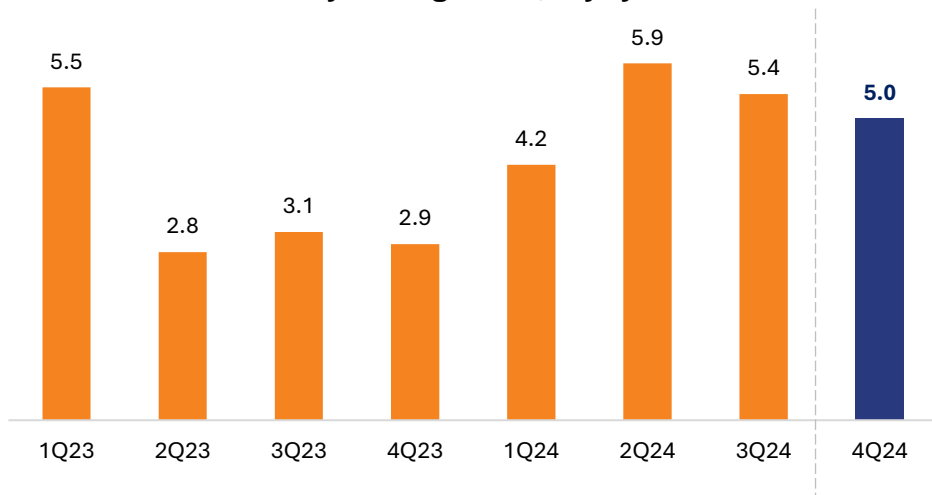


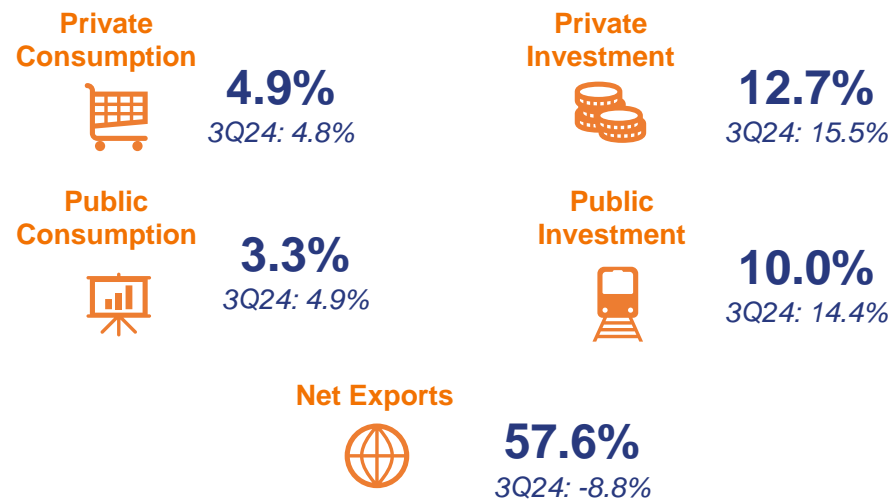
The Malaysian economy maintained steady growth of 5.0% in 4Q 2024, recording annual expansion of 5.1% for the year

Quarterly GDP growth, %yoy



Source: DOSM, CEIC, BMMB Economics

4Q 2024 performance, demand side %yoy

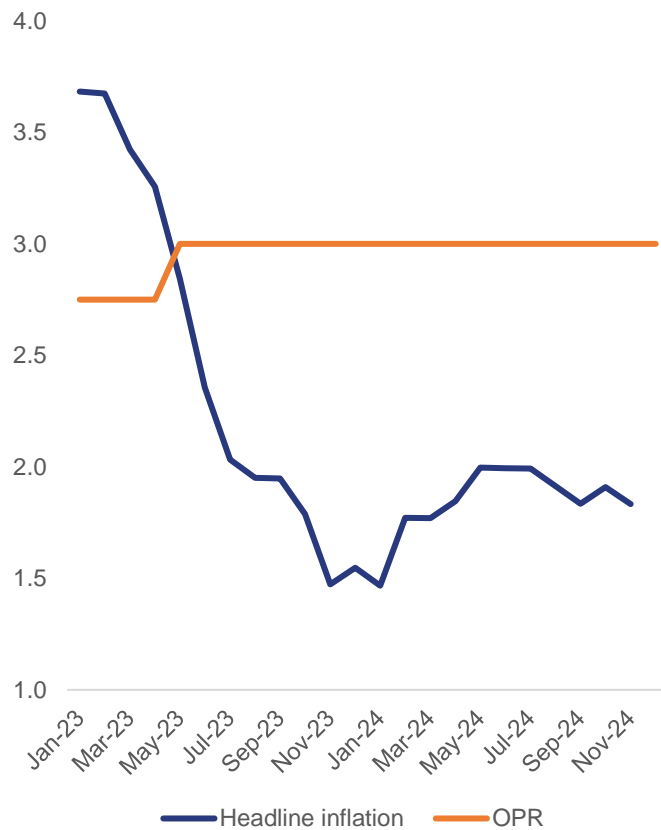


Source: DOSM, CEIC, BMMB Economics

The Malaysian economy grew by 5.0% in 4Q 2024, bringing annual growth to 5.1%. The latest data aligned with our expectations, reinforcing the view of a stable and resilient growth trajectory. The 4Q GDP figures and financial market developments indicate that the underlying fundamentals of the economy remain robust, driven by solid domestic demand and sustained export performance. In an environment marked by persistent global uncertainties, the accommodative monetary policy stance has been instrumental in providing a cushion against external shocks, bolstering market confidence, and ensuring that liquidity remains supportive of continued economic expansion. Given the current outlook and the consistent momentum observed in key economic indicators, we anticipate that BNM will continue to adopt its accommodative policy stance, enabling the economy to navigate potential headwinds while maintaining growth stability.

Optimistic Outlook for 2025 Amidst Challenges

Malaysia's headline inflation vs OPR



Source: CEIC, BMMB Economics

Key highlights:

- Steady GDP growth in 2024:** Malaysia's economy expanded by 5.1% in 2024, driven by strong domestic demand and a rebound in exports. Household spending remained resilient, supported by favorable labor market conditions, targeted policy measures, and healthy household balance sheets. Investment activity was bolstered by strong approvals and progress in multi-year projects, including key initiatives under the New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy. On the external front, exports benefited from steady global growth, a continued tech upcycle, and higher tourist arrivals, contributing to a current account surplus of 1.7% of GDP (up from 1.5% in 2023).
- Optimistic Outlook for 2025 Amidst Challenges:** Despite a challenging global environment, growth in 2025 will be supported by a strong expansion in investment activity, driven by ongoing multi-year projects in both the private and public sectors and the realization of approved investments. Private consumption is expected to remain a key growth driver, underpinned by employment and wage growth, as well as government policy measures, including the upward revision of the minimum wage and civil servant salaries. On the external front, the ongoing global tech upcycle, continued growth in non-electrical and electronic goods and higher tourist spending are expected to lift exports.
- Inflation to remain contained in 2025:** Inflation is projected to stay manageable in 2025, as global cost pressures ease and domestic demand remains stable. While recently announced domestic policy reforms may introduce some upward pressure on prices, the overall impact on inflation is expected to be limited.

Appendix: Malaysia's GDP figures

Table 1: GDP by Expenditure Components (at constant 2015 prices)

	Share in 2024 (%)	2023		2024				
		4Q	Year	1Q	2Q	3Q	4Q	Year
		Annual change, %						
Aggregate Domestic Demand (excluding stocks)	95.2	4.9	4.6	6.1	6.9	7.0	6.1	6.5
Private sector	77.2	4.1	4.6	5.7	7.3	7.0	6.3	6.6
Consumption	60.7	4.2	4.7	4.7	6.0	4.8	4.9	5.1
Investment	16.5	4.0	4.6	9.2	12.0	15.5	12.7	12.3
Public sector	18.0	7.4	4.6	8.4	4.9	7.1	5.3	6.3
Consumption	13.1	5.8	3.3	7.3	3.6	4.9	3.3	4.7
Investment	4.8	11.3	8.6	11.5	9.1	14.4	10.0	11.1
Net Exports	4.3	-52.9	-16.2	-24.5	3.4	-8.8	57.6	2.2
Exports of Goods and Services	68.2	-7.9	-8.1	5.2	8.4	11.8	8.5	8.5
Imports of Goods and Services	63.9	-2.6	-7.4	8.0	8.7	13.5	5.7	8.9
Real GDP, annual change %	100.0	2.9	3.6	4.2	5.9	5.4	5.0	5.1
GDP, seasonally adjusted, QoQ change %	-	-1.0	-	1.5	2.9	1.9	-1.1	-

Note: Figures may not add up due to rounding and exclusion of stocks.
Source: Department of Statistics, Malaysia

Table 2: GDP by Economic Activity (at constant 2015 prices)

	Share in 2024 (%)	2023		2024				
		4Q	Year	1Q	2Q	3Q	4Q	Year
		Annual change, %						
Services	59.3	4.1	5.1	4.8	5.9	5.2	5.5	5.4
Manufacturing	23.2	-0.3	0.7	1.9	4.7	5.6	4.4	4.2
Agriculture	6.3	1.9	0.7	1.7	7.3	4.0	-0.5	3.1
Mining	6.0	3.5	0.5	5.7	2.7	-3.9	-0.9	0.9
Construction	4.0	3.6	6.1	11.9	17.3	19.9	20.7	17.5
Real GDP, annual change %	100.0	2.9	3.6	4.2	5.9	5.4	5.0	5.1

Note: Figures may not add up due to rounding and exclusion of import duties component.
Source: Department of Statistics, Malaysia

Source: BNM Quarterly Bulletin 4Q 2024

Appendix: Loan indicators

	2023	2024		2023	2024	
	4Q	3Q	4Q	4Q	3Q	4Q
	During the period, RM billion			Annual change, %		
Total Private Non-Financial Sector²						
Loan applications	400.7	429.4	412.2	24.9	2.5	2.9
Loan approvals	225.3	224.0	222.5	27.8	4.3	-1.2
Loan disbursements	580.0	555.4	596.0	3.5	-1.1	2.8
Loan repayments	557.9	539.5	575.4	0.0	-2.3	3.1
Of which:						
Businesses³						
Loan applications	160.7	181.8	174.8	31.0	0.1	8.8
Loan approvals	112.7	111.2	114.3	24.5	4.1	1.4
Loan disbursements	441.1	411.9	451.3	0.7	-3.7	2.3
Loan repayments	428.7	403.8	437.8	-3.0	-5.5	2.1
SMEs						
Loan applications	82.6	98.6	95.6	23.3	-7.6	15.7
Loan approvals	53.9	51.6	53.7	46.0	-1.6	-0.3
Loan disbursements	141.5	150.2	162.0	12.6	13.0	14.5
Loan repayments	133.1	146.1	154.0	7.7	12.3	15.7
Non-SMEs						
Loan applications	78.1	83.1	79.2	40.6	11.1	1.4
Loan approvals	58.8	59.6	60.6	9.9	11.7	3.0
Loan disbursements	297.8	259.8	287.5	-4.0	-11.3	-3.4
Loan repayments	293.6	256.4	282.2	-7.0	-13.3	-3.9
Households						
Loan applications	240.0	247.7	237.4	21.2	4.3	-1.1
Loan approvals	112.6	112.7	108.3	31.3	4.6	-3.9
Loan disbursements	138.9	143.5	144.8	13.7	7.2	4.2
Loan repayments	129.2	135.7	137.6	11.4	8.5	6.5

¹ Loans for all segments include data from banking system and development financial institutions (DFIs).

² Refer to the sum of outstanding business and household loans, and excludes loans to government, financial institutions, non-bank financial institutions and other entities.

³ Numbers for SMEs and Non-SMEs may not add up to total businesses given the inclusion of those with no classification by firm size.

Note: Figures may not add up due to rounding.