



**PRESS RELEASE  
MINISTRY OF FINANCE**

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**MALAYSIA'S ECONOMY GROWS 5.4% IN Q1 2026, OUTPACING  
EXPECTATIONS AMID GLOBAL UNCERTAINTY**

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Malaysia's economy exceeded expectations for a second consecutive quarter, growing 5.4% in Q1 2026 despite heightened global uncertainty arising from the conflict in West Asia. The sustained momentum reflects the MADANI Government's fiscal discipline and steady economic stewardship amid continued global instability.

Both the Department of Statistics Malaysia's (DOSM) advance estimate and Bloomberg's median forecast had projected Malaysia's gross domestic product (GDP) growth for Q1 2026 at 5.3%.

Domestic demand and the external sector remained resilient in Q1 2026. Domestic demand expanded by 5.2%, supported by steady household spending amid a buoyant labour market and higher disposable income following the second phase of the Public Service Remuneration System (SSPA), Bantuan Khas Kewangan (BKK) for civil servants, and continued assistance through Sumbangan Asas Rahmah (SARA).

Investments in artificial intelligence technologies and data centres also remained strong, supported by facilitative policies and a conducive investment environment.

Prime Minister and Finance Minister YAB Dato' Seri Anwar Ibrahim said the Government's focus on Ekonomi MADANI reforms, anchored on pro-growth policies, *rakyat*-centric programmes and responsible fiscal management, has continued to strengthen Malaysia's economic momentum.

"This approach has helped Malaysia build on the 5.2% growth recorded in 2024 and 2025, to achieve 5.4% growth in the first quarter of 2026. At the same time, responsible fiscal management has enabled the Government to cushion the impact of higher global fuel prices on the rakyat and businesses through measures such as BUDI MADANI RON95 (BUDI95) and enhanced assistance under BUDI Diesel, while continuing to support household spending and economic growth," said YAB Dato' Seri Anwar.

"Continued job creation has lowered the unemployment rate to 2.9%, the lowest in a decade, while inflation remained moderate at 1.6% during the quarter. These developments have helped support resilient domestic demand," he added.

The ringgit's sustained strength as one of Asia's best-performing currency, together with the rebound in the FTSE Bursa Malaysia KLCI Index and net foreign direct investment inflows of RM22.8 billion in the quarter, reflect renewed confidence in Malaysia's economy.

### **Government strengthens preparedness amid global supply chain risks**

While Ekonomi MADANI has delivered long-overdue reforms in Malaysia's fiscal and economic management, the MADANI Government remains vigilant about the impact of the West Asia conflict on global demand, supply chains and market stability.

For Malaysia, the prolonged conflict in West Asia poses risks of continued disruptions to global supply chains, particularly through higher energy, logistics and input costs. If prolonged, these pressures could translate into higher inflation and weigh on domestic demand, business costs and overall growth momentum.

Against this backdrop, the MADANI Government has formalised a crisis management task force under the National Economic Action Council to monitor developments closely and coordinate real-time responses to emerging risks.

As of 14 May 2026, the MADANI Government has announced RM15 billion in financing support for micro, small and medium enterprises (MSMEs) through microfinancing, business loans and guarantees.

Adjustments to targeted fuel subsidies, together with continued support through BUDI95 and enhanced assistance under BUDI Diesel, are aimed at cushioning the impact of higher global energy prices on eligible households and businesses while supporting broader economic stability.

These measures are also expected to improve subsidy efficiency, contain escalating fiscal costs, and further reduce leakages through strengthened enforcement against smuggling.

"Our immediate priority is ensuring economic stability and minimising the external impact of the crisis on the *rakyat*. At the same time, the MADANI Government remains committed to staying the course on Ekonomi MADANI reforms while ensuring that growth translates into tangible outcomes for the *rakyat*," said YAB Dato' Seri Anwar.

### **Ministry of Finance**

Putrajaya

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