

'Stable outlook for growth'

S&P reaffirms 'A-' rating for Malaysia, credits PM's administration

KUALA LUMPUR: S&P Global Ratings has reaffirmed Malaysia's sovereign credit ratings at 'A-' with a stable outlook, underscoring confidence in the country's macroeconomic management despite global trade uncertainty, says the Finance Ministry.

Malaysia's well-diversified economy continued political stability, steady growth momentum, balanced external position, and narrowing fiscal deficits supported the rating affirmation.

The ministry quoted the rating agency as saying Prime Minister Datuk Seri Anwar Ibrahim's stable administration has resulted in a more favourable policymaking environment, enabling economic reforms and fiscal consolidation to gain traction.

"The stable outlook reflects our expectation that Malaysia's growth momentum and prevailing policy environment will allow modest improvements in fiscal performance over the next two to three years," the Finance Ministry said in a statement yesterday.

S&P Global Ratings also credit-

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Datuk Seri Anwar Ibrahim

ed Malaysia's rating affirmation to the country's consistently strong economic growth, a high degree of monetary policy flexibility, and a balanced external position that is supported by moderate current account surpluses and a large export base.

Additionally, the agency said Malaysia's economy is well-diversified and resilient in times of

adversity, while acknowledging the government's commitment to fiscal consolidation through subsidy reforms and revenue enhancement measures.

Anwar, who is also the Finance Minister, said the government has focused on improving the people's quality of life and economic reforms while ensuring responsible fiscal management.

"While external conditions remain uncertain, we will continue with our resolve to pursue reforms that will lift Malaysia to new heights," he said.

The Finance Ministry said Malaysia's economy expanded 4.4% for the first half of the year, with growth being broad-based.

Household spending remained resilient, supported by favourable labour market conditions, subdued inflation, vibrant domestic tourism, and ongoing government measures to sustain consumers' purchasing power.

"Strong private and public sector activities through higher investment in the manufacturing and services sectors, as well as

ongoing infrastructure developments, are set to keep the economy on course amid persistent global uncertainties," it said.

Malaysia's stable external position continues to be a rating strength, as the country has consistently recorded current account surpluses for more than two decades, it added.

The ministry said S&P Global Ratings has forecast the current account surplus will stabilise at around 2.1% of the gross domestic product over the next three years, driven by continued strong demand for Malaysian manufacturing exports.

This indicates that Malaysia has sufficient reserve coverage, while its deep capital markets are expected to support financial stability, it said.

"Going forward, the government will continue to push through the comprehensive reform agenda outlined under the Madani Economy Framework for higher growth, enhanced economic resilience and fiscal sustainability," the ministry said.