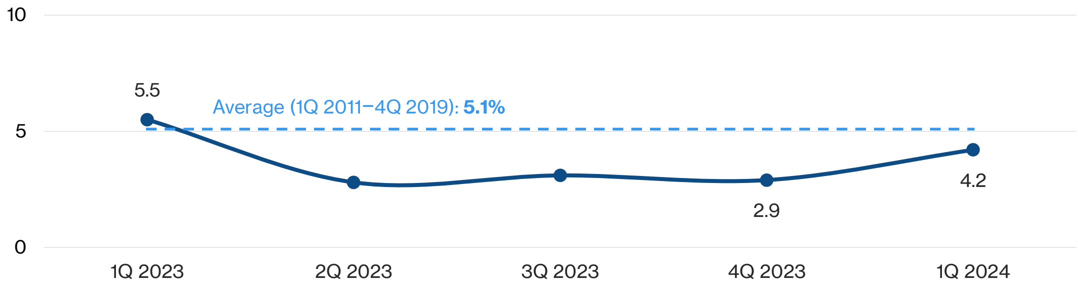
Gross Domestic Product

Higher GDP growth of 4.2% in 1Q 2024

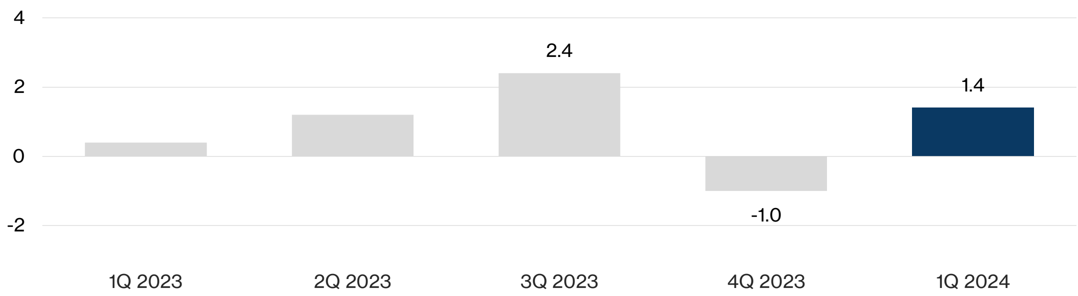
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, the economy rose by 1.4%

Gross domestic product,
Quarterly change, % (seasonally adjusted)



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 1Q 2024?

Higher household spending supported by positive labour market conditions and stronger Government measures

Turnaround in goods exports and higher tourist arrivals

Stronger investment activities

What are the factors weighing on growth in 1Q 2024?

Lower agriculture production amid hot weather conditions

Malaysia's Economic Performance

Stronger private sector expenditure amid improvement in net exports

Annual change, %

Private Consumption

4.7%
(4Q 2023: 4.2%)

Higher private consumption supported by discretionary and necessities spending

Private Investment

9.2%
(4Q 2023: 4%)

Stronger structures investment and continued machinery & equipment spending

Public Consumption

7.3%
(4Q 2023: 5.8%)

Higher supplies & services spending by the Government

Public Investment

11.5%
(4Q 2023: 11.3%)

Continued expansion in fixed assets spending by the Government and public corporations

Net Exports

-24.5%
(4Q 2023: -52.9%)

Slower contraction amid the recovery in goods and services exports

Source: Department of Statistics, Malaysia

Higher growth across most sectors

Annual change, %

Services

4.7%
(4Q 2023: 4.1%)

Higher retail trade activities and continued support from transport & storage subsector

Manufacturing

1.9%
(4Q 2023: -0.3%)

Rebound in E&E and primary-related clusters, as well as stronger construction-related manufacturing activities

Agriculture

1.6%
(4Q 2023: 1.9%)

Moderate growth of rubber and food crops production amid hot weather

Mining

5.7%
(4Q 2023: 3.5%)

Higher natural gas output

Construction

11.9%
(4Q 2023: 3.6%)

Faster progress of civil engineering projects and stronger support from special trade and residential activities

Source: Department of Statistics, Malaysia

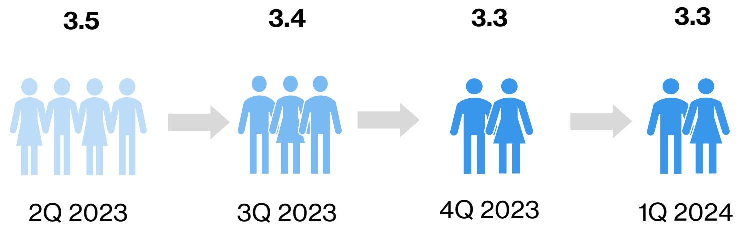
Labour Market Conditions

Labour market remained resilient

- The unemployment rate was sustained at its pre-pandemic level of 3.3% in 1Q 2024 (4Q 2023: 3.3%).
- Employment rose to 16.4 million persons in 1Q 2024 (4Q 2023: 16.35 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to a historical high of 70.2% in 1Q 2024 (4Q 2023: 70.1%).

Low unemployment rate

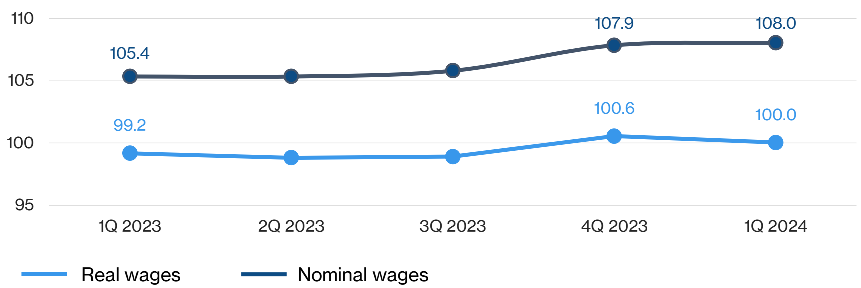
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

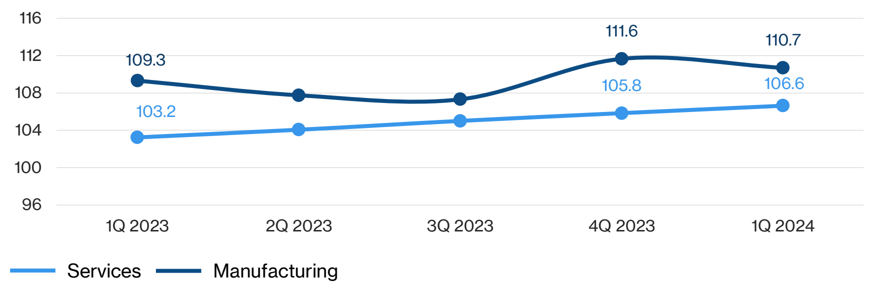
Continued growth in private sector wages

Private sector nominal and real wages,
Index, 4Q 2019=100



Note: Private sector wages refers to wages of workers in the manufacturing and services sectors.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

Sectoral nominal wage,
Index, 4Q 2019=100

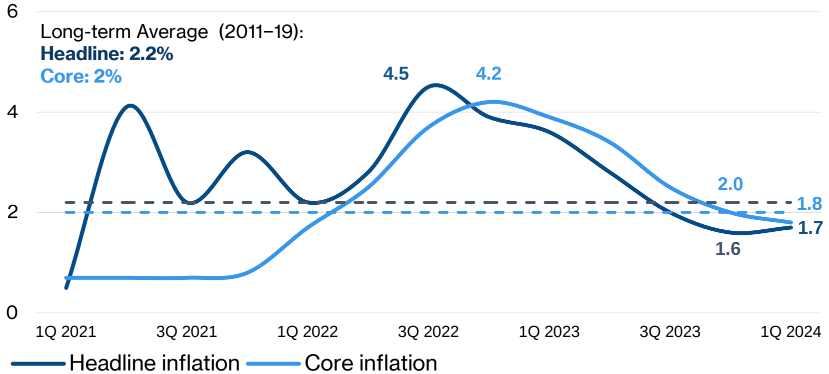


Inflation trend

Both headline and core inflation remained moderate during the quarter

- Headline inflation increased slightly to 1.7%, partly reflecting higher water tariffs and service tax on higher electricity consumption. Nonetheless, it was partly offset by lower inflation in other CPI items, particularly food and beverages.
- Core inflation declined further to 1.8% during the quarter.

Headline and core inflation,
Annual change, %



Selected Consumer Price Index (CPI) Items

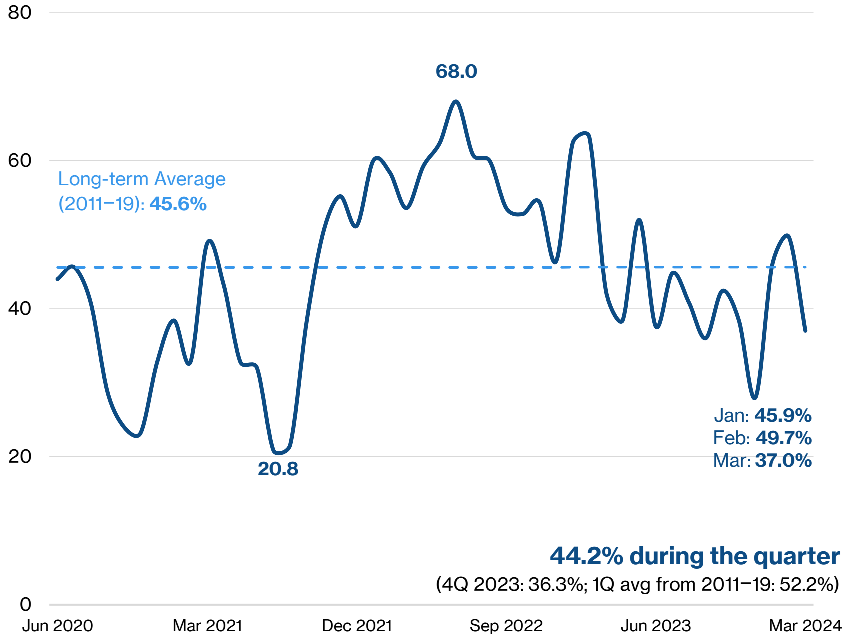
Food and beverages *(Weight: 29.8%)*	Electricity *(Weight: 2.7%)*	Water supply *(Weight: 0.9%)*
▼1.9% 4Q 2023: 2.8%	▲ 0.7% 4Q 2023: 0%	▲ 20.8% 4Q 2023: 2.1%

Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

Uptick in inflation pervasiveness in the first quarter

- More items recorded price increases in the first quarter, though this remained in line with historical norm.
- This partly reflected price adjustments by firms typically done at the beginning of the year, as well as during festive seasons.

CPI items recording month-on-month price increase,
Share, %



Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

External Sector Development

Positive turnaround in exports amid strong import growth

Gross Exports	**2.2%** 4Q 2023: -6.9%	Recovery in external demand for E&E and non-E&E exports as well as improving commodity prices
Gross Imports	**13.1%** 4Q 2023: 1.3%	Higher intermediate imports and robust domestic demand for capital and consumption goods

Source: Department of Statistics, Malaysia

Higher current account surplus and outflows in the financial account

Current Account
RM16.2 billion; 3.5% of GDP
(4Q 2023: RM0.9 bil; 0.2%)

Driving factors
- Smaller primary income deficit due to higher income from loans and deposits abroad as well as lower profits accrued to foreign investors in Malaysia
- Secondary income turned into surplus
- Higher goods surplus as exports level exceeded imports
- Narrower services deficit reflecting higher tourist arrivals

Financial Account
Net outflows RM18.7 billion
(4Q 2023: Net outflows RM20.1 bil)

Driving factors
- Net outflows in portfolio investment, driven mainly by residents' investments in equity and debt securities abroad
- Net outflows in direct investment due to direct investment abroad outpacing foreign direct investment inflows

Which offset
- Net inflows in other investment on account of loan repayments and settlement of trade credits received by resident corporates

Source: Department of Statistics, Malaysia, and Bank Negara Malaysia

External debt edged higher

RM1.27 trillion or 69% of GDP
(4Q 2023: RM1.24 trillion or 68.2% of GDP)
- Exchange rate valuation effects following the weakening of ringgit
- Higher intragroup loans and trade credits by corporates

External debt remained manageable
% of total external debt

Currency

Ringgit-denominated: 32.3%
Unaffected by ringgit exchange rate fluctuations
FCY-denominated: 67.7%
of which 63.8% is subject to BNM prudential & regulatory requirements and 17.5% are due to intragroup loans

Maturity

Medium- and long-term: 58.2%
Limited rollover risks

Net International Investment Position	**RM157.0 billion** (4Q 2023: RM123.7 billion)
International Reserves[1]	**USD112.8 billion** (4Q 2023: USD113.5 billion)

- **5.4 months[2]** of imports of goods and services
- **1.0 time** short-term external debt

[1] As at 30 April 2024.
[2] Coverage may differ from the press statement on international reserves published on 8 May 2024, as it reflects the latest 1Q 2024 data on imports of goods and services and short-term external debt.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia