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2025 GDP Growth	**+5.2%**
2026 GDP Growth Forecast:	**+4.7%**
2025 Export Growth:	**+6.5%**
2026 Export Growth Forecast:	**+4.8%**
2025 Unemployment Rate	**3.0%**
2026 Unemployment Rate Forecast:	**3.0%**
2025 Headline Inflation:	**+1.4%**
2026 Headline Inflation Forecast:	**+1.8%**
End-2025 OPR	**2.75%**
End-2026 OPR Forecast:	**2.75%**

Malaysia 4Q25 GDP

Firmer trajectory lifts 2026 outlook

- **Malaysia's GDP accelerated to +6.3% YoY in 4Q25 (3Q25: +5.4%), surpassing the advance estimate of +5.7%. Growth was driven by stronger domestic demand, while net exports declined. Full-year 2025 GDP growth came in at +5.2% (2024: +5.1%).**
- **The current account recorded a surplus of 0.4% of GDP (3Q25: 2.5%), supported by goods and services surpluses. We project a modest current account surplus of 1.5% of GDP in 2026.**
- **Headline growth was partly boosted by inventory accumulation, which is unlikely to be sustained. That said, domestic demand should remain resilient, while the external sector will be the key swing factor in 2026.**
- **In view of the firmer growth momentum, we revise our 2026 GDP forecast higher to +4.7% YoY (previously +4.3%).**
- **We expect BNM to keep the OPR at 2.75% throughout 2026, barring a materially stronger growth outlook or a significant easing in external risks that could warrant a hike towards 3.00%.**

4Q25 growth surprised to the upside

Malaysia's GDP accelerated to a four-year high of +6.3% YoY in 4Q25 (3Q25: +5.4%), surpassing the advance estimate of +5.7%. However, on a seasonally adjusted basis, growth moderated to +0.8% QoQ (3Q25: +2.7%), suggesting underlying sequential momentum may have softened. For full-year 2025, GDP came in at +5.2% (2024: +5.1%), above our forecast of +4.7%, as growth remained resilient despite tariff-related headwinds in 2H25.

Domestic demand lifted growth as net exports contracted

Private consumption strengthened to +5.3% YoY (3Q25: +5.0%), underpinned by a resilient labour market with unemployment holding at an 11-year low of 2.9% in December, alongside continued income-related policy support. Private investment accelerated to +9.2% (3Q25: +7.3%), staying above the post-pandemic (2021–2025) average of +7.2%, driven by machinery & equipment spending amid data centre expansion and ongoing infrastructure projects.

Externally, real exports rose +3.9% YoY (3Q25: +1.7%) on firmer E&E shipments and tourism activity. However, imports surged to +7.9% (3Q25: +0.7%), reflecting stronger intermediate and capital goods demand amid robust investment activities. As a result, net exports contracted sharply (-45.8%; 3Q25: +18.7%), partially offsetting the strength in domestic demand.

Services and manufacturing anchored the headline growth

On a sectoral basis, services and manufacturing remained the key growth anchor. Services accelerated to +6.3% YoY (3Q25: +5.5%), supported by consumer-related subsectors and ICT activities following the operationalisation of data centres. Manufacturing rose to +6.1% (3Q25: +4.1%) amid firmer E&E and consumer goods production. Agriculture jumped to +5.4% (3Q25: +0.1%) on improved palm oil output following better weather conditions. Construction maintained double-digit growth at +11.0% (3Q25: +11.8%), albeit at a slower pace.

Current account supported by sustained goods surplus

The current account recorded a surplus of +RM2.0bn in 4Q25 (3Q25: +RM12.8bn), equivalent to 0.4% of GDP (3Q25: 2.5%), supported by goods account surplus of +RM23.6bn (3Q25: +RM31.8bn) amid steady demand for E&E, petroleum and palm oil-based products. Meanwhile, the services account recorded another quarter of surplus at +RM5.0bn (3Q25: +RM2.8bn), underpinned by stronger tourism receipts and ICT-related services from data centre.

For full-year 2025, the current account surplus widened to 1.6% of GDP (2024: 1.4%). Looking ahead, resilient E&E demand should continue to underpin the goods account surplus, but rising capital imports related to data centre investments may cap further upside. We project a modest current account surplus of 1.5% of GDP in 2026.

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Inventory buildup amplified headline growth

To some extent, the stronger-than-expected headline growth was driven by a surge in inventory accumulation. Changes in inventories contributed +2.3ppts to headline growth in 4Q25 (3Q25: -0.9ppts) (see Figure 2). Excluding inventories, GDP grew at a more moderate +4.0% YoY (3Q25: +6.3%).

While the inventory buildup may partly reflect business optimism over the demand outlook (refer to our Malaysia IPI report), it may also suggest some front-loading of production ahead of festive demand. As such, the underlying momentum may be less robust than the +6.3% YoY headline growth suggests, and we reckon **the 4Q25 strength is unlikely to be sustained**.

Domestic demand to remain the key growth anchor

Nonetheless, we remain cautiously optimistic on the 2026 outlook. On the domestic front, stronger tourist arrivals under Visit Malaysia 2026, alongside continued policy support for lower-income households, should sustain resilient private consumption. Meanwhile, investment led by ongoing data centre expansion is expected to generate positive spillovers into higher value-added activities including ICT services.

Externally, we concur with BNM that the external sector will remain the key swing factor in 2026. Sustained E&E demand amid the AI-led technology upcycle should continue to underpin external growth. That said, global trade conditions remain fluid, with intermittent trade tensions and potential semiconductor-related tariffs posing risks to the outlook. In addition, elevated capital goods imports driven by data centre expansion may weigh on the net export contribution.

Revised up 2026 growth projection; policy to remain steady

Overall, we expect the positive growth momentum to sustain into 2026. In view of the firmer growth trajectory, we **revise our 2026 GDP growth forecast higher to +4.7% YoY** (previously +4.3%), above the official forecast range of 4.0–4.5%. BNM may update its 2026 growth projection in its March Annual Report.

On monetary policy, we expect BNM to **keep the OPR at 2.75%** throughout 2026, barring a materially stronger growth outlook or a significant easing in external risks that could warrant a hike towards 3.00%.

Figure 1: GDP by Sector Approach

	% share	% YoY							ppts contribution to GDP						
	2025	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25
GDP	100	5.1	5.2	4.9	4.4	4.4	5.4	6.3	5.1	5.2	4.9	4.4	4.4	5.4	6.3
Agriculture	6.1	3.1	2.2	-0.7	0.7	2.5	0.1	5.4	0.2	0.1	-0.04	0.04	0.2	0.01	0.3
Mining	5.7	0.9	0.7	-0.7	-2.7	-5.2	9.7	2.0	0.1	0.04	-0.04	-0.2	-0.3	0.5	0.1
Manufacturing	23.0	4.2	4.5	4.2	4.1	3.7	4.1	6.1	1.0	1.0	1.0	1.0	0.9	0.9	1.4
Construction	4.3	17.5	12.2	20.7	14.2	12.1	11.8	11.0	0.6	0.5	0.7	0.6	0.5	0.5	0.4
Services	59.6	5.3	5.5	5.5	5.0	5.1	5.5	6.3	3.2	3.3	3.3	3.0	3.0	3.3	3.8
Import duties	1.3	7.1	14.9	4.7	5.0	16.9	15.8	20.8	0.1	0.2	0.1	0.1	0.2	0.2	0.3

Source: Department of Statistics, Apex Securities

Figure 2: GDP by Demand Approach

	% share	% YoY							ppts contribution to GDP						
	2025	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25
GDP	100	5.1	5.2	4.9	4.4	4.4	5.4	6.3	5.1	5.2	4.9	4.4	4.4	5.4	6.3
Domestic demand	96.3	6.5	6.3	6.4	6.0	7.0	5.8	6.6	6.1	6.0	6.0	5.7	6.6	5.6	6.3
Private consumption	60.6	5.1	5.2	5.3	5.0	5.3	5.0	5.3	3.1	3.1	3.1	3.1	3.2	3.1	3.1
Public consumption	13.4	4.7	6.6	4.0	4.3	6.4	7.1	8.0	0.6	0.9	0.6	0.5	0.8	0.9	1.3
Private investment	17.2	12.3	9.4	12.7	9.2	11.8	7.3	9.2	1.9	1.6	1.6	1.6	2.2	1.2	1.3
Public investment	5.1	11.1	10.3	10.0	11.6	13.6	7.4	9.5	0.5	0.5	0.7	0.5	0.5	0.3	0.7
Change in inventories	0.5	-69.8	-9.4	-103.9	-1237.4	18.6	-193.6	2081.3	-1.4	-0.1	-3.1	-2.1	0.3	-0.9	2.3
Net Exports	3.3	9.2	-19.3	63.6	19.6	-72.6	18.7	-45.8	0.4	-0.8	2.0	0.8	-2.6	0.8	-2.3
Exports	66.8	8.3	3.1	8.7	4.1	2.6	1.7	3.9	5.5	2.1	5.7	2.8	1.7	1.2	2.7
Imports	63.5	8.2	4.6	5.9	3.1	6.6	0.7	7.9	5.1	2.9	3.6	1.9	4.3	0.4	4.9

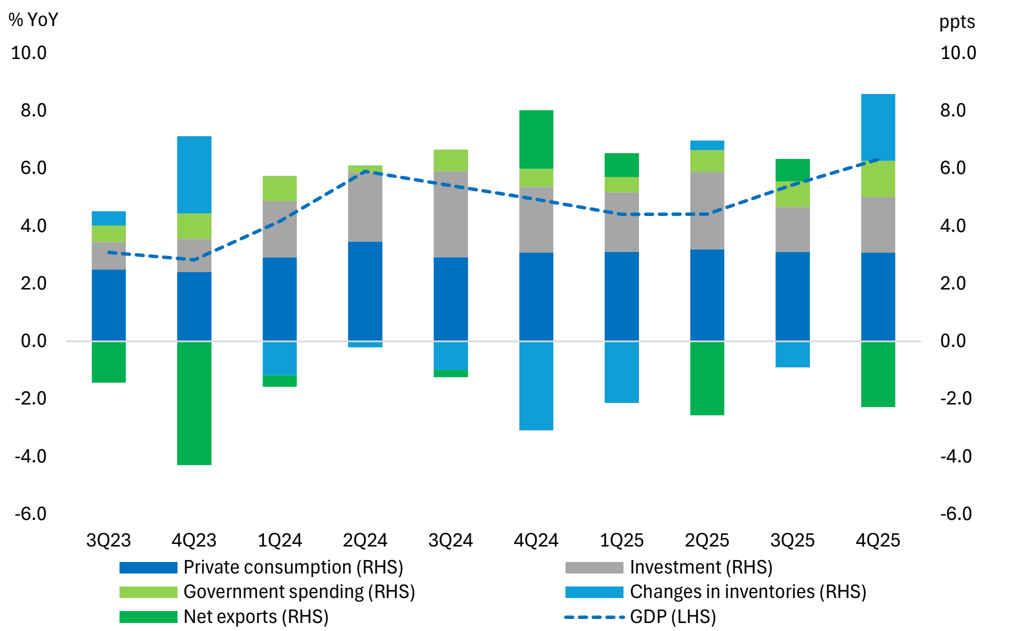
Source: Department of Statistics, Apex Securities

Figure 3: Current Account Breakdown

	RM bn							% of GDP						
	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025	4Q24	1Q25	2Q25	3Q25	4Q25
Current account	27.7	31.8	12.9	16.7	0.3	12.8	2.0	1.4	1.6	2.6	3.4	0.1	2.5	0.4
Goods	114.5	110.9	36.9	38.5	17.0	31.8	23.6	5.9	5.5	7.4	7.9	3.5	6.1	4.4
Services	-11.7	1.2	-1.0	-3.4	-3.3	2.8	5.0	-0.6	0.1	-0.2	-0.7	-0.7	0.5	0.9
Primary income	-66.1	-69.5	-17.1	-17.1	-8.9	-19.9	-23.5	-3.4	-3.4	-3.4	-3.5	-1.8	-3.9	-4.4
Secondary income	-9.0	-10.8	-5.9	-1.2	-4.6	-1.8	-3.1	-0.5	-0.5	-1.2	-0.3	-0.9	-0.4	-0.6

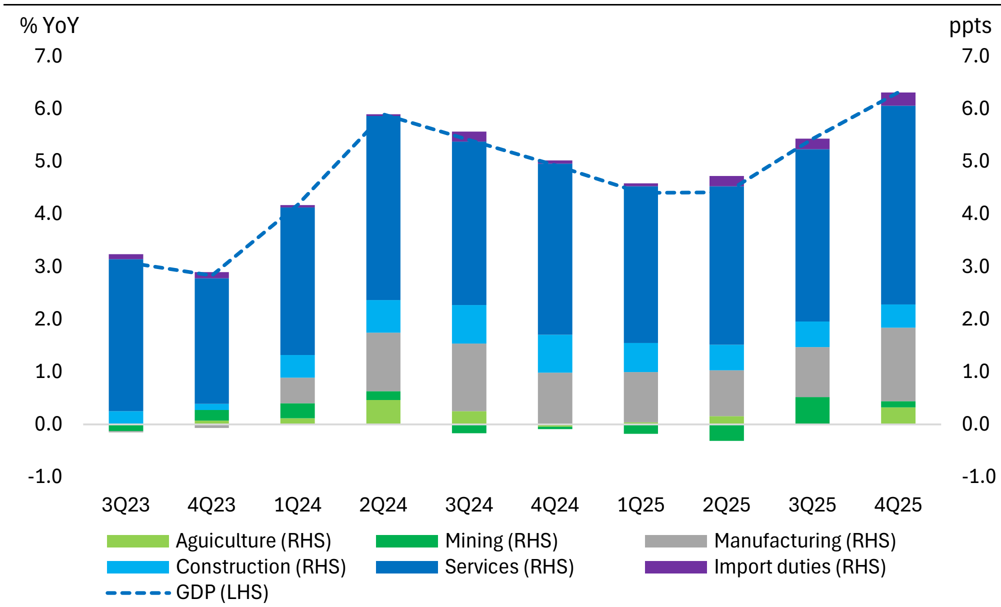
Source: Department of Statistics, Apex Securities

