

## **IMF cuts Malaysia's 2025 GDP forecast to 4.1pct in regional slowdown**

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**Bernama**

The International Monetary Fund has downgraded Malaysia's real gross domestic product (GDP) growth forecast for 2025 to 4.1 percent, from 4.7 percent previously, reflecting a broader downward revision across the region.

In its April 2025 World Economic Outlook, titled "A Critical Juncture amid Policy Shifts", the fund also projected Malaysia's economy to expand by 3.8 percent in 2026.

The IMF trimmed its global growth forecast for 2025 to 2.8 percent, down 0.5 percentage points from its January estimate.

Among Malaysia's regional peers, the IMF cut Indonesia's 2025 outlook to 4.7 percent from 5.1 percent.

The Philippines is now expected to grow by 5.5 percent, down from 6.1 percent, while Thailand's forecast was revised to 1.8 percent from 2.9 percent.

The fund said major policy shifts were reshaping the global trade landscape and reigniting uncertainty, once again testing the global economy's resilience.

"Since February, the United States has announced multiple waves of tariffs against trading partners, some of which have invoked countermeasures.

"Markets initially took the announcements mostly in stride, until the United States' near-universal application of tariffs on April 2, which triggered historic drops in major equity indices and spikes in bond yields, followed by a partial recovery after the pause and additional carve-outs announced on and after April 9," it said.

The IMF reiterated that the global economy is at a critical juncture, with signs of stabilisation emerging through much of 2024, after a prolonged and challenging period of unprecedented shocks.

"Inflation, down from multidecade highs, followed a gradual though bumpy decline toward central bank targets. Labour markets normalised, with unemployment and vacancy rates returning to pre-pandemic levels," it added.

### **Industrial production**

On productivity, the IMF noted widening discrepancies, as manufacturing activity

continues shifting from advanced economies to emerging markets.

Industrial production plunged in all countries at the onset of the pandemic. The recovery paths, however, have been decisively different.

“Production has soared in China and has also expanded in smaller European Union economies and the Asean-5 (Indonesia, Malaysia, the Philippines, Singapore, Thailand), whereas it has struggled to return to pre-pandemic levels in Japan and the largest EU countries,” it added.

Meanwhile, the IMF said industrial production in the United States has rebounded more strongly than in other advanced economies.

On commodities, the IMF projected fuel prices to fall by 7.9 percent in 2025, led by a 15.5 percent drop in oil prices and a 15.8 percent fall in coal prices. These declines are expected to be partially offset by a 22.8 percent rise in natural gas prices, driven by colder-than-expected weather and the cessation of Russian gas flows to Europe via Ukraine since January.

Non-fuel commodity prices are forecast to increase by 4.4 percent in 2025.

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