



**PRESS RELEASE
MINISTRY OF FINANCE**

**MOODY'S COMPLETES PERIODIC REVIEW OF MALAYSIA'S A3 SOVEREIGN
RATING; EXPECTS GROWTH TO OUTPACE A-RATED PEERS**

Moody's Ratings (Moody's) has completed its periodic review of Malaysia's sovereign ratings. Malaysia's long-term local and foreign currency issuer ratings remain at A3, with a Stable Outlook.

Moody's expects Malaysia's economy to grow faster than all other A-rated peers in 2026, underpinned by its diversified and competitive economy, strong medium-term growth prospects, ample natural resources, and deep domestic savings.

These strengths, together with Malaysia's large domestic investor base, continue to support the Government's financing needs, mitigate liquidity risks, and keep borrowing costs at moderate levels.

Prime Minister and Finance Minister YAB Dato' Seri Anwar Ibrahim said Moody's assessment reflects the resilience of the Malaysian economy and the progress made in strengthening fiscal discipline, improving governance, and broadening the revenue base.

"The work of reform is neither easy nor complete. This assessment should strengthen our resolve, not invite complacency. Much remains to be done to ensure that sound economic management is felt in the incomes, opportunities, and daily lives of the *rakyat*," he added.

"Amid heightened geopolitical tensions and continued volatility in global markets, Malaysia must preserve domestic stability, policy certainty, and reform momentum. The Government will remain focused on protecting the economy and strengthening the foundations for sustainable growth," said YAB Dato' Seri Anwar.

Malaysia's economy grew by 5.4% year-on-year in the first quarter of 2026, following full-year growth of 5.2% in 2025. Moody's attributed the stronger performance to buoyant domestic demand, particularly private consumption and investment, alongside a stronger contribution from electronics exports.

Despite geopolitical tensions in West Asia, volatility in global energy prices, and softer external demand, Moody's expects Malaysia's economy to continue outperforming other A-rated sovereign peers.

Moody's also recognised that revenue reforms implemented since 2023 have broadened the tax revenue base sufficiently to sustain gradual fiscal consolidation, despite higher subsidy expenditure arising from elevated global energy prices and increased development spending under the Thirteenth Malaysia Plan, 2026-2030 (Thirteenth Plan).

The rating agency further cited Malaysia's solid executive and legislative institutions, track record of effective macroeconomic policymaking, favourable domestic funding conditions, and broad macroeconomic stability.

The Stable Outlook reflects balanced risks to Malaysia's credit profile. Stronger economic performance and faster fiscal consolidation could support higher revenue generation, material debt reduction, and improved debt affordability.

Beyond Moody's assessment, Malaysia's broader economic indicators also point to strengthening fundamentals. The unemployment rate fell to 2.9% in the first quarter of 2026, its lowest level in over a decade, as total employment rose to 16.7 million persons and 48,500 new jobs were created during the quarter.

Malaysia also advanced eight places to 15th among 70 economies in the 2026 IMD World Competitiveness Ranking, its highest position since 2020. The country maintained fourth place globally in Economic Performance, while recording improvements across Government Efficiency, Business Efficiency, and Infrastructure.

The ringgit appreciated by 10.1% against the US dollar in 2025, making it Asia's strongest-performing currency for the year.

The MADANI Government remains committed to the fiscal objectives prescribed under the Public Finance and Fiscal Responsibility Act 2023 (Act 850). It will continue to broaden the revenue base, improve expenditure efficiency, strengthen fiscal transparency, and better target subsidies, while protecting the welfare of the *rakyat*.

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Putrajaya

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