PRESS RELEASE
MINISTRY OF FINANCE

FITCH RATINGS AFFIRMS MALAYSIA'S SOVEREIGN CREDIT RATING AT 'BBB+', OUTLOOK STABLE

The Ministry of Finance (MoF) welcomes the reaffirmation of Malaysia's sovereign credit rating at BBB+ with a Stable outlook by Fitch Ratings. This affirmation was punctuated by Malaysia's sterling performance across key environmental, social, and governance (ESG) indicators, where the nation scores above global median — particularly in the areas of political stability, rule of law, institutional quality, corruption control, and human rights and political freedoms.

Fitch highlighted that political stability has been a fulcrum for Malaysia's improving policy certainty, creating a virtuous cycle that propels the nation's medium-term growth prospects and reinforces fiscal resilience.

The agency projects GDP growth of 4.6% in 2025, near the upper bound of the Government's 4%-4.8% official forecast range. Labour market conditions are expected to remain buoyant through 2026, with unemployment at an 11-year low and rising wages continuing to support household spending. This momentum is further bolstered by a strong pipeline of AI-related capital expenditure and high-impact technology investments that rose by 13.2% year-on-year in the first nine months of 2025.

"Malaysia successfully navigated the tariff uncertainties that defined much of 2025, culminating in a mutually beneficial agreement that supports exports and strengthens our economic position. While global conditions remain challenging, the Government will stay the course on the reforms outlined under the Ekonomi MADANI framework," said Prime Minister and Finance Minister YAB Dato' Seri Anwar Ibrahim.

The MADANI Government has carried out a series of economic reforms to strengthen Malaysia's fiscal and governance frameworks, including the Public Finance and Fiscal Responsibility Act 2023 (PFFRA) and the implementation of the Government Procurement Act 2025. These accountability-enhancing measures, along with the Government Service Efficiency Commitment Act, are expected to strengthen regulatory quality and ensure that national prosperity is built on a resilient institutional foundation.

Fitch recognises that the Federal Government deficit is projected to narrow to 3.8% of GDP in 2025, down from 5.5% in 2022 on stronger Sales and Service Tax (SST) collection and subsidy reforms, and this is expected to further narrow to 3.5% in 2026. Fitch is certain that the 3% of GDP deficit target as stipulated under the PFFRA is achievable by 2028 if subsidy rationalisation and modest revenue base broadening are sustained.

Under the MADANI Government, fiscal management will be further enhanced through various revenue broadening measures as well as expenditure optimisation efforts. The government will also continue to pursue subsidy rationalisation to curb leakages and ensure optimal resource usage. These savings are instrumental in supporting high-skilled and high-income job creation, moving the nation up the global value chain and enhancing overall national productivity to remain resilient in storming global uncertainty to come.

Ministry of Finance
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