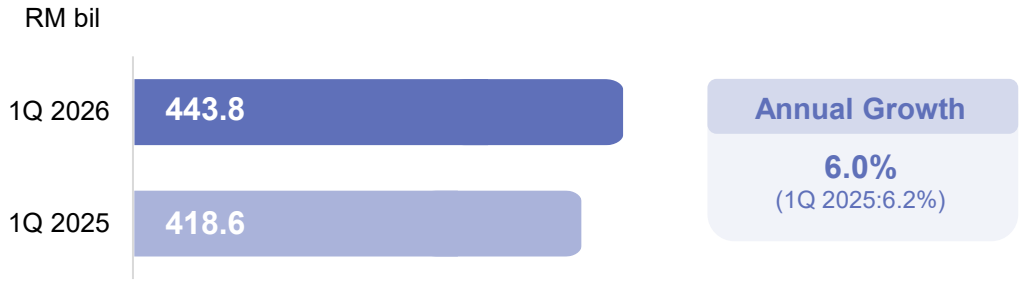
Loan Disbursements by Segment,
RM bil



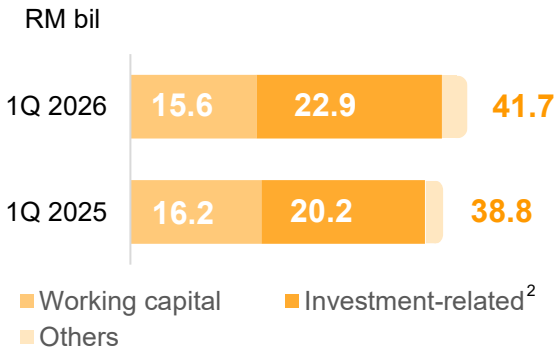
[1] Refers to average disbursements in the first quarter of 2022 to 2025.
Note: Figures may not add up due to rounding.
Source: Bank Negara Malaysia

Continued expansion of financing reflecting sustained credit utilisation and support for SMEs

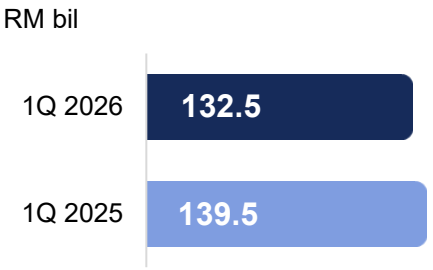
SME Financing Outstanding



SME Financing Approvals By Purpose



SME Financing Disbursements



[2] Investment-related purpose 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

Financial support available for SMEs: Short-term relief to long-term resilience

R&R

Restructuring and Rescheduling (R&R) support tailored to individual circumstances

- **Over 20** financial institutions (FIs) offer **tailored R&R services**[1] to help businesses remain viable.
- **AKPK's structured repayment solutions** to support SMEs in managing financial challenges sustainably.
  - **Small Debt Resolution Scheme (SDRS)**
    A dedicated platform for viable SMEs to restructure business financing with multiple financial institutions
  - **Debt Management Programme (DMP)**
    A customised programme for individuals and sole proprietors to restructure unsecured and secured debts

AKPK's SDRS *AKPK's DMP*

Relief

Enhanced access to financing to tide over cash flow pressures

- **SME SRF (RM5 billion)** to provide timely cash flow relief for SMEs materially affected by the conflict.
- **CGC's PG Relief** to support fresh working capital and R&R.
- **CAKNA** to strengthen cash flow and financial position of businesses with Government contracts.
  - **CAKNA I**
    For MSMEs' liquidity needs post-contract delivery
  - **CAKNA II**
    For small contractors (G1-G4) to implement contracts
- **Skim Pembiayaan Mikro (SPM)** to enable fast, easy and convenient financing for microentrepreneurs.

Assistance for SMEs *CAKNA*
BNM's Funds for SMEs *SPM*

Reach

Timely delivery of financing, complemented with advisory

- **Swift turnaround-time** to maximise relief impact.
  - Financing approval within **7 working days** from receipt of complete documentation
- **CGC's Customer Service Centre (CSC) Advisory** to assist SMEs with:
  - One-to-one financial advisory
  - Referral to FIs
  - Enquiries on CGC products and services
- **AKPK's SME Helpdesk** to assist MSMEs with:
  - Financial advisory (FOC)
  - Facilitation of repayment assistance requests to banks
- **BNMLINK** manages enquiries and complaints related to the financial sector.

CGC's Customer Service *BNMLINK*
AKPK's SME Helpdesk

Resilience

Notwithstanding speed bumps, building long-term resilience is key

- **BNM-CGC Guarantee Scheme (RM10 billion)** to support access to financing for emerging/ new segments.
  - Focus areas include **inclusion, productivity & innovation, climate & sustainability and resilience**
- Further details to be announced in June.

Note: [1] SMEs are encouraged to contact to their respective banks for more information on R&R assistance

Legend: For further information and assistance, SMEs may access the following links

Summary



The Malaysian economy recorded a strong growth rate of 5.4% in 1Q 2026

The Malaysian economy is projected to **grow at 4.0% to 5.0%** in 2026 amid ongoing geopolitical and trade disruptions

Headline inflation is projected to **edge higher in 2026**

Balance of risk to the growth outlook is **subject to both upside and downside risks**

Malaysia's **strong initial conditions, sound fundamentals, sufficient policy space, and business dynamism** will buffer the economy against external shocks