



**Socio-Economic  
Research Centre**  
社会经济研究中心

# **8th Global Investment Opportunities (GIO) Conference**

## **Malaysia's Economic Playbook: Resilience, Reforms, and Impact**

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Executive Director

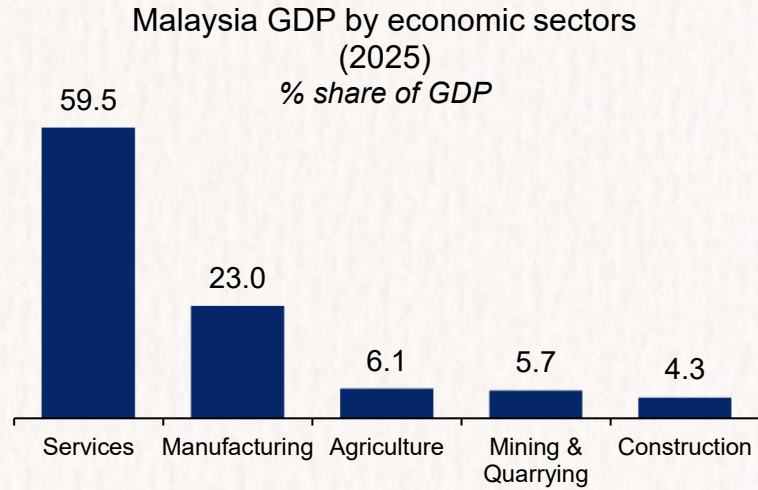
**16 June 2026**

## Key messages

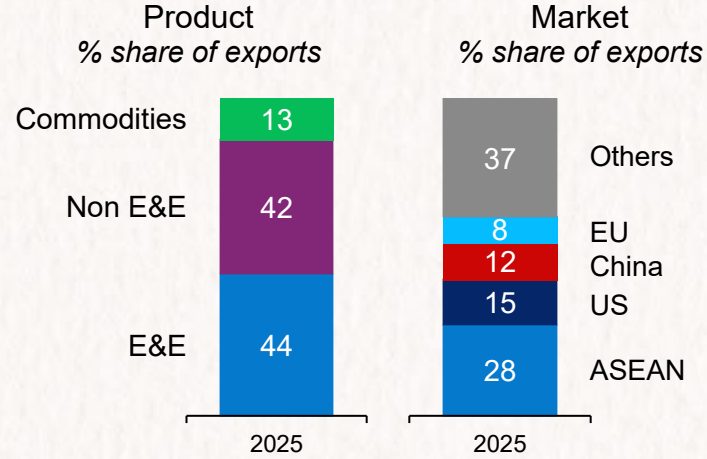
- 1** The Malaysian economy has demonstrated notable resilient amid rising global uncertainties.
- 2** A series of strategic and transformative plans to raise growth potential.
- 3** Thriving investment ecosystem, primarily driven by high-growth, high-value sectors.
- 4** Overall mixed net impact of an oil shock on the economy.

# Macroeconomic fundamentals supportive of growth

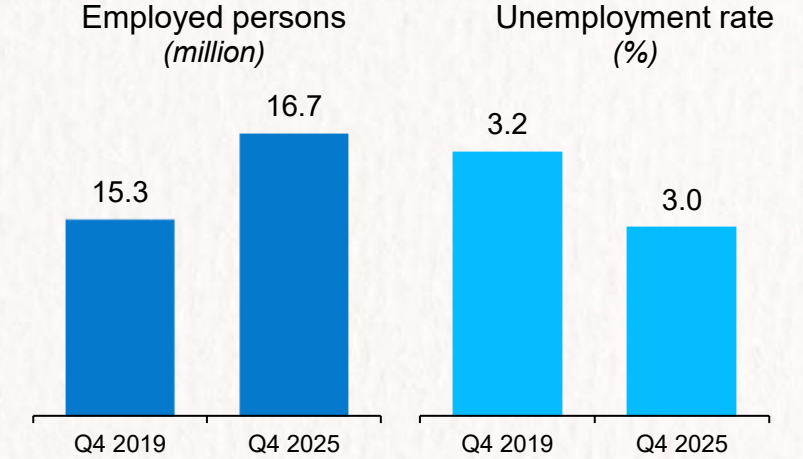
## Diversified sources of growth



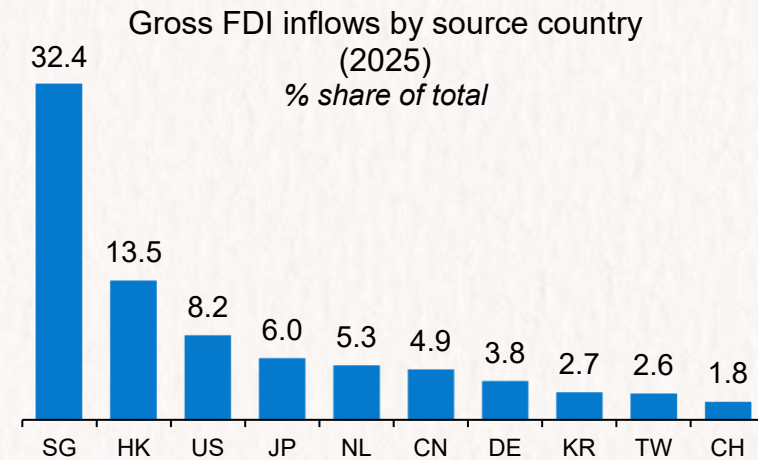
## Diversified export markets and products



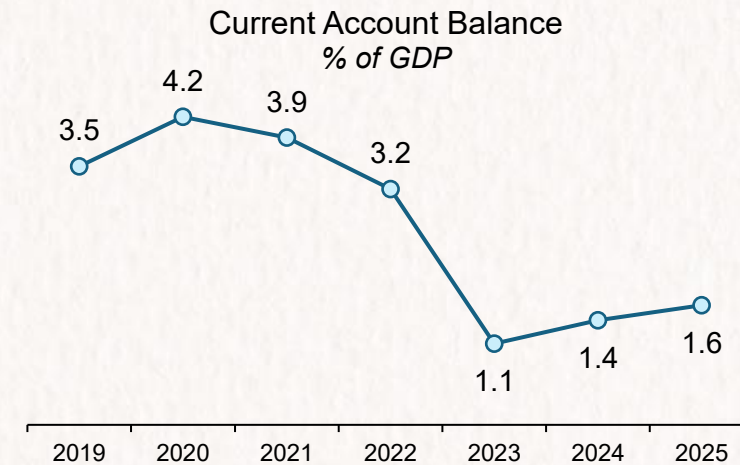
## Stable labour market conditions



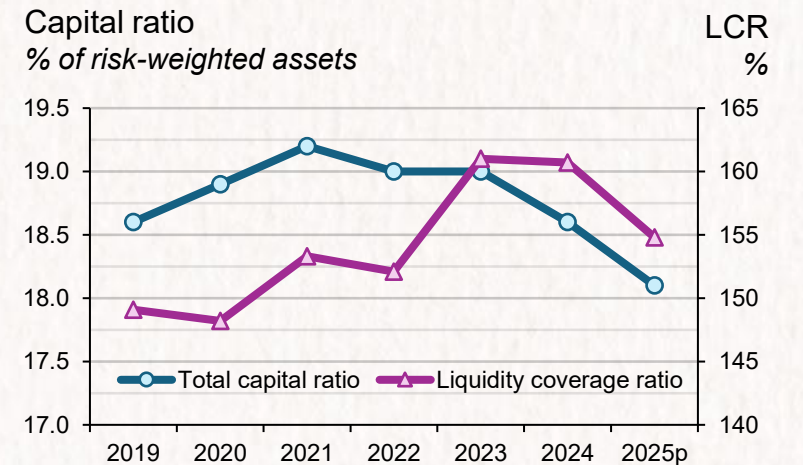
## Conducive investment destination for foreign investors



## Current account balance remains surplus



## Banking system remained well-capitalised with strong buffers



Source: DOSM; BNM

# Economic fundamentals are resilient and well anchored

## Steady economic growth

**5.2%**  
(2025) → **4.0%-5.0%**  
(2026F)  
BNM

**5.2%**  
(2021-2025) → **4.5%-5.5%**  
(2026-2030F)  
12<sup>th</sup> Malaysia Plan → 13<sup>th</sup> Malaysia Plan (F)



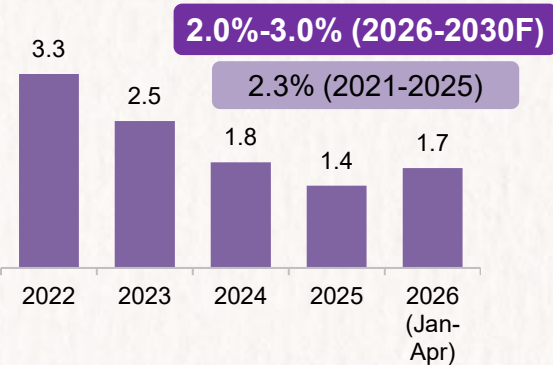
## Advancing towards a high-income economy

