



MINISTRY OF FINANCE

# MALAYSIAN ECONOMY

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S E C O N D   Q U A R T E R





# SECOND QUARTER 2025: AN UPDATE

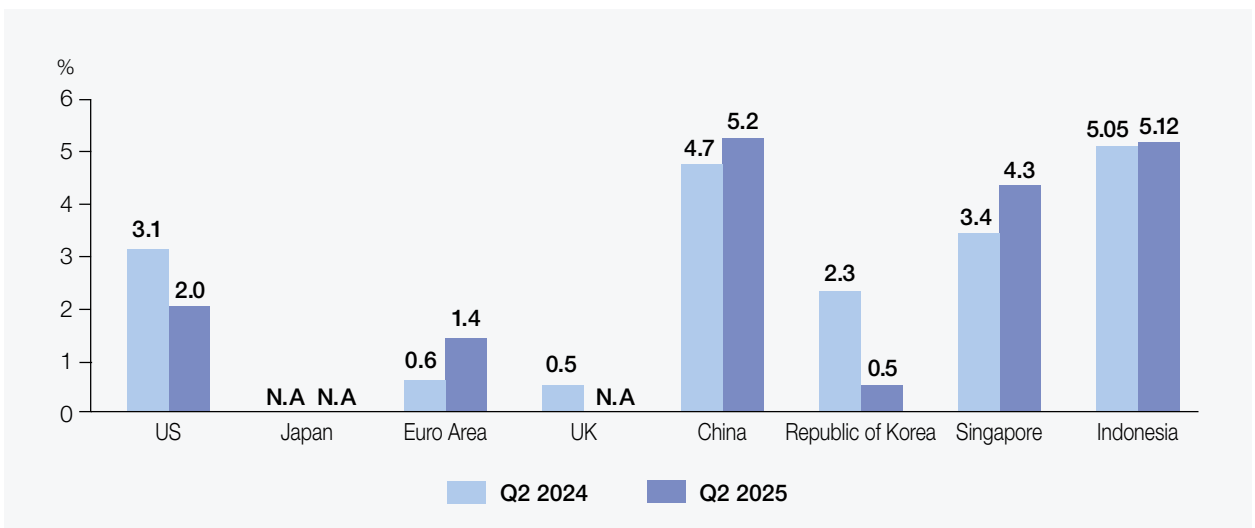
## Highlights

- Global growth: Prevailing resilience amid slowdown
- Malaysia domestic economy grew steadily in the first half
- Fiscal consolidation is on track driven by reform initiatives
- Ringgit maintains position as among Asia's top-performing currencies

## International Performance

1. According to the World Economic Outlook Update July 2025, the global economic growth is expected to improve marginally amid ongoing uncertainties. **The global economy** is projected to expand by 3% in 2025 (2024: 3.3%), driven by stronger-than-expected trade front-loading, lower average effective US tariff rates than announced in April and improved financial conditions. Growth in advanced economies is forecast at 1.5% (2024: 1.8%), in which the US will expand by 1.9% (2024: 2.8%) and the Euro area at 1% (2024: 0.9%), partly buoyed by robust investment and net exports despite slow consumption. Emerging markets and developing economies are expected to grow by 4.1% (2024: 4.3%). Growth will be driven mainly by China, which is forecast to expand by 4.8% (2024: 5%) and India by 6.4% (2024: 6.5%), supported by lower trade tariffs and an improved global economic environment. **World trade** is forecast to grow by 2.6% in 2025 (2024: 3.5%), as the early surge in trade activity slows in the second half of the year. **Global inflation** is projected to moderate to 4.2% (2024: 5.6%), with the US inflation remaining above target while other major economies record more subdued price pressures.

## Real Gross Domestic Product for Selected Countries (% annual change)



Source: National sources

## Demand

2. Malaysia maintained steady growth in the second quarter of 2025 expanding at 4.4%, driven by resilient household spending supported by favourable labour market conditions, subdued inflation, vibrant domestic tourism and ongoing government measures to sustain consumer purchasing power. Strong private and public sector activities through higher investment in manufacturing and services sectors as well as ongoing infrastructure developments are set to keep the economy on course amid persistent global uncertainties.

- **Private consumption** rose by 5.3% (Q2 2024: 5.7%), primarily contributed by household spending in restaurants & hotels; transport; and food & non-alcoholic beverages segments.
- **Private investment** increased by 11.8% (Q2 2024: 12%), with capital spending mainly channelled into services and manufacturing sectors.
- **Public consumption** expanded by 6.4% (Q2 2024: 1.8%), supported by increased spending on supplies & services.
- **Public investment** grew by 13.6% (Q2 2024: 9.1%), driven by higher capital spending by public corporations, especially in transport and utility sectors.

## Real Gross Domestic Product (% annual change)

|                     | 2023  |      | 2024 |      |       |       | 2025 |      |      |      | Q2 Share (%) |       |       |
|---------------------|-------|------|------|------|-------|-------|------|------|------|------|--------------|-------|-------|
|                     | Q1    | Q2   | Q1   | Q2   | Q3    | Q4    | Q1   | Q2   | Q3   | Q4   |              |       |       |
| Real GDP            | 3.5   | 5.1  | 5.7  | 2.7  | 3.1   | 2.8   | 4.2  | 5.9  | 5.4  | 4.9  | 4.4          | 4.4   | 100.0 |
| <b>DEMAND</b>       |       |      |      |      |       |       |      |      |      |      |              |       |       |
| Domestic Demand     | 4.6   | 6.5  | 4.8  | 4.4  | 4.3   | 4.8   | 6.1  | 6.5  | 7.1  | 6.4  | 6.0          | 7.0   | 97.0  |
| Private Consumption | 4.6   | 5.1  | 6.1  | 4.2  | 4.1   | 4.2   | 4.7  | 5.7  | 4.7  | 5.3  | 5.0          | 5.3   | 61.1  |
| Private Investment  | 4.5   | 12.3 | 4.7  | 5.1  | 4.4   | 3.7   | 9.2  | 12.0 | 15.5 | 12.7 | 9.2          | 11.8  | 19.8  |
| Public Consumption  | 3.4   | 4.7  | -1.4 | 3.8  | 4.7   | 5.7   | 7.3  | 1.8  | 6.0  | 4.0  | 4.3          | 6.4   | 12.2  |
| Public Investment   | 8.5   | 11.1 | 5.7  | 7.9  | 7.4   | 11.0  | 11.5 | 9.1  | 14.4 | 10.0 | 11.6         | 13.6  | 4.0   |
| Exports             | -7.9  | 8.3  | -2.1 | -8.9 | -12.0 | -7.9  | 4.2  | 8.5  | 11.7 | 8.7  | 4.1          | 2.6   | 67.2  |
| Imports             | -6.8  | 8.2  | -4.4 | -9.1 | -11.0 | -2.2  | 5.2  | 9.0  | 13.0 | 5.9  | 3.1          | 6.6   | 66.3  |
| Net Exports         | -22.2 | 9.2  | 41.5 | -6.4 | -23.0 | -56.7 | -8.3 | 0.3  | -5.3 | 63.6 | 19.6         | -72.6 | 0.9   |

Note : Total may not add up due to rounding and excluding change in stocks

Source: Department of Statistics, Malaysia

## Supply

3. All sectors registered positive growth on the back of sustained global and domestic demand, with the exception of the mining sector.

