



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

MEDIA STATEMENT

MALAYSIA ECONOMIC STATISTICS REVIEW, VOLUME 2/2026

Robust domestic demand, strong industrial performance, and steady external trade supported Malaysia's economic momentum

PUTRAJAYA, 27th FEBRUARY 2026 – Today, the Department of Statistics, Malaysia (DOSM) released the **Malaysian Economic Statistics Review (MESR), Volume 2/2026**. This edition highlights the economic performance for the fourth quarter of 2025 as well as the latest statistics released in December 2025, along with selected releases for January 2026. A key feature of this edition is the article titled “The Age Profile of Mothers and Its Impact on Fertility”, which examines the rising age of mothers at first live birth and its relationship with Malaysia’s declining fertility rate. The article explores how shifts in marriage patterns, educational attainment, female labour force participation and economic considerations are shaping demographic trends and influencing long-term population dynamics.

Amid a steadily evolving global landscape, the International Monetary Fund (IMF), in its World Economic Outlook (January 2026), reported that the global economy grew by 3.3 per cent in 2025 and is projected to expand by 3.3 per cent in 2026 and 3.2 per cent in 2027. Growth in advanced economies is expected to remain moderate, while Emerging Market and Developing Economies (EMDE) are forecasted to maintain its resilience with growth above 4.0 per cent. Malaysia remains focused on reinforcing its economic fundamentals, broadening its growth base and advancing productivity-driven reforms to ensure sustainable expansion.

Highlighting Malaysia’s robust economic momentum, Chief Statistician Malaysia, Dato’ Sri Dr. Mohd Uzir Mahidin said, “Malaysia’s Gross Domestic Product (GDP) grew by 6.3 per cent in the fourth quarter of 2025, marking the strongest expansion since fourth quarter 2022, up from 5.4 per cent in the previous quarter. This impressive performance was mainly supported by the Services and Manufacturing sectors on the supply side. On the demand side, Private Final Consumption Expenditure and Gross Fixed Capital Formation continued to drive economic activity, reflecting resilient domestic spending and sustained investment growth.”

Industrial production activity maintained its positive trajectory, reflecting sustained strength in the manufacturing-driven recovery. The Industrial Production Index (IPI) expanded by 4.8 per cent year-on-year in December 2025, extending two years of continuous monthly growth. The performance was mainly supported by stronger Manufacturing output at 6.7 per cent and higher Electricity production at 3.7 per cent, although the Mining sector recorded a decline of 2.5 per cent. On a month-on-month basis, the IPI rebounded to 0.2 per cent in December 2025 after easing by 1.1 per cent in November. Industrial output thus closed the year on a steady and resilient note, underpinned by consistent Manufacturing activity amid softer mining performance.

Manufacturing activity continued to demonstrate resilient expansion, supported by sustained domestic and external demand throughout 2025. The sector recorded total sales value of RM1.97 trillion in 2025, marking a 4.2 per cent increase compared to 2024. In December 2025, Manufacturing sales reached RM168.6 billion, rising 6.4 per cent year-on-year, mainly driven by stronger Electrical & Electronics product sales at 12.6 per cent. Sales activity eased slightly by 0.5 per cent month-on-month from November 2025. Meanwhile, Manufacturing sales in the fourth quarter of 2025 grew 5.8 per cent year-on-year to RM509.5 billion, reflecting continued industrial demand momentum.

Supported by sustained domestic economic activity, Services sector performance in Malaysia remained resilient, underpinned by continued household and business spending. Wholesale and Retail trade sales strengthened to RM163.7 billion in December 2025, expanding 7.6 per cent year-on-year and bringing total Wholesale and Retail trade sales to RM1.87 trillion for the year, marking a 5.6 per cent increase compared to 2024. The December performance was largely influenced by broad-based improvements across Wholesale and Retail sub-sectors. Throughout 2025, Retail trade recorded sales growth of 6.1 per cent to RM811.5 billion, while Wholesale trade rose 5.8 per cent to RM827.4 billion. Sales of Motor vehicles also increased by 3.2 per cent to RM226.1 billion, reflecting stable commercial circulation and sustained consumer market confidence.

