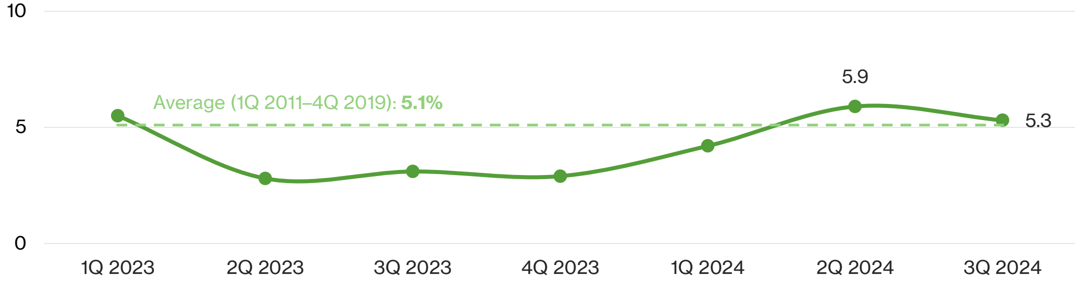
Developments in the Malaysian Economy

Gross Domestic Product

GDP grew by 5.3% in 3Q 2024

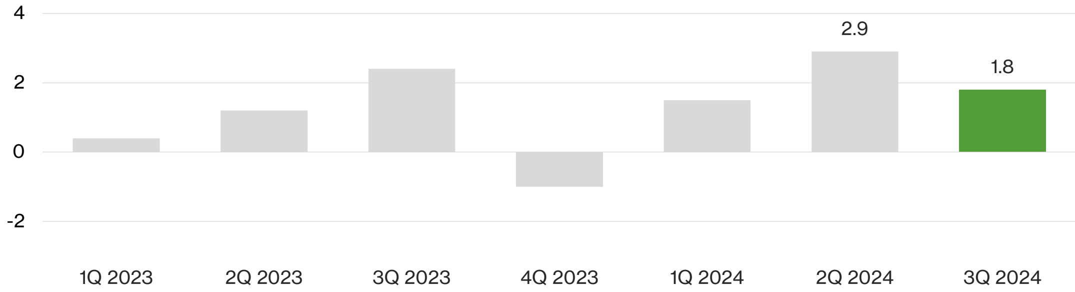
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, growth moderated at 1.8%

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



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 3Q 2024?

- Continued strong expansion in investment activities
- Higher goods exports and tourism spending
- Expansion in household spending amid positive labour market conditions and policy support

What are the factors weighing on growth in 3Q 2024?

- Lower oil and gas production amid maintenance activity

Malaysia's Economic Performance

Sustained domestic demand

Annual change, %

Private Consumption

4.8%
(2Q 2024: 6%)

Expansion supported by positive labour market conditions and policy measures

Private Investment

15.5%
(2Q 2024: 12%)

Robust spending on structures and machinery & equipment

Public Consumption

4.9%
(2Q 2024: 3.6%)

Higher Government spending on emoluments and supplies and services

Public Investment

14.4%
(2Q 2024: 9.1%)

Expansion in fixed assets spending by the Government and public corporations

Net Exports

-8.8%
(2Q 2024: 3.4%)

Higher exports offset by stronger imports of intermediate and capital goods

Source: Department of Statistics, Malaysia

Growth supported by services and manufacturing sectors

Annual change, %

Services

5.2%
(2Q 2024: 5.9%)

Continued expansion supported by consumer-related subsector

Manufacturing

5.6%
(2Q 2024: 4.7%)

Stronger production in export-oriented clusters (i.e., E&E and petrochemicals)

Agriculture

3.9%
(2Q 2024: 7.3%)

Moderate increase in oil palm production while fisheries output contracted

Mining

-3.9%
(2Q 2024: 2.7%)

Contraction in oil and gas production amid maintenance activity

Construction

19.9%
(2Q 2024: 17.3%)

Robust growth in non-residential, residential and special trade subsectors

Source: Department of Statistics, Malaysia

Labour Market Conditions

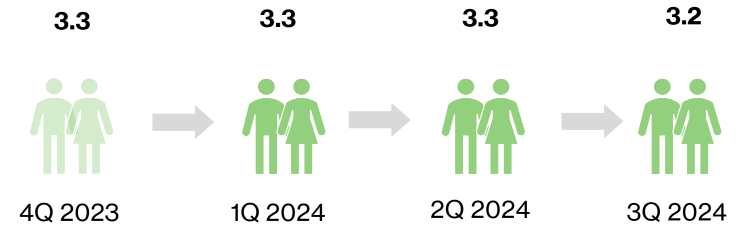
Labour market continued to improve

- The unemployment rate declined further to 3.2% in 3Q 2024 (2Q 2024: 3.3% of the labour force).
- Employment improved to 16.7 million persons in 3Q 2024 (2Q 2024: 16.6 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate remained at a historical high of 70.5% in 3Q 2024 (2Q 2024: 70.5%).

Source: Department of Statistics, Malaysia

Lower unemployment rate

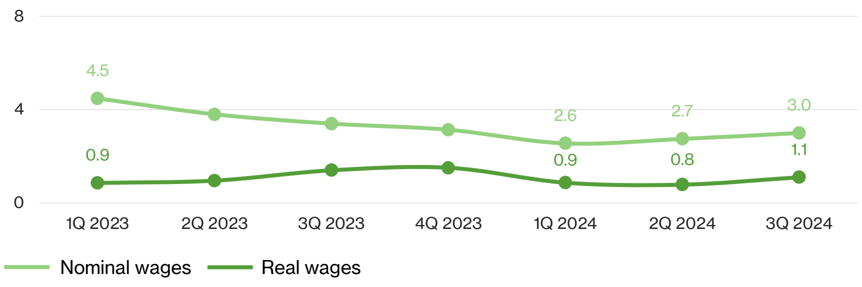
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

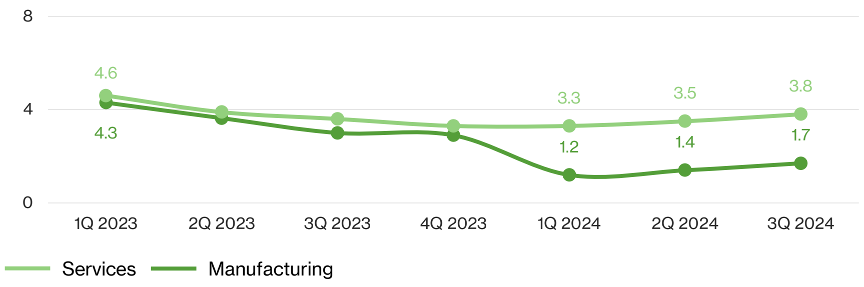
Continued growