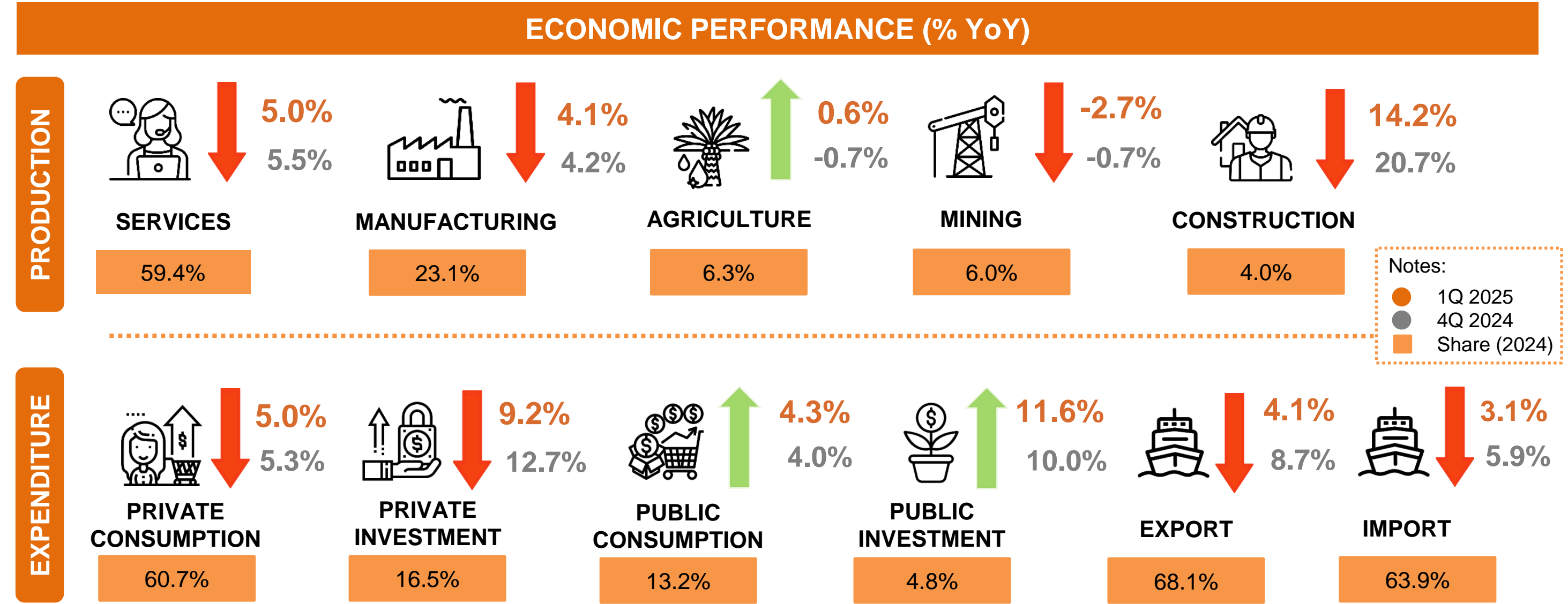
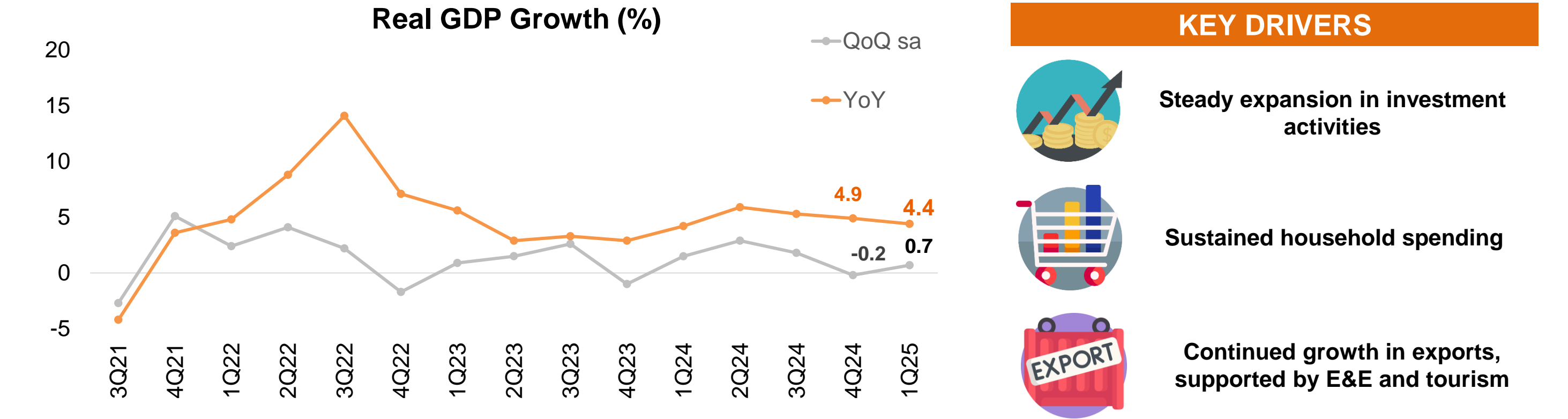


GROSS DOMESTIC PRODUCT

GREW BY 4.4% IN 1Q 2025 (4Q: 4.9%)

Malaysia’s GDP matched the advance estimate

Prepared by:
- Lynette Lee
- Mazlina Abdul Rahman
- Uswatun Hasanah Zaini



HIGHLIGHTS

- Malaysia’s **economy grew by 4.4% YoY in 1Q 2025** (4Q 2024: 4.9%), marginally below our forecast and Bloomberg’s median consensus of 4.5% but it matches the Department of Statistic Malaysia’s advance estimate. **On a QoQ seasonally adjusted basis, the economy rebounded** by 0.7% (4Q: -0.2%).
- In line with our expectation, **three sectors expanded at a slower pace**, namely: services, construction and manufacturing. The moderation in the services sector was mainly due to a decline in motor vehicle sales (1Q: -3.7% vs 4Q: 2.2%), and slower growth in several key subsectors, including real estate (1Q: 12.4% vs 4Q: 13.5%), finance (1Q: 1.4% vs 4Q: 4.4%), and insurance (1Q: 6.7% vs 4Q: 8.6%). Nonetheless, **retail** (1Q: 5.2% vs 4Q: 4.1%) **and wholesale trade** (1Q: 5.4% vs 4Q: 5.3%) **remained intact**.
- On the other hand, **agriculture sector returned to growth**, supported by improvements in the livestock and fishing subsectors as well as softer fall in oil palm output (1Q: -3.1% vs 4Q: -5.3%). Meanwhile, **mining sector declined further** due to lower oil and gas production.
- By expenditure, **a slowdown was observed in the private sector, both consumption and investment**. Nonetheless, public sector spending continued buoyed by higher emoluments and stronger fixed assets purchases by the Government and public corporations.
- Net export growth narrowed** to 19.6% (4Q: 63.6%), as export eased faster that of imports.
- Overall, 1Q GDP performance signals a weak start to the year as it slipped off the official 2025 GDP forecast range (4.5% - 5.5%) and **the path seems to be more challenging moving forward** with the unfolding of trade war, geopolitical tensions and upcoming fiscal reforms.

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