- The **services** sector registered a growth of 5.1% (Q2 2024: 5.9%), contributed by the expansion in all subsectors. The performance was primarily supported by the food & beverages and accommodation (9%); transportation and storage (8.6%); real estate and business services (8.6%) as well as wholesale and retail trade (4.3%) subsectors.
- The **manufacturing** sector expanded by 3.7% (Q2 2024: 4.7%), driven by steady growth in export- and domestic-oriented industries by 4% and 3.2%, respectively. Overall, growth in the sector was mainly supported by expansions in the electrical, electronic and optical products (7.3%); food, beverages and tobacco products (9.8%); and non-metallic mineral products, basic metal and fabricated metal products (3.8%) subsectors.
- The **agriculture** sector recorded a growth of 2.1% (Q2 2024: 7.6%), bolstered by expansions across all subsectors, except for rubber; fishing; and forestry and logging. The oil palm subsector increased by 5.3% after higher production of fresh fruit bunches was recorded across all regions. The other agriculture subsector

expanded by 2% contributed by better performance in both fruits and vegetables segments. The livestock subsector registered a growth of 1.5%, underpinned by improved production of cattle and poultry.

- The **mining** sector contracted by 5.2% (Q2 2024: 2.7%), due to subdued performance in all subsectors. The natural gas subsector declined by 8.1%, following lower output in all regions. The other mining & quarrying and supporting services subsector shrank by 2.9% mainly due to lower supporting services activity. Similarly, the crude oil and condensate subsector fell by 1.6% as a result from supply disruption in Sabah.
- The **construction** sector remained buoyant and recorded double-digit growth of 12.1% (Q2 2024: 17.2%) with all subsectors recording encouraging performance. The non-residential buildings subsector grew by 17% driven by rapid activity in the construction of data centres in Johor and also the construction of factories in several states. The residential buildings subsector increased by 12.2%, underpinned by private sector housing projects, in particular the serviced apartment segment. The specialised construction activities subsector recorded growth of 10.6% driven by coastal reclamation activities in Penang and telecommunications infrastructure projects. In addition, the civil engineering subsector recorded an increase of 9.4% supported mainly by the infrastructure projects in Sabah.

### Real Gross Domestic Product (% annual change)

|               | 2023          |      | 2024 |      |      |      | 2025 |      |      |      | 2025 |      |              |
|---------------|---------------|------|------|------|------|------|------|------|------|------|------|------|--------------|
|               | 2023          | 2024 | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q2 Share (%) |
| Real GDP      | 3.5           | 5.1  | 5.7  | 2.7  | 3.1  | 2.8  | 4.2  | 5.9  | 5.4  | 4.9  | 4.4  | 4.4  | 100.0        |
|               | <b>SUPPLY</b> |      |      |      |      |      |      |      |      |      |      |      |              |
| Services      | 5.1           | 5.3  | 7.3  | 4.4  | 5.0  | 4.1  | 4.8  | 5.9  | 5.2  | 5.5  | 5.0  | 5.1  | 59.8         |
| Manufacturing | 0.7           | 4.2  | 3.2  | 0.1  | -0.1 | -0.3 | 2.1  | 4.7  | 5.6  | 4.2  | 4.1  | 3.7  | 23.1         |
| Agriculture   | 0.2           | 3.1  | 0.9  | -1.2 | 0.1  | 1.2  | 1.9  | 7.6  | 3.6  | -0.7 | 0.7  | 2.1  | 6.1          |
| Mining        | 0.5           | 0.9  | 3.0  | -2.2 | -2.0 | 3.1  | 4.3  | 2.7  | -2.8 | -0.7 | -2.7 | -5.2 | 5.4          |
| Construction  | 6.0           | 17.5 | 7.4  | 6.2  | 7.1  | 3.4  | 11.9 | 17.2 | 20.0 | 20.7 | 14.2 | 12.1 | 4.3          |

Note : Total may not add up due to rounding and excluding import duties component  
Source: Department of Statistics, Malaysia

## External Sector

4. **Total trade** rose by 6.1% to record RM749.2 billion (Q2 2024: 10.1%; RM706.2 billion) following higher exports to major trading partners, particularly the US; Hong Kong; and Taiwan, Province of China, supported by higher demand for E&E products as well as an increase in imports, particularly capital goods. The growth was on account of stronger imports and steady exports, underscoring continued economic resilience amid external volatilities.
5. **Gross exports** expanded by 3.4% to RM381.8 billion (Q2 2024: 5.9%; RM369.3 billion), contributed by sustained demand for manufactured and agriculture goods from major markets, despite lower exports of mining goods. Similarly, gross imports grew by 9% to RM367.4 billion (Q2 2024: 15.1%; RM336.9 billion) following increased imports of capital and consumption goods, albeit lower exports of intermediate goods. Malaysia registered a trade surplus of RM14.5 billion.

## External Trade

### External Trade (% annual change)

|               | 2023  |       | 2024 |       |       |       | 2025 <sup>P</sup> |       |       |      |      |       |
|---------------|-------|-------|------|-------|-------|-------|-------------------|-------|-------|------|------|-------|
|               | Q1    | Q2    | Q1   | Q2    | Q3    | Q4    | Q1                | Q2    |       |      |      |       |
| Total Trade   | -7.3  | 9.2   | 3.5  | -11.6 | -15.7 | -3.2  | 6.8               | 10.1  | 13.6  | 6.4  | 3.6  | 6.1   |
| Gross Exports | -8.0  | 5.8   | 3.1  | -11.1 | -15.2 | -6.9  | 2.2               | 5.9   | 7.8   | 7.3  | 4.3  | 3.4   |
| Gross Imports | -6.4  | 13.1  | 3.9  | -12.1 | -16.3 | 1.3   | 12.5              | 15.1  | 20.5  | 5.3  | 2.8  | 9.0   |
| Trade Balance | -16.0 | -35.4 | -0.3 | -6.0  | -9.1  | -46.0 | -45.4             | -41.9 | -56.0 | 24.9 | 18.6 | -55.3 |

<sup>P</sup> Preliminary

Source: Department of Statistics, Malaysia and MATRADE

6. The **current account** of the balance of payments recorded a narrowing surplus of RM0.3 billion or 0.1% of gross national income (GNI) (Q2 2024: RM4.3 billion; 0.9%). This was due to a smaller surplus in the goods account despite lower deficit in the income accounts and services account, mainly driven by higher tourist receipts.

