



Malaysia 4Q2025 GDP: 2025 closes strong as economic growth accelerates in final lap

11 February 2026

We anticipate the official 4Q2025 GDP data, due this Friday, to confirm robust growth of 5.9% y/y for the quarter, higher than the advance estimate of 5.7% and the 5.2% recorded in 3Q2025. While this would mark the strongest y/y growth since 2Q2024, the q/q growth of 3.1% is comfortably within the range typically observed in 4Q readings in the post-pandemic era. This would bring full-year 2025 growth to 5.0%, albeit slightly slower than the 5.1% recorded in 2024.

Economic growth could surpass the official projection of 4.0%-4.8%.

We posit that the solid household consumption could be due to the better utilisation of Sumbangan Asas Rahmah (SARA) in December, which has stimulated the domestic economy. In return, the labour market has seen notable improvement, with the unemployment rate ending the year at 2.9%, aligning with our in-house projection.

At the same time, we noticed an uptick in the services sector, thanks to a steady recovery in tourism. In December 2025, Malaysia's tourist arrivals reached 2.6 million, up from 2.1 million the previous month, reflecting a positive trend in the tourism industry. We anticipate a significant rise in foreign tourist arrivals this year as Malaysia gears up for Visit Malaysia 2026, aiming to reach 40 million arrivals.

Furthermore, vehicle sales, which recorded the highest ever in both month (Nov: 73.5k vs. Dec: 90.7k) and quarter (4Q2025: 8.3% vs. 3Q2025: 0%), were all thanks to a strong economic growth in the first three quarters at 4.7% and favourable financing growth at 2.75% throughout the year, which could have supported year-end promotions.

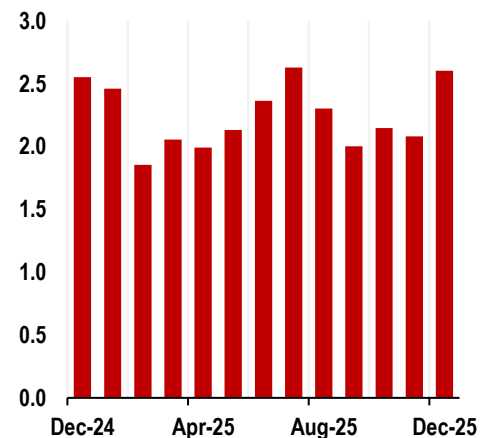
Stronger 2025 growth does not alter our outlook for 2026

Our expectation for 5.9% growth in 4Q2025 translates into 5.0% growth for the full-year 2025 (2024: 5.1%). This is nevertheless higher than our initial projection of 4.6% for 2025, which was forecast before the US announced the reciprocal tariffs. Notwithstanding the upward revision to 2025, we maintain our 2026 growth outlook at 4.5%. While this represents a moderation relative to 2025, it remains at the upper bound of the official projection range of 4.0%-4.5%. We are already seeing some bits of moderation, as the November 2025 Diffusion Index for the Leading Index fell below the 50-point mark.

Nevertheless, we opine that our anticipated slowdown does not change our Overnight Policy Rate (OPR) outlook, which will likely remain unchanged at 2.75% throughout 2026.

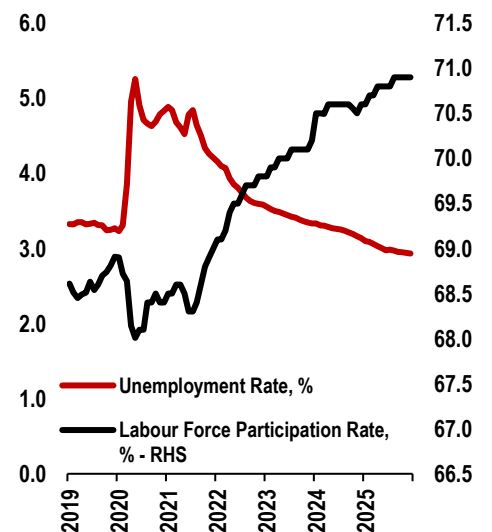
Malaysia's economy will remain supported by robust household consumption, firmer tourism receipts amid the Visit Malaysia Year (VMY) 2026 campaign and

Exhibit 1: Tourist Arrivals in Malaysia



Sources: Tourism Malaysia, AmBank Economics

Exhibit 2: Labour Market, %



Sources: DOSM, AmBank Economics

an expansionary fiscal stance. At the same time, the AI-driven capex supercycle will continue to underpin exports and investment. Conversely, downside risks stem primarily from the external sector amid persistent geopolitical tensions.

Exhibit 3: GDP by supply side, y/y%

	3Q25	4Q25F	2025F	2026F
Services	5.0	5.6	5.2	5.0
Manufacturing	4.1	6.0	4.5	2.8
Mining	9.7	1.8	0.7	1.1
Agriculture	0.4	5.5	2.3	2.4
Construction	11.8	12.5	12.6	11.8
GDP	5.2	5.9	5.0	4.5

Sources: DOSM, AmBank Economics

Exhibit 4: GDP by demand side, y/y%

	3Q25	4Q25F	2025F	2026F
Domestic Demand	5.8	6.2	6.3	5.3
Private Consumption	5.0	5.5	5.2	4.9
Public Consumption	7.1	5.9	5.9	6.2
Private Investment	7.3	8.9	9.4	5.8
Public Investment	7.4	8.0	9.6	5.3
Exports	1.4	6.9	3.8	2.9
Imports	0.4	7.6	4.4	3.3
Net Exports	17.7	(1.7)	(6.0)	(4.1)

Sources: DOSM, AmBank Economics

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