Slight Uptick in Mar-25 LI, Signalling Continued Economic Expansion

Monthly Economic Review
May 2025



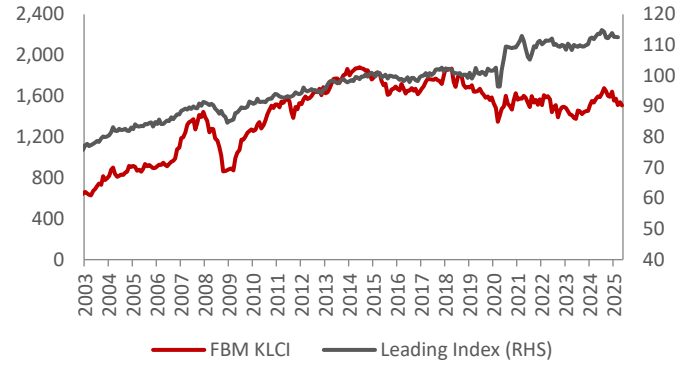
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Economic Review

- Slight improvement in LI in Mar-25. Malaysia's economy is expected to continue expanding as positive momentum would continue following a slight uptick in the leading index (LI), which grew slightly faster at +0.6%yoy in Mar-25 (Feb-25: +0.1%yoy).
- Malaysia's economy grew by +4.4% in 2024. Malaysia's GDP growth moderated further to +4.4%yoy in 1QCY25 (4QCY24: +4.9%yoy; 3QCY24: +5.4%yoy), similar to the advance estimate.
- Exports accelerated in Apr-25 boosted by front-loading. Malaysia's total trade recorded significant expansion by +18.2%yoy in Apr-25 (Mar-25: +2.2%yoy).
- OPR remains unchanged, still conducive to sustainable growth. BNM maintained the Overnight Policy Rate (OPR) at 3.00% after the May-25 Monetary Policy Meeting, reiterating that the current stance remains conducive to sustainable economic growth.
- Higher distributive trade, driven by improved retail spending growth. Malaysia's distributive trade grew faster by +5.7%yoy in Mar-25 (Feb-25: +5.2%yoy) on the back of stronger retail trade (+6.6%yoy; Feb-25: +5.8%yoy).
- GDP growth to moderate to +4.0% this year. We maintain our forecast that Malaysia's GDP growth will moderate to +4.0% this year (2024: +5.1%), where domestic demand will be the key driver of growth mitigating the effect of external trade uncertainty. Steady employment and wage growth, particularly in domestic-oriented sectors, along with income-related policy support, are expected to help sustain household spending.

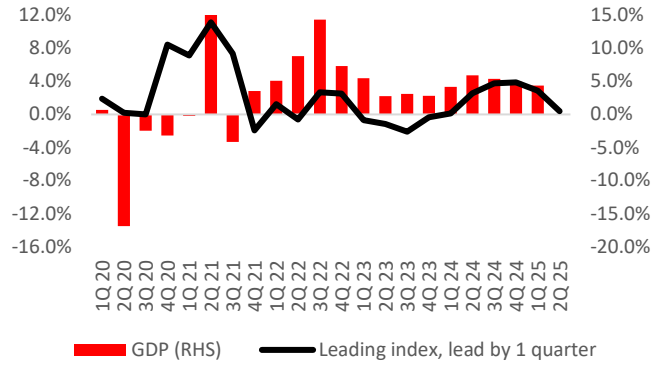
Slight improvement in LI in Mar-25. Malaysia's economy is expected to continue expanding as positive momentum would continue following a slight uptick in the leading index (LI), which grew slightly faster at +0.6%yoy in Mar-25 (Feb-25: +0.1%yoy). This improvement was mainly driven by the double-digit expansions in the *Number of Housing Units Approved* (+27.8%yoy) and the *Real Imports of Semi-Conductors* (+22.3%yoy). However, on a monthly basis, the leading index was virtually unchanged from the previous month (Mar-25: -0.04%mom; Feb-25: -0.02%mom), marking the second consecutive month of relatively flat performance. The ongoing subdued and stagnant performance was attributable to the decline in the *Bursa Malaysia Industrial Index* (-0.2%mom; Feb-25: -0.1%mom) and *Real Imports of Semi-Conductors* (-0.2%mom; Jan-25: +0.3%mom). On the other hand, the coincident index (CI), which reflects current economic performance posted slower growth of +1.4%yoy (Feb-25: +1.9%yoy), reaching 126.8 points (Mar-24: 125.1 points). The sustained growth was underpinned by broad-based gains across all components of the Coincident Index (CI), except for the *Real Contributions to the EPF*. On a monthly basis, the CI fell by -0.2%mom during the month (Feb-25: +1.8%mom), returned to negative territory as seen in Jan-25. The decline is mainly due to contraction in *Capacity Utilisation, Manufacturing* (-0.3%mom; Feb-25: +2.3%mom). Both *Total Employment and Real Salaries & Wages* in the manufacturing sector recorded a marginal decline of -0.1%mom, following a flat reading in the previous month. The smoothed long-term trend shows that the LI in Mar-25 remained below 100, suggesting Malaysia's economy is expected to maintain its growth trajectory, albeit at a moderate pace, supported by still solid economic fundamentals. While a favourable outcome from trade talks with the US could help alleviate some trade-related challenges, the external environment remained uncertain. On that note, domestic economic growth is expected to remain the key driver of Malaysia's economic growth.