## Current Account Balance (Net) (RM billion)

|                  | 2023       |            | 2024       |            |            |            | 2025 <sup>P</sup> |            |            |            |            |            |
|------------------|------------|------------|------------|------------|------------|------------|-------------------|------------|------------|------------|------------|------------|
|                  | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3                | Q4         | Q1         | Q2         |            |            |
| Current Account  | 20.0       | 27.7       | 3.9        | 8.2        | 7.1        | 0.9        | 8.7               | 4.3        | 1.8        | 12.9       | 16.7       | 0.3        |
| <b>% of GNI</b>  | <b>1.1</b> | <b>1.5</b> | <b>0.9</b> | <b>1.9</b> | <b>1.6</b> | <b>0.2</b> | <b>1.9</b>        | <b>0.9</b> | <b>0.4</b> | <b>2.7</b> | <b>3.6</b> | <b>0.1</b> |
| Goods            | 130.9      | 114.5      | 38.3       | 30.2       | 32.7       | 29.7       | 31.1              | 24.0       | 22.4       | 36.9       | 38.5       | 17.0       |
| Services         | -44.0      | -11.7      | -13.7      | -11.9      | -10.6      | -7.7       | -6.1              | -3.7       | -0.8       | -1.0       | -3.4       | -3.3       |
| Primary Income   | -55.7      | -66.1      | -15.3      | -8.0       | -13.1      | -19.2      | -16.7             | -14.8      | -17.4      | -17.1      | -17.1      | -8.9       |
| Secondary Income | -11.2      | -9.0       | -5.3       | -2.1       | -1.8       | -2.0       | 0.5               | -1.2       | -2.4       | -5.9       | -1.2       | -4.6       |

<sup>P</sup> Preliminary

Source: Department of Statistics, Malaysia

## International Reserves

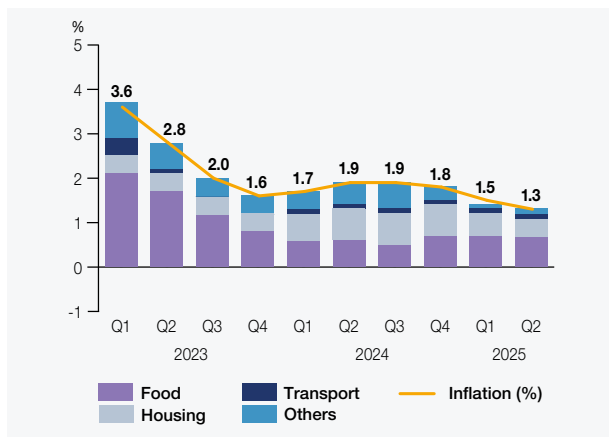
7. As at 30 June 2025, Malaysia's international reserves stood at RM510.1 billion (USD120.6 billion), sufficient to finance 4.8 months of imports of goods and services, and is 0.9 times the total short-term external debt.

## Prices

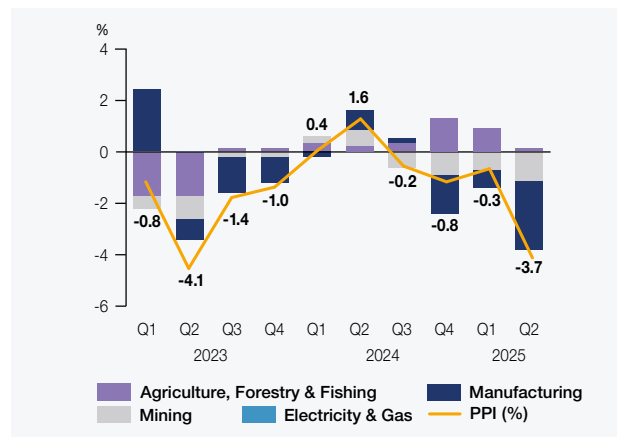
8. Headline inflation, as measured by the **Consumer Price Index (CPI)**, moderated to 1.3% in the second quarter of 2025 (Q2 2024: 1.9%), reflecting broad-based easing in cost pressures amid stable domestic demand. The slowdown was led by a notable deceleration in housing, water, electricity, gas & other fuels (1.9%; Q2 2024: 3.1%); alongside softer price increases in health (1.1%; Q2 2024: 2%), recreation, sport & culture (1%; Q2 2024: 1.9%); furnishings, household equipment & routine household maintenance (0.2%; Q2 2024: 0.9%); restaurant & accommodation services (2.8%; Q2 2024: 3.3%); and transport (0.6%; Q2 2024: 0.9%). In addition, information & communication (-5%) and clothing & footwear (-0.2%) remained in deflation. These trends offset modest price gains in food & non-alcoholic beverages (2.2%; Q2 2024: 1.9%); education (2.2%; Q2 2024: 1.6%); personal care, social protection & miscellaneous goods (4.1%; Q2 2024: 3%); as well as insurance & financial services (1.5%; Q2 2024: -0.1%), indicating that price pressures remain contained across most major CPI categories.
9. The **Producer Price Index (PPI)** for local production fell by 3.7% in the second quarter of 2025 (Q2 2024: 1.6%) reflecting continued easing in upstream costs. The decline was attributed to a sharp contraction in the mining sector (-13.7%) due to persistently low

global oil prices amid oversupply. The manufacturing sector (-3.4%) and electricity & gas supply (-0.6%) also recorded moderate declines, while the agriculture, forestry & fishing sector and water supply recorded an increase of 1.4% and 0.2%, respectively. From a stage of processing perspective, prices for crude materials for further processing fell by 8%, while intermediate materials, supplies and finished goods components declined by 3% and 2%, respectively, reflecting limited upstream price pressures along the supply chain.