Turning to external sector developments, external sector performance in Malaysia strengthened as the Current Account Balance (CAB) recorded a higher surplus of RM2.0 billion in the fourth quarter of 2025. The surplus was mainly driven by a larger Services account surplus of RM5.0 billion and net exports of Goods amounting to RM23.6 billion, reflecting sustained external demand conditions. Meanwhile, Foreign Direct Investment (FDI) registered a higher net inflow of RM27.8 billion in the same quarter, compared to RM8.5 billion in the third quarter of 2025, supported by investments in both Equity & Investment Fund Shares and Debt Instruments. At the same time, Direct Investment Abroad (DIA) recorded

RM2.8 billion, primarily channeled into Equity injections and reinvested earnings overseas.

Merchandise trade activity in Malaysia contributed positively to the external economic performance despite global uncertainties. Total trade expanded strongly by 12.6 per cent year-on-year to RM272.4 billion in January 2026. Exports performance surged by 19.6 per cent to RM146.9 billion, while imports increased by 5.3 per cent to RM125.5 billion, leading to a wider trade surplus of RM21.4 billion. The expansion in exports was mainly driven by Electrical & Electronics products as well as Professional, Scientific & Controlling Instruments & Apparatus, reflecting sustained global and domestic market demand. On a month-on-month basis, external trade indicators adjusted following strong year-end activity, with exports, imports, total trade, and trade balance declining by 3.9 per cent, 4.0 per cent, 3.9 per cent, and 3.2 per cent respectively compared to December 2025.

In terms of price stability, inflation in Malaysia remained manageable, with headline inflation edging slightly higher to 1.6 per cent in January 2026. The Consumer Price Index (CPI) stood at 135.7 points, compared to 133.6 points in the same month a year earlier. The increase was mainly driven by higher prices in Personal Care, Social Protection & Miscellaneous Goods & Services (6.6 per cent). On a month-on-month basis, inflation registered a modest increase of 0.1 per cent in January 2026 compared to 0.3 per cent in December 2025, reflecting relatively stable short-term price movements.

Price dynamics from the production side eased further in Malaysia, as the Producer Price Index (PPI) for local production declined by 2.9 per cent year-on-year in January 2026, extending the 2.7 per cent contraction recorded in December 2025. The decline was mainly driven by lower prices in Mining which significantly contracted by 11.7 per cent (December 2025: -8.8%). On a month-on-month basis, the PPI rebounded marginally by 0.1 per cent, reflecting relatively stable short-term producer price movements. For the fourth quarter of 2025, the PPI decreased by 1.5 per cent year-on-year, pointing to a gradual moderation in producer price trends across key production sectors.

Dato' Sri Dr. Mohd Uzir Mahidin also highlighted that Malaysia's labour market remained stable, reflecting continued strength in employment and workforce participation. The labour force expanded by 3.0 per cent year-on-year to 17.62 million persons in the fourth quarter of 2025, while employment also increased by 3.3 per cent to 17.10 million persons. The Labour Force Participation Rate (LFPR) stood at 70.9 per cent, reflecting sustained workforce engagement. In addition, the number of unemployed persons declined by 3.9 per cent, lowering the unemployment rate to 2.9 per cent compared to 3.0 per cent in the previous quarter. From the demand side, total jobs in the economy rose by 1.8 per cent to

9.21 million jobs in the fourth quarter of 2025, signaling steady labour market absorption and continued employment expansion.

Looking ahead, economic prospects in Malaysia are expected to stay on a steady growth path, as reflected by the Leading Index (LI), which increased marginally by 0.1 per cent year-on-year in December 2025 to 114.0 points. On a month-on-month basis, the LI increased by 0.5 per cent, supported by growth in the Real Money Supply M1 and Expected Sales Value in Manufacturing. The Leading Index signals a moderating growth outlook, with domestic economic activities providing underlying support amid softer external demand conditions.

