



**PRESS RELEASE
MINISTRY OF FINANCE**

**S&P GLOBAL RATINGS REAFFIRMS MALAYSIA'S
SOVEREIGN CREDIT RATINGS AND STABLE OUTLOOK**

S&P Global Ratings (S&P) has reaffirmed Malaysia's sovereign credit ratings at 'A-' with a "Stable" outlook. In spite of significant uncertainty in global trade flows, the credit rating agency's recent review serves as a vote of confidence in Malaysia's macroeconomic management, resulting in better growth prospects than most other sovereigns at similar income levels.

According to S&P, the rating affirmation was supported by Malaysia's well-diversified economy, continued political stability, steady growth momentum, balanced external position, as well as narrowing fiscal deficits.

S&P cited, "The stability of Prime Minister YAB Dato' Seri Anwar Ibrahim's administration has resulted in a more favorable policy-making environment. This has enabled 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."

S&P also credited Malaysia's rating affirmation to the country's consistent strong economic growth, high degree of monetary policy flexibility and balanced external position that is supported by moderate current account surpluses and a large export base. Additionally, S&P highlighted that 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.

"The MADANI Government has focused on improving the rakyat's quality of life (Raising the Floor) and economic reforms (Raising the Ceiling) 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," said Prime Minister and Finance Minister YAB Dato' Seri Anwar Ibrahim.

Improved Fiscal Performance Balanced by Robust External Position

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 consumer 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. Overall, Malaysia's GDP is projected to expand between 4.0% and 4.8% in 2025.

Furthermore, 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. S&P forecast that the current account surplus will stabilise at around 2.1% of GDP over the next three years, driven by continued strong demand for Malaysian manufacturing exports. This indicates that Malaysia has sufficient reserve coverage, and S&P expects Malaysia's deep capital markets to support financial stability.

The Government remains vigilant in managing dynamics around global economic conditions, particularly evolving trade policies and ensuring flexible and agile policy prescriptions.

Going forward, the Government will continue to push through the comprehensive reform agenda outlined under the Ekonomi MADANI framework for higher growth, enhanced economic resilience and fiscal sustainability. Moreover, the Public Finance and Fiscal Responsibility Act 2023 will ensure fiscal consolidation remains on track while providing ample support to sustain economic growth. Budget 2026, scheduled to be announced next month, will be the first to anchor the implementation of the 13th Malaysia Plan (13MP) 2026–2030.

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Putrajaya

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