

Research Team

(603) 7890 8888

research_dept@apexsecurities.com.my

3Q25 advance GDP Growth:	+5.2%
2025 GDP Growth Forecast:	+4.5%
2026 GDP Growth Forecast:	+4.1%
8M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
2026 Headline Inflation Forecast:	+2.0%
BNM OPR:	2.75%
End-2025 OPR Forecast:	2.75%
End-2026 OPR Forecast:	2.75%

Malaysia 3Q25 GDP Advance Estimate

GDP surprise defies tariff concerns

- Malaysia's economy expanded by +5.2% YoY in 3Q25 (2Q25: +4.4%), well above consensus of +4.2%. Growth was supported by rebounds in mining and firmer manufacturing, while services remained the main anchor of domestic momentum.
- Despite the stronger 3Q25 print, questions remain over the sustainability of the recent export momentum, as renewed US-China trade tensions, the pending US court ruling on tariff legality, reciprocal tariffs and further sectoral tariffs could shift the trade outlook.
- We expect export and manufacturing growth to moderate as the impact of tariffs gradually filters through into 2026, even as domestic demand remains supported by a resilient labour market and ongoing policy support.
- Given the robust year-to-date growth of +4.7% YoY, we have revised our 2025 GDP growth forecast upwards to +4.5% (previously +4.2%). For 2026, we maintain our projection at +4.1%, reflecting a softer external outlook and the anticipated base effect from this year's stronger growth momentum.

3Q25 GDP surprised on the upside

Malaysia's economy expanded by +5.2% YoY in 3Q25 (2Q25: +4.4%), according to the advance GDP estimate released by the Department of Statistics Malaysia (DoSM), well above Bloomberg consensus of +4.2%. The robust growth defied earlier market expectations of a slowdown following the implementation of US tariffs. The final GDP data will be released on 14 November and will provide further clarity on the expenditure breakdown.

Strength in mining and manufacturing

All supply-side components posted positive growth during the quarter. Key highlights were the strong rebounds in mining and firmer manufacturing, which helped lift overall momentum. Mining rebounded sharply to +10.9% YoY (2Q25: -5.2%), reflecting a recovery in crude oil and natural gas output post-maintenance. Manufacturing growth strengthened to +4.0% (2Q25: +3.7%), supported mainly by the E&E segment amid steady external demand. Services remained the main growth anchor at +5.1% (2Q25: +5.1%), driven by wholesale and retail trade, signalling firm consumer spending momentum. Construction maintained its double-digit pace at +11.2% (2Q25: +12.1%) on sustained private investment in data centres and infrastructure. Agriculture moderated to +0.4% (2Q25: +2.1%) on weaker palm oil and rubber output.

Easing concerns but not out of the woods yet

The stronger 3Q25 GDP print, particularly from manufacturing, came as a positive surprise and indicates that Malaysia's economy is holding up better than expected in the early phase of US reciprocal tariffs. Nonetheless, as highlighted in our latest External Trade Report, questions remain over the sustainability of the recent export momentum. The renewed US-China trade tensions, ongoing trade negotiations with the US, the pending US Supreme Court ruling on tariff legality and the potential imposition of further sectoral tariffs remain key moving parts that could alter Malaysia's trade outlook in either direction.

While recent trade data suggest that a sharp deterioration in the external sector is unlikely, we expect export and manufacturing growth to gradually moderate as the impact of reciprocal tariffs filters through into 2026. Domestic demand, supported by a resilient labour market, firm wage growth, and ongoing policy support, is expected to remain the key anchor for overall economic expansion.

Revised Up 2025 Growth Projection

Given the robust year-to-date performance of +4.7% YoY, we **have revised our full-year 2025 GDP growth forecast upwards to +4.5%** (previously +4.2%). **For 2026, we maintain our projection at +4.1%**, reflecting a softer external outlook and the anticipated base effect from this year's stronger growth momentum.

Table 1: GDP by Production Approach

	% share	% YoY						
	2024	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25A
GDP	100	3.5	5.1	5.4	4.9	4.4	4.4	5.2
Agriculture	6.3	0.2	3.1	3.6	-0.7	0.7	2.1	0.4
Mining	6.0	0.5	0.9	-2.8	-0.7	-2.7	-5.2	10.9
Manufacturing	23.1	0.7	4.2	5.6	4.2	4.1	3.7	4.0
Construction	4.0	6.0	17.5	20.0	20.7	14.2	12.1	11.2
Services	59.4	5.1	5.3	5.2	5.5	5.0	5.1	5.1

Source: Department of Statistics, Apex Securities

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.