**Consumer Price Index (CPI)**



**Producer Price Index (PPI)**

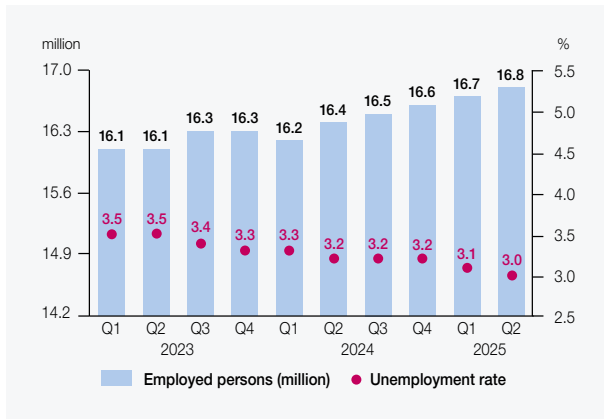


Source: Department of Statistics, Malaysia

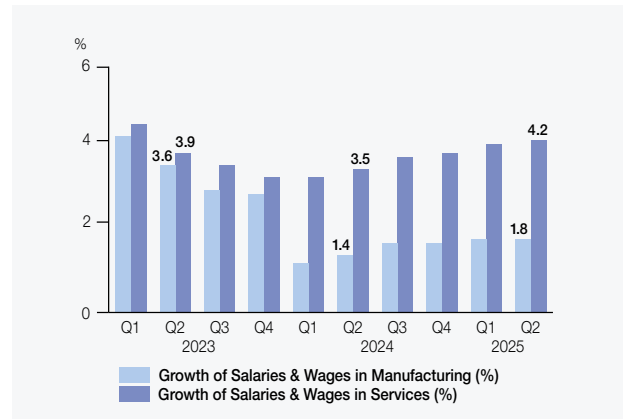
## Labour Market

10. The labour market remained encouraging in the second quarter of 2025 in line with robust domestic economic activities. **Total employment** grew by 2.9% to reach 16.8 million persons, with over 146,000 new job opportunities generated during the quarter. The number of unemployed persons declined to 520,900, lowering the **unemployment rate** to 3% (Q2 2024: 544,600 persons or 3.2%). The services sector remained as the primary source of employment, contributing 66.5% of total employment, followed by the manufacturing (16.2%) and agriculture (8.8%) sectors. **Salaries and wages** in the services sector rose by 4.2%, primarily in the wholesale & retail trade, food & beverages and accommodation (4.4%) as well as private health, private education, arts, entertainment & recreation and personal services and other activities segments (4.3%). Likewise, salaries and wages in the manufacturing sector increased by 1.8%, driven by food, beverages and tobacco products (3%), along with non-metallic mineral products, basic metal and fabricated metal products (2.8%).

## Employment



## Salaries and Wages (% annual change)



Source: Department of Statistics, Malaysia

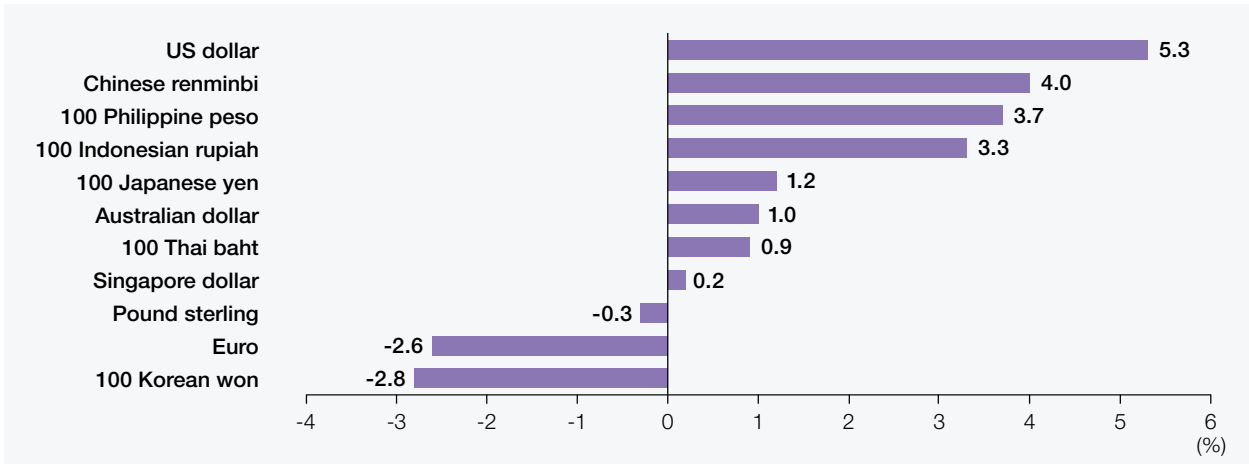
## Monetary Policy Development

**11.** The **Overnight Policy Rate (OPR)** remained unchanged at 3.00% throughout the second quarter of 2025, before being reduced for the first time by 25 basis points to 2.75% in July 2025 from its last adjustment in May 2023. The reduction in the OPR is a pre-emptive measure aimed at providing support for Malaysia's steady growth path amid a challenging global environment. Meanwhile, the Statutory Reserve Requirement (SRR) ratio, which was reduced from 2.00% to 1.00% in May 2025, complements the ongoing efforts to stimulate economic activity by injecting more liquidity into the financial sector.

## Ringgit and the FBM KLCI Performance

**12.** The **ringgit** remained resilient amid global uncertainties and recorded a strong performance during the second quarter of 2025, appreciating by 5.3% against the US dollar (end-June 2025: RM4.2095). It also registered gains of up to 4% against most Asian currencies, including the Chinese renminbi, Philippine peso and Indonesian rupiah, positioning the ringgit as one of the best-performing currencies in the region. This appreciation was supported by improved market sentiment towards emerging market currencies, driven primarily by a softer greenback and potential interest rate cuts by the US Federal Reserve towards the end of 2025.

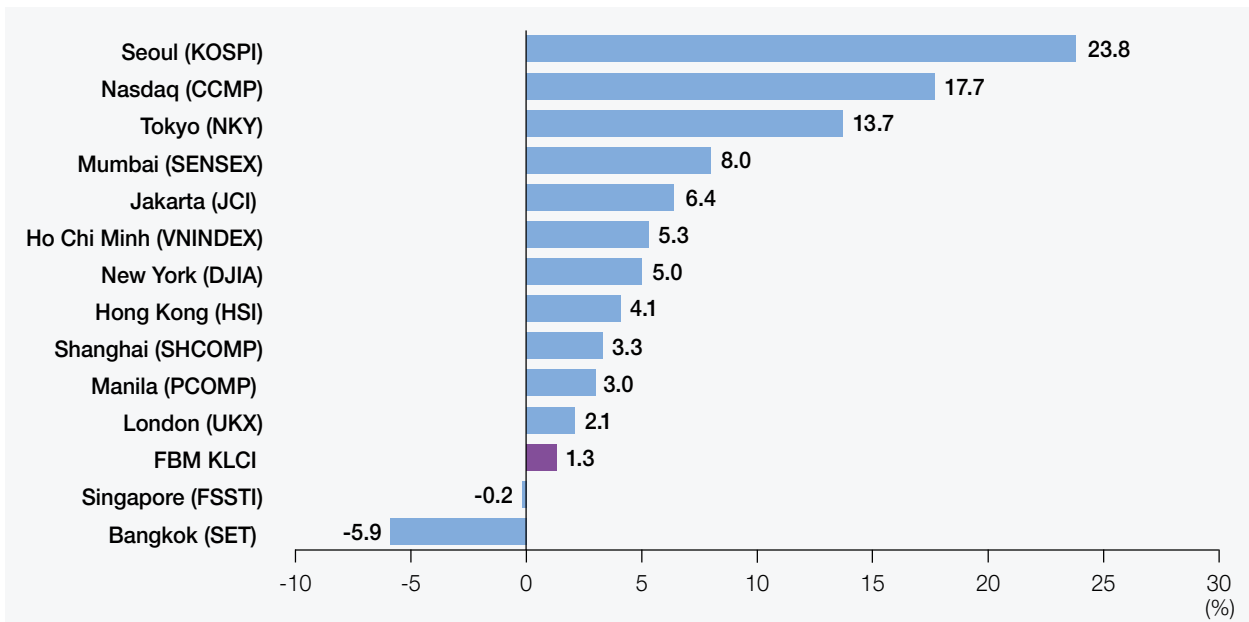
### Performance of Ringgit against Selected Currencies End-Mar 2025 – End-June 2025



