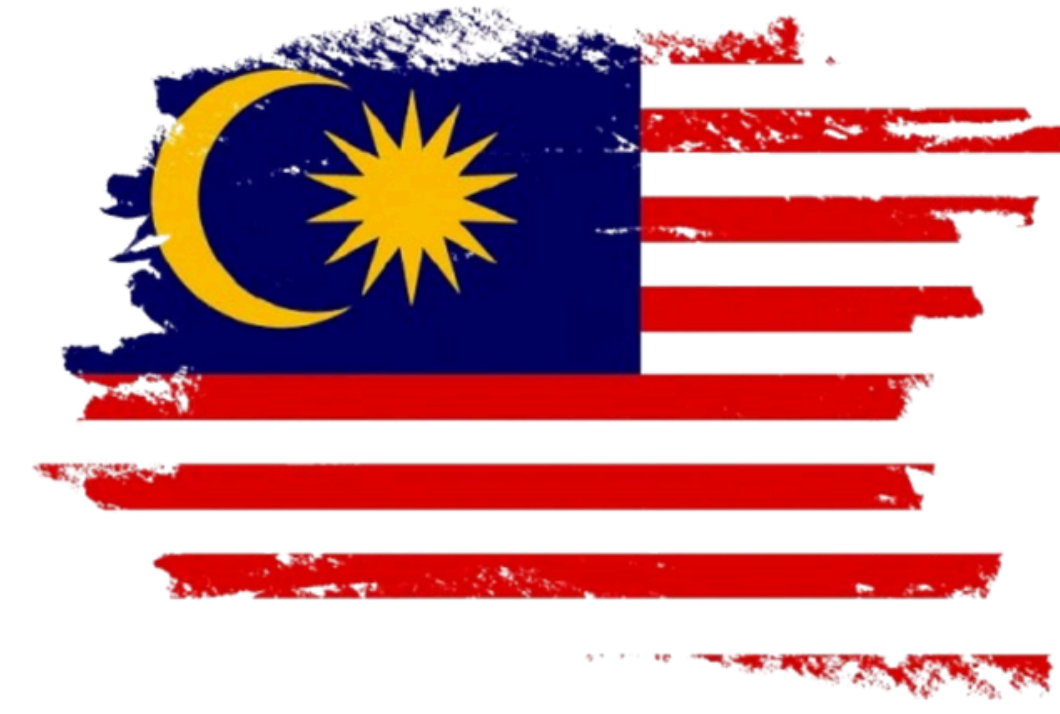


Malaysia: Savings, Investment, and Net Capital Flows (2000–2026)

Using IMF World Economic Outlook Data (April 2025) by Lokesh Addagiri & Nevin Kannalath

Background & Data



- Malaysia is an upper-middle-income ASEAN economy with strong export sectors and steady long-run growth.
- This poster uses IMF World Economic Outlook (April 2025) data for 2000–2026.
- Variables: GDP per capita (PPP), Investment, Gross national savings, Current account balance (NCO proxy), Government net lending/borrowing.



Key Patterns in the Data

Real GDP per capita

- Rises from about \$18,000 → \$38,000 (PPP) over 2000–2026.
- Noticeable dips in 2009 (Global Financial Crisis) and 2020 (COVID-19), followed by rebounds.

Savings vs Investment

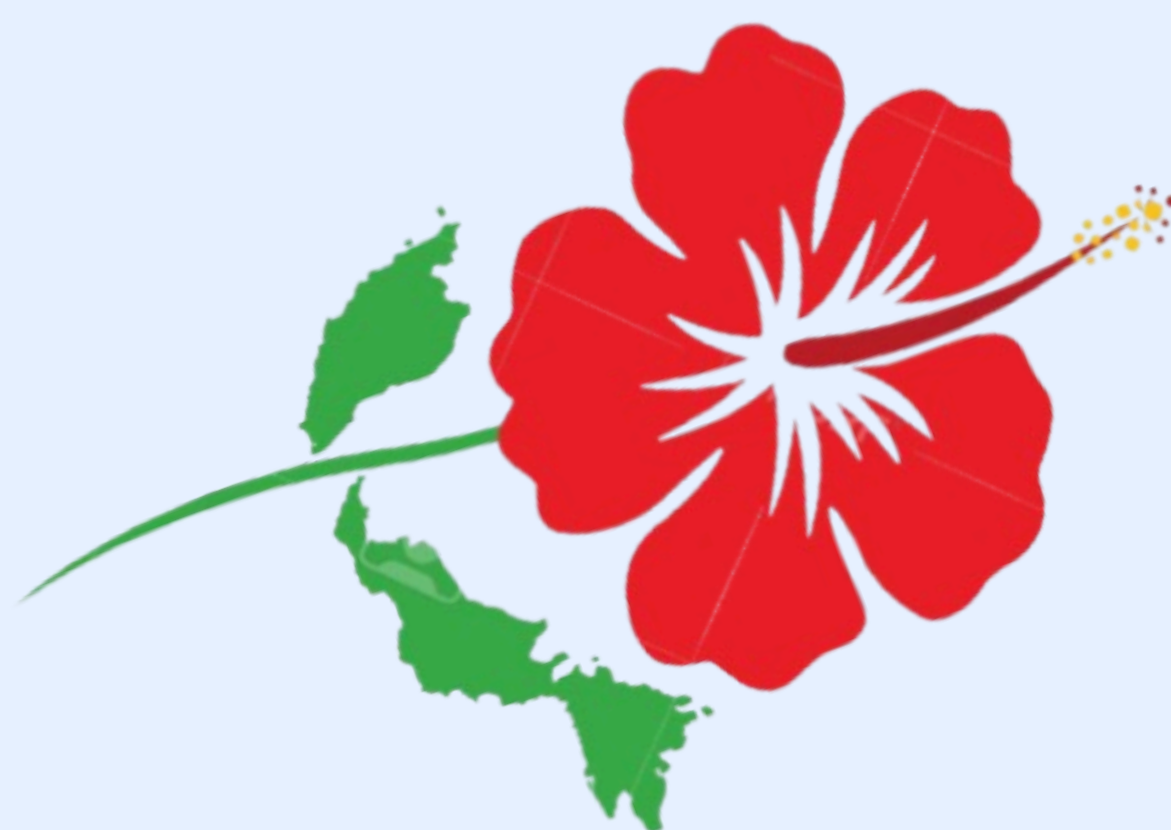
- Both are high, but savings > investment in most years.
- Savings decline from the high-30s % of GDP in early 2000s to low-20s by 2026.
- Investment stabilizes around 22–24% of GDP in recent years.

Current Account (Net Capital Outflow)

- Mostly positive: Malaysia runs current account surpluses, so it is a net lender to the world.
- Surpluses peak before the 2008 crisis and narrow after 2012.

Government Budget Balance

- Government usually runs moderate deficits (negative values).
- Deficits deepen in 2009 and 2020–2021 during economic downturns.



Interpretation & Policy

• Is Malaysia investing enough?

- Investment rates above 20% of GDP, combined with rising GDP per capita, suggest Malaysia has invested enough to support strong growth, though recent declines are a concern.

• How are investments financed?

- Because national savings exceed investment, Malaysia finances investment mainly with domestic saving and still has extra saving that flows abroad as net capital outflows (current account surpluses).

• How have saving & investment choices affected growth?

- High savings and steady investment helped fund infrastructure, manufacturing, and human capital, contributing to long-run growth and resilience in crises.

• What policies influence these patterns?

- Counter-cyclical fiscal policy (higher deficits in 2009 and 2020) supported demand.
- Export-oriented industrial and trade policies encouraged external surpluses and high private saving.
 - Going forward, policy should focus on raising the quality of investment (innovation, education, green tech) while keeping public debt sustainable.