In a gradually evolving global environment, Malaysia's economy demonstrated sustained resilience towards the end of 2025, supported by strong performance across the Services, Manufacturing and industrial sectors. Growth momentum was driven by robust domestic demand, favourable external trade activity, and continued investment inflows, while inflationary pressures remained contained and labour market conditions stayed stable. Overall, Malaysia's economy closed 2025 on a steady footing, anchored by solid macroeconomic fundamentals and well-positioned to navigate moderating global growth conditions.

The Department of Statistics Malaysia (DOSM) is conducting the Economic Census 2026 (BE2026), themed "Data Nadi Ekonomi Rakyat". The sixth Economic Census, running from 5th January to 31st October 2026. BE2026 aims to collect comprehensive, structured data from all registered and unregistered business establishments in Malaysia to assess the nation's economic performance, structure and characteristics in an evidence-based manner.

Malaysia has, for the first time, successfully secured the top position globally in the biennial Open Data Inventory (ODIN) 2024/25 report released by Open Data Watch (ODW), surpassing 197 other countries. This achievement marks a significant leap from its 67th position in the ODIN 2022/23 assessment.

OpenDOSM NextGen is a medium that provides data catalogue and visualisations to facilitate users' analysis and can be accessed through <https://open.dosm.gov.my>.

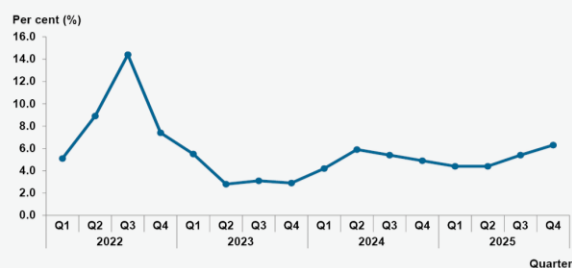
Released by:

**THE OFFICE OF CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS MALAYSIA
27 FEBRUARY 2026**

Exhibit 1: Quarterly Economic Indicator

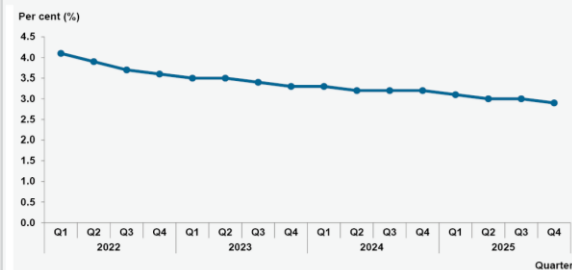
Gross Domestic Product (GDP)

6.3%
Q4 2025



Unemployment Rate

3.0%
Q4 2025



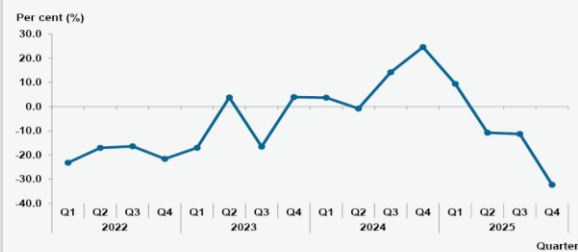
Production of Fresh Fruit Bunches

16.4%
Q4 2025



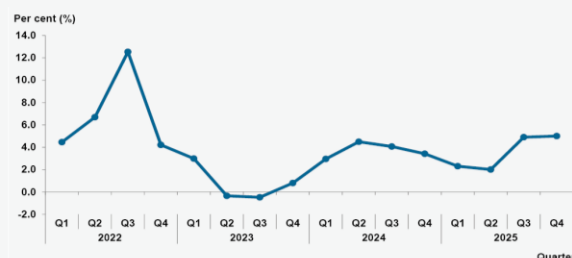
Production of Natural Rubber

-32.3%
Q4 2025



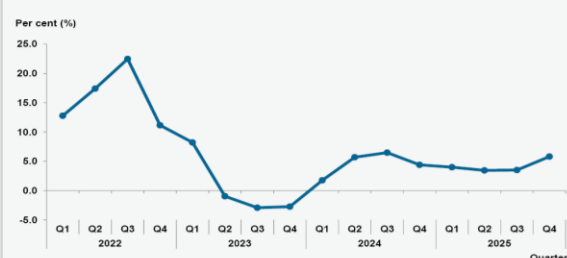
Industrial Production Index (IPI)

5.0%
Q4 2025



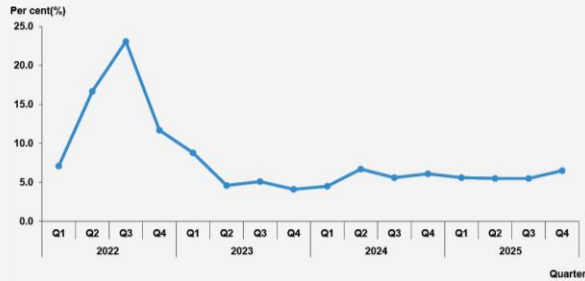
Sales Value of Manufacturing Sector

5.8%
Q4 2025



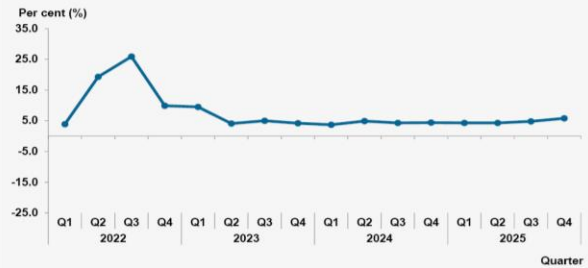
Index of Services

6.5%
Q4 2025



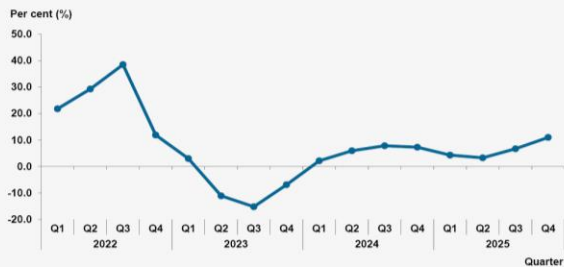
Volume Index of Wholesale & Retail Trade

5.8%
Q4 2025



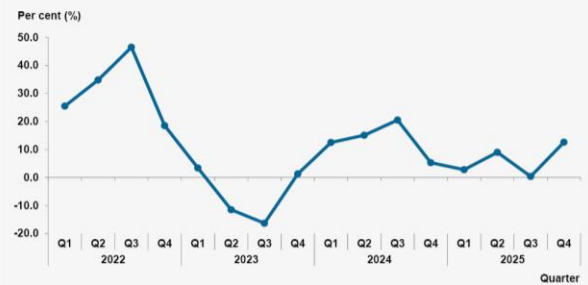
Exports

11.0%
Q4 2025



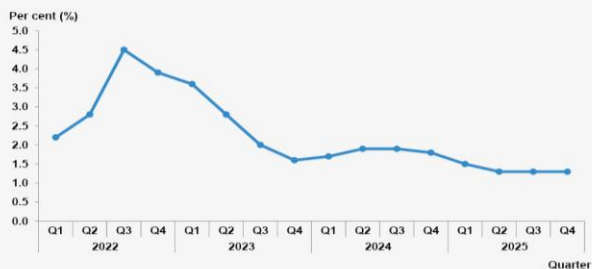
Imports

12.6%
Q4 2025



Consumer Price Index (CPI)

1.3%
Q4 2025



Producer Price Index (PPI) Local Production

-1.5%
Q4 2025

