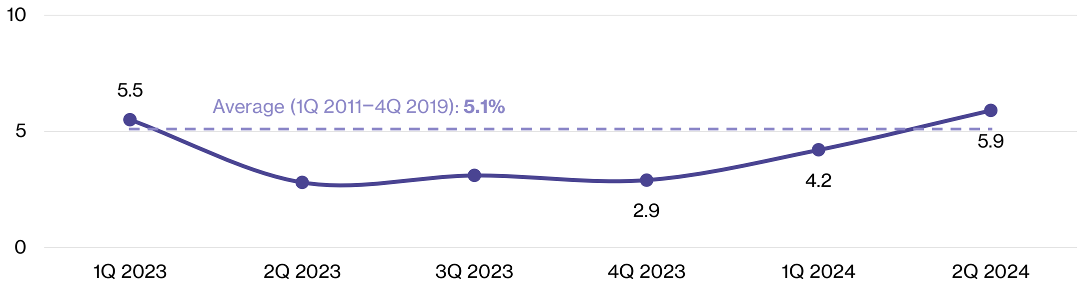
# Gross Domestic Product

## Stronger GDP growth of 5.9% in 2Q 2024

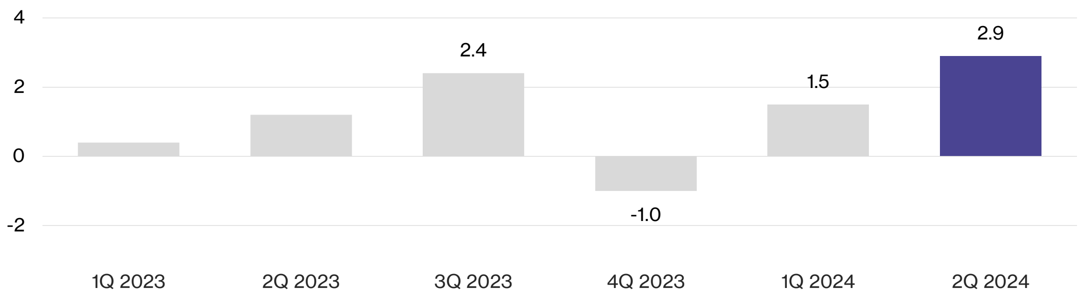
**Gross domestic product,**
Annual change, %




Source: Department of Statistics, Malaysia

## The economy expanded by 2.9%, on a QoQ seasonally-adjusted basis

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




Source: Department of Statistics, Malaysia

## What are the factors supporting growth in 2Q 2024?

- Stronger private consumption amid positive labour market conditions and larger policy support
- Further recovery in goods exports and higher tourist arrivals
- Robust expansion in investment activities

## What are the factors weighing on growth in 2Q 2024?

- Disruption in oil and gas production affecting mining output

# Malaysia's Economic Performance

## Stronger private sector expenditure amid improvement in net exports

Annual change, %

### Private Consumption

**6%**
(1Q 2024: 4.7%)

Stronger spending amid positive labour market conditions and larger policy support

### Private Investment

**12%**
(1Q 2024: 9.2%)

Robust capacity expansion by businesses, especially in the manufacturing and services sectors

### Public Consumption

**3.6%**
(1Q 2024: 7.3%)

Continued support from Government spending on emolument and supplies & services

### Public Investment

**9.1%**
(1Q 2024: 11.5%)

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

### Net Exports

**3.4%**
(1Q 2024: -24.5%)

Improving exports amid higher external demand and global tech upcycle

Source: Department of Statistics, Malaysia

## Higher growth across most sectors

Annual change, %

### Services

**5.9%**
(1Q 2024: 4.8%)

Broad-based improvement across consumer- and business-related services

### Manufacturing

**4.7%**
(1Q 2024: 1.9%)

Higher growth across export- and domestic-oriented industries

### Agriculture

**7.2%**
(1Q 2024: 1.7%)

Stronger production in oil palm and fisheries subsectors

### Mining

**2.7%**
(1Q 2024: 5.7%)

Lower growth in oil and gas subsector following production disruption in May

### Construction

**17.3%**
(1Q 2024: 11.9%)

Higher activities particularly in the civil engineering and special trade subsectors

Source: Department of Statistics, Malaysia

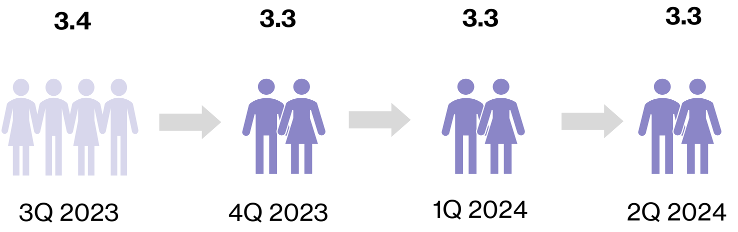
# Labour Market Conditions

## Positive labour market conditions

- The unemployment rate remained low at its pre-pandemic rate of 3.3% in 2Q 2024 (1Q 2024: 3.3%).
- Employment increased to 16.6 million persons in 2Q 2024 (1Q 2024: 16.4 million persons) amid continued demand for labour.
- Labour supply continued to be forthcoming as the labour force participation rate increased further to 70.5% in 2Q 2024 (1Q 2024: 70.2% of working age population).

## Low unemployment rate

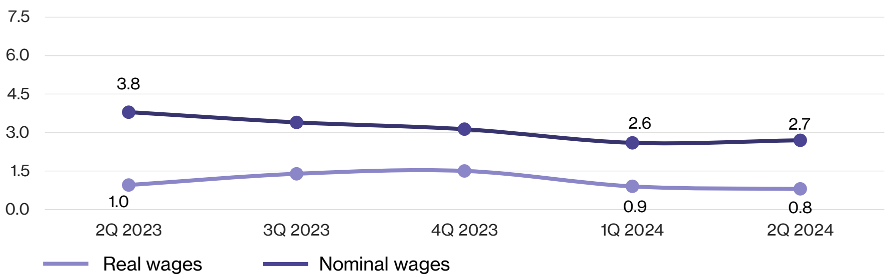
**Unemployment rate,**
% of labour force



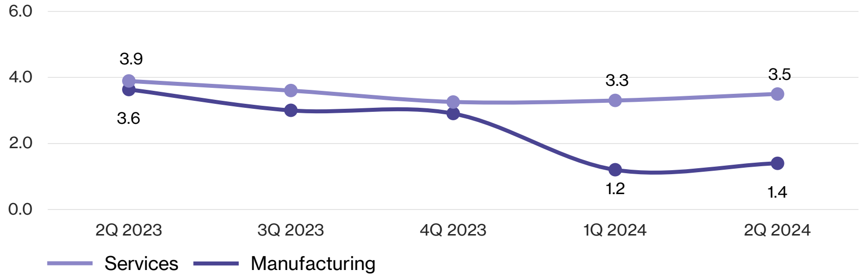

Source: Department of Statistics, Malaysia

## Moderate private sector wage growth

**Private sector nominal and real wages,**
Annual change, %




**Sectoral nominal wage,**
Annual change, %



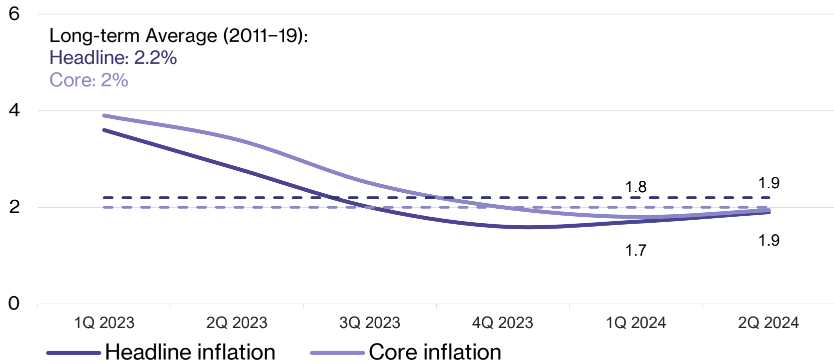

Note: Private sector wages refers to wages of workers in the manufacturing and services sectors.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

# Inflation trend

## Both headline and core inflation edged slightly higher during the quarter

- Both headline and core inflation increased slightly to 1.9%, driven mainly by higher housing utilities and information and communication services inflation.

**Headline and core inflation,**
Annual change, %




### Selected Consumer Price Index (CPI) Items

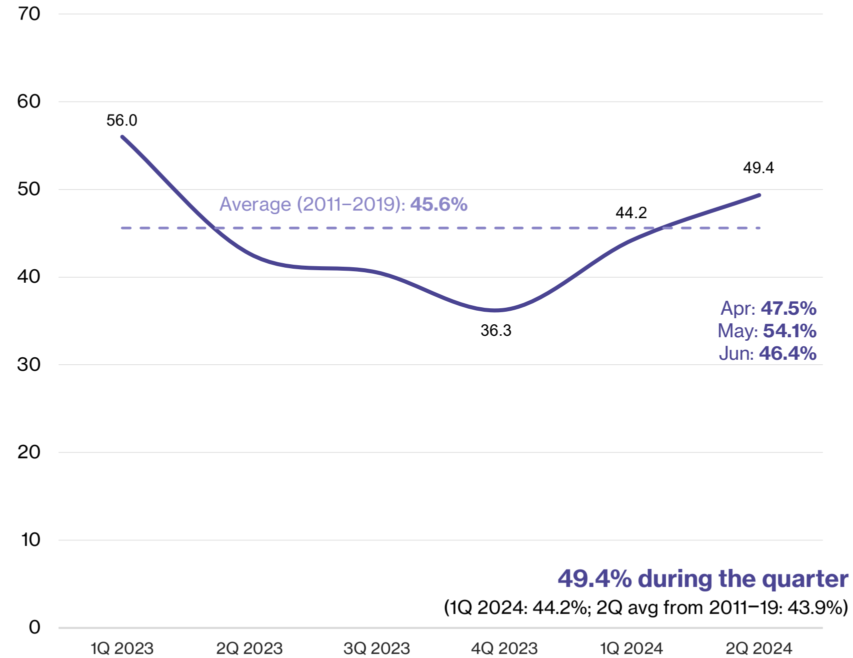
| Electricity *(Weight: 2.7%)* | Water supply *(Weight: 0.9%)* | Information and Communication *(Weight: 6.6%)* |
|---|---|---|
| ▲ 2% | ▲ 31.8% | ▲ -0.6% |
| 1Q 2024: 0.7% | 1Q 2024: 20.8% | 1Q 2024: -2.4% |

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 second quarter

- More items recorded price increases in the second quarter, hovering above its long-term average.
- This partly reflected price adjustments by firms during the festive season, several policy measures by the Government, as well as idiosyncratic price movements.

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




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

# External Sector Development

## Improving exports while imports remained strong

**Gross Exports** **5.8%**
1Q 2024: 2%
Turnaround in E&E and commodity exports amid strong non-E&E exports.

**Gross Imports** **15%**
1Q 2024: 12.5%
Stronger intermediate imports and continued domestic demand for capital & consumption goods.

Source: Department of Statistics, Malaysia

## Continued current account surplus and inflows in financial account

Current Account
**RM3 billion; 0.6% of GDP**
(1Q 2024: RM16.2 bil; 3.5%)

Key driving factors
- Continued goods surplus amid improving exports.
- Narrower services deficit, driven by higher travel , transportation and other business services receipts.

Which is offset by
- Wider primary income deficit.

Financial Account
**Net inflows RM17.1 billion**
(1Q 2024: Net outflows RM18.7 bil)

Key driving factors
- Net inflows in other investment on account of interbank borrowings and maturity of deposits placed abroad.
- Net inflows in direct investment due to higher foreign direct investment inflows amid moderating direct investment abroad outflows.

Which offset
- Net outflows in portfolio investment, driven mainly by residents' investments in debt and equity securities abroad.

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

## Higher external debt

**RM1.33 trillion or 70.8% of GDP**
(1Q 2024: RM1.27 trillion or 68.9% of GDP)
- Higher interbank borrowing primarily for liquidity and balance sheet funding purposes.
- Larger other debt liabilities driven by trade credits mainly for import purposes.

**External debt remained manageable**
% of total external debt

Currency
**Ringgit-denominated: 31.5%**
Unaffected by ringgit exchange rate fluctuations
**FCY-denominated: 68.5%**
of which 63% is subject to BNM prudential & regulatory requirements and 17.3% are due to intragroup loans

Maturity
**Medium- and long-term: 57.5%**
Limited rollover risks

**Net International Investment Position** — **RM81 billion** (1Q 2024: RM157 billion)

**International Reserves**[1] — **USD114.7 billion** (1Q 2024: USD113.8 billion)
- **5.3 months**[2] of imports of goods and services
- **1.0 times** short-term external debt

[1] As at 31 July 2024.
[2] Coverage may differ from the press statement on international reserves published on 7 August 2024, as it reflects the latest 2Q 2024 data on imports of goods and services.

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