MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

MEDIA STATEMENT

MALAYSIA ECONOMIC STATISTICS REVIEW, VOLUME 3/2026

Malaysia's economy reflects broad-based sectoral growth and sustained domestic demand in early 2026

PUTRAJAYA, 31st MARCH 2026 *– Today, the Department of Statistics, Malaysia (DOSM) released the* ***Malaysian Economic Statistics Review (MESR), Volume 3/2026.*** *This edition highlights the latest statistics released in January 2026, along with selected upcoming statistics for February 2026. It also includes an article titled "Direct Investment Abroad (DIA): Performance and Trends, 2010–2024". The article looks at how DIA has evolved over time, focusing on actual investment activity abroad rather than just accumulated values, positions or returns. By focusing on DIA, it offers a more current and practical view of investment trends, especially as the global direct investment landscape continues to shift.*

At the global level, the world economy continues to face an uncertain environment. The United Nations, in its World Economic Situation and Prospects report released in January 2026, projected global economic growth to moderate to 2.7 per cent, slightly lower than the estimated 2.8 per cent recorded in the previous year, and remaining below the pre-pandemic average of 3.2 per cent (2010–2019). The outlook is expected to become more pessimistic amid escalating geopolitical tensions in West Asia, which have added pressure to energy markets, global supply chains and international investment sentiment. In this context, open economies such as Malaysia must remain vigilant, as external shocks to commodity prices, trade and supply chain may influence domestic growth prospects.

Highlighting Malaysia's robust economic momentum in 2025, Chief Statistician Malaysia, Dato' Sri Dr. Mohd Uzir Mahidin said, "Malaysia's economy expanded by 5.2 per cent in 2025, slightly higher than 5.1 per cent in 2024, supported by broad-based growth across all major sectors. The Services sector remained the main driver with a growth of 5.5 per cent, followed by Manufacturing (4.5%) and Construction (12.2%). This performance was underpinned by resilient domestic demand with steady household spending, tourism and festive-related activities, *stable labour market conditions and continued investment, particularly in construction and data centre-related activities".*

Looking at the monthly economic indicators, the Industrial Production Index (IPI) uptick by 5.9 per cent in January 2026, up from 4.8 per cent in December 2025. The growth was driven by strong performance in the Manufacturing sector, which expanded by 7.3 per cent, along with a 6.3 per cent increase in Electricity output. On a month-on-month basis, the IPI recorded a marginal increase of 0.7 per cent (December 2025: 0.2%).

Malaysia's Manufacturing sector recorded RM169.4 billion in sales in January 2026, growing 7.1 per cent year-on-year (up from 6.4 per cent in December 2025). The main contributor was the Electrical & Electronics (E&E) sub-sector, which expanded by 15.6 per cent. Month-on-month, the sector's sales increased 0.5 per cent as compared to RM168.6 billion in December 2025. Industrial production activity maintained its positive trajectory, reflecting sustained momentum in the manufacturing-driven activities.

Accordingly, Malaysia's Wholesale and retail sector continued to grow in January 2026, reaching RM159.8 billion in sales, up 7.3 per cent year-on-year. The growth was led mainly by retail and wholesale activities. Retail trade rose 6.1 per cent to RM70.2 billion, supported by higher sales in non-specialised stores, specialised stores, automotive fuels, and household goods. Wholesale trade grew 6.0 per cent to RM70.8 billion, driven by household goods, other specialised wholesale segments, and food, beverages, and tobacco. Motor vehicles stood out as the fastest-growing segment, surging 17.3 per cent to RM18.8 billion, reflecting robust consumer demand.

Malaysia's external trade grew strongly in February 2026, with total trade up 9.5 per cent year-on-year to RM245.2 billion, driven by a 10.8 per cent rise in exports and an 8.2 per cent increase in imports. This resulted to a wider trade surplus of RM16.7 billion, an incline of RM4.1 billion from a year earlier. However, on a month-on-month basis, exports, imports, total trade and the trade surplus declined compared to January 2026.

On the prices front, Malaysia's inflation eased to 1.4 per cent year-on-year in February 2026, reflecting slower price increases across most consumer groups, namely Insurance & Financial Services (4.7%). Headline inflation rose slightly month-on-month to 0.2 per cent, mainly driven by the group of Housing, Water, Electricity, Gas & Other Fuels (0.7%).

