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4.5PC ESTIMATE

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KUALA LUMPUR: Malaysia's economy is estimated to grow 4.5 per cent in the second quarter of the year, slightly higher than the 4.4 per cent recorded in the previous quarter, according to the Department of Statistics Malaysia (DOSM).

The preliminary estimate signals that the country has experienced a steady growth momentum in April and May, with expectations of a stronger performance in June.

For the first half of 2025, the economy is projected to expand moderately by 4.4 per cent, staying close to the government's official target range of 4.5 to 5.5 per cent for the full year.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the economy will continue to expand in the second quarter of 2025, supported by firm consumer demand.

He said domestic consumption remains the key driver, backed by public sector salary adjustments, school holidays and seasonal spending during Hari Raya Aidilfitri and Aidiladha.

He added that a stable labour market with low unemployment and inflation rates has further strengthened household spending.

"On top of that, the continued implementation of cash assistance programmes, such as Sumbangan Asas Rahmah (Sara) and Sumbangan Tunai Rahmah (STR), also contributed to sustaining household spending throughout the quarter," he said.

Malaysia's economy is expected to expand due to firm consumer demand. NSTP FILE PIC

Datuk Seri Dr Mohd Uzir Mahidin

By sector, Uzir said manufacturing logged mixed performance, driven by sustained activity in the electrical and electronics subsector and strong demand from domestic-oriented industries.

Similarly, wholesale and retail trade sales, which indicate consumer and business activities, rose 4.4 per cent in May, easing from 4.7 per cent in April.

However, the external sector posted mixed results, with trade activities growing at a slower pace in May due to weaker demand for exported goods.

The services sector remained the key growth driver in the second quarter, recording a 5.3 per cent increase compared with 5.0 per cent in the first quarter.

The manufacturing sector grew 3.8 per cent, supported by the production of electrical, electronic and optical products, vegetable and animal oils and fats, and food processing.

The construction sector registered double-digit growth for six straight quarters, rising 11 per cent, driven mainly by non-residential buildings and special trades activities.

However, the mining and quarrying sector continued to contract by 7.4 per cent, affected by lower production across all subsectors.

Meanwhile, UOB Global Economics & Markets Research (UOB Research) said Malaysia had unexpectedly maintained its growth momentum at 4.5 per cent year-on-year in the second quarter.

The firm said this reading defied its earlier projection of a slowdown to 3.8 per cent.

It added that the final second-quarter gross domestic product figures, along with the current account data, will be released on Aug 15.