



**PRESS RELEASE
MINISTRY OF FINANCE**

**ECONOMIC MOMENTUM EXPECTED TO CONTINUE IN 2025 FOLLOWING
STRONG EXPANSION IN THE THIRD QUARTER**

Malaysia's **economy expanded in the third quarter of 2025 (Q3 2025) by 5.2%** (Q2 2025: 4.4%), driven by robust performance across all sectors. Resilient domestic demand continued to anchor growth despite lingering external headwinds and global uncertainties.

Domestic demand remained the key driver of growth, registering 5.8% (Q2 2025: 7%), underpinned by strong household spending, supported by favourable labour market conditions as well as contained inflation. At the same time, the Government's continuous efforts to increase the level of income of the rakyat, supported by social assistance programmes such as the Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA) also contributed to consumer spending.

Growth was also sustained by improvement in exports, partly reflecting the effects of front-loading activities. For the first nine months of 2025, the economy expanded by 4.7%, underscoring the country's resilience and strong fundamentals in withstanding global challenges.

"Malaysia's strong quarterly performance places us firmly on track to achieve the higher end of our 2025 growth target of 4.0% to 4.8%. With resilient domestic demand, a stable labour market, and continued investments in high growth high value sectors, we are building a solid foundation for sustained economic momentum through the rest of the year," said YAB Dato' Seri Anwar bin Ibrahim, Prime Minister and Minister of Finance.

On the supply side, growth in Q3 2025 was driven by the services (5.0%) and manufacturing (4.1%) sectors, while the mining sector recorded a notable turnaround (9.7%). In the services sector, expansion was attributed to the food & beverages and accommodation as well as the transportation & storage subsectors. The manufacturing sector maintained steady growth, supported by both export- and domestic-oriented industries. The mining sector rebounded, buoyed by higher production of natural gas and crude oil & condensate.

The third quarter performance was in line with improving economic indicators, including:

- **Labour market:** Total employment grew by 3.1% to 17.0 million persons, while the unemployment rate maintained at 3% (Q2 2025: 3%);
- **Inflation:** Maintained at 1.3% (Q2 2025: 1.3%);
- **Manufacturing sector sales value:** Sales value rose by 3.5% to RM500.1 billion (Q2 2025: 3.4%; RM480.2 billion) driven mainly by food, beverages & tobacco (9.2%); and E&E products (5.6%) subsectors;
- **Industrial Production Index (IPI):** Increased by 4.9% (Q2 2025: 2%);
- **External sector:** Total trade expanded by 3.7% to RM769.8 billion (Q2 2025: 6.1%; RM749 billion), with a trade surplus of RM50.3 billion (Q2 2025: RM14.3 billion);
- **Balance of Payments:** The current account of the balance of payments recorded a surplus of RM12.2 billion, equivalent to 2.5% of GNI (Q2 2025: RM0.3 billion; 0.1%), highlighting the resilience of the goods and services accounts. The services account recorded a surplus of RM0.7 billion, after 14 years of deficits;
- **Foreign direct investment (FDI):** Continued to record a net inflow of RM8.5 billion (Q2 2025: RM1.6 billion); and
- **Performance of the ringgit:** The ringgit held steady at RM4.2070 against the US dollar, rising 0.1% and reinforcing its position among Asia's top-performing currencies.

The MADANI Government is committed to advancing the Ekonomi MADANI framework agenda by implementing structural and fiscal reforms to improve productivity, enhance competitiveness as well as promote digitalisation and high-quality investments. The Government remains steadfast in reducing the fiscal deficit to 3.8% in 2025 and 3.5% in 2026.

Moving forward, the Thirteenth Malaysia Plan, complemented by the Fourth MADANI Budget, will propel economic trajectory and further support efforts to safeguard the well-being of the rakyat and ensure benefits of growth are broadly shared.

Ministry of Finance
Putrajaya
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