Malaysia's Producer Price Index (PPI) declined further by 3.4 per cent year-on-year in February 2026, deepening from January's contraction. The drop was driven by continued declines across key sectors, notably Agriculture (-8.7%), Mining (-8.5%), *and Manufacturing (-2.7%). On a month-on-month basis, Malaysia's PPI for local production fell slightly by 0.5 per cent in February 2026, reversing January's increase. The decline was led by weaker Manufacturing prices, alongside modest drops in Water and Electricity & gas supply, while gains in Mining and Agriculture offset the overall decrease.*

Dato' Sri Dr. Mohd Uzir Mahidin also highlighted that Malaysia's labour market sustained its positive momentum in January 2026, expanding slightly by 0.1 per cent month-on-month to 17.28 million persons (December 2025: 17.27 million). Reflecting this growth, the labour force participation rate inched up by 0.1 percentage points to 70.9 per cent, signalling increased engagement in the labour market. The number of unemployed posted a marginal increase of 0.3 per cent, reaching 509.6 thousand persons (December 2025: 508.0 thousand). The unemployment rate remained stable at 2.9 per cent, unchanged from the previous month.

In the period ahead, the Malaysian economy is expected to maintain its growth trajectory, supported by the Malaysia's Leading Index rose 0.6 per cent year-on-year to 113.4 points in January 2026, influenced mainly by growth in Real Imports of Semiconductors and Non-ferrous Metals. However, the index decreased 0.6 per cent month-on-month due to weaker money supply and stock market performance, signalling more cautious short-term sentiment. Overall, the economic outlook remains positive but measured, with domestic demand under control, while global uncertainties and oil price volatility pose near-term risks.

Overall, Malaysia's economic outlook is expected to remain sustained, supported by continued domestic production and demand, favourable labour market conditions and manageable inflation. Nevertheless, global uncertainties, particularly geopolitical conflicts and rising volatility in global oil prices, may affect import costs and exert upward pressure on inflation in the near future.

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.

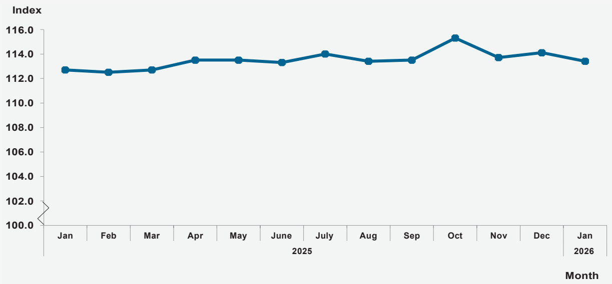
Released by:

THE OFFICE OF CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS MALAYSIA
31 MARCH 2026

