CONTENTS

PREFACE iii

ACRONYMS AND ABBREVIATIONS xiv

CHAPTER 1 ECONOMIC MANAGEMENT AND PROSPECTS

Malaysia MADANI: Reaching for the Skies, While Anchored on Our Values 3

Key Performance Indicators of the Ekonomi MADANI Framework 3

Economic Outlook 5

Progress of budget 2026 6

Economic Management 15

Information Box 1.1 – Malaysia's Journey in Financing for Sustainability 16

Feature Article 1.1 – Lifting Wages from the Ground Up 21

Strategic Initiatives – Budget 2027 30

Feature Article 1.2 – The Role of Government Measures in Cushioning Rising Living Costs 34

Conclusion 39

References 40

CHAPTER 2 GLOBAL ECONOMIC OUTLOOK

Overview 49

Global Economy 2026 50

Information Box 2.1 – ASEAN Power Grid: The Malaysian Perspective 51

Global Outlook 2027 63

Conclusion 66

References 67

CHAPTER 3 MACROECONOMIC OUTLOOK

Overview 73

Economy in 2026 73

Information Box 3.1 – More than a Destination: The Value of Tourism to Malaysia's Growth 77

Feature Article 3.1 – Strengthening Malaysia's Manufacturing Resilience Amid Geopolitical Uncertainties in West Asia 86

Feature Article 3.2 – Beyond the Headline: Transforming Investment into Economic Resilience 96

Information Box 3.2 – Malaysia's Trade Resiliency: Navigating Global Trade Uncertainties 110

Outlook 2027 123

Information Box 3.3 – Anchoring Malaysia's Momentum Through GEAR-uP 126

Conclusion 135

References 136

CHAPTER 4 MONETARY AND FINANCIAL DEVELOPMENTS

Overview 143

Monetary Developments 143

Performance of Ringgit 144

Banking Sector Performance 145

Capital Market Performance 149

Performance of FBM KLCI 152

Information Box 4.1 – Key Capital Market Measures 154

Islamic Banking and Capital Market Performance 156

Conclusion 158

References 159

STATISTICAL TABLES 161

ORGANISATION OF THE MINISTRY OF FINANCE MALAYSIA 233

FIGURE

The Economy 2027

Figure 1.1.	Achievement of Seven Key Performance Indicators	4
Figure 2.1.	Global Gross Domestic Product, Trade and Inflation	58
Figure 3.1.	Selected Indicators for the Services Sector	75
Figure 3.2.	Output of Manufacturing Sector	84
Figure 3.3.	Savings-Investment Gap	102
Figure 3.4.	Top 10 Trading Partners	107
Figure 3.5.	Consumer Price Index and Producer Price Index Trends	120
Figure 4.1.	Overnight Policy Rate Level	143
Figure 4.2.	Monetary Policy Rate Adjustments for Selected Central Banks	144
Figure 4.3.	Performance of Ringgit against Selected Currencies	145
Figure 4.4.	Banking System: Impaired Loans and Gross Impaired Loans Ratio	146
Figure 4.5.	Malaysian Government Securities Indicative Yields	151
Figure 4.6.	Share of Foreign Holdings in Total Malaysian Government Securities Outstanding	151
Figure 4.7.	5-Year Corporate Bond Yields	152
Figure 4.8.	Performance of Bursa Malaysia	152
Figure 4.9.	Performance of Selected Stock Markets	153
Figure 4.10.	Global Sukuk Outstanding by Country	158

TABLE

Table 3.1.	Gross Domestic Product by Sector	73
Table 3.2.	Performance of the Services Sector	74
Table 3.3.	Manufacturing Indices by Export- and Domestic-Oriented Industries	85
Table 3.4.	Performance of Agriculture Sector	94
Table 3.5.	Gross Domestic Product by Aggregate Demand	95
Table 3.6.	Gross Domestic Product by Income Components	103
Table 3.7.	Gross Domestic Product by Income Components in Selected Countries	103
Table 3.8	External Trade	105
Table 3.9.	Gross Exports	106
Table 3.10.	Exports of Manufactured Goods	106
Table 3.11.	Gross Imports by End Use	108
Table 3.12.	Current Account of the Balance of Payments	109
Table 3.13.	Consumer Price Index	119
Table 3.14.	Producer Price Index	120
Table 3.15.	Labour Market Indicators	121
Table 3.16.	Employed Persons by Sector	122
Table 4.1.	Banking System: Loan Indicators	146
Table 4.2.	Banking System: Loans Outstanding by Sector	147
Table 4.3.	Funds Raised in the Capital Market	149
Table 4.4.	New Issuance of Corporate Bonds by Sector	150
Table 4.5.	Bursa Malaysia: Selected Indicators	153
Table 4.6.	Islamic Banking: Key Indicators	156