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4Q25 Advance GDP Growth:	+5.7%
2025 GDP Growth Forecast:	+4.7%
2026 GDP Growth Forecast:	+4.3%
11M25 Export Growth:	+6.1%
2025 Export Growth Forecast:	+6.0%
2026 Export Growth Forecast:	+4.8%
11M25 Unemployment Rate:	3.0%
2025 Unemployment Rate Forecast:	3.0%
2026 Unemployment Rate Forecast:	3.1%
11M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
2026 Headline Inflation Forecast:	+1.8%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

Malaysia 4Q25 Advance GDP Estimate

Another positive surprise in 4Q25 GDP

- Malaysia's economy expanded by +5.7% YoY in 4Q25 (3Q25: +5.2%), the strongest pace since 2Q24. Full-year 2025 GDP grew by +4.9% (2024: +5.1%), above our estimate of +4.7%.
- Manufacturing stood out, led by firmer E&E output amid the ongoing AI-led technology upcycle, while services remained the main anchor of growth momentum.
- We reiterate our view that domestic demand will continue to anchor growth in 2026, supported by resilient private consumption and sustained investment activity.
- The steady outlook for global semiconductor demand remains a key support for external sector in 2026, though external uncertainties persist, given the risk of semiconductor-related tariffs and a tariff-centric Trump policy stance.
- A sustained positive performance into early 2026 could warrant upside revision to our current 2026 GDP forecast of +4.3% YoY. For now, we maintain our GDP forecasts at +4.7% for 2025 and +4.3% for 2026.

4Q25 GDP surprised to the upside

Malaysia's economy expanded by +5.7% YoY in 4Q25 (3Q25: +5.2%), the strongest pace since 2Q24, according to the advance GDP estimate released by the Department of Statistics Malaysia (DoSM), exceeding Bloomberg consensus of +5.4%. The better-than-expected performance extends the robust momentum seen in 3Q25, despite the implementation of US tariffs. For full-year 2025, GDP grew by an estimated +4.9% (2024: +5.1%), above our estimate of +4.7%.

Manufacturing stood out

All supply-side components recorded positive growth in 4Q25, with most components accelerating except mining. Key highlight was manufacturing, rising to +6.0% YoY (3Q25: +4.1%), contributing 1.4 ppts to headline GDP growth (3Q25: 0.9 ppt), supported by firmer E&E output amid the ongoing AI-led technology upcycle. Services remained the growth driver at +5.4% (3Q25: +5.0%), driven by wholesale and retail trade, signalling resilient consumer spending. Agriculture jumped sharply to +5.1% (3Q25: +0.4%) on stronger palm oil output. Construction sustained its double-digit expansion at +11.9% (3Q25: +11.8%) on investment in non-residential buildings including data centres. In contrast, mining moderated to +1.1% (3Q25: +9.7%), reflecting softer crude oil and natural gas production.

Domestic demand to remain the key growth anchor

Recent economic indicators point to resilient domestic momentum. The firmer services performance in 4Q25, together with the unemployment rate easing further to an 11-year low of 2.9% in November 2025, reinforce our view that domestic demand will continue to anchor growth heading into 2026.

Private consumption should remain well supported by stronger tourism under Visit Malaysia 2026, resilient labour market conditions and ongoing policy support. This includes higher allocations under Budget 2026 for SARA and STR to RM15bn in 2026 (2025: RM13bn), including a one-off RM100 assistance to Malaysians aged 18 and above in February 2026. Meanwhile, investment activity will be sustained by data centre demand in the pipeline and major infrastructure projects, including the ECRL, Penang Mutiara Line LRT and the Johor Bahru-Singapore Rapid Transit System (RTS).

External resilience provides upside, but risks remain

The strong 4Q25 manufacturing performance is consistent with improving external trade conditions towards end-2025, suggesting that the initial impact of tariffs has been relatively muted. The steady outlook for global semiconductor demand amid the AI-led technology upcycle will remain a key support for external sector in 2026. Nonetheless, we caution that external uncertainties persist. Potential semiconductor-related tariff presents a key downside

risk to Malaysia, while we anticipate tariffs will remain a central policy theme under the Trump administration, which could lead to intermittent global trade volatility.

We will closely monitor near-term manufacturing and external trade trends. The final 4Q25 GDP data, due on 13 February, will provide further clarity on the expenditure breakdown. A sustained positive performance into early 2026 could warrant upside revision to our current 2026 GDP forecast of +4.3% YoY. For now, we **maintain our GDP forecasts at +4.7% for 2025 and +4.3% for 2026.**

Table 1: GDP by Production Approach

	% share	% YoY						
	2024	2024	2025E	4Q24	1Q25	2Q25	3Q25	4Q25E
GDP	100	5.1	4.9	4.9	4.4	4.4	5.2	5.7
Agriculture	6.3	3.1	2.2	-0.7	0.7	2.5	0.4	5.1
Mining	6.0	0.9	0.5	-0.7	-2.7	-5.2	9.7	1.1
Manufacturing	23.1	4.2	4.5	4.2	4.1	3.7	4.1	6.0
Construction	4.0	17.5	12.4	20.7	14.2	12.1	11.8	11.9
Services	59.4	5.3	5.1	5.5	5.0	5.1	5.0	5.4
Import duties	1.2	7.1	15.0	4.7	5.0	16.9	15.8	20.9

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.
