PRESS RELEASE
MINISTRY OF FINANCE

MALAYSIA RECORDS STRONGEST SECOND-QUARTER GROWTH OUTSIDE PANDEMIC PERIOD SINCE 2014

Against a global supply shock that has disrupted the world's economy, Malaysia continued to defy expectations for the third consecutive quarter, growing by 6.0% in the second quarter of 2026 (Q2 2026) compared with 5.4% in the preceding quarter.

Powered by resilient domestic demand and a robust external sector, gross domestic product (GDP) growth exceeded both the Department of Statistics Malaysia's (DOSM) advanced estimate and Bloomberg's median forecast of 5.8%. This marked Malaysia's strongest second-quarter showing outside the pandemic period since 2014.

The Q2 2026 performance brought growth in the first half of 2026 (H1 2026) to 5.7%, placing the economy on a firm footing relative to the Government's full-year growth forecast of 4.0% to 5.0%.

Private consumption remained key drivers of growth, expanded by 4.8%, buoyed by higher spending on restaurants & hotels, transport, and food & beverages amid festive celebrations, the mid-year school holidays and sustained tourism-related activities. Meanwhile, private and public investments continued to grow underpinned by ongoing investments in the technology sector and the nationwide deployment of critical infrastructure.

Prime Minister and Finance Minister YAB Dato' Seri Anwar Ibrahim said reforms under the Ekonomi MADANI framework, together with proactive Government measures, have helped shield the rakyat from the full impact of global supply disruptions while supporting consumption and economic growth.

"The Government's proactive response to the West Asia crisis, including financing support for affected SMEs and targeted fuel subsidies, helped cushion the rakyat and the economy from the resulting external shocks. These measures helped sustain household spending, business activity and the economy's strong growth momentum into the Q2 2026," he said.

"While disruptions to the global supply chains have exerted upward pressure on prices worldwide, Malaysia's inflation remained contained at 1.9% in Q2 2026. The MADANI Government has also continued to provide support through Sumbangan Tunai Rahmah (STR), Sumbangan Asas Rahmah (SARA) and targeted subsidy mechanisms under BUDI MADANI to cushion vulnerable households from rising costs," YAB Dato' Seri Anwar added.

Malaysia’s labour market remained supportive of domestic demand during the quarter, with employment increasing by 1.1% to 16.8 million persons while the unemployment rate stood at 3.0%.

The external sector also recorded a strong performance, supported by robust demand of electrical and electronics (E&E) products and petroleum products. Total trade increased by 34.1% to RM1 trillion during the quarter, while the trade surplus widened more than five-fold to RM84 billion.

Industrial activity strengthened in tandem, with the 7.7% increase in the Industrial Production Index during the quarter, supported by higher output across the manufacturing, mining and electricity sectors.

Staying the reform course to reinforce sustainable growth

While Malaysia’s growth momentum remains resilient, the MADANI Government remains mindful that the benefits of economic growth are not felt evenly across households and businesses. Continued geopolitical uncertainty, disruptions to global supply chains, higher input and food prices, and employment pressures in certain sectors remain key risks to household well-being and business activity.

“Malaysia is not immune to the effects of these global disruptions. While the headline economic indicators remain encouraging, we recognise that many Malaysians continue to face pressures from the cost of living, while some workers and businesses are navigating a more difficult operating environment,” said YAB Dato’ Seri Anwar.

“The MADANI Government will therefore continue to prioritise measures that protect household purchasing power, support affected workers and businesses, and ensure that continued economic growth translates into higher incomes, better employment opportunities and tangible improvements in the lives of the rakyat,” he added.

At the same time, Malaysia remains positioned to benefit from continued global demand for E&E products, the global technology upcycle, accelerating adoption of artificial intelligence (AI) and continued digitalisation. Sustained investments in technology, data centres and critical infrastructure are expected to support productive capacity and create more high-quality employment opportunities.

The MADANI Government will stay the course on the reform agenda under Ekonomi MADANI. Fiscal discipline remains a priority as the Government works towards meeting the medium-term fiscal targets prescribed under the Public Finance and Fiscal Responsibility Act 2023, including reducing the fiscal deficit to 3% or lower over the medium term.

Ministry of Finance
Putrajaya
14 August 2026