### Gross national income per capita

**RM57,201**  
(USD13,360)  
(2025)  
DOSM → **RM77,200**  
(USD17,470)  
(2030F)  
13<sup>th</sup> Malaysia Plan (F)

## Moderate inflation and stable exchange rate

### Inflation rate (%)



**RM4.28/USD1**  
(2025 average)

**RM3.97/USD1**  
(Jan-May 2026)

## Stable labour market

**2025** → **2030F**  
13<sup>th</sup> Malaysia Plan (F)

**Unemployment rate**  
**3.0%** → **3.0%**

**Employed persons**  
**16.9 mil** → **17.9 mil**

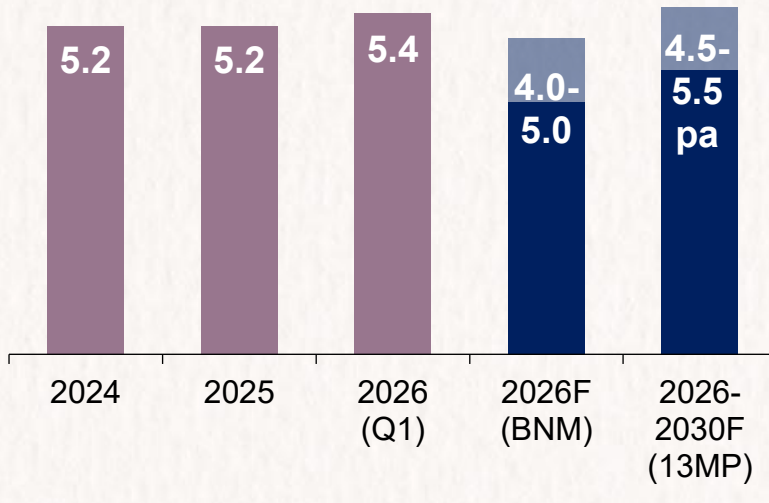
Source: Department of Statistics, Malaysia (DOSM); Bank Negara Malaysia (BNM); Ministry of Finance (MoF); Ministry of Economy

# Malaysia is transitioning towards a high-quality, innovation-led economy

Developing a resilient and diversified economy requires targeted and forward-looking policies

12<sup>th</sup> Malaysia Plan (2021-2025) Period: 5.2% pa

Real GDP growth (%)



<b>Private Consumption</b>	4.8%	5.3%	4.7%	5.0%	5.5% pa
<b>Private Investment</b>	12.4%	9.4%	7.8%	7.5%	6.0% pa

- Anchoring on sustainable domestic demand (96.0% of total GDP in 2025 – Private consumption: 60.5% of GDP; Private investment: 17.2% of GDP).
- Stable labour market condition (2.9% unemployment rate in April 2026), sustained wage growth, low inflation (1.9% in April 2026), income supportive policy, and accommodative monetary policy to support household spending
- Investment activity benefits from the gradual implementation of strong approved investments in 2021-2025, as well as ongoing long-term public and private projects.
- Key policies and master plans currently being implemented include:
  - MADANI Economy Framework
  - New Industrial Master Plan (NIMP) 2030
  - National Energy Transition Roadmap (NETR)
  - National Semiconductor Strategy (NSS)
  - 13<sup>th</sup> Malaysia Plan (2026-2030)

Source: DOSM; BNM; Ministry of Economy

# Malaysia's strategic and transformative roadmaps and plans

1

## MADANI Economy Framework

### Raising the ceiling

- Rebuild Malaysia by regionalising our businesses, transforming our economy and increasing national competitiveness.

### Raising the floor

- Championing social justice to improve quality of life for the rakyat.

### Seven (7) medium-term targets

- Top **30** largest economy
- Top **12** in **global competitiveness**
- Top **25** on the **Human Development Index**
- **Increase labour share of income to 45%**
- Top **25** in **Corruption Perception Index**
- **Fiscal deficit of 3% of GDP or better**
- Increase **female labour force participation rate to 60%**

2

## New Industrial Master Plan (NIMP) 2030

### Four (4) mission-based approaches

- Advance economic complexity
- Tech up for a digitally vibrant nation
- Push for Net Zero
- Safeguard economic security & inclusivity

### Top-line targets by 2030

- RM587.5 billion in value-added GDP (CAGR of 6.5% from 2022), derived from high-impact and emerging growth sectors.
- 3.3 million of employment (CAGR of 2.3% from 2022), including the creation of high-skilled jobs through higher value-added activities.
- Median salary of RM4,510 (CAGR of 9.6% from 2022), through a shift towards higher value-added activities and high-skilled jobs.

3

## National Energy Transition Roadmap (NETR)

### Six (6) energy transition levers

- Energy Efficiency (EE)
- Renewable Energy (RE)
- Hydrogen
- Bioenergy
- Green Mobility
- Carbon Capture, Utilisation and Storage (CCUS)

### Economic benefits

- An investment opportunities up to RM1.2-1.3 trillion by 2050, with 18% of these funds (RM210-240 billion) allocated within 2023-2029.
- 310,000 direct jobs creation by 2050.
- 10%-15% uplift in GDP value (or RM200-220 billion) with spurring of new growth areas.

4

## National Semiconductor Strategy (NSS)

### Three (3) phases

- Phase 1: **Building On Our Foundations** – Continuing to develop Malaysia's strengths in the chips industry
- Phase 2: **Moving To The Frontier** – Pursuing cutting-edge technology and moving up the value chain
- Phase 3: **Innovating At The Frontier**

### Five (5) targets

- Attract RM500 billion of investment
- Create 10 Malaysian companies in design and advanced packaging, and 100+ high revenue companies
- Become a global semiconductor R&D hub
- Train and upskill 60,000 high-skilled Malaysian engineers
- Allocate at least RM25 billion to implement NSS

5

## 13th Malaysia Plan (2026-2030)

### Goals

- High and sustainable income
- Quality and inclusive life
- Sustainable environment

Nine focus areas under three MADANI economic pillars, **anchoring on 27 priorities, 122 strategies and 600 initiatives.**

### A sum of RM611 billion investment is planned under the 13MP:

- RM430 billion from Federal government's development expenditure
- RM120 billion from GLCs and GLICs
- RM61 billion from the public-private partnerships (PPP)

6

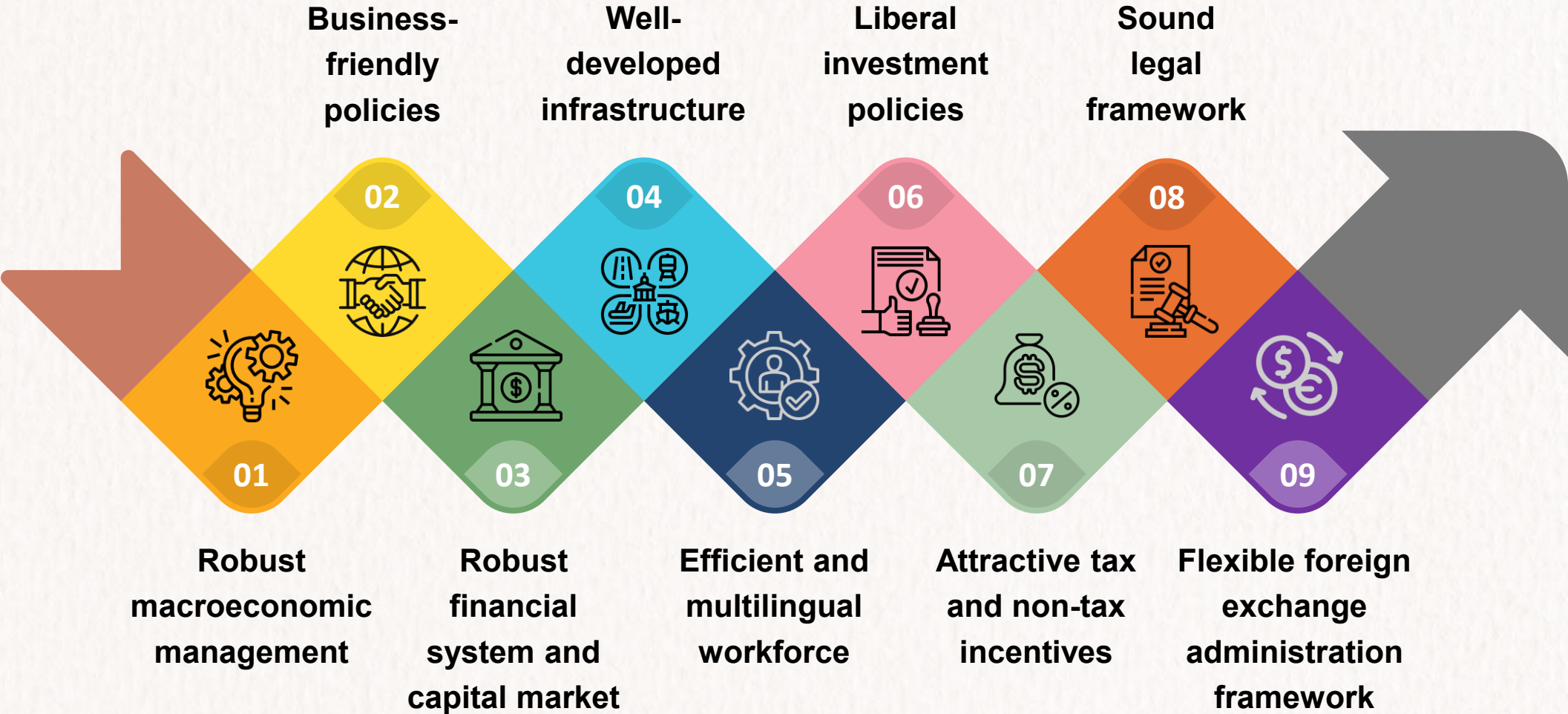
## Johor-Singapore Special Economic Zone (JS-SEZ)

### Distinctive Value Proposition

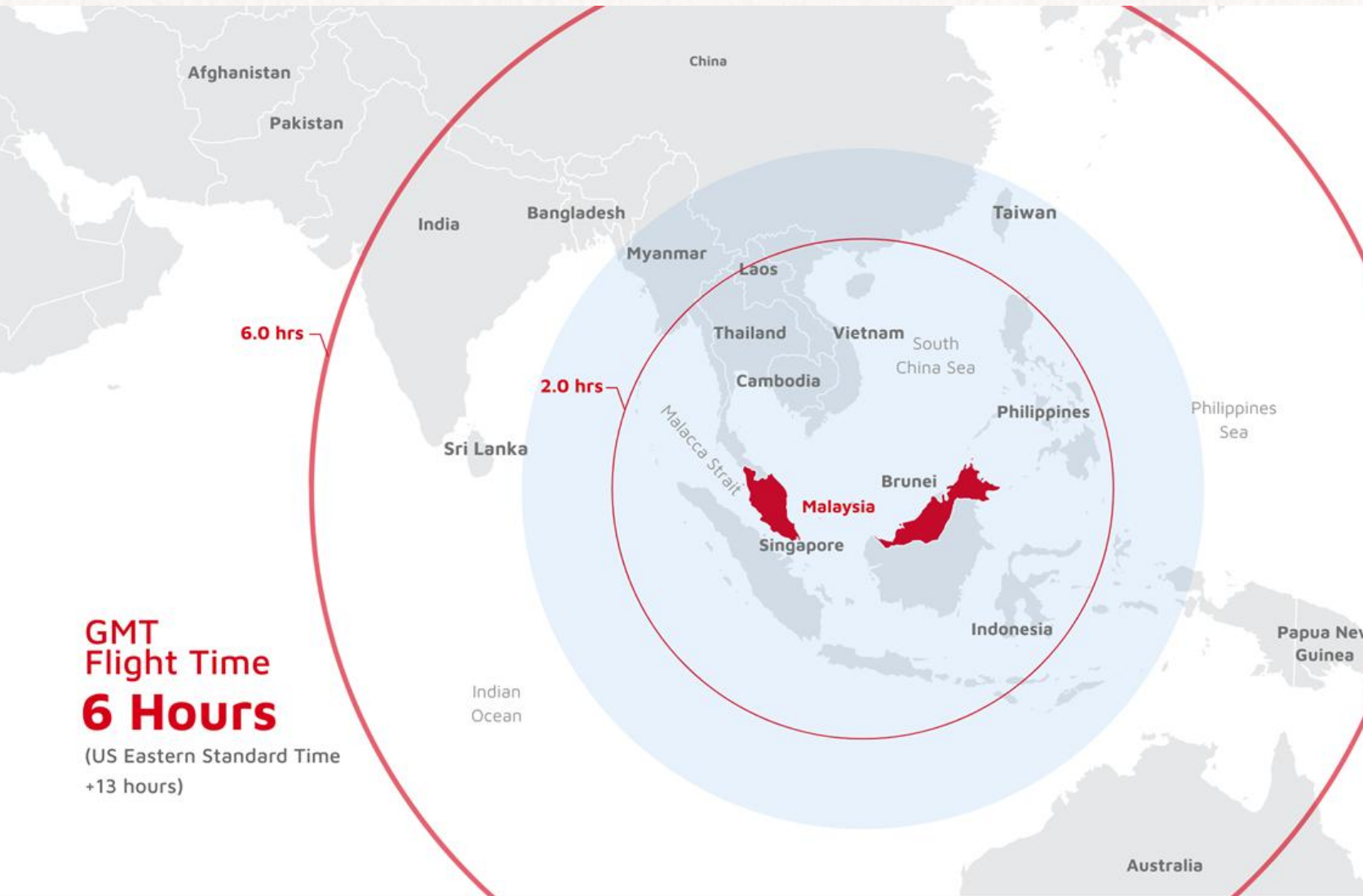
- Strategic location and connectivity
- Attractive policies and incentives (e.g. special 5% corporate tax rate is available for up to 15 years and special 15% income tax rate to eligible knowledge workers for 10 years)
- Nine designated flagship zones with prioritised sectors
- Strong government support with dedicated funds from both Malaysia's and Singapore's governments. Invest Malaysia Facilitation Centre Johor (IMFC-J) as a one-stop centre to streamline investment processes
- Competitive cost advantage

**Target 50 projects within the first 5 years and a cumulative of 100 projects within first 10 years, aiming to create 20,000 skilled jobs.**

# Malaysia offers a highly competitive business ecosystem, fueled by strategic Southeast Asian positioning, robust infrastructure, and attractive tax policies



# Malaysia's geography offers several distinct logistical, economic, and security advantages



Malaysia is strategically located at the heart of Southeast Asia, serving as a gateway to ASEAN and beyond.

- Access to the broader ASEAN market of nearly 700 million people
- Access to the ASEAN economy valued at nearly USD4 trillion

Well connected to major Asian ports

Located adjacent to one of the world's busiest shipping routes

## Malaysia air transport

- 6 major international airports, 16 domestic airports, and 18 short take-off and landing airports
- Kuala Lumpur International Airport (KLIA) has an annual passenger handling capacity of 75 million
- Total passenger volume (2025): 108 million passengers
- Total cargo volume (2025): 1,075,992 tonnes

## Malaysia maritime transport

- 7 major ports, with Port Klang and Port of Tanjung Pelepas ranked among the world's top 20 ports
- Total national container throughput (2025): 33.07 million TEUs

Source: Ministry of Transport (MOT)

# Malaysia thrives on diversified trade and economic partnership relations

## High-standard mega FTAs

- Regional Comprehensive Economic Partnership (RCEP)
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

## Regional FTAs

- ASEAN
- ASEAN-Australia-New Zealand
- ASEAN-China
- ASEAN-Hong Kong
- ASEAN-India
- ASEAN-Japan
- ASEAN-South Korea

Extensive multilateral and bilateral free trade agreements (FTAs) not only provide businesses with greater market access, but also create more facilitative business conditions for investors and service providers from partner countries.

## Bilateral FTAs

- Malaysia-Australia
- Malaysia-Chile
- Malaysia-India
- Malaysia-Japan
- Malaysia-New Zealand
- Malaysia-Pakistan
- Malaysia-Türkiye
- Malaysia-UAE
- Malaysia-European Free Trade Association (EFTA) (Pending ratification)



# Malaysia strives to improve its global standing in major fields

Global Competitiveness  
Index

**23<sup>rd</sup>**

#2 in ASEAN

(2025)

IMD

Global Digitalisation  
Index

**28<sup>th</sup>**

#2 in ASEAN

(2024)

Huawei

Global Opportunity  
Index

**31<sup>st</sup>**

#2 in ASEAN

(2025)

Milken Institute

Global Innovation  
Index

**34<sup>th</sup>**

#2 in ASEAN

#2 in Upper Middle-Income Group

(2025)

WIPO

Economic  
globalisation

**35<sup>th</sup>**

#2 in ASEAN

(2025)

KOF研究所

Government AI  
Readiness Index

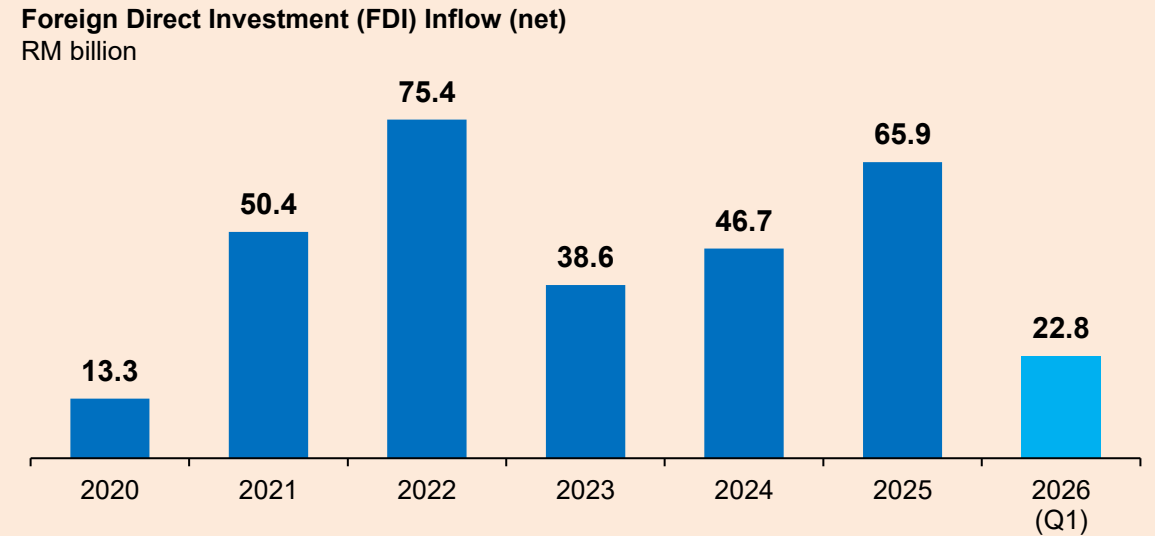
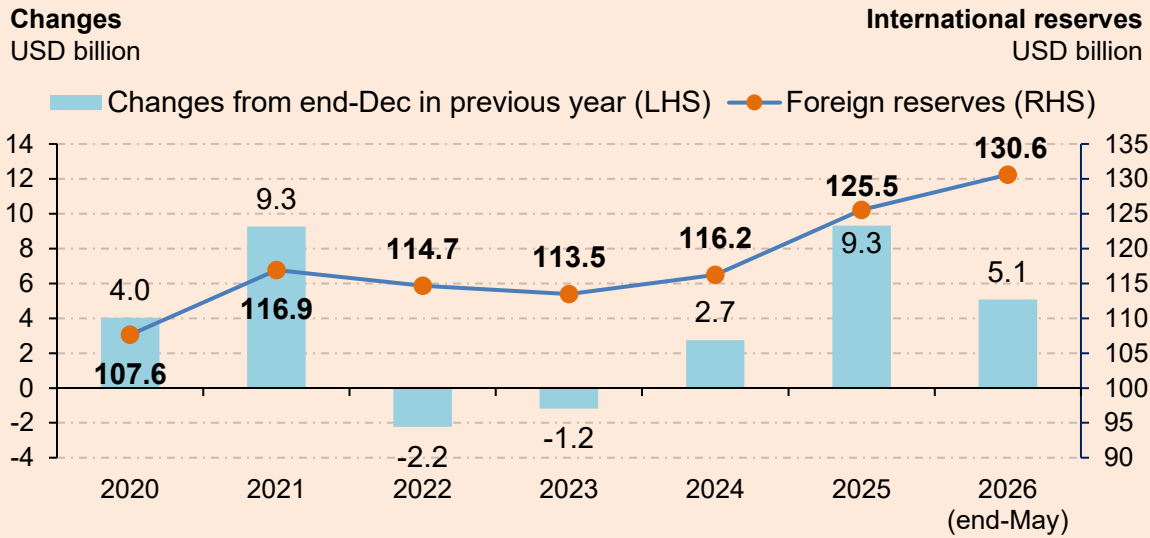
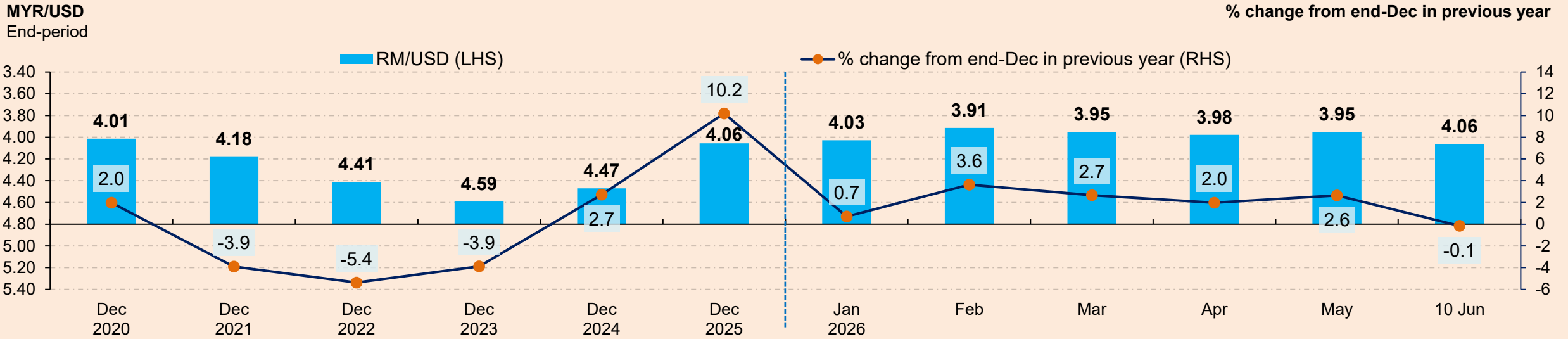
**38<sup>th</sup>**

#3 in ASEAN

(2025)

Oxford Insights

# The Ringgit vs. Foreign exchange reserves vs. FDI inflows

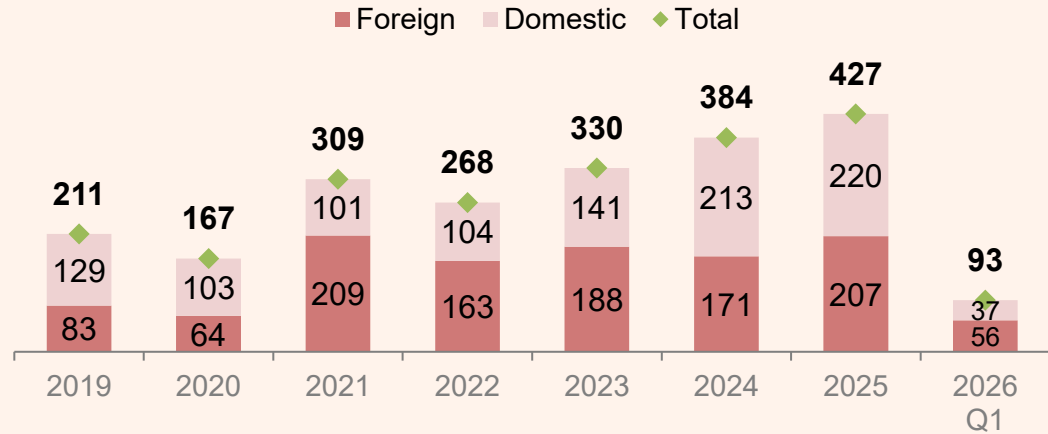


Source: BNM; DOSM; Ministry of Economy

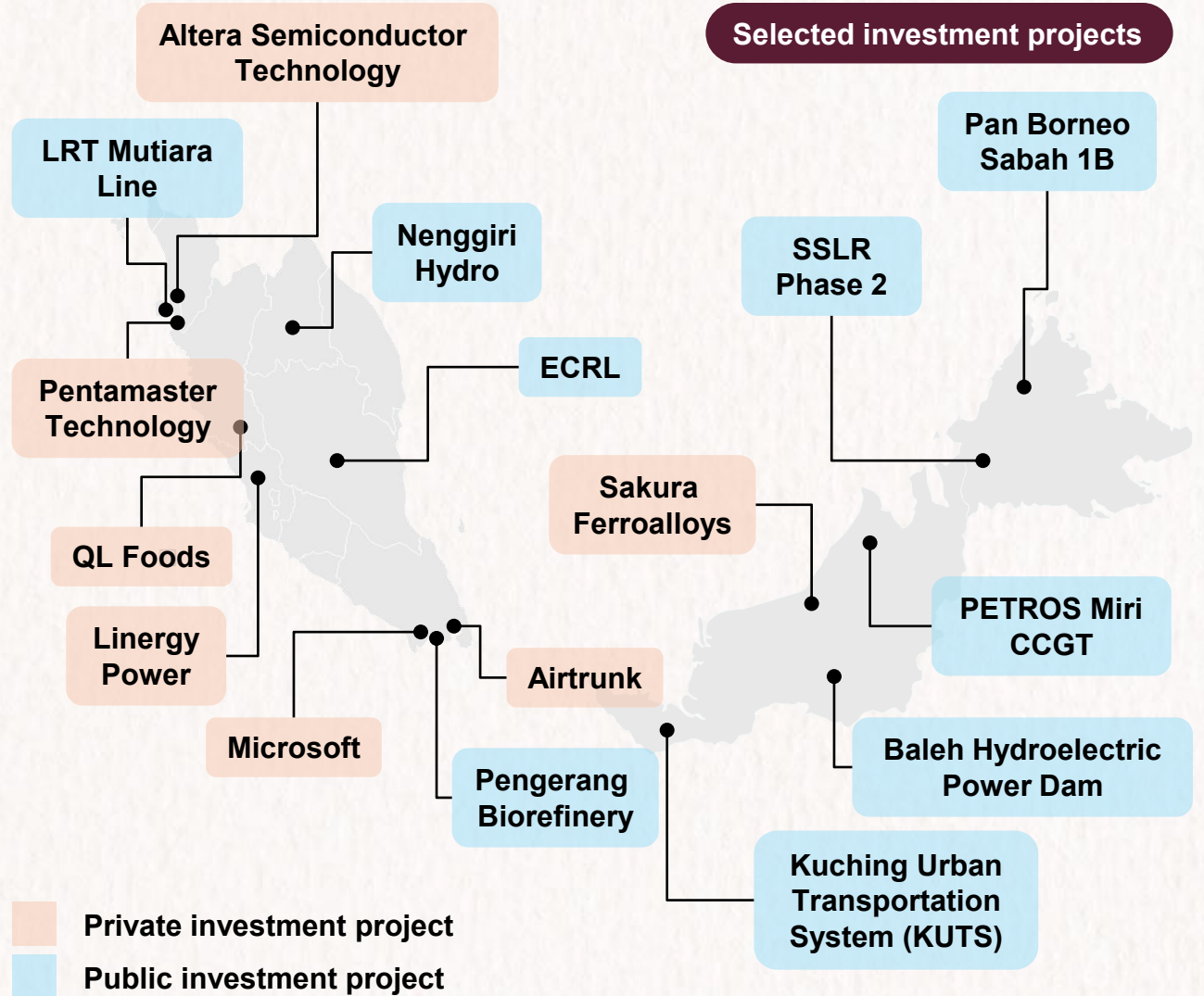
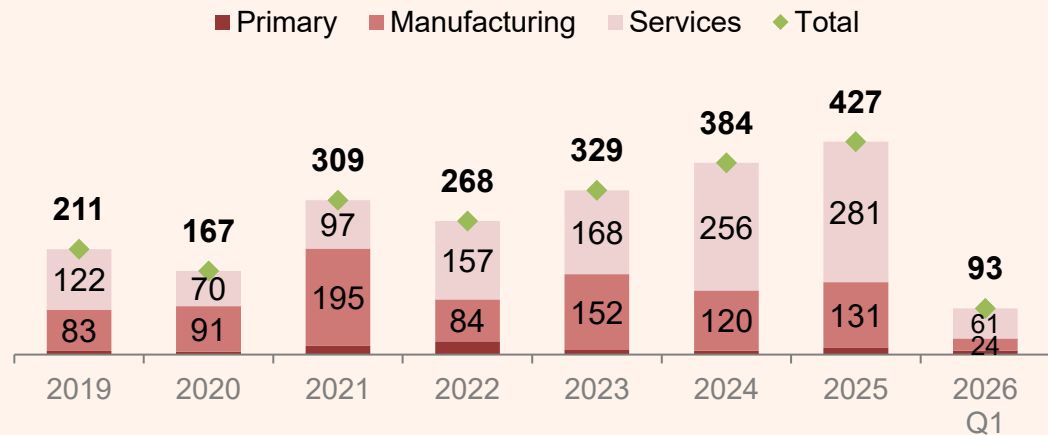
# Strong approved investments in the services, manufacturing, and primary sectors

85.0% of manufacturing projects between 2021 and Feb 2026 were realised at various implementation stages

MIDA: Foreign vs. Domestic Approved Investment (RM billion)



Approved Investment by Sector (RM billion)



Energy, green and renewable energy, electrical and electronics (E&E), infrastructure, and information and communications technology (data centres)

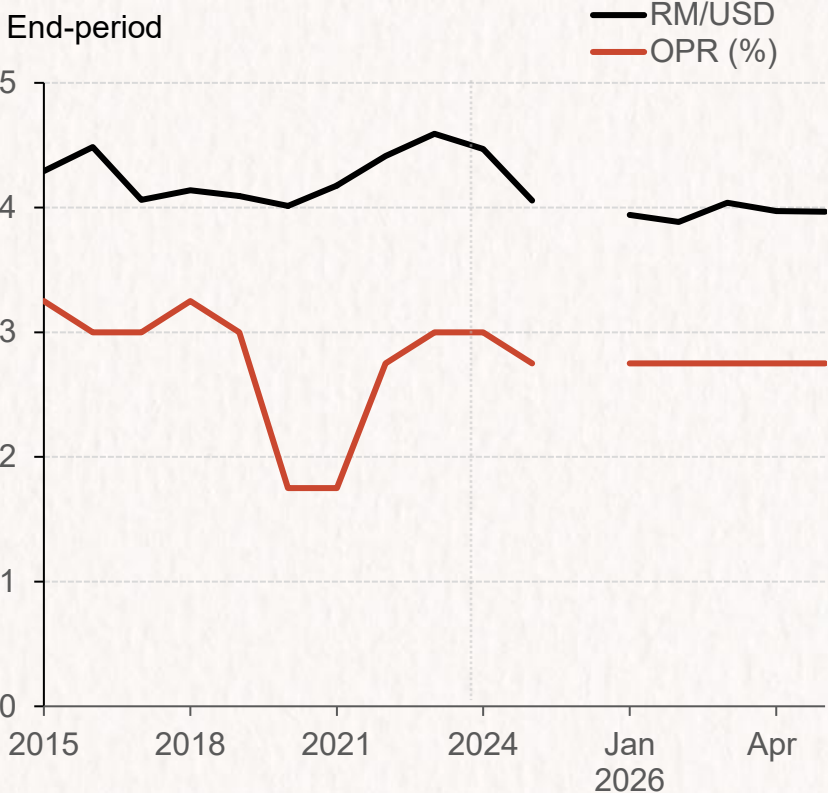
Source: Malaysian Investment Development Authority (MIDA); BNM

# Year-to-date, the Ringgit remains broadly stable

The Ringgit's strength is underpinned by sound macroeconomic fundamentals, continued reform momentum, and strong external buffers, supported by **continued trade surplus**, **sustained FDI inflows**, **stable sovereign credit ratings**, and **ample foreign reserves**.

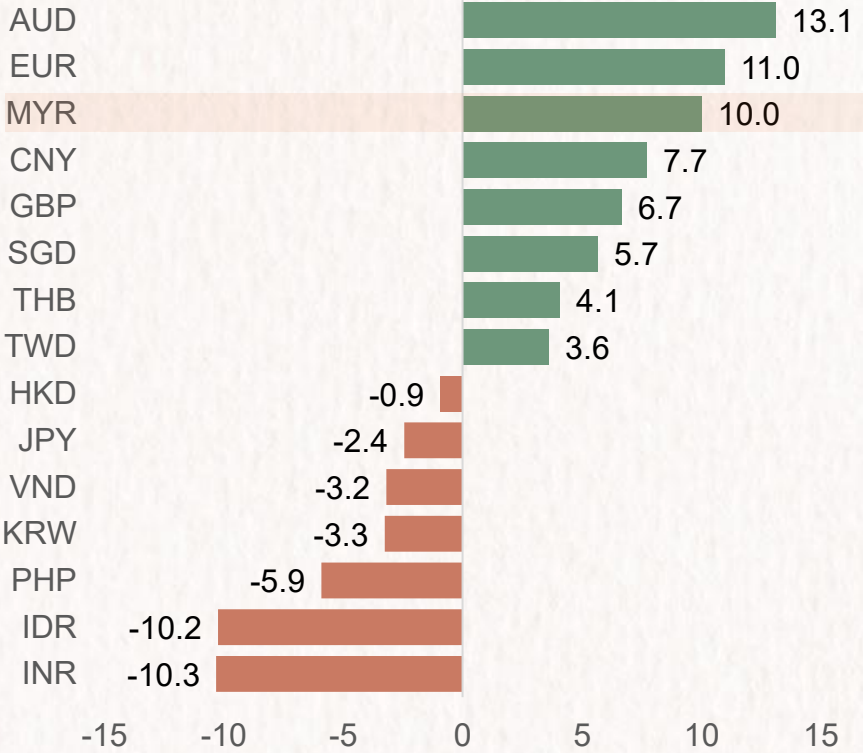
As of 10 Jun 2026, the Ringgit merely depreciated by 0.1% against the US dollar to (RM4.0630/US\$1) compared to end-Dec 2025 (RM4.0570/US\$1)

**RM/USD vs. BNM OPR**



**Selected currencies against the USD**

10 Jun 2026 vs. 31 Dec 2024, % Change



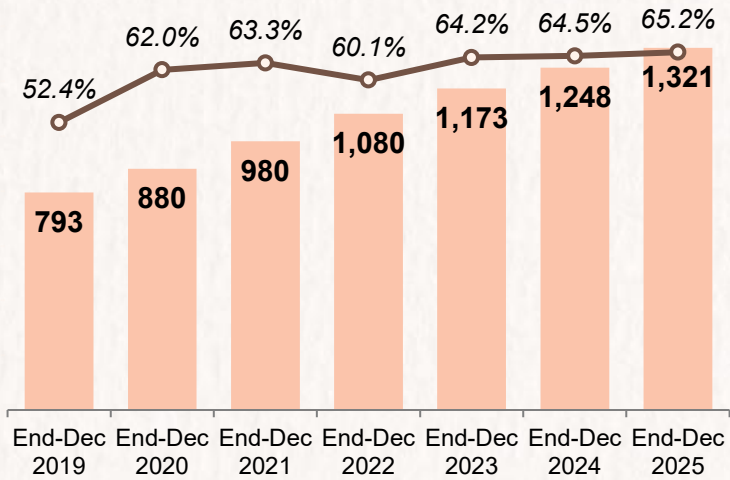
Note: Latest is up to 10 Jun 2026  
Source: BNM

# Federal Government's debt and liabilities position

## Federal Government (FG)'s debt

RM billion

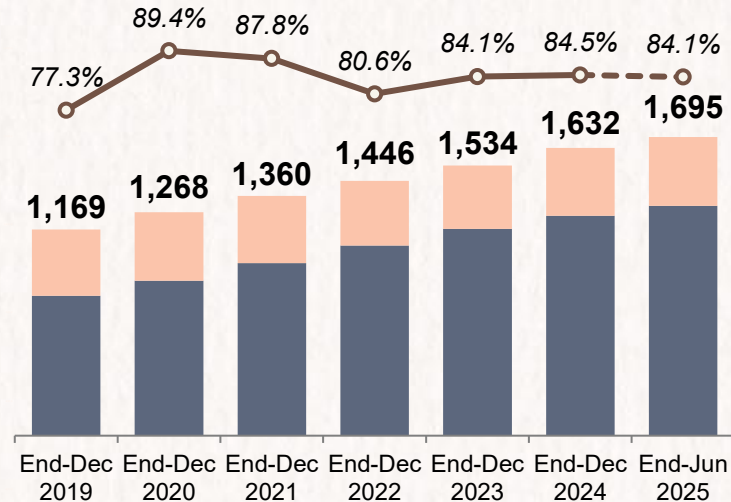
FG Debt % of GDP



## Debt and liabilities

RM billion

FG Debt Liabilities



- **Public Finance and Fiscal Responsibility Act 2023 (Act 850)** is a landmark legislation enforced to institutionalize fiscal discipline, transparency, and accountability in national financial management.
- The **Government Procurement Act** introduces provisions on duties, responsibilities, transparency and governance in Government procurement.

## Debt legislative guidelines

Act	Statutory Limit	End-Mar 2026
Loan (Local) Act 1959 [Act 637] & Government Funding Act 1983 [Act 275]	Outstanding MGS, MGII and MITB not exceeding 65% of GDP	64.0% of GDP* (RM1,315 billion)
External Loans Act 1963 [Act 403]	Offshore borrowings not exceeding RM35 billion	RM21.1 billion
Treasury Bills (Local) Act 1946 [Act 188]	MTB not exceeding RM10 billion	RM4.5 billion
Public Finance and Fiscal Responsibility Act 2023 (Act 850)	Overall debt should not exceed 60% of GDP in the medium term	65.3% of GDP*

Source: BNM; MoF

\* Based on trailing four-quarter GDP

# Malaysia's vulnerability to oil shocks – Now and Then

- **Prolonged oil shocks act as a significant and multifaceted disturbance** to domestic economy via various transmission channels.
- Characterised by **immediate (first-order) disruptions to costs and income**, followed by **prolonged (second-order) inflationary and structural shifts**.
- These shocks affect **economic growth via production, consumption and investment, consumer inflation, business operating costs, and fiscal budget via direct and indirect channels**.

## Malaysia's vulnerability to oil disruptions, now and then

	Gulf War / Iraq Invaded Kuwait (YR1990-1991) (average)	Now (YR2025)
Energy consumption from petroleum products (ktoe)	10,370	29,137 (YR2022)
Energy consumption (toe) per capita	0.5655	0.8911 (YR2022)
Oil intensity (ktoe per RM million GDP)	0.0816	0.0162 (YR2022)
Oil intensity (% of GDP)	3.6%	5.2% (YR2022)
Nominal mining output (% of GDP)	11.0%	6.8%
Real mining output (% of GDP)	9.2%	5.7%
Net balance of crude oil (% of GDP)	8.0%	-1.7%
Net balance of LNG (% of GDP)	2.3%	2.2%
Net balance of petroleum products (% of GDP)	N/A	0.2%
Headline CPI (%)	2.6%-4.4%	1.4%

ktoe=kilotonne of oil equivalent

Note: Oil intensity refers to energy consumption from petroleum products measured in ktoe.

For ease of calculation, petroleum products (ktoe) are converted to RM using Brent crude price.

Source: DOSM; Energy Commission; World Bank; BNM; Ministry of Economy; UN Comtrade

## Past wars' impact on Malaysia

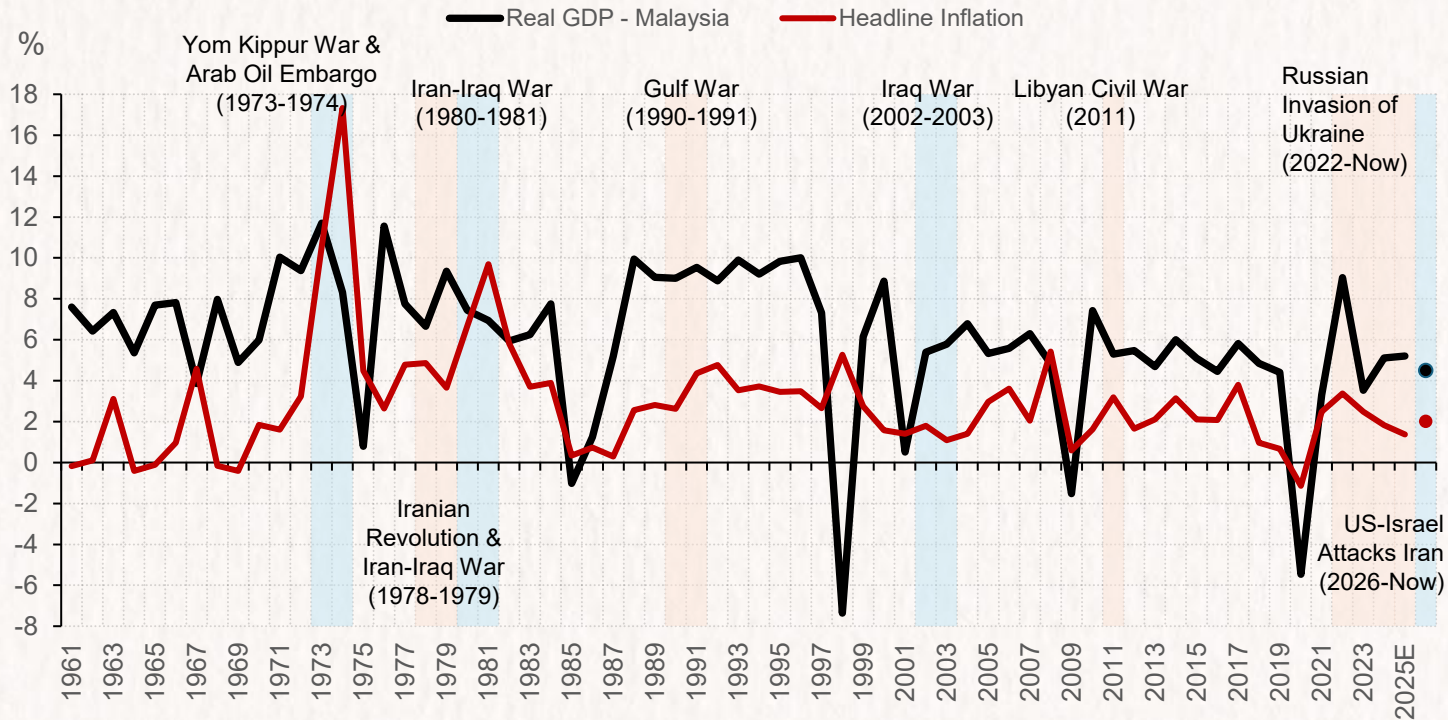
Major war	GDP growth	Headline inflation	Exports growth	Crude oil trade position (SITC 3330)
<b>Yom Kippur War &amp; Arab Oil Embargo (1973-1974)</b>	10.0% pa	13.9% pa	N/A	-
<b>Iranian Revolution (1978-1980)</b>	7.9% pa	5.1% pa	23.5% pa	Net exporter ~RM3,038m
<b>Iran-Iraq War (1980-1981)</b>	7.5% pa	8.2% pa	5.8% pa	Net exporter ~RM4,813m
<b>Gulf War (1990-1991)</b>	9.3% pa	3.5% pa	18.0% pa	Net exporter ~RM9,996m
<b>Iraq War (2002-2003)</b>	4.9% pa	1.4% pa	9.1% pa	Net exporter RM8,324m
<b>Libyan Civil War (2011)</b>	5.3%	3.2%	9.2%	Net exporter RM9,384m
<b>Russian Invasion of Ukraine (2022-)</b>	5.7% pa	2.3% pa	6.7% pa	<b>Net importer (RM28,411m)</b>

Note: Petroleum trade data before 2000 were sourced from UN Comtrade and converted into ringgit using the respective yearly exchange rates.

# Malaysia has navigated a few episodes of major oil shocks

- Prior to 2022, Malaysia's position as a net oil exporter had allowed it to benefit from oil price surges. On balance, higher oil prices have had manageable impact on the Malaysian economy.
- Inflationary pressures were heightened during the oil shocks.
- Now, the oil shocks are expected to have a mixed impact (neutral to moderately negative/positive) on the economy.

Malaysia's Real GDP Growth & Inflation vs Oil Shocks



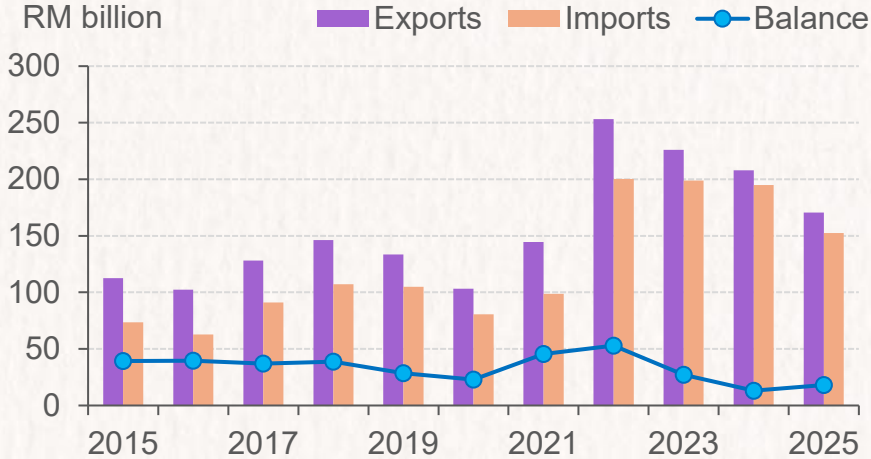
Source: World Bank; DOSM

## Initial conditions of the Malaysian economy provide a buffer against an oil shock

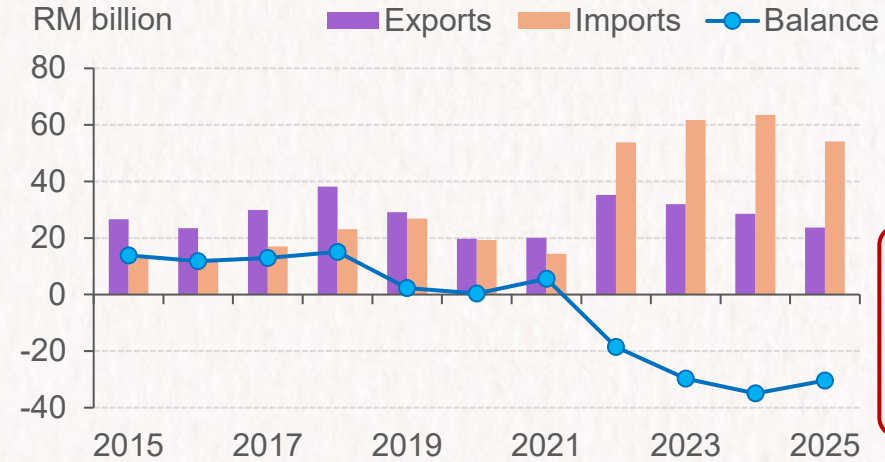
1. Resilient economic growth (5.2% in 2025).
2. Sustained consumer demand and robust investment growth.
3. Strong labour market conditions (jobless rate at 2.9% in Jan 2026).
4. Manageable inflation (1.4% in February 2026).
5. Large accumulation of foreign reserves (USD128.3 bn at end-Feb 2026).
6. Strong and well-capitalised banking sector and developed capital market.

# Malaysia's trade position on crude oil, LNG, and refined petroleum products

## Net exporter of energy, albeit smaller



## Net importer of crude petroleum and condensate



### Top 3 partners in 2025

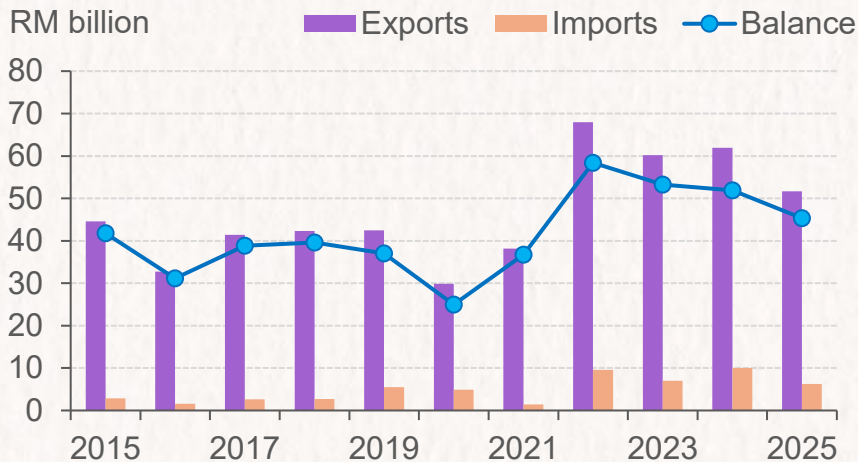
#### Exports (% share)

1. Thailand (26.1%)
2. Australia (25.7%)
3. Japan (15.8%)

#### Imports (% share)

1. Saudi Arabia (33.3%)
2. UAE (20.6%)
3. Oman (9.0%)

## Net exporter of liquefied natural gas (LNG)



### Top 3 partners in 2025

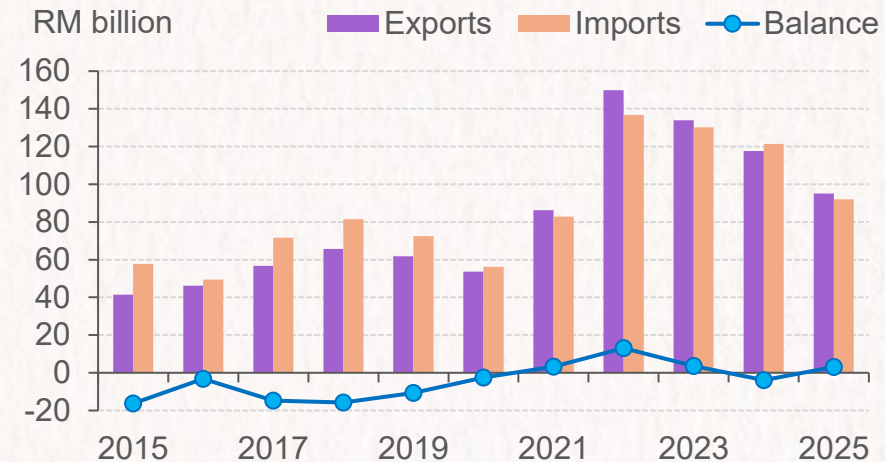
#### Exports (% share)

1. Japan (38.4%)
2. South Korea (27.0%)
3. China (24.9%)

#### Imports (% share)

1. Australia (95.8%)

## Near balance of refined petroleum products



### Top 3 partners in 2025

#### Exports (% share)

1. Singapore (23.6%)
2. Indonesia (23.6%)
3. Australia (15.9%)

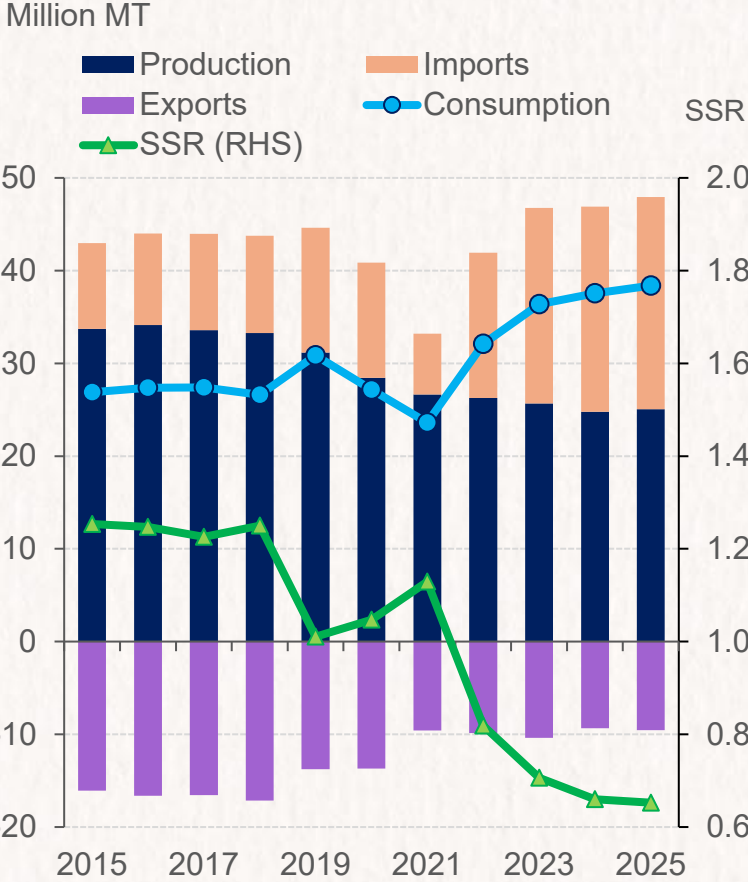
#### Imports (% share)

1. Singapore (39.5%)
2. South Korea (11.5%)
3. China (10.2%)

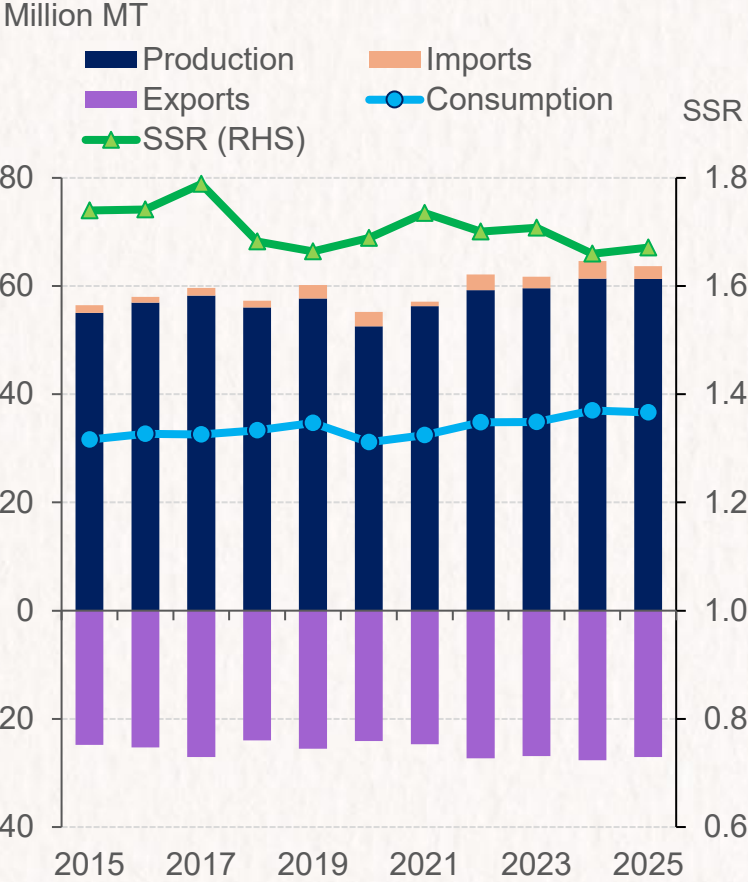
Source: DOSM

# Declining Self-Sufficiency Ratio (SSR) for crude oil and condensate, as well as refined petroleum products, but more than self-sufficient in LNG

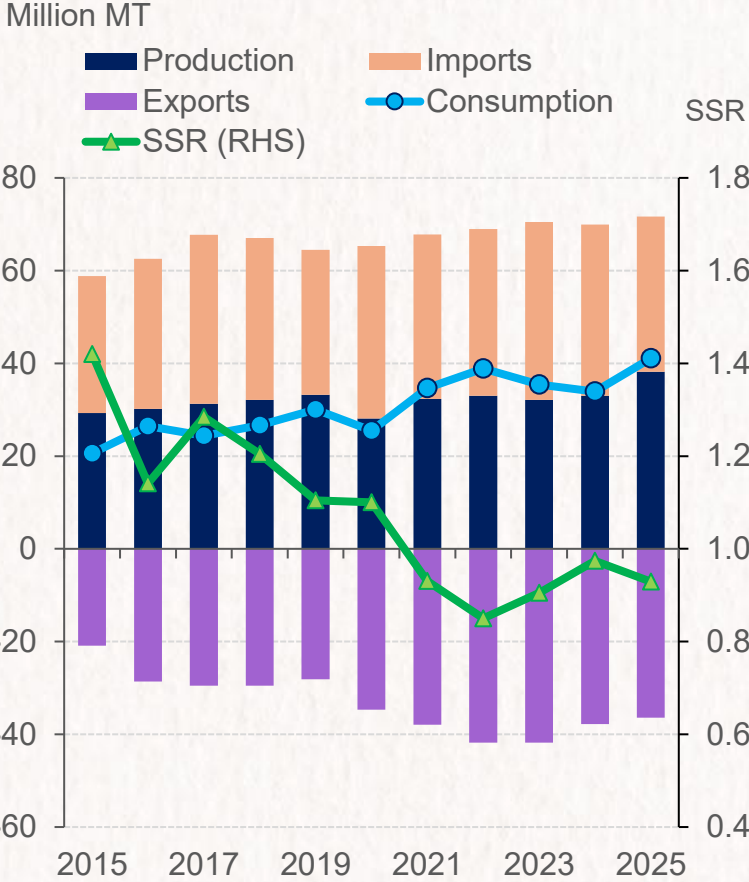
## Crude petroleum and condensate



## Liquefied natural gas (LNG)



## Refined petroleum products



Note: Crude petroleum and condensate and LNG were converted to metric tonnes (MT) via standard conversion rate; refined petroleum products exclude LNG.  
 Source: DOSM

# Positive and negative impact on Malaysia

- ▼ **Higher fuel subsidy** (RM7.0 billion per month from RM0.7 billion per month previously)
- ▼ **Higher cost-push inflationary pressures**, arising from higher fuel costs and raw materials for non-subsidised industries, impacting on businesses and pass-through costs to consumers
- ▼ **Reduced consumer discretionary spending and business spending**



▲ **Higher government revenue** (through higher PETRONAS dividend following higher revenue)

▲ **Small net energy trade surplus**, particularly from LNG exports

Overall impact

**Neutral to mildly positive/negative**

- **Higher oil intensity ratio to GDP**

In 2025:

1. **Net crude oil importer (-1.7% of GDP) since 2022**
2. **Net liquefied natural gas (LNG) exporter (+2.2% of GDP)**
3. **A small net petroleum products exporter (+0.2% of GDP)**
4. **Imports from the Middle East: 69.3% for crude petroleum and condensate; 13.5% for refined petroleum products\***

Note: Based on major listed countries; may slightly understate Middle East share.

# Decoding the oil shocks impact on the Malaysian economy

## A. Production channel – Moderately Positive

	Real mining & quarrying GDP RM million (% change)	Crude oil & condensate RM million	Natural gas RM million	Real mining & quarrying share of GDP
2019	102,887 (-0.6%)	42,460	50,643	7.2%
2020	92,879 (-9.7%)	38,430	45,896	6.9%
2021	93,717 (+0.9%)	36,410	49,166	6.7%
2022	97,004 (+3.5%)	36,283	51,748	6.4%
2023	97,537 (+0.5%)	36,144	52,034	6.2%
2024	98,432 (+0.9%)	35,155	53,596	6.0%
2025	99,170 (+0.7%)	35,787 2.1% of GDP	53,470 3.1% of GDP	5.7%



Oil shocks typically boost Malaysia's mining sector output because higher global prices encourage increased production of crude oil and natural gas.



However, its contribution to GDP has been declining over the decades, primarily due to maturing domestic oil fields leading to declining crude production, coupled with rapidly rising domestic consumption as well as economic development.

## B. Trade channel – Mildly Positive

Trade balance RM million	Crude petroleum & condensate	Liquefied natural gas (LNG)	Refined petroleum products	Total	% of GDP
2019	2,300	37,004	-10,722	28,581	1.9
2020	404	24,964	-2,511	22,856	1.6
2021	5,646	36,731	3,249	45,626	2.9
2022	-18,558	58,411	13,074	52,928	2.9
2023	-29,754	53,236	3,617	27,099	1.5
2024	-34,968	51,902	-3,840	13,094	0.7
2025	-30,358	45,360	3,035	18,038	0.9
	1.5% of total exports	3.2% of total exports	5.9% of total exports	10.6% of total exports	



**Higher oil prices should be a mild positive for Malaysia's oil and gas exports.**



**Second order effect on exports** – slower global economic growth, dampen global demand, reduced consumer discretionary spending (high fuel costs and inflation) and cautious investment (increased production/operating costs).

**Supply chain disruptions, higher costs, and delays in global trade flows** impacted by the shutdown or increased risk of the Eastern Mediterranean and Persian Gulf or even airways disruptions.

## C. Financial channel – Brace for Volatility



- **Global markets volatility** → Market volatility intensifies during uncertain times such as the duration of geopolitical conflicts and soaring oil price as **investors rapidly reprice risks, causing sharp, temporary price swings.**
- Why? Investors are increasingly focused on the impact of supply and demand shocks on company revenue and profitability.
- **Industries/sectors impact: Aviation, transportation/logistic, agriculture, travel, and manufacturing sectors.**
- **Financial stress** related to an extended sharp correction in stocks price, AI investment bust and private credit markets increase the risk of a global recession or stagflation.
- **Volatility in global stock markets spillover to Malaysia's equity market** → adverse foreign investors would seek shelter in safe-haven assets such as the US Treasuries, foreign currencies such as the USD and gold to hedge against potential strong inflation.
- **Buffered by low foreign shareholding in Malaysian equities (19%),** close to the 2003 trough of 18.1%.
- **The Ringgit is expected to move “cautiously” against the USD,** balancing strong domestic fundamentals against geopolitical shocks and global economic uncertainty.

## D. Domestic prices channel – Inflation Trajectory Upward Bias



### Two spillover transmission channels on Malaysia's inflation:

#### (i) Imported inflation

- The share of import content in domestic consumption is approximately 26%, including key necessities such as food and beverages, restaurants and hotels (7%) and transportation (5%).
- Indirect higher operating costs due to supply chains disruption, inputs costs and shipping costs have forced businesses to pass on increased costs to consumers.
- Steady Ringgit value has provided partial buffer against the imported price inflation.

#### (ii) Direct inflation

- Diesel and petrol carries weightage of 0.2% and 5.5%, respectively in CPI basket. **Every 10%-15% increase in petrol retail price is estimated to contribute about 0.6%-0.9% percentage points to the headline inflation.**
- Higher fuel adjustment risk if there is a tweaking of the subsidised fuel prices under the BUDI95 subsidy and quota-based scheme.

## E. Budget deficit – Negative



- **Sustained high oil prices create risk to strain the fiscal deficit and reduce the limited fiscal space** for development expenditure, requiring a **recalibration and reprioritizing of spending**, including prudent spending and subsidies cut to rein in the fiscal deficit.
- **The net impact of higher global oil prices on the fiscal deficit is negative** as an increase in oil related revenue is largely offset by high fuel subsidy payment.
- The 2026 Budget was based on estimated **crude oil price of US\$60-65/bbl. Assuming oil price of USD100/bbl, an increase of USD35/bbl:**
  - Generate extra **oil-related revenue by RM10.5-RM14.0 billion**
  - But, **more than offset by RM33.0 billion fuel subsidies payment**
- **Net impact on 2026 Budget deficit ratio (3.5% of GDP):** Increase budget deficit ratio by between **0.9 and 1.1 percentage points to between 4.4% and 4.6% of GDP.**
- **Action: Reordering and reprioritizing of expenditure**, including expenditure rationalization and subsidies cut as well as Special dividend from PETRONAS to keep manageable fiscal deficit target.
- As of now, the Government has incurred **additional RM4.0 billion per month for fuel subsidies** (RM2.5 billion for RON95 petrol and RM1.5 billion for diesel) compared to RM700 million previously.

## F. Monetary policy effect – Delicate Balancing Act



- **Higher fuel prices act like a tax on the economy** as it increases cost, reduces consumer spending and dampens business investment.
- Given that the expected increases in inflation comes from a low level, we expect Bank Negara Malaysia may respond to oil-induced inflation by **keeping the overnight policy rate unchanged at 2.75% in 2026**, while continue to closely monitor the transitory impact of oil shock on economic growth and inflation.
- **Lowering interest rates during an oil shock to support growth and boost aggregate demand could lead to "demand-pull" inflation**, which compounds existing cost-push pressures from higher energy prices, risk elevating inflation.

# Malaysia: Baseline, Adverse and Severe Scenario of the war in Iran and oil shocks

Year 2026 (Malaysia)	Baseline Scenario	Adverse Scenario	Severe Scenario
	Duration of the war: 1-2 months	Duration of the war: Between 3 and 6 months 50% disruption of supply of oil and LNG through the Strait of Hormuz	Duration of the war: More than 6-12 months Prolonged energy supply disruptions (more than 50%), and significant destruction of energy infrastructure and facilities
Brent crude price	USD80-USD90/bbl	Peak around USD110- USD120/bbl before easing to USD95-USD100	Surge to USD140-USD180/bbl before easing to USD110- USD120
Real GDP growth	4.0%-4.5%	3.5%	-0.5%
Export growth	2.8%	1.5%	-1.0%
Private consumption growth	4.5%-5.0%	4.0-4.4%	3.0%
Private investment growth	6.8%	5.8%	2.0%
Inflation	2.5%-2.8%	3.0%- 4.0%	5.0%- 6.0%
Overnight policy rate (OPR)	2.75%	2.75%	2.25%
RM/USD	RM3.90-RM3.95	RM3.95-RM4.10	RM4.20-RM4.40

**Based on IMF analysis, a sustained and significant oil price spike such as a 10% increase lasting a year would likely increase global inflation by ~40 basis points and reduce global economic growth by 0.1% to 0.2%.**

# Conclusion

- 1** Malaysia is well-positioned to achieve average GDP growth of 4.5% to 5.5% during the 13<sup>th</sup> Malaysia Plan period (2026-2030).
- 2** Through comprehensive reforms, targeted investments, and strategic incentives, the Government aims to foster a sustainable and inclusive economic landscape.
- 3** Malaysia offers a thriving investment destination, underpinned by business-friendly ecosystem, talent development, industrial and business innovation, regulatory reforms, and sustainable development.

# THANK YOU

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