



# Malaysia 2024 GDP: Updated forecast at 5.1%, on track to achieve 4.8%-5.3% growth in 2024

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## Malaysia's 4Q2024 GDP Preview

We foresee a higher-than-expected figure during 4Q2024 GDP at 5.0% y/y, translating into a full-year growth of 5.1% in 2024, after taking into account available latest statistical data – slightly above than what we anticipate at 5.0% previously. We believe that the still-resilient outlook is supported by domestic growth and the moderating inflation environment (4Q2024: 1.8% vs. 3Q2024: 1.9%). Additionally, we view the OPR last year's level as neutral, aligning with BNM's assessment which supports the economic growth, reflected via consumer spending amid an uptick in credit card disbursement (4Q2024: 6.3% vs. 3Q2024: 5.7%) during the quarter. With the positive performance in the labour market as the unemployment rate hits decade-low at 3.1% as of December last year, we posit the OPR level will remain steady at 3.00% in the near term.

On the supply side, the services sector led the growth in the quarter with our projection at 5.5% y/y (3Q2024: 5.2%), which we believe is supported by the tourism sector as Malaysia recorded over 25 million international tourists arriving in 2024 (2023: 20.1 million) despite missing Ministry of Tourism, Arts, and Culture's target of 27.3 million. Additionally, we foresee that the construction sector will continue its double-digit growth during the quarter (4Q2024: 19.8% vs. 3Q2024: 19.9%), thanks to data centre development, which could be among other reasons that contributed to such stronger performance in 4Q2024.

Looking ahead, we expect Malaysia's economy to start 2025 on a firm footing, driven by resilient private consumption amid festive demand, an ongoing private investment upcycle, and robust trade supported by frontloading activities ahead of potential US tariffs. We see Malaysia's full-year 2025 GDP growth coming at 4.6%, with risk to growth weighted somewhat to the downside due to external development. Our GDP forecast aligns with the lower bound of the official estimates range of 4.5% to 5.5%.

*Our latest projection showed Malaysia's 4Q2024 growth to be 5.0% y/y, somewhat higher than advanced estimate at 4.8% after recording 5.3% in the previous quarter. This growth was bolstered by favourable domestic demand outlook conditions.*

*The tourism sector still showed robust growth, with an over 24% increase year over year, though it missed its 2024 tourist arrival target.*

*Construction activity grew fastest (4Q2024: 23.1% vs. 3Q2024: 22.9%) since 3Q2022, buoyed by positive performance in its sub-sector segments.*

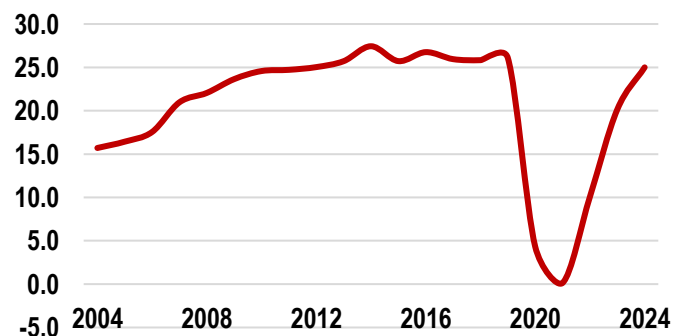
*Malaysia's economy is expected to be poised for another year of solid growth in 2025, albeit at a moderating pace.*

Exhibit 1: GDP Supply Side, y/y%

	1Q2024	2Q2024	3Q2024	4Q2024F
Services	4.8	5.9	5.2	5.5
Manufacturing	1.9	4.7	5.6	4.5
Mining	5.7	2.7	-3.9	-1.0
Agriculture	1.7	7.3	3.9	-1.8
Construction	11.9	17.3	19.9	19.8
<b>GDP, y/y%</b>	<b>4.2</b>	<b>5.9</b>	<b>5.3</b>	<b>5.0</b>

Sources: DOSM, AmBank Economics

Exhibit 2: Annual Tourist Arrival, Million



Sources: DOSM, AmBank Economics

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