Exhibit 1: Monthly Economic Indicator

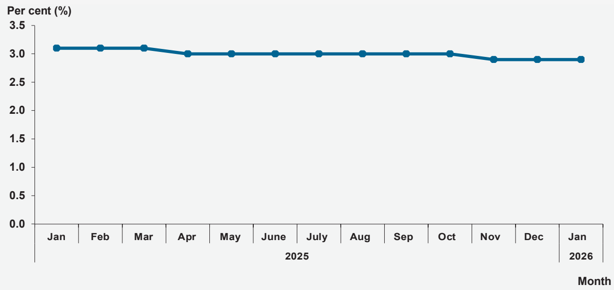
Leading Index

113.4 point
Jan 2026



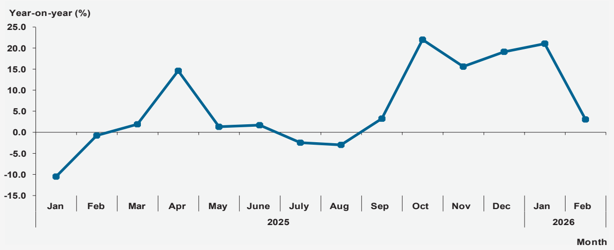
Unemployment Rate

2.9%
Jan 2026



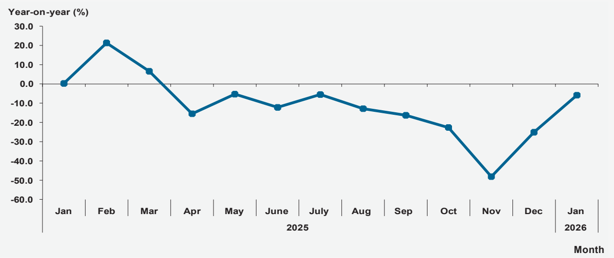
Production of Fresh Fruit Bunches

3.0%
Feb 2026



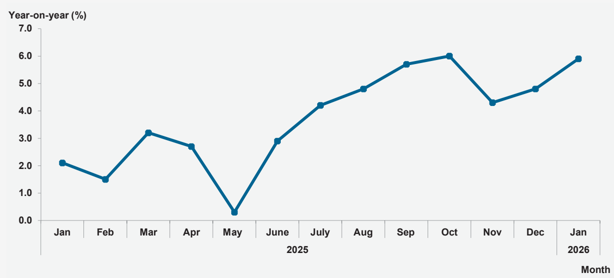
Production of Natural Rubber

-5.9%
Jan 2026



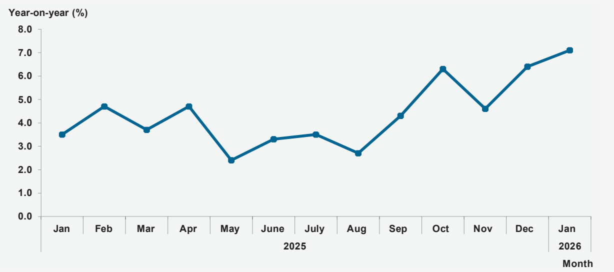
Industrial Production Index (IPI)

5.9%
Jan 2026



Sales Value of Manufacturing Sector

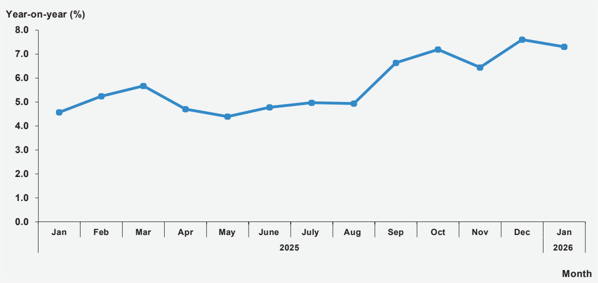
7.1%
Jan 2026



Sales Value of Wholesale & Retail Trade

7.3%

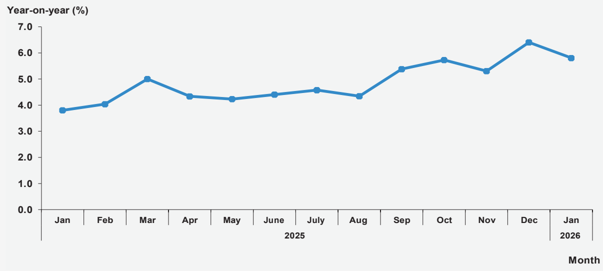
Jan 2026



Volume Index of Wholesale & Retail Trade

5.8%

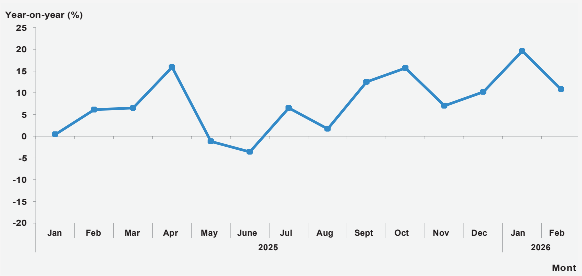
Jan 2026



Exports

10.8%

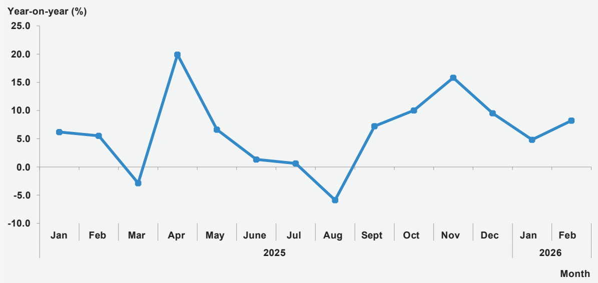
Feb 2026



Imports

8.2%

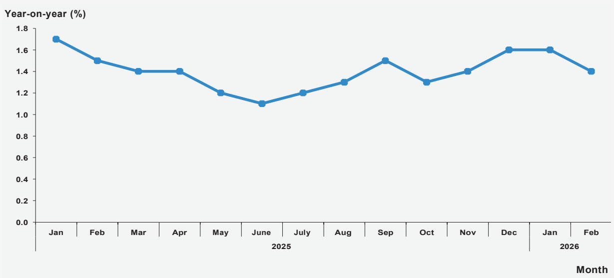
Feb 2026



Consumer Price Index (CPI)

1.4%

Feb 2026



Producer Price Index (PPI) Local Production

-3.4%

Feb 2026