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Country records 4.4% GDP growth while inflation eases

PUTRAJAYA: The global environment remains volatile following the United States' implementation of broad tariffs in April, which triggered widespread retaliatory measures.

In response, the International Monetary Fund (IMF) revised its global growth forecast for 2025 to 2.8%, softening from the earlier projection of 3.3% and notably below the long-term average of 3.7%.

Amid external challenges, Chief Statistician Malaysia Datuk Sri Dr Mohd Uzir Mahidin said the country's Gross Domestic Product (GDP) grew by 4.4% in the first quarter of 2025, easing from the 4.9% expansion recorded in the preceding quarter.

This growth, he added, was mainly supported by robust supply-side performance, led by the services sector, followed by the manufacturing and construction sectors.

On a monthly basis, the economy expanded by 3.5% in January and 3.6% in February, before accelerating to 6% in March 2025.

Signalling steady momentum in industrial

activity, Malaysia's Industrial Production Index (IPI) expanded by 3.2% year-on-year in March 2025, underpinned by higher output in the manufacturing and mining sectors which rose by 4.0% and 1.9%, respectively.

However, the electricity sector recorded a contraction of 2.7%, partly offsetting overall gains.

On a month-on-month basis, the IPI posted a robust increase of 9.3%, reflecting short-term recovery across key sub sectors.

For the first quarter of 2025, the IPI moderated to a growth rate of 2.3% compared to 3.4% in the previous quarter, with the manufacturing sector remaining as the main driver, registering a 4.2% expansion.

Taking a broader view, Malaysia's services sector generated a revenue of RM630 billion in the first quarter of 2025, marking a 6.0% year-on-year increase, with the Services Volume Index rising 5.2% to 158.3 points.

Quarter-on-quarter, both revenue and volume posted modest gains of 0.3% and 0.5%, respectively.

The wholesale and retail trade, food and beverage, and accommodation segment remained the main driver, contributing RM475.7 billion in revenue (up 5.3%) and a 4.7% increase in its Volume Index to 157.2 points.

In a climate of stable economic conditions, Malaysia's inflation eased slightly to 1.4% in March 2025, compared to 1.5% in February,

mainly due to slower price increases in personal care (3.6%), restaurants and accommodation (2.9%), and housing-related costs (1.9%).

The trade sector continued to show resilience in March 2025, with total trade rising by 2.2% to RM249.9 billion, reflecting the nation's steady integration into global supply chains despite ongoing global uncertainties.

"Labour market conditions continued to improve in the first quarter of 2025, reinforcing the economy's steady momentum. Employment rose by 3.0% year-on-year, bringing the total number of employed persons to 16.7 million.

The employment-to-population ratio, which reflects the economy's capacity to generate jobs, edged up to 68.6% from 68.2% in the same period last year.

In tandem with this positive trend, the unemployment rate declined by 0.2 percentage points to 3.1%, signalling stronger labour demand across key sectors. Looking at the labour demand, it remains positive, with the number of jobs in the economic sector rising by 1.4% to 9.06 million jobs, up from 8.94 million jobs in Q1 2024," said Mohd Uzir.

He highlighted that Malaysia's Leading Index increased by 0.6% year-on-year to 112.5 points in March 2025, reflecting continued economic momentum supported by robust growth in housing approvals (27.8%) and real imports of semiconductors (22.3%)