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



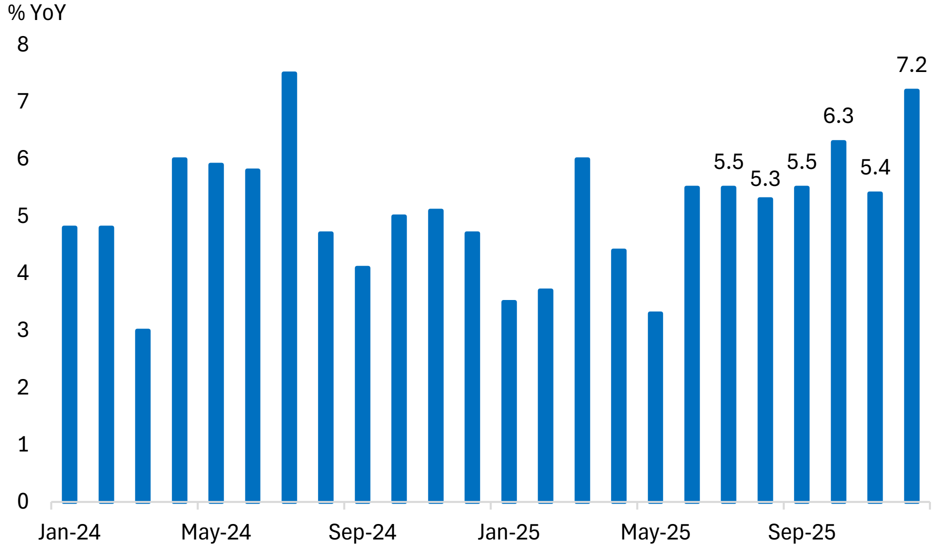
Source: Department of Statistics, Apex Securities

Figure 5: Malaysia's GDP growth underpinned by firmer services and manufacturing



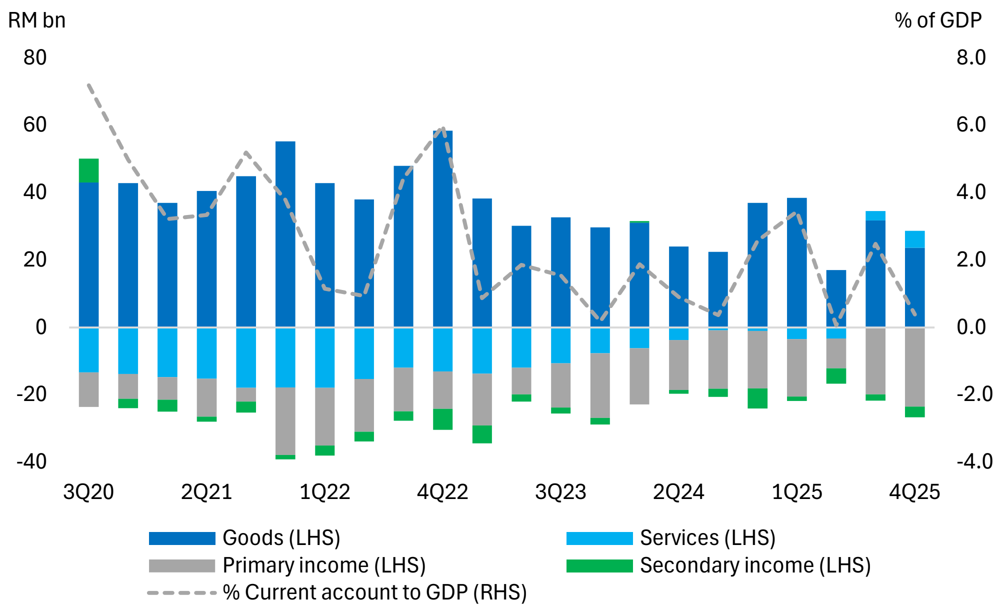
Source: Department of Statistics, Apex Securities

Figure 6: Monthly GDP growth strengthened to 7.2% YoY in December



Source: Department of Statistics, Apex Securities

Figure 7: The current account was supported by goods and services surpluses



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, 16 Feb, 2026**, 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.