Source: Bloomberg (Closing rate at 6pm)

13. In the second quarter of 2025, the **FBM KLCI** rose by 1.3% to close at 1,532.96 points, supported by improving global and domestic market sentiment. During this period, the easing of geopolitical tensions in the Middle East and progress in resolving trade disputes, particularly the positive developments towards a US-China trade deal, were among key drivers which improved investor confidence and risk appetite. The market also benefited from window-dressing activities and the renewed interest of foreign funds returning to the local bourse. Additionally, the quarter saw encouraging activity in the primary market, with 18 new listings raising RM2.7 billion, reflecting sustained investor interest and growth opportunities in Malaysia’s capital market.

### Performance of Selected Indices End-Mar 2025 – End-June 2025



Source: Bloomberg

## Federal Government Finance

**14. The Federal Government revenue** in the second quarter of 2025 rebounded by 9.3% to RM75.5 billion (Q2 2024: -4.3%; RM69.1 billion), driven by higher tax collections. Tax revenue improved notably by 16.7% to RM62.3 billion (Q2 2024: -2.5%; RM53.3 billion), supported by higher collections in both direct and indirect taxes. In contrast, **non-tax revenue** declined by 16.5% to RM13.2 billion (Q2 2024: -10.1%; RM15.8 billion), mainly due to lower proceeds from investment income and non-revenue receipts.

- **Direct tax** collection surged by 17% to RM44 billion (Q2 2024: -9.3%; RM37.6 billion), attributed to higher collections from companies and individual income taxes, which amounted to RM21.5 billion and RM13.6 billion, respectively (Q2 2024: RM17.2 billion; RM11.5 billion). The increase in both components was contributed by higher tax instalments from companies in line with improvement in corporate earnings and the individual tax assessment period which ended on 15 May 2025.
- Similarly, **indirect tax** collection increased by 16.6% to RM18.3 billion (Q2 2024: 18.9%; RM15.7 billion), primarily contributed by higher receipts from the sales tax and service tax (SST). The SST collection surged by 29.6% to RM12.7 billion (Q2 2024: 28.6%; RM9.8 billion), attributed to the full-year implementation of the service tax rate at 8% and higher consumer spending during the extended public and school holidays during the quarter.

**15. The Federal Government total expenditure** decreased marginally by 0.1% to RM94.4 billion (Q2 2024: -0.9%; RM94.5 billion), due to lower operating expenditure outlays.

**16. Operating expenditure (OE)** recorded a slight contraction of 0.6% to RM78.9 billion (Q2 2024: 2.9%; RM79.4 billion). The decline was mainly due to:

- A substantial reduction of 31.8% in subsidies and social assistance to RM10.7 billion (Q2 2024: 12.4%; RM15.7 billion), primarily due to lower global crude oil prices that led to reduced fuel-related subsidies.
- Disbursement of grants and transfers to state governments which resulted in lower outlays for special grants as well as per capita grants by 36% to RM1.6 billion (Q2 2024: -23.7%; RM2.5 billion).

17. Meanwhile, other OE components recorded higher outlays, including emoluments which grew by 5.4%, debt service charges (6.4%), retirement charges (6.5%) as well as supplies and services (8.5%).
18. **Development expenditure** increased by 2.6% to RM15.5 billion (Q2 2024: -16.8%; RM15.1 billion) mainly due to higher spending in the social sector. Expenditure in the social sector rose significantly by 24.4% to RM5.6 billion (Q2 2024: -6.3%; RM4.5 billion), attributed to higher spending in the education and housing subsectors. Conversely, disbursements to the economic sector declined by 6.4% to RM7.3 billion (Q2 2024: -25.7%; RM7.8 billion), mainly due to lower outlays in the agriculture, transport and communication subsectors. Spending in the general administration sector decreased by 11.1% to RM0.8 billion (Q2 2024: 1.4%; RM0.9 billion), while the security sector decreased by 5.3% to RM1.8 billion (Q2 2024: -3.0%; RM1.9 billion).
19. Overall, the Federal Government financial position recorded a lower current deficit of RM3.4 billion (Q2 2024: -RM10.3 billion). Subsequently, the overall balance registered a lower deficit of RM18.6 billion (Q2 2024: -RM25.2 billion).

### Federal Government Financial Position (RM billion)

|                        | 2024 <sup>p</sup> |                   | 2024 <sup>p</sup> |       |      |       | 2025 <sup>b</sup> |       |
|------------------------|-------------------|-------------------|-------------------|-------|------|-------|-------------------|-------|
|                        | 2024 <sup>p</sup> | 2025 <sup>b</sup> | Q1                | Q2    | Q3   | Q4    | Q1                | Q2    |
| Revenue                | 324.6             | 339.7             | 70.0              | 69.1  | 87.1 | 98.4  | 72.1              | 75.5  |
| Operating expenditure  | 321.5             | 335.0             | 77.7              | 79.4  | 76.3 | 88.1  | 76.4              | 78.9  |
| Current balance        | 3.1               | 4.7               | -7.7              | -10.3 | 10.8 | 10.3  | -4.3              | -3.4  |
| Gross development exp. | 84.0              | 86.0              | 18.9              | 15.1  | 17.7 | 32.3  | 17.8              | 15.5  |
| Less: Loan recoveries  | 1.7               | 1.3               | 0.2               | 0.2   | 0.3  | 1.0   | 0.2               | 0.3   |
| Net development exp.   | 82.3              | 84.7              | 18.7              | 14.9  | 17.4 | 31.3  | 17.6              | 15.2  |
| Overall balance        | -79.2             | -80.0             | -26.4             | -25.2 | -6.6 | -21.0 | -21.9             | -18.6 |
| <b>% of GDP</b>        | <b>-4.1</b>       | <b>-3.8</b>       |                   |       |      |       |                   |       |

