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Malaysia's economic growth propelled by three sectors

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► Services, manufacturing and agriculture major contributors to estimated 5.8% expansion in Q2

PUTRAJAYA: Malaysia's advance GDP estimates indicate a 5.8% expansion in the second quarter of 2024, an increase from 4.2% in the preceding quarter, said Chief Statistician Malaysia, Datuk Seri Dr Mohd Uzir Mahidin.

This growth, he added was propelled by the services, manufacturing and agriculture sectors. Overall, he said, the economy grew by 5% in the first half of 2024, compared to 4.1% during the same period in 2023.

For the monthly economic indicators performance, the Industrial Production Index (IPI) in May 2024 recorded a year-on-year growth of 2.4%, moderated from 6.1% in April 2024. This growth was mainly driven by the manufacturing sector, which grew by 4.6% (April 2024: 4.9%) and a 4.2% rise in electricity output (April 2024: 7.8%).

Furthermore, the mining sector declined to 6.9% impacted by a double-digit decrease in natural gas production at negative 10.3% and a drop of 1.9% in the crude oil & condensate output. Simultaneously, the manufacturing sector's sales increased by 5.5% year-on-year to RM154.9 billion in May 2024, following a 5.7% growth in the previous month. This growth was largely supported by double-digit increases in the electrical & electronics products sub-sector (12.2%), the non-metallic mineral products, basic metal & fabricated metal products sub-sector (8.9%) and the food, beverages & tobacco sub-sector (7.7%).

Malaysia's wholesale and retail trade sector achieved a sales value of RM147.9 billion in May 2024, marking a 7.1% year-on-year growth driven by all sub-sectors: retail trade grew by 8.7% to RM64 billion, wholesale trade rose by 4.7% to RM65.1 billion and motor vehicles registered 10.5% increase to RM18.8 billion. The volume index for the wholesale and retail trade sector increased by 5.7% year-on-year, with motor vehicles up by 9.6%, retail trade by 6.8% and wholesale trade by 3.4%.

Assessing the price levels, Malaysia's inflation rate rose to 2% in May 2024, with the index reaching 132.8, compared to 130.2 in the same month the previous year. This increase was mainly driven by higher costs in housing, water, electricity, gas & other fuels (3.2%); restaurant & accommodation services (3.2%); and personal care, social protection & miscellaneous goods & services (3%). The inflation rate remained at 2% in June 2024, with the index at 133, compared to 130.4 in June 2023.

Malaysia's Producer Price Index (PPI) in May 2024 increased by 1.4% year-on-year, as against 1.9% in the previous month, with the mining



sector rising by 6.6% (April 2024: 10%) and the agriculture, forestry & fishing sector increased by 1.3% (April 2024: 5.4%).

Concurrently, the manufacturing sector grew by 1% (April 2024: 0.8%), the water supply index surged by 8.7%, and the electricity & gas supply index rose by 1.5%.

In June 2024, the PPI went up by 1.6%.

As to the external sector, Malaysia's merchandise exports in May 2024 maintained a positive trajectory, growing by 7.3% year-on-year, from RM119.5 billion to RM128.2 billion. Imports surged by 13.8% to RM118.1 billion, compared to RM103.8 billion in May 2023. As a result, the trade balance fell by 35.4% year-on-year to RM10.1 billion. Total trade reached RM237.8 billion in June 2024, reflecting 8.7% growth compared to the same month the previous year. Imports increased by 17.8% to RM111.8 billion, while exports rose by 1.7% to RM126 billion, leading to

a trade balance surplus of RM14.3 billion.

Malaysia's labour market scenario in May 2024, the labour force increased by 1.7%, reaching 17.15 million persons, up from 16.86 million in May 2023. The number of employed persons rose by 1.8% to 16.58 million, compared to 16.28 million in the previous year.

Accordingly, the Labour Force Participation Rate (LFPR) climbed by 0.3 percentage points to 70.3%, from 70% in May 2023, while the unemployment rate remained steady at 3.3%, the same rate as the previous month.

Mohd Uzir Mahidin stated, "Malaysia's Leading Index (LI) demonstrated robust growth for six consecutive months, increasing by 3.8% year-on-year to 114.2 points in May 2024. The smoothed growth rate of the LI consistently remained above 100 points, signalling a resilient economy bolstered by rising tourism and strong external demand."