

## Key Highlights on

# Economic and Financial Developments in 1Q 2019

## Growth of 4.5% amid challenging global environment

Continued expansion in private sector activity and across key economic sectors

### Real GDP Growth (at constant 2015 prices)



Firm household spending, supported by favourable labour market conditions



Services and manufacturing sectors remained the key drivers of growth

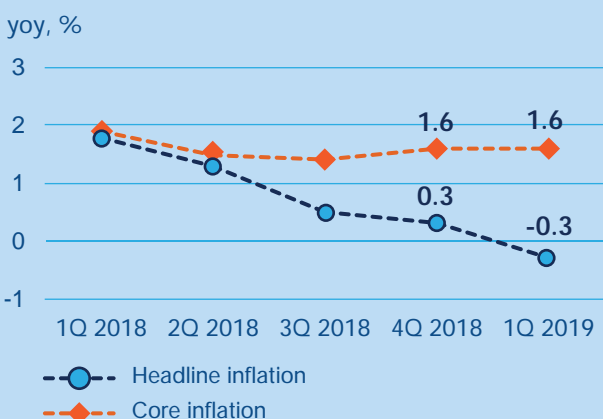


Rebound in agriculture sector due to strong recovery in palm oil production

## Headline inflation declined

Headline inflation turned negative during the first quarter of 2019

### Headline and Core Inflation<sup>1</sup>

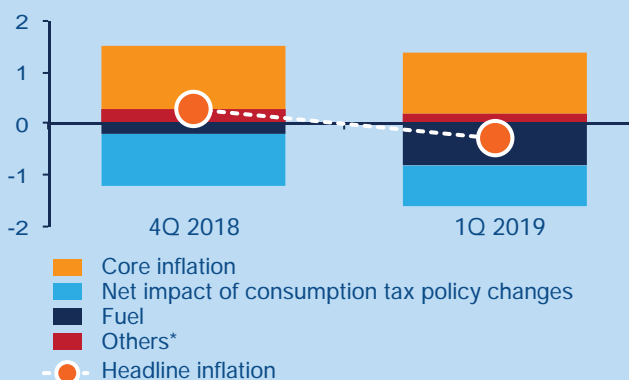


<sup>1</sup> Core inflation is computed by excluding price-volatile and price-administered items. It also excludes the estimated direct impact of consumption tax policy changes

Lower domestic fuel prices largely contributed to the decline in headline inflation

### Contribution to Headline Inflation by CPI Components

Percentage points, %

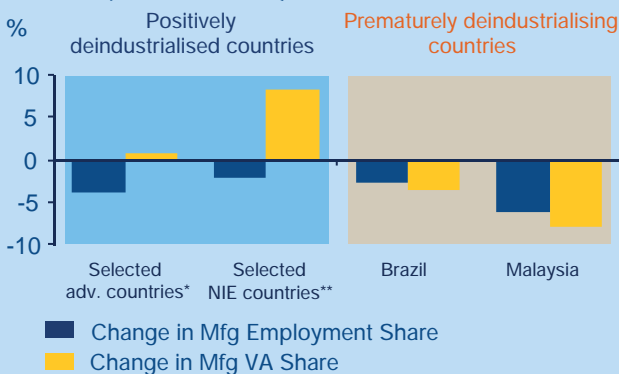


\*Others include price-volatile items and other price-administered items

## Box Article

Signs of premature deindustrialisation in Malaysia as employment share fell at the cost of output

### Change in Manufacturing Employment and GDP Shares (2018 vs. 2000)

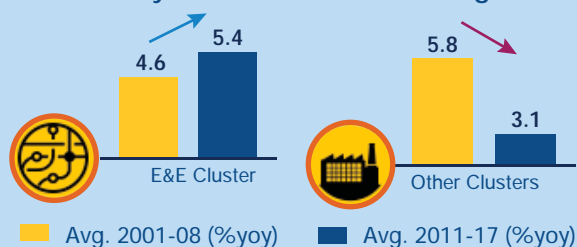


\*refers to the US, Japan and Germany

\*\*refers to C. Taipei and S. Korea

However, the pace of deindustrialisation has slowed due to higher E&E productivity

### Productivity Growth in Manufacturing Sector



## Policy initiatives for a more balanced development

- Implement principle-based investment approach
- Enhance talent in advanced manufacturing and modern services
- Embrace technology to strengthen firms' capabilities