<sup>p</sup> Preliminary

<sup>b</sup> Budget

Source: Ministry of Finance, Malaysia

- 20.** The **Federal Government gross borrowings** in the second quarter amounted to RM40 billion, sourced entirely through domestic issuances of Malaysian Government Securities (MGS) (RM19 billion), Malaysian Government Investment Issues (MGII) (RM19 billion) and Treasury Bills (RM2 billion). Of the total, RM12.4 billion was for principal repayments, while the balance was for deficit financing and prefunding for upcoming maturities.
- 21.** As at end-June 2025, the **Federal Government debt** stood at RM1,304.2 billion, equivalent to 63.9% of GDP. Of this total, 98.3% comprised domestic debt, while offshore borrowings reduced to 1.7% (Q1 2025: 2.2%) due to redemption of global sukuk (USD1 billion) in April 2025. The low foreign-denominated debt limits the Government's exposure to foreign exchange risk. Furthermore, the outstanding debt for each instrument remained within the statutory limits set under the respective Acts, as outlined below:

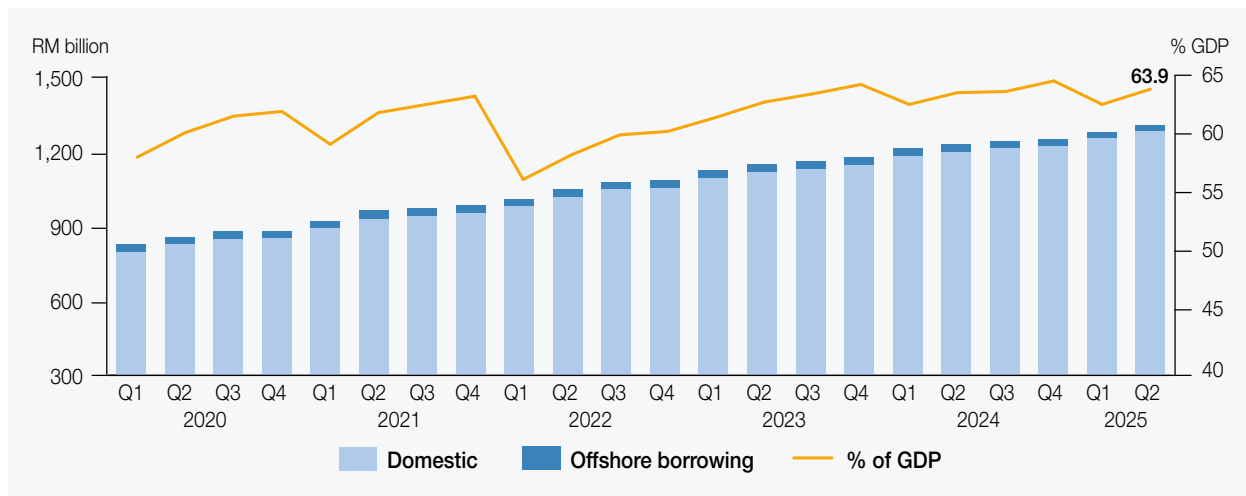
#### Federal Government Debt Statutory Limit

| Act  | Statutory Limit   | End-June 2025         |
|--|---|-----------------------|
| Loan (Local) Act 1959<br>[Act 637]           | Outstanding MGS, MGII and MITB not exceeding 65% of GDP | <b>62.7 % of GDP</b>  |
| Government Funding Act 1983<br>[Act 275]     |   |                       |
| External Loans Act 1963<br>[Act 403]         | Offshore borrowings not exceeding RM35 billion          | <b>RM22.8 billion</b> |
| Treasury Bills (Local) Act 1946<br>[Act 188] | MTB not exceeding RM10 billion                          | <b>RM2 billion</b>    |

Note: MGS = Malaysian Government Securities, MGII = Malaysian Government Investment Issues, MITB = Malaysian Islamic Treasury Bills, MTB = Malaysian Treasury Bills

Source: Ministry of Finance, Malaysia

### Federal Government Debt



Source: Ministry of Finance, Malaysia



## Key Data



|  | Q2 2024           |                 | Q1 2025                 |                 | Q2 2025                 |                 |
|--|-------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| <b>POPULATION</b> (thousand)   | 34,059            |                 | 34,193                  |                 | 34,232                  |                 |
|  | <b>RM million</b> | <b>% change</b> | <b>RM million</b>       | <b>% change</b> | <b>RM million</b>       | <b>% change</b> |
| <b>DOMESTIC PRODUCTION</b>   |                   |                 |                         |                 |                         |                 |
| <b>Gross Domestic Product</b> (constant 2015 prices)                     | <b>401,672</b>    | <b>5.9</b>      | <b>415,338</b>          | <b>4.4</b>      | <b>419,315</b>          | <b>4.4</b>      |
| Agriculture  | 25,139            | 7.6             | 23,738                  | 0.7             | 25,673                  | 2.1             |
| Mining and quarrying   | 23,776            | 2.7             | 25,492                  | -2.7            | 22,532                  | -5.2            |
| Manufacturing  | 93,387            | 4.7             | 95,676                  | 4.1             | 96,887                  | 3.7             |
| Construction   | 16,141            | 17.2            | 17,760                  | 14.2            | 18,091                  | 12.1            |
| Services   | 238,584           | 5.9             | 247,972                 | 5.0             | 250,700                 | 5.1             |
| <b>Gross Domestic Product</b> (current prices)                           | <b>474,607</b>    | <b>7.5</b>      | <b>484,812</b>          | <b>4.0</b>      | <b>488,165</b>          | <b>2.9</b>      |
| Final consumption expenditure:   |                   |                 |                         |                 |                         |                 |
| Public   | 50,669            | 2.7             | 54,840                  | 5.8             | 54,687                  | 7.9             |
| Private  | 281,637           | 7.1             | 301,924                 | 6.2             | 299,240                 | 6.3             |
| Gross fixed capital formation:   |                   |                 |                         |                 |                         |                 |
| Public   | 16,373            | 10.9            | 20,895                  | 12.4            | 18,526                  | 13.1            |
| Private  | 84,514            | 13.4            | 83,873                  | 8.9             | 92,987                  | 10.0            |
| Exports of goods and services  | 337,319           | 11.5            | 346,276                 | 5.6             | 345,343                 | 2.4             |
| Imports of goods and services  | 317,037           | 11.5            | 311,218                 | 2.8             | 331,611                 | 4.6             |
| <b>NATIONAL INCOME AND EXPENDITURE</b>                                   |                   |                 |                         |                 |                         |                 |
| Gross National Income (constant 2015 prices)                             | 395,287           | 4.9             | 404,535                 | 3.8             | 414,471                 | 4.9             |
| Gross National Income (current prices)                                   | 459,774           | 6.1             | 467,678                 | 4.1             | 479,278                 | 4.2             |
| Gross National Savings (current prices)                                  | 126,290           | 6.1             | 109,687                 | -3.5            | 120,771                 | -4.4            |
| Per Capita Income (current prices)                                       | 53,998            | 4.0             | 54,711                  | 3.2             | 56,004                  | 3.7             |
|  | <b>2023</b>       |                 | <b>2024<sup>1</sup></b> |                 | <b>2025<sup>2</sup></b> |                 |
|  | <b>RM million</b> | <b>% change</b> | <b>RM million</b>       | <b>% change</b> | <b>RM million</b>       | <b>% change</b> |
| <b>FEDERAL GOVERNMENT FINANCE</b>  |                   |                 |                         |                 |                         |                 |
| Revenue  | 314,959           | 7.0             | 324,618                 | 3.1             | 339,706                 | 4.6             |
| Operating expenditure  | 311,267           | 6.3             | 321,509                 | 3.3             | 335,000                 | 4.2             |
| Current balance  | 3,692             |                 | 3,109                   |                 | 4,706                   |                 |
| Development expenditure (net)  | 95,084            | 35.5            | 82,275                  | -13.5           | 84,679                  | 2.9             |
| <b>Overall deficit/surplus</b>   | <b>-91,392</b>    |                 | <b>-79,166</b>          |                 | <b>-79,973</b>          |                 |
| % to GDP   | -5.0              |                 | -4.1                    |                 | -3.8                    |                 |
| Domestic borrowing (net)   | 92,806            |                 | 77,073                  |                 | -                       |                 |
| Foreign borrowing (net)  | -248              |                 | -227                    |                 | -                       |                 |
| Change in assets   | -1,166            |                 | 2,320                   |                 | -                       |                 |
|  | <b>RM million</b> | <b>% GDP</b>    | <b>RM million</b>       | <b>% GDP</b>    | <b>RM million</b>       | <b>% GDP</b>    |
| <b>Federal Government debt<sup>3</sup></b>                               |                   |                 |                         |                 |                         |                 |
| Domestic debt  | 1,142,658         | 62.7            | 1,219,638               | 63.2            | 1,281,418               | 62.8            |
| Offshore borrowing   | 29,851            | 1.6             | 27,976                  | 1.4             | 22,758                  | 1.1             |
| Memorandum item:   |                   |                 |                         |                 |                         |                 |
| Non-residents holdings of ringgit-denominated Government debt securities | 257,389           |                 | 260,212                 |                 | 278,423                 |                 |

|  | Q2 2024          |                 |              | Q1 2025          |                 |              | Q2 2025          |                 |              |
|--|------------------|-----------------|--------------|------------------|-----------------|--------------|------------------|-----------------|--------------|
|  | RM million       |                 |              | RM million       |                 |              | RM million       |                 |              |
| <b>BALANCE OF PAYMENTS (NET)</b>                 |                  |                 |              |                  |                 |              |                  |                 |              |
| <b>Balance on current account</b>                | <b>4,271</b>     |                 |              | <b>16,697</b>    |                 |              | <b>265</b>       |                 |              |
| Goods  | 23,987           |                 |              | 38,491           |                 |              | 17,005           |                 |              |
| Services   | -3,705           |                 |              | -3,433           |                 |              | -3,273           |                 |              |
| Primary income                                   | -14,833          |                 |              | -17,135          |                 |              | -8,887           |                 |              |
| Secondary income                                 | -1,178           |                 |              | -1,227           |                 |              | -4,580           |                 |              |
| Balance on capital and financial accounts        | 26,641           |                 |              | -20,184          |                 |              | -2,182           |                 |              |
| Net errors and omissions                         | -32,260          |                 |              | 6,602            |                 |              | 2,905            |                 |              |
| Reserve assets                                   | -1,347           |                 |              | 3,115            |                 |              | 988              |                 |              |
|  | <b>RM</b>        | <b>%</b>        | <b>%</b>     | <b>RM</b>        | <b>%</b>        | <b>%</b>     | <b>RM</b>        | <b>%</b>        | <b>%</b>     |
|  | <b>million</b>   | <b>change</b>   | <b>share</b> | <b>million</b>   | <b>change</b>   | <b>share</b> | <b>million</b>   | <b>change</b>   | <b>share</b> |
| <b>EXTERNAL TRADE</b>                            |                  |                 |              |                  |                 |              |                  |                 |              |
| <b>Gross exports</b>                             | <b>369,338</b>   | <b>5.9</b>      | <b>100.0</b> | <b>378,359</b>   | <b>4.3</b>      | <b>100.0</b> | <b>381,839</b>   | <b>3.4</b>      | <b>100.0</b> |
| Manufactured goods                               | 317,750          | 5.4             | 86.0         | 324,745          | 6.0             | 85.8         | 331,812          | 4.4             | 86.9         |
| Agriculture goods                                | 24,880           | 12.0            | 6.7          | 25,955           | 13.3            | 6.9          | 27,238           | 9.5             | 7.1          |
| Mining goods                                     | 24,070           | 6.5             | 6.5          | 24,488           | -21.6           | 6.5          | 19,706           | -18.1           | 5.2          |
| <b>Gross imports</b>                             | <b>336,911</b>   | <b>15.1</b>     | <b>100.0</b> | <b>337,315</b>   | <b>2.8</b>      | <b>100.0</b> | <b>367,357</b>   | <b>9.0</b>      | <b>100.0</b> |
| Intermediate goods                               | 188,294          | 28.8            | 55.9         | 178,363          | 2.6             | 52.9         | 183,468          | -2.6            | 49.9         |
| Capital goods                                    | 36,892           | 24.1            | 11.0         | 46,781           | 16.7            | 13.9         | 60,798           | 64.8            | 16.6         |
| Consumption goods                                | 29,195           | 15.9            | 8.7          | 28,848           | 2.5             | 8.6          | 29,215           | 0.1             | 8.0          |
| <b>Total trade</b>                               | <b>706,248</b>   | <b>10.1</b>     |              | <b>715,674</b>   | <b>3.6</b>      |              | <b>749,196</b>   | <b>6.1</b>      |              |
| <b>Trade balance</b>                             | <b>32,427</b>    | <b>-41.9</b>    |              | <b>41,045</b>    | <b>18.6</b>     |              | <b>14,481</b>    | <b>-55.3</b>    |              |
| <b>Trading partners (% share to total trade)</b> |                  |                 |              |                  |                 |              |                  |                 |              |
| ASEAN  | 194,303          | 7.3             | 27.5         | 185,945          | 0.1             | 26.0         | 187,672          | -3.4            | 25.0         |
| European Union                                   | 53,754           | 3.5             | 7.6          | 52,846           | 0.9             | 7.4          | 53,276           | -0.9            | 7.1          |
| China  | 121,893          | 9.8             | 17.3         | 117,816          | 5.0             | 16.5         | 131,002          | 7.5             | 17.5         |
| United States                                    | 73,858           | 14.7            | 10.5         | 86,902           | 29.9            | 12.1         | 99,720           | 35.0            | 13.3         |
| Japan  | 36,787           | -0.8            | 5.2          | 36,987           | -11.7           | 5.2          | 33,423           | -9.1            | 4.5          |
| Others   | 225,653          | 15.2            | 32.0         | 235,179          | 1.4             | 32.9         | 244,104          | 8.2             | 32.6         |
| <b>Gross international reserves</b>              |                  |                 |              |                  |                 |              |                  |                 |              |
| RM billion                                       | 537.3            |                 |              | 520.8            |                 |              | 510.1            |                 |              |
| USD billion                                      | 113.8            |                 |              | 117.5            |                 |              | 120.6            |                 |              |
| Months of imports of goods and services          | 5.4              |                 |              | 4.9              |                 |              | 4.8              |                 |              |
| Total short-term external debt (times)           | 1.0              |                 |              | 0.9              |                 |              | 0.9              |                 |              |
| <b>PRICES</b>                                    |                  |                 |              |                  |                 |              |                  |                 |              |
|  | <b>Index</b>     | <b>% change</b> |              | <b>Index</b>     | <b>% change</b> |              | <b>Index</b>     | <b>% change</b> |              |
| Consumer Price Index (2010=100)                  | 132.7            | 1.9             |              | 133.9            | 1.5             |              | 134.4            | 1.3             |              |
| Producer Price Index (2010=100)                  | 120.4            | 1.6             |              | 118.7            | -0.3            |              | 116.0            | -3.7            |              |
| <b>LABOUR FORCE</b>                              |                  |                 |              |                  |                 |              |                  |                 |              |
|  | <b>Thousands</b> | <b>% change</b> |              | <b>Thousands</b> | <b>% change</b> |              | <b>Thousands</b> | <b>% change</b> |              |
| Labour force                                     | 16,913.0         | 1.1             |              | 17,229.3         | 2.7             |              | 17,369.9         | 2.7             |              |
| Unemployed                                       | 544.6            | -6.3            |              | 526.3            | -5.0            |              | 520.9            | -4.3            |              |
| Unemployment rate                                |                  | 3.2             |              |                  | 3.1             |              |                  | 3.0             |              |

|   |   | Jun 2024   |          | Mar 2025          |          | Jun 2025          |          |
|---|---|------------|----------|-------------------|----------|-------------------|----------|
|   |   | RM million | % change | RM million        | % change | RM million        | % change |
| <b>MONEY AND BANKING</b> (end period)                     |   |            |          |                   |          |                   |          |
| <b>Money supply</b>                                       | M1                                      | 642,138    | 6.4      | 667,450           | 3.4      | 681,563           | 6.1      |
|   | M2                                      | 2,416,358  | 5.2      | 2,480,758         | 2.4      | 2,496,158         | 3.3      |
|   | M3                                      | 2,426,401  | 5.2      | 2,490,115         | 2.3      | 2,503,435         | 3.2      |
| <b>Banking system</b>                                     |   |            |          |                   |          |                   |          |
|   | Fund                                    | 2,437,156  | 5.0      | 2,487,380         | 1.9      | 2,515,083         | 3.2      |
|   | Loan                                    | 2,014,531  | 6.4      | 2,085,295         | 4.7      | 2,095,009         | 4.0      |
|   | Loan-to-fund <sup>4</sup> ratio         | 82.7       |          | 83.8              |          | 83.3              |          |
| <b>Interest rates</b> (average rates at end of period, %) |   |            |          |                   |          |                   |          |
|   | 3-month interbank                       | 3.59       |          | 3.65              |          | 3.49              |          |
|   | Commercial banks                        |            |          |                   |          |                   |          |
|   | Fixed deposits: 3-month                 | 2.67       |          | 2.58              |          | 2.59              |          |
|   | 12-month                                | 2.79       |          | 2.71              |          | 2.68              |          |
|   | Savings deposit                         | 0.88       |          | 0.90              |          | 0.88              |          |
|   | Weighted base rate (BR)                 | 3.66       |          | 3.66              |          | 3.65              |          |
|   | Base lending rate                       | 6.68       |          | 6.68              |          | 6.68              |          |
|   | Treasury bills (3-month)                | -          |          | -                 |          | -                 |          |
|   | Malaysian Government securities: 1-year | 3.31       |          | 3.26              |          | 3.02              |          |
|   | 5-year                                  | 3.65       |          | 3.57              |          | 3.20              |          |
|   |   | July 2024  |          | Jun 2025          |          | July 2025         |          |
| <b>Movement of ringgit<sup>5</sup></b> (% annual change)  |   |            |          |                   |          |                   |          |
|   | RM per SDR                              | 6.1046     | -0.1     | 5.7915            | 7.2      | 5.7913            | 5.4      |
|   | RM per US dollar                        | 4.6060     | -1.4     | 4.2170            | 11.9     | 4.2540            | 8.3      |
|   | RM per euro                             | 4.9846     | 0.3      | 4.9390            | 2.2      | 4.8593            | 2.6      |
|   | RM per 100 Japanese yen                 | 2.9977     | 6.9      | 2.9239            | 0.3      | 2.8599            | 4.8      |
|   | RM per Chinese renminbi                 | 0.6365     | -0.2     | 0.5886            | 10.3     | 0.5915            | 7.6      |
|   | RM per Singapore dollar                 | 3.4295     | -0.6     | 3.3058            | 5.1      | 3.2857            | 4.4      |
|   | RM per 100 Indonesian rupiah            | 0.0283     | 6.4      | 0.0260            | 10.8     | 0.0258            | 9.7      |
| <b>Bursa Malaysia</b>                                     |   |            |          |                   |          |                   |          |
|   | FBM KLCI                                | 1,625.57   |          | 1,532.96          |          | 1,513.25          |          |
|   | Market capitalisation (RM billion)      | 2,064.75   |          | 1,904.45          |          | 1,913.32          |          |
|   |   | 2022       |          | 2023              |          | 2024              |          |
| <b>SOCIAL INDICATORS</b>                                  |   |            |          |                   |          |                   |          |
|   | Life expectancy at birth: Male (years)  | 71.5       |          | 71.8 <sup>1</sup> |          | 73.0 <sup>6</sup> |          |
|   | Female (years)                          | 76.4       |          | 76.6 <sup>1</sup> |          | 77.8 <sup>6</sup> |          |
|   | Literacy rate                           | 97.1       |          | 97.5              |          | n.a               |          |
|   | Tourist arrivals (million)              | 10.1       |          | 20.1              |          | 25.0              |          |

<sup>1</sup> Preliminary<sup>2</sup> Budget estimates, excluding 2025 Budget measures<sup>3</sup> For 2025, data is at end-June 2025<sup>4</sup> Funds comprises deposits (exclude deposits accepted from banking institutions) and all debt instruments issued (including subordinated debt, debt certificates/sukuk, commercial papers and structured notes)<sup>5</sup> Annual rate of appreciation (+) or depreciation (-)<sup>6</sup> Estimate





**MINISTRY OF FINANCE MALAYSIA**

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