Chart 1: Leading Index vs KLCI (Points)



Source: Bloomberg, MIDFR

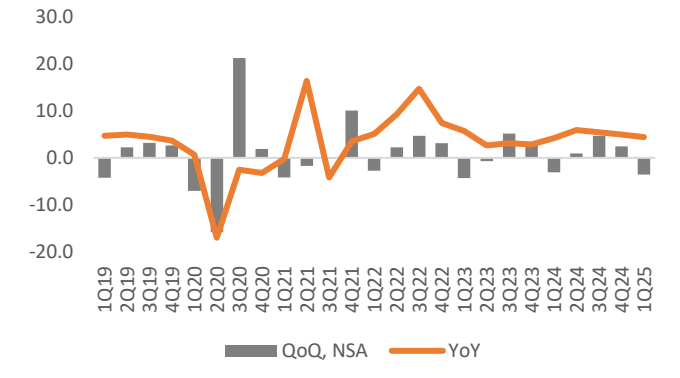
Chart 2: Leading Index vs GDP (YoY%)



Source: Bloomberg, MIDFR

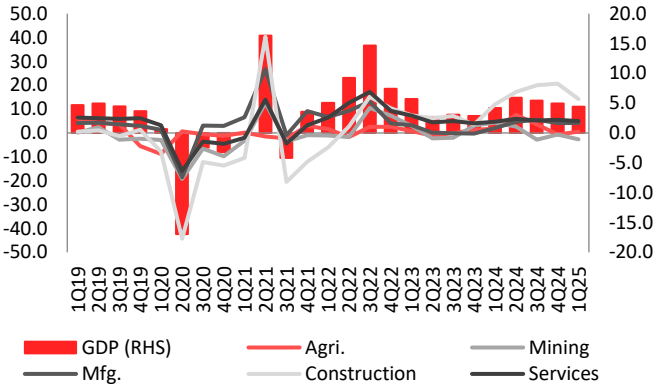
Malaysia's economy grew by +4.4% in 2024. Malaysia's GDP growth moderated further to +4.4%yoy in 1QCY25 (4QCY24: +4.9%yoy; 3QCY24: +5.4%yoy), similar to the advance estimate. During the quarter, domestic demand was stronger, growing by +3.7%yoy (4QCY24: +3.0%yoy). Private consumption recorded sustained growth albeit marginally slower at +5.0%yoy (4QCY24: +5.3%yoy), on the back of positive labour market conditions and moderate inflation. Meanwhile, government spending rose faster at +4.3%yoy (4QCY24: +4.0%yoy). Gross fixed capital investment grew at a softer pace of +9.7%yoy (4QCY24: +11.8%yoy) due to moderation in private investment (+9.2%yoy; 4QCY24: +12.7%yoy) in contrast to stronger public sector investment (+11.6%yoy; 4QCY24: +10.0%yoy). Investment activity is expected to be bolstered by the ongoing advancement of multi-year projects across both private and public sectors, the rollout of catalytic initiatives under national master plans, and the accelerated realisation of approved investments. Looking ahead, robust domestic demand is expected to remain the key driver of Malaysia's economic growth, helping to buffer the impact of persistent external headwinds such as weakening global trade and heightened geopolitical risks. The tourism sector is also set to play a growing role in supporting the economy, with stronger tourist arrivals and increased spending expected to boost the services and retail industries. While the US and China have temporarily eased tariffs, uncertainty persists regarding the prospects of a comprehensive and lasting trade agreement—including its scope, timeline, and durability. Similarly, the outcome of Malaysia's ongoing trade negotiations with the Trump administration remains uncertain. Although the 90-day tariff pause offers some temporary relief, underlying trade tensions continue to pose risks to the broader economic outlook.

Chart 3: Real GDP Growth: YoY vs. QoQ (%)



Source: Bloomberg, MIDFR

Chart 4: Real GDP Growth by Major Sector (YoY%)

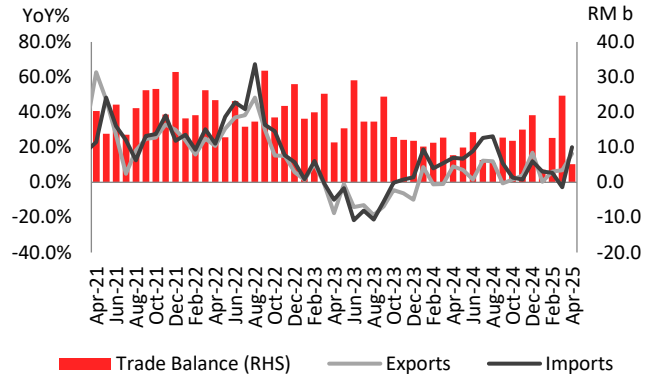


Source: Bloomberg, MIDFR

Exports accelerated in Apr-25 boosted by front-loading. Malaysia's total trade recorded significant expansion by +18.2%yoy in Apr-25 (Mar-25: +2.2%yoy). The growth was supported by more robust export performance, which rose by +16.4%yoy (Mar-25: +6.2%yoy), the strongest growth in 4 months. The stronger exports were driven by higher shipments of E&E products (+35.4%yoy; Mar-25: +25.4%yoy), marking six straight months of double-digit expansion with Apr-25 recording the strongest performance in the series. Rising E&E demand suggests ongoing front-loading activity as firms continue to take advantage of the 90-day tariff pause. In addition, the decline in exports of petroleum products slowed to -9.3%yoy (Mar-25: -32.5%yoy), whereas LNG shipment rebounded

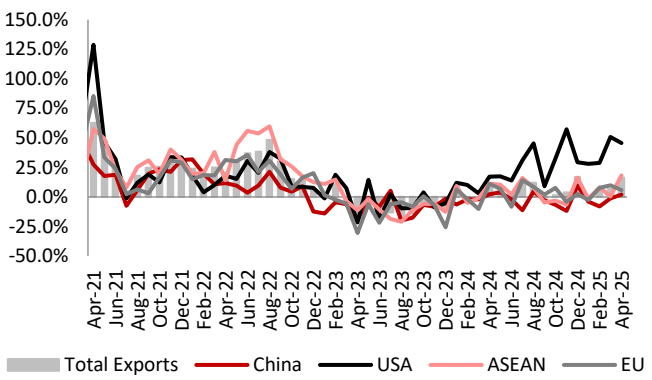
to +6.7%yoy after -11.0%yoy decline in Mar-25. Re-exports accelerated by +46.0%yoy (Mar-25: +12.1%yoy), the highest since Dec-24, while domestic exports also rose faster by +9.1%yoy (Mar-25: +5.5%yoy). Similarly, imports rebounded back to double-digit growth, rising by +20.0%yoy (Jan-25: +6.2%yoy), marking the fastest growth since Aug-24 mainly stemming from higher imports of manufactured goods such as E&E (+65.1%yoy); machinery, equipment & parts (+17.6%yoy); and transport equipment (+24.0%yoy). On a monthly basis, exports fell by -2.7%mom (Mar-25: +16.1%mom), while imports surged at a double-digit pace of +14.1%mom (Mar-25: +6.5%mom), resulting in a narrower trade surplus of +RM5.2b (Mar-25: +RM24.7b), the lowest since Jan-25. Looking ahead, Malaysia's exports are expected to continue growing over the next two to three months, supported by front-loading activities during the 90-day tariff pause, in addition to the temporary relief from easing US-China trade tensions. Import growth would also stay encouraging in the short run as firms focus on stockpiling amid uncertainties surrounding the result of trade talks.

Chart 5: Exports & Imports (YoY%) vs Trade Balance (RM b)



Source: Macrobond, MIDFR

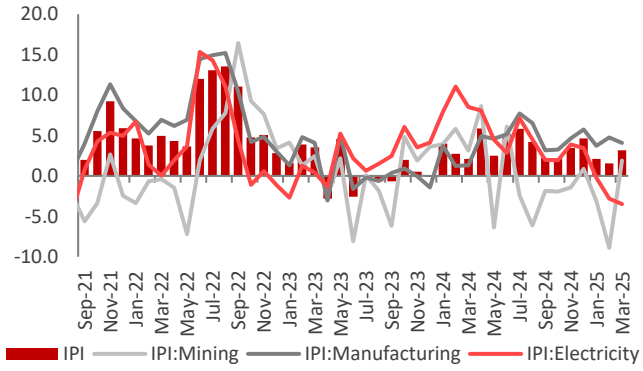
Chart 6: Exports Growth by Major Destination (YoY%)



Source: Macrobond, MIDFR

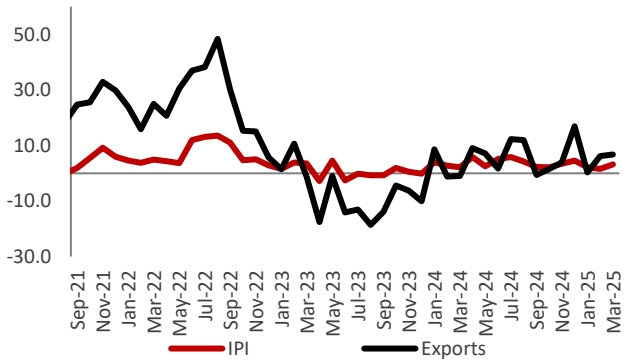
IPI growth picked up similar to our estimate. Malaysia's IPI expanded stronger at +3.2%yoy in Mar-25 (Feb-25: +2.1%yoy), similar to our estimate but higher than market consensus of +2.1%yoy. IPI remained on expansionary for the 13th straight month since Jan-24. We expected a pick-up in IPI growth mainly because of the slight strengthening in export growth in Mar-25. The stronger IPI growth was underpinned by a rebound in mining output (+1.9%; Feb-25: -8.9%yoy) following a turnaround in production of both crude petroleum and natural gas. Meanwhile, the manufacturing sector also recorded a sustained output growth, albeit moderating to +4.0%yoy (Feb-25: +4.8%yoy), driven by higher output of among others E&E products, machinery & equipment, chemicals & chemical products and food products. Increases in mining and manufacturing output more than offset the sharper fall in electricity output, which fell by -3.5%yoy (Feb-25: -2.8%yoy). We anticipate IPI to continue expanding this year as firms increased production to fulfill growing domestic demand. However, slower external demand will likely result in more moderate IPI growth this year.

Chart 7: IPI Performances by Sector (YoY%)



Source: Macrobond, MIDFR

Chart 8: IPI vs Exports (YoY%)

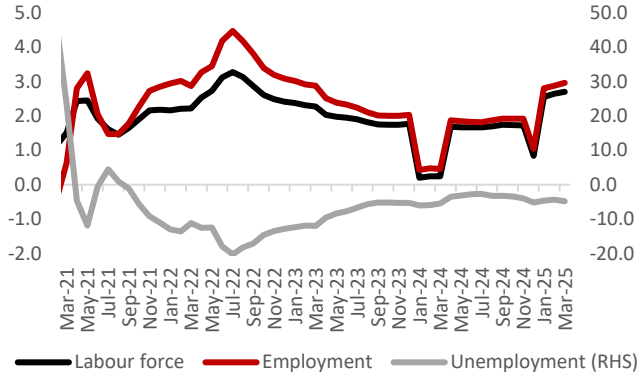


Source: Macrobond, MIDFR

Stable unemployment rate at 3.1%. Malaysia's labour market showed continued stability as the unemployment rate was held steady at 3.1% in Mar-25 for four consecutive months. This stability was underpinned by stronger employment growth (+3.0%yoy; Feb-25: +2.9%yoy), which surpassed the labour force growth (+2.7%yoy; Feb-25: +2.6%yoy) for the 44th consecutive month since Aug-21.

Consequently, the number of unemployed individuals declined further to 530K (Feb-25: 533K), the lowest level since Feb-20. Unemployment count fell sharper by -4.9%yoy, still on a declining trend since Sep-21. The unemployment rate among youths aged 15 to 24 remained elevated at 10.3% for the third consecutive month. Despite the stable reading, it continues to reflect a persistently high level of joblessness in this age group. The labour force participation rate remained elevated at 70.7%, indicating increased entry into the workforce on the back of growing economic activities. Steady employment growth alongside a stable unemployment rate suggests that a larger share of job seekers successfully secured employment. Looking ahead, favourable labour market conditions and stronger domestic demand are expected to continue supporting economic growth, even as external trade prospects remain uncertain. That said, we remain cautious about the outlook for export-oriented sectors, as reciprocal tariffs could dampen employment and wage growth amid rising trade tensions. Nonetheless, targeted government incentives to support these industries are expected to help companies sustain hiring amid heightened uncertainties in terms of the global demand outlook.

Chart 9: Labour Market Key Indicators (YoY%)



Source: Macrobond, MIDFR

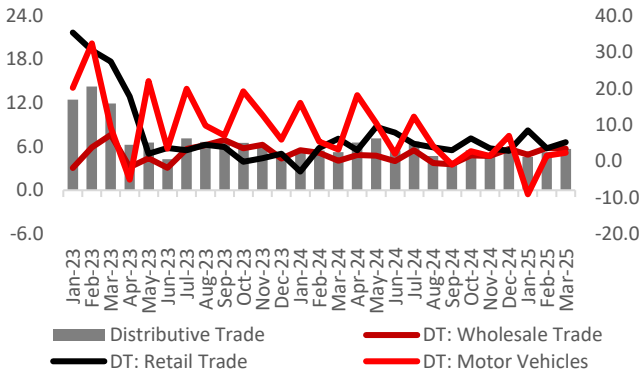
Chart 10: Unemployment Rate (%) vs. Job Vacancies



Source: Macrobond, MIDFR

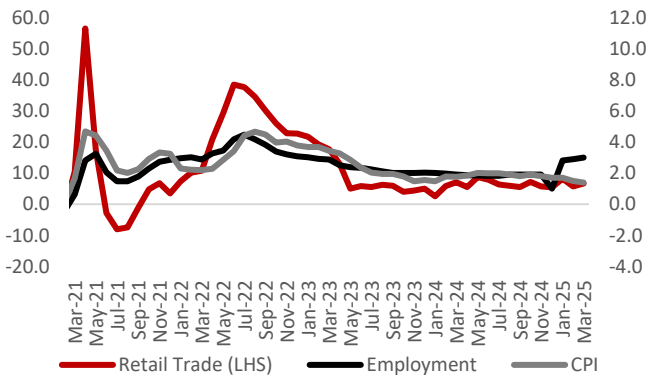
Higher distributive trade, driven by improved retail spending growth. Malaysia's distributive trade grew faster by +5.7%yoy in Mar-25 (Feb-25: +5.2%yoy) on the back of stronger retail trade (+6.6%yoy; Feb-25: +5.8%yoy). The increase was partly driven by heightened demand as consumers prepared for the Hari Raya Aidilfitri festive season. In addition, the growth was supported by the continued rise in motor vehicles sales (+2.3%yoy; Feb-25: +1.5%yoy). Meanwhile, the wholesale trade also continued to expand albeit moderating slightly to +5.7%yoy (Feb-25: +5.8%yoy). On the volume front, distributive trade continued to expand by +5.0%yoy in Mar-25 (Feb-25: +4.0%yoy), supported by higher volume growth in the wholesale trade (+6.3%yoy; Feb-25: 4.5%yoy) and retail trade (+4.9%yoy; Feb-25: +4.0%yoy). On the other hand, the volume of motor vehicle sales rebounded to +0.9%yoy (Feb-25: -0.8%yoy), reversing contraction seen in the previous two months. While this reflects the ongoing challenges affecting motor vehicle sales because of normalization from strong growth (and high base) in the previous years, the sustained rise in wholesale and retail trade signals the continued rise domestic consumption will remain the key driver to support economic growth this year.

Chart 11: Distributive Trade (DT) Sales Growth by Component (YoY%)



Source: Macrobond, MIDFR

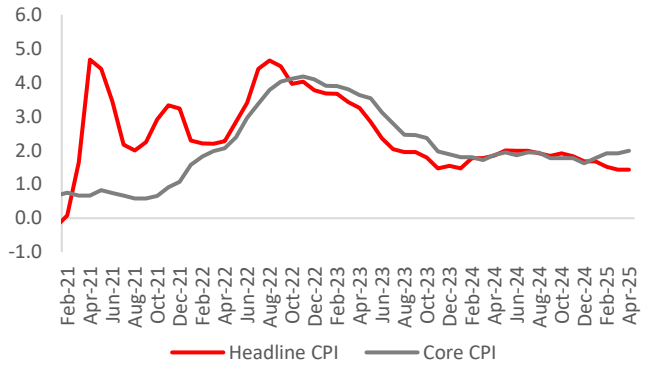
Chart 12: DT vs. CPI Inflation vs. Employment (YoY%)



Source: Macrobond, MIDFR

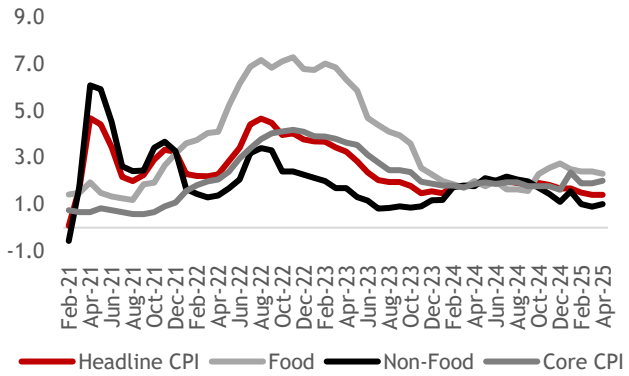
Headline remained unchanged at +1.4%yoy in Apr-25. Malaysia's headline CPI inflation was unchanged at +1.4%yoy in Apr-25, slightly below our estimate of +1.5%yoy and marking the second month of the lowest reading since Feb-21. The inflation for food away from home eased slightly to +4.3%yoy (Mar-25: +4.5%yoy), and prices for food at home eased to +0.5%yoy (Mar-25: +0.6%yoy), as the vegetable prices contracted by -1.8%yoy and the milk, other dairy products & eggs also fell by -1.3%yoy. Meanwhile, the fish & other seafood and oils & fats both increased by +1.8%yoy, respectively. On the other hand, non-food inflation accelerated marginally to +1.0%yoy in Apr-25 (Mar-25: +0.9%yoy), due to the higher inflation in housing, water, electricity, gas & other fuels (+2.0%yoy; Mar-25: +1.9%yoy) and Personal Care, Social Protection & Misc. Goods & Services (+4.1%yoy; Mar-25: +3.6%yoy). Meanwhile, core CPI also accelerated slightly to +2.0%yoy in Apr-25 (Mar-25: +1.9%yoy) but still signals still mild underlying price pressures. The observed low-price pressures across food, non-food, and core inflation suggest that the impact of last year's government policy changes, specifically the shift to targeted subsidies, higher utility tariffs, and the SST rate hike, on overall inflation has been minimal. Despite anticipated fuel subsidy rationalisation and other policy adjustments this year, we forecast that moderate inflation will likely extend to 2QCY25. This projection is underpinned by expectations of contained cost pressures and moderating crude oil prices, which should effectively limit significant upward inflationary forecasts.

Chart 13: Headline vs. Core CPI (YoY%)



Source: Macrobond, MIDFR

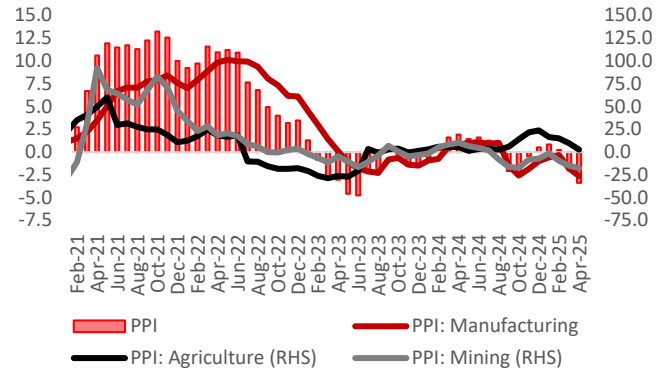
Chart 14: Key CPI Data (YoY%)



Source: Macrobond, MIDFR

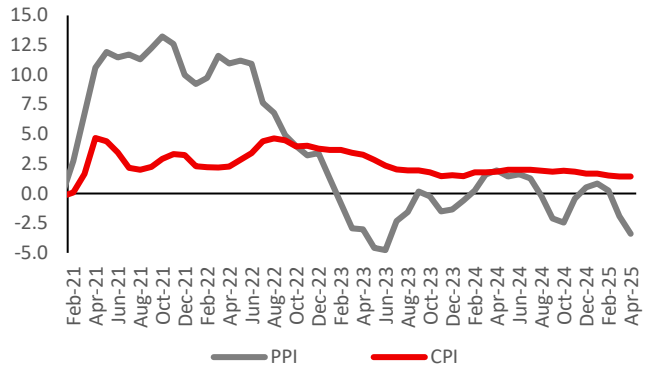
PPI fell further in Apr-25. Malaysia's producer prices continued to contract by –3.4%yoy in Apr-25 (Mar-25: -1.9%yoy), marking the second month of deflation and the sharpest drop since Jun-23. The weaker price pressure was mainly attributable to the steeper double-digit price decline in the mining sector (-17.8%yoy; Mar-25: -15.0%yoy), mainly due to a sharper drop in crude petroleum prices. Meanwhile, natural gas prices saw a more moderate decline. PPI for manufacturing also declined quicker by -2.6%yoy (Mar-25: -1.8%yoy), marking eight consecutive months of deflation which was largely due to sustained drop in costs for the production of coke and refined petroleum products. Electricity & gas supply prices fell slightly faster by -0.6%yoy (Mar-25: -0.5%yoy). In contrast, prices in the agriculture, forestry, and fishing sector continued to increase, albeit at a slower pace of +2.6%yoy (Mar-25: +9.0%yoy), largely driven by the perennial crops sub-sector, which recorded a +5.9%yoy increase. Water supply prices grew slightly faster by +0.9%yoy (Mar-25: +0.7%yoy). On a monthly basis, PPI fell quicker by -1.0%mom in Apr-25 (Mar-25: -0.6%mom), contributed by the decline in prices for agriculture, forestry, and fishing (-6.0%mom), mining (-1.2%mom) and manufacturing (-0.5%mom) sectors. In contrast, PPI for water supply rebounded by +1.3%mom (Mar-25: -0.1%mom), while PPI for electricity and gas supply rose by +0.3%mom, unchanged from the previous month. PPI declined for all stages of processing: crude materials for further processing (-9.2%yoy), intermediate materials, supplies & components (-2.2%yoy) and finished goods (-1.4%yoy). As PPI deflated faster, the gap against CPI inflation widened further, with CPI inflation remained stable but modest at +1.4%yoy in Apr-25, still at the lowest level since Feb-21. Therefore, we foresee no strong upward price pressures on consumers from the pass-through effect from cost pressures. While we expect price pressures would be triggered mainly by policy changes as demand pressures remained under control, the delay in RON95 fuel subsidy rationalisation into a latter part of 2H25 also offers additional temporary relief to consumers, positive for private consumption outlook amid stable inflation.

Chart 15: PPI for Selected Sectors (YoY%)



Source: Macrobond, MIDFR

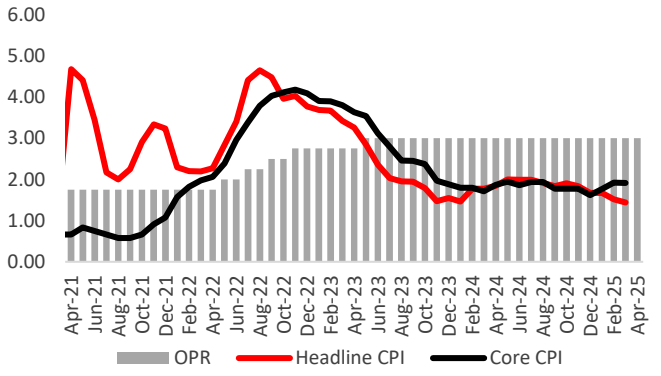
Chart 16: PPI vs CPI (YoY%)



Source: Macrobond, MIDFR

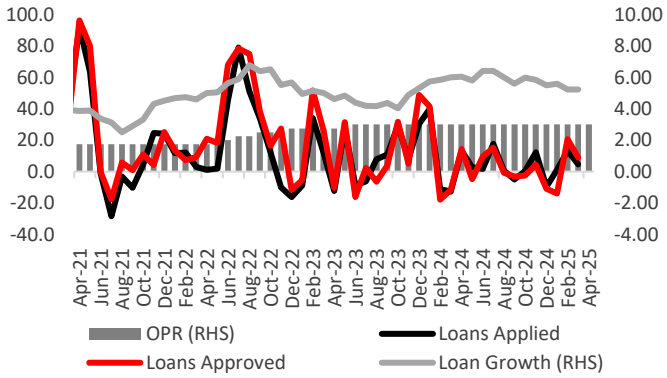
OPR remains unchanged, still conducive to sustainable growth. BNM maintained the Overnight Policy Rate (OPR) at 3.00% after the May-25 Monetary Policy Meeting, reiterating that the current stance remains conducive to sustainable economic growth. As stated in the Monetary Policy Statement (MPS), global growth and trade continued to expand, driven by strong domestic demand and front-loading activities. The global growth outlook remains supported by favourable labour market conditions, more accommodative monetary policy, and fiscal stimulus. However, the tariff measures introduced by the US, along with retaliatory actions, have dampened the prospects for global growth and trade. Nonetheless, this outlook remains subject to significant uncertainties, including the outcomes of trade negotiations and ongoing geopolitical tensions. These factors could also contribute to increased volatility in global financial markets. We observed that market sentiment has improved recently from their tariff-induced lows, fuelled by optimism surrounding trade deals and potential US-China negotiations. However, we believe the outlook remains uncertain and is likely to continue affecting market volatility.

Chart 17: OPR (%) vs. Inflation (YoY%)



Source: Macrobond, MIDFR

Chart 18: OPR (%) vs Loans (YoY%)

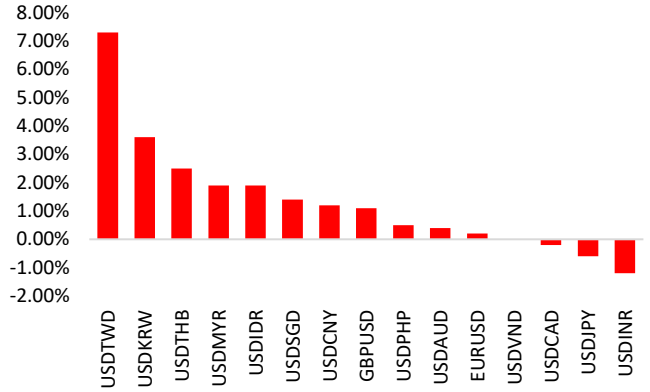


Source: Macrobond, MIDFR

Ringgit appreciated for the fifth consecutive month in May-25. The ringgit appreciated by +1.9%mom and ended the month of May-25 stronger at RM4.236 (previous: RM 4.316). In the first 5 months, the ringgit has appreciated by +5.3%ytd (Apr-25: +3.6%ytd). The Malaysian ringgit's recent appreciation was primarily a result of weakening of US dollar. Heightened volatility in the US market prompted capital outflows into alternative safe-haven assets; even the local currency benefited from this shift. Reduced demand for the US dollar was linked to uncertainties surrounding changes in the US trade policies and growing concerns over the US economic and inflation outlook. While new US tariffs could fuel inflationary pressures, the 90-day pause on reciprocal tariffs and ongoing negotiations, particularly with China, offered some positive signals. However, the renewed concerns about the US credit market outlook, following the sovereign downgrade by Moody's, resulted in surge in US treasury yields which reflects the higher risk in the US debt market. Domestically, stable economic fundamentals also underpinned the ringgit's performance, such as stable and modest inflation, still positive growth prospects despite moderating 1QCY25 GDP growth, no easing pressures on BNM's OPR (despite the reduction of SRR to 1.00%), and encouraging trade data. Despite the Fed's cautious approach to rate adjustments amid higher risk from tariffs and policy changes which could cause persistent price increases, we project -50bps reduction by the Fed

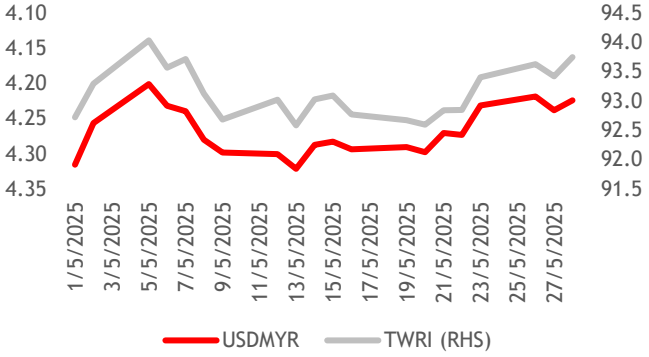
latter this year to support the US economy from slowing further. The narrowing interest rate differential between Malaysia and the US is expected to continue supporting the ringgit's appreciation this year.

Chart 19: Monthly FX Rate Changes for Selected Currencies Against US Dollar (%)



Source: Macrobond, MIDFR

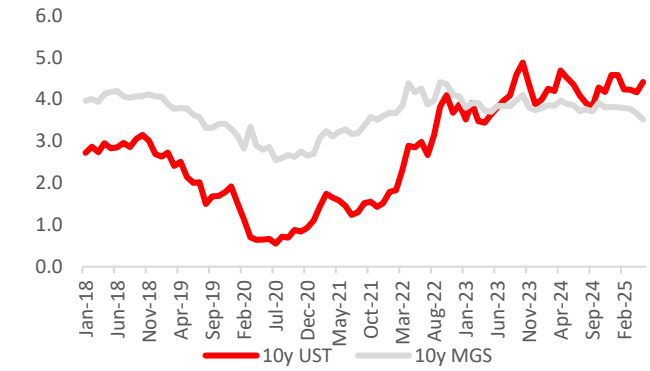
Chart 20: USDMYR vs. US Dollar Index vs. MIDF Trade-Weighted Index Monthly Average



Source: Macrobond, MIDFR

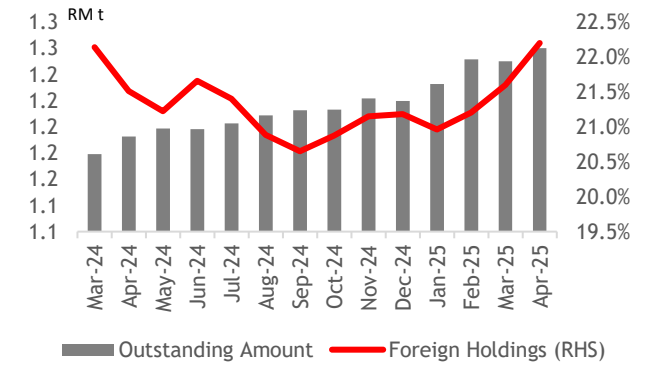
10y MGS yield moved lower last month. The MGS yield curve moved lower last month, against the upward shift in the UST yield curve, indicating further decoupling between the MGS and UST yields. The 3-year MGS declined by -9.4bps to at 3.16%, while the 10-year MGS yield fell by -14bps to 3.52% in May-25, with the 10-year yield gradually moving lower throughout the month. As OPR and inflation in Malaysia remained stable, changes in the MGS yields continued to be more influenced by developments in the global financial markets. In Apr-25, foreign holdings of Malaysian bonds rose +RM10.2b to RM288.6b (Mar-25: RM278.4b). As a result, we estimated that the ratio of foreign holdings out of the total outstanding government bonds increased to 22.2% (Mar-25: 21.2%), remaining below the pre-pandemic level (2019 average: 23.1%) and higher than 21.5% a year ago.

Chart 21: 10y MGS vs 10y UST Yields (%)



Source: Macrobond, MIDFR

Chart 22: Share of Foreign Holding (%) vs Outstanding MGS/MGII (RM t)



Source: Macrobond, MIDFR

GDP growth to moderate to +4.0% this year. We maintain our forecast that Malaysia's GDP growth will moderate to +4.0% this year (2024: +5.1%), where domestic demand will be the key driver of growth mitigating the effect of external trade uncertainty. Steady employment and wage growth, particularly in domestic-oriented sectors, along with income-related policy support, are expected to help sustain household spending. On the tourism front, we believe stronger activity will bolster Malaysia's growth prospects and drive higher tourist expenditure. While recent developments suggest a de-escalation in trade tensions, we remain cautious, as lingering uncertainties from the global trade war and potential disruptions to global supply chains continue to pose downside risks to Malaysia's economic outlook. Uncertainty also surrounds the nature, timeline, and viability of a mutually acceptable deal between the US and China, as well as the progress of Malaysia's separate trade negotiations with the Trump administration.

Table 1: Selected Macroeconomic Data: Past Performance and Latest Projection (%)

(YoY %) Unless Stated Otherwise	2021	2022	2023	2024	2025F
Real GDP	3.3	8.9	3.6	5.1	4.0
Govt. Consumption	5.8	5.1	3.3	4.7	5.0
Private Consumption	1.8	11.3	4.7	5.1	4.8
Gross Fixed Capital Formation	(0.7)	6.8	5.5	12.0	6.1
Govt. Investment	(11.0)	5.3	8.6	11.1	6.4
Private Investment	2.8	7.2	4.6	12.3	6.0
Exports of goods & services;	18.5	14.5	(8.1)	8.5	3.8
Goods Exports	21.4	11.0	(12.7)	5.5	2.5
Services Exports	(8.2)	58.3	33.0	25.9	9.9
Imports of goods & services;	21.2	16.0	(7.4)	8.9	2.5
Goods Imports	23.8	14.4	(11.7)	9.4	2.1
Services Imports	7.7	25.7	15.8	7.3	4.5
Net Exports	(4.0)	(1.5)	(16.2)	2.2	22.0
Agriculture etc.	(0.3)	1.3	0.7	3.1	0.3
Mining & Quarrying	0.9	3.5	0.5	0.9	(0.6)
Manufacturing	9.5	8.1	0.7	4.2	2.3
Construction	(5.2)	5.1	6.1	17.5	12.8
Services	2.2	11.0	5.1	5.4	5.1
Exports of Goods (f.o.b)	26.1	24.9	(8.0)	5.7	2.0
Imports of Goods (c.i.f)	23.3	31.0	(6.4)	13.2	1.6
Headline CPI Inflation (%)	2.5	3.4	2.5	1.8	2.2
Current Account, % of GDP	3.9	3.0	1.5	1.7	1.9
Fiscal Balance, % of GDP	(6.4)	(5.6)	(5.0)	(4.1)	(3.5)
Federal Government Debt, % of GDP	63.2	60.3	64.3	64.6	62.9
Unemployment Rate (%)	4.58	3.82	3.43	3.26	3.10
Brent Crude Oil (Avg), USD per barrel	71.5	102.0	82.2	79.9	63.0 - 70.0
Crude Palm Oil (Avg), MYR per tonne	4,486	5,262	3,813	4,194	4,300
USD/MYR (Avg)	4.14	4.40	4.56	4.56	4.34
USD/MYR (End-period)	4.17	4.35	4.59	4.47	4.25
MGS 10-Yr Yield (Avg)	3.23	4.07	3.86	3.83	3.68
MGS 10-Yr Yield (End-period)	3.59	4.04	3.73	3.84	3.60
Overnight Policy Rate (%)	1.75	2.75	3.00	3.00	3.00

Source: Macrobond, National Sources, MIDFR

MAY 2025 KEY ECONOMIC EVENTS

1 May: Penang records RM17.3b approved manufacturing investments in 2024. Penang recorded approved manufacturing investments worth RM17.3 billion in 2024, strengthening its position as Malaysia's leading technology investment and innovation hub, said Chief Minister Chow Kon Yeow.

2 May: Malaysia's factory activity contracts further in April as PMI drops to 48.6 — S&P. Malaysia'S manufacturing sector continued to face headwinds in April as the S&P Global Malaysia Manufacturing Purchasing Managers' Index (PMI) slipped to 48.6, down from 48.8 in March, indicating a further — albeit modest — deterioration in sector conditions.

5 May: PM Anwar: Govt allocates additional RM50m to MATRADE to expedite exploration of new markets. The government will allocate an additional RM50 million to the Malaysia External Trade Development Corporation (MATRADE) to expedite efforts to explore new markets.

9 May: Johor optimistic about achieving nearly RM60b FDI by 2Q 2025. Johor is optimistic about achieving foreign direct investment (FDI) of nearly RM60 billion by the second quarter of this year (2Q 2025).

12 May: U.S. and China agree to slash tariffs for 90 days in major trade breakthrough. The U.S. and China on Monday agreed to temporarily suspend most tariffs on each other's goods in a move that shows a major thawing of trade tensions between the world's two largest economies.

16 May: 1Q GDP grew at 4.4%, BNM has 'policy space to act' if growth dims. Bank Negara Malaysia (BNM) has the policy room to act as it expects economic growth to dip below the official growth estimate as Malaysia and other trading-reliant nations await the outcome of the US tariffs.

19 May: 218.86% surge in China tourist arrivals in Penang in 2024. Penang experienced a 218.86 per cent surge in tourist arrivals from China via the Penang International Airport (LTAPP) last year compared to 2023.

24 May: 46th ASEAN Summit cements Malaysia's status as regional leader and economic hub. Malaysia's role as host of the 46th ASEAN Summit has reinforced its standing as a diplomatic and economic leader in the region, while bringing immediate benefits across tourism, trade, infrastructure, and international branding.

29 May: KPDN: No reduction in LPG subsidy, focus remains on preventing leakages. The Ministry of Domestic Trade and Cost of Living (KPDN) said that there is no issue of subsidy removal or reduction for liquefied petroleum gas (LPG), contrary to public concern

2 May: MayCham: China's durian imports from Malaysia to rise 15-20% in 2025 on strong demand. The volume of China's durian imports from Malaysia is expected to increase by between 15 and 20 per cent this year, driven by sustained consumer demand despite recent weather-related challenges in Malaysia, according to the Malaysia Chamber of Commerce and Industry in China.

5 May: PM Anwar: Malaysia does not impose 47% tariff on US imports, only 5.6% on average. Prime Minister Datuk Seri Anwar Ibrahim has refuted the United States's (US) claim that Malaysia has imposed a 47 per cent tariff on US imports into Malaysia.

7 May: Fed holds rates steady as it notes rising uncertainty and stagflation risk. The Federal Reserve on Wednesday held its key interest rate unchanged as it waits for the Trump administration's trade policy to take shape and sees its impact on a sputtering economy.

11 May: PM Anwar: 144 projects worth RM14b implemented in Sabah. The MADANI Government has successfully implemented 144 development projects in Sabah to date, involving a total allocation of RM14 billion, said Prime Minister Datuk Seri Anwar Ibrahim.

15 May: Tengku Zafrul: Malaysia-US negotiation on tariffs going smoothly, many issues can be resolved. Discussions between Malaysia and the United States (US) regarding reciprocal tariffs have so far proceeded smoothly, with many issues being resolved while some require further scrutiny, particularly those related to the country's strategic sectors.

17 May: PM Anwar: ASEAN nations taking steps to establish monetary fund, strengthen regional financial security. ASEAN countries are taking steps to revive the idea of creating their own monetary fund, said Prime Minister Datuk Seri Anwar Ibrahim.

21 May: Minor revision of GDP forecast amid resilient fundamentals: Bank Negara governor. Malaysia's economy remains resilient despite Middle East geopolitical tensions and rising global trade tensions from potential US tariffs.

27 May: Govt to proceed with RON95 subsidy rationalisation in 2H25. The government will proceed with the rationalisation of RON95 petrol subsidies in the second half of this year (2H25) as scheduled.

29 Trump's tariffs ruled illegal: Will this end US trade war? A United States trade court has ruled that President Donald Trump's global reciprocal tariffs are illegal, finding that the president overstepped his authority by imposing the import levies last month. Wednesday's ruling could throw Trump's sweeping trade policies into disarray, experts say.

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