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3Q25 GDP Growth:	**+5.2%**
2025 GDP Growth Forecast:	**+4.5%**
2026 GDP Growth Forecast:	**+4.1%**
9M25 Unemployment Rate:	**3.0%**
2025 Unemployment Rate Forecast:	**3.0%**
2026 Unemployment Rate Forecast:	**3.1%**
9M25 Headline Inflation:	**+1.4%**
2025 Headline Inflation Forecast:	**+1.4%**
2026 Headline Inflation Forecast:	**+2.0%**
End-2025 OPR	**2.75%**
End-2026 OPR Forecast:	**2.75%**

Malaysia 3Q25 GDP

Robust growth with upside risk to 2025 GDP

- **Malaysia's GDP was robust at +5.2% YoY in 3Q25 (2Q25: +4.4%), in line with the advance estimate. Growth was lifted by stronger net exports, while domestic demand eased.**
- **The current account surplus widened to 2.4% of GDP (2Q25: 0.1%), driven by a larger goods surplus and a turnaround in services. We have revised our 2025 current account surplus forecast higher to 1.8% of GDP (previously 1.3%).**
- **We see resilience in domestic demand over the medium term, but expect manufacturing and export growth to ease on external headwinds going into 2026.**
- **We maintain our 2025 GDP growth forecast at +4.5%, with growth potentially reaching the upper end of the official forecast range of +4.0-4.8%.**
- **For 2026, we keep our projection at +4.1%, reflecting a more moderate external outlook amid uncertainties surrounding US tariff policy.**

3Q25 momentum held up strong

Malaysia's GDP expanded by +5.2% YoY in 3Q25 (2Q25: +4.4%), in line with the advance GDP estimate. The solid performance came despite concerns that the 19% US tariffs implemented on Malaysian goods beginning August would weigh on external demand. On a seasonally adjusted basis, GDP grew by +2.4% QoQ (2Q25: +2.2%), marking a third consecutive quarter of improving momentum.

Net exports lifted growth as domestic demand eased

On the expenditure side, domestic demand moderated in 3Q25, while net exports provided a lift to growth. Private consumption remained resilient at +5.0% YoY (2Q25: +5.3%), supported by a positive labour market and unemployment at a decade-low of 3.0% in September. Private investment slowed to +7.3% (2Q25: +11.8%) following a moderation in machinery and equipment spending.

On the external front, real exports eased to +1.4% YoY (2Q25: +2.6%), while imports slowed sharply to +0.4% (2Q25: +6.6%), reflecting weaker capital and intermediate goods demand. The import moderation led to a strong rebound in net exports (+17.7%; 2Q25: -72.6%), lifting overall GDP growth in the quarter.

On a sectoral basis, mining rebounded sharply to +9.7% YoY (2Q25: -5.2%) as crude oil and natural gas production recovered post-maintenance. Services remained the main growth anchor at +5.0% (2Q25: +5.1%), supported by resilient wholesale and retail trade. Manufacturing rose to +4.1% (2Q25: +3.7%) on firmer E&E and consumer-related production. Construction sustained double-digit growth at +11.8% (2Q25: +12.1%), albeit at a slower pace, reflecting ongoing data centre and infrastructure development. However, agriculture eased to +0.4% (2Q25: +2.5%) on weaker palm oil and rubber output.

Current account surplus widened sharply

The current account surplus widened to +RM12.2bn (2Q25: +RM0.3bn), equivalent to 2.4% of GDP (2Q25: 0.1%). The improvement was mainly due to a larger goods surplus (+RM33.3bn; 2Q25: +RM17.0bn). Notably, the services account recorded a turnaround to +RM0.7bn (2Q25: -RM3.3bn), the first surplus in 14 years, supported by higher travel and construction-related services exports. Meanwhile, the primary income deficit widened to -RM19.9bn (2Q25: -RM8.9bn). Following the better-than-expected performance, we have revised our full-year 2025 current account surplus forecast higher to 1.8% of GDP (previously 1.3%).

Domestic demand remains the growth anchor

While the sharper-than-expected investment slowdown and stronger net export contribution stood out, the overall trend remains largely consistent with our earlier assessment. Private

KDN PP13226/06/2024 (035469)

investment remains in a moderating phase, but its 3Q25 growth of +7.3% is still above the post-pandemic (2021–2024) average of +6.7%, pointing to a healthy normalisation rather than a sharp deterioration.

BNM also noted that only around 20% of committed data centre capacity is currently operational, suggesting room for sustained investment ahead. More importantly, the spillover into higher-value Information and Communications Technology (ICT) services could become new economic growth drivers. These expanded services are better positioned to create higher-paying jobs and support a more resilient private consumption trend over the medium term.

Meanwhile, the moderation in intermediate goods imports may indicate softer export trend ahead. Although BNM has guided that overstocking from the earlier front-loading activity was likely overdone, implying limited risk of a sharp deterioration, we expect manufacturing and export growth to ease as tariff impacts and broader external headwinds become more pronounced going into 2026.

Upside to 2025 forecast; headwinds in 2026

With year-to-date GDP growth at +4.7% YoY, we **maintain our 2025 GDP growth forecast at +4.5%**. Domestic demand remains resilient, and the external sector should hold up relatively well in the early phase of tariff implementation. As such, risks to the 2025 outlook are tilted to the upside, with growth **potentially reaching the upper end of the official forecast range of 4.0-4.8%**.

For 2026, we keep our projection at +4.1%, reflecting a more moderate external outlook and a volatile trade environment amid uncertainties surrounding US tariff policy. Overall, domestic demand is expected to remain the key growth driver next year.

APEX SECURITIES 鼎峰证券有限公司

Figure 1: GDP by Sector Approach

	% share	% YoY							ppts contribution to GDP						
	2024	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25
GDP	100	3.5	5.1	5.4	4.9	4.4	4.4	5.2	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	2.5	0.4	0.02	0.2	0.3	-0.04	0.04	0.2	0.03
Mining	6.0	0.5	0.9	-2.8	-0.7	-2.7	-5.2	9.7	0.04	0.1	-0.2	-0.04	-0.2	-0.3	0.5
Manufacturing	23.1	0.7	4.2	5.6	4.2	4.1	3.7	4.1	0.2	1.0	1.3	1.0	1.0	0.9	0.9
Construction	4.0	6.0	17.5	20.0	20.7	14.2	12.1	11.8	0.2	0.6	0.7	0.7	0.6	0.5	0.5
Services	59.4	5.1	5.3	5.2	5.5	5.0	5.1	5.0	3.0	3.2	3.1	3.3	3.0	3.0	3.0
Import duties	1.2	9.6	7.1	17.1	4.7	5.0	16.9	15.8	0.1	0.1	0.2	0.1	0.1	0.2	0.2

Source: Department of Statistics, Apex Securities

Figure 2: GDP by Demand Approach

	% share	% YoY							ppts contribution to GDP						
	2024	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25
GDP	100	3.5	5.1	5.4	4.9	4.4	4.4	5.2	3.5	5.1	5.4	4.9	4.4	4.4	5.2
Domestic demand	95.2	4.6	6.5	7.1	6.4	6.0	7.0	5.8	4.3	6.1	6.7	6.0	5.7	6.6	5.6
Private consumption	60.7	4.6	5.1	4.7	5.3	5.0	5.3	5.0	2.8	3.1	2.9	3.1	3.1	3.2	3.1
Public consumption	13.2	3.4	4.7	6.0	4.0	4.3	6.4	7.1	0.5	0.6	0.8	0.6	0.5	0.8	0.9
Private investment	16.5	4.5	12.3	15.6	12.7	9.2	11.8	7.3	0.7	1.9	2.4	1.6	1.6	2.2	1.2
Public investment	4.8	8.5	11.1	14.4	10.0	11.6	13.6	7.4	0.4	0.5	0.6	0.7	0.5	0.5	0.3
Change in inventories	0.6	28.1	-69.8	-67.0	-103.9	-1237.4	18.6	-245.3	0.5	-1.4	-1.0	-3.1	-2.1	0.3	-1.1
Net Exports	4.2	-22.2	9.2	-5.3	63.6	19.6	-72.6	17.7	-1.2	0.4	-0.2	2.0	0.8	-2.6	0.7
Exports	68.1	-7.9	8.3	11.7	8.7	4.1	2.6	1.4	-5.9	5.5	7.7	5.7	2.8	1.7	1.0
Imports	63.9	-6.8	8.2	13.0	5.9	3.1	6.6	0.4	-4.7	5.1	7.9	3.6	1.9	4.3	0.2

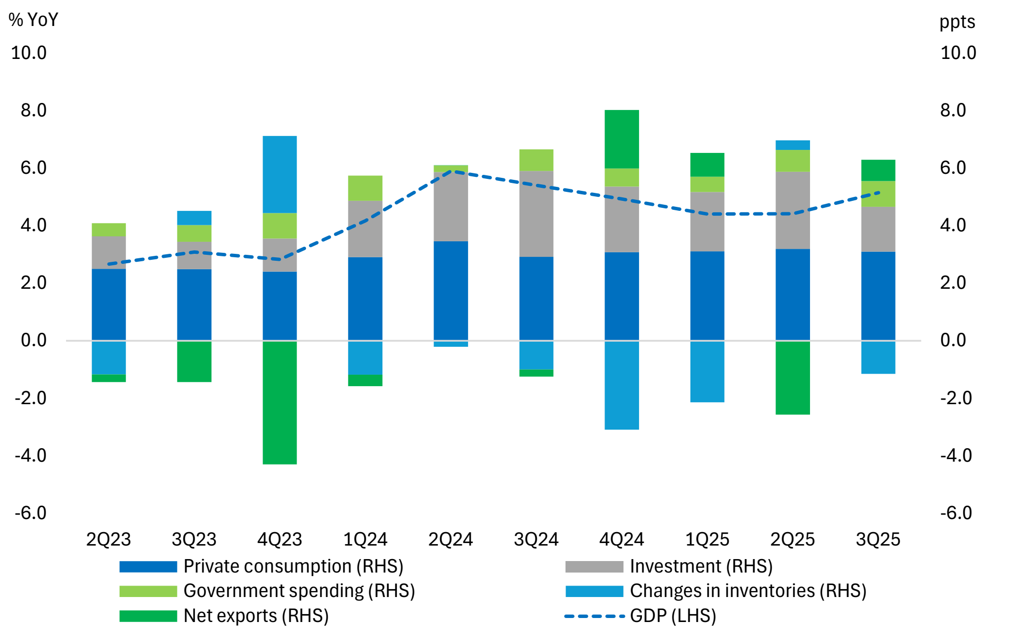
Source: Department of Statistics, Apex Securities

Figure 3: Current Account Breakdown

	RM bn							% of GDP						
	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25	2023	2024	3Q24	4Q24	1Q25	2Q25	3Q25
Current account	20.0	27.7	1.8	12.9	16.7	0.3	12.2	1.1	1.4	0.4	2.6	3.4	0.1	2.4
Goods	130.9	114.5	22.4	36.9	38.5	17.0	33.3	7.2	5.9	4.6	7.4	7.9	3.5	6.5
Services	-44.0	-11.7	-0.8	-1.0	-3.4	-3.3	0.7	-2.4	-0.6	-0.2	-0.2	-0.7	-0.7	0.1
Primary income	-55.7	-66.1	-17.4	-17.1	-17.1	-8.9	-19.9	-3.1	-3.4	-3.6	-3.4	-3.5	-1.8	-3.9
Secondary income	-11.2	-9.0	-2.4	-5.9	-1.2	-4.6	-1.8	-0.6	-0.5	-0.5	-1.2	-0.3	-0.9	-0.4

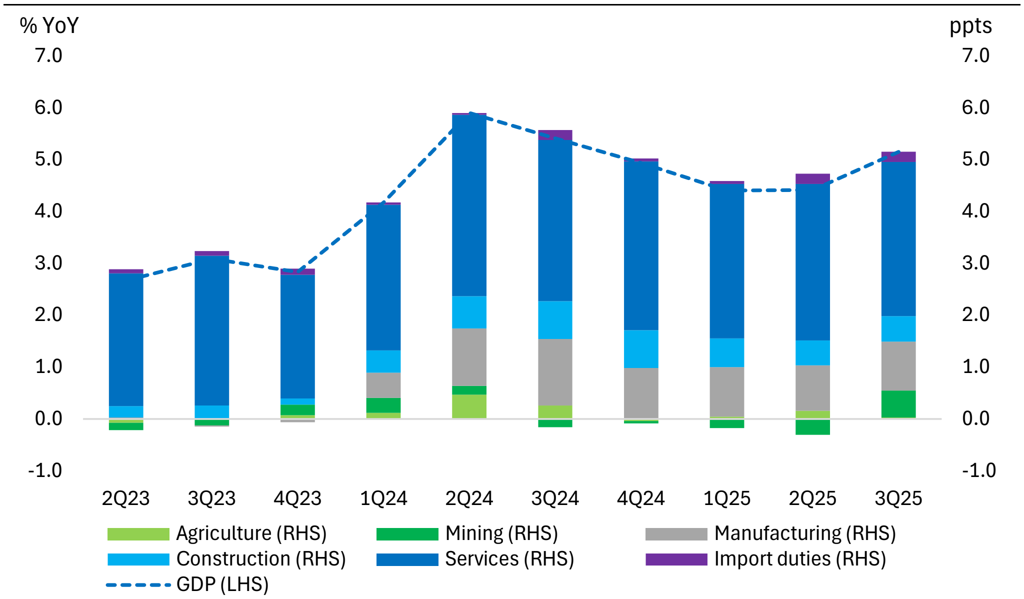
Source: Department of Statistics, Apex Securities

Figure 4: Malaysia's GDP growth supported by domestic demand in 2Q25



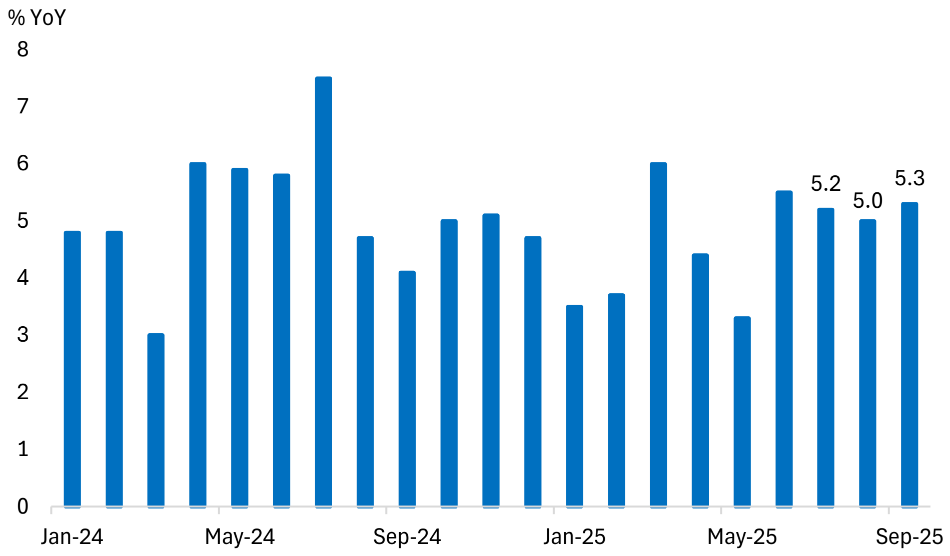
Source: Department of Statistics, Apex Securities

Figure 5: Malaysia's GDP growth underpinned by steady services



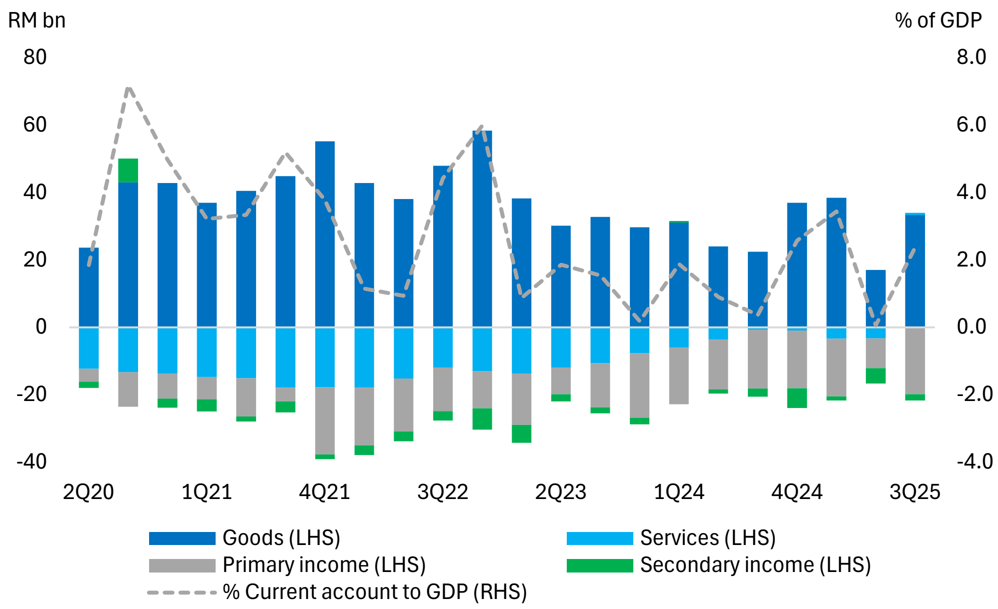
Source: Department of Statistics, Apex Securities

Figure 6: Monthly GDP growth strengthened to 5.5% YoY in June



Source: Department of Statistics, Apex Securities

Figure 7: Current account surplus narrowed due mainly to lower surplus in goods account



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

As of **Monday, 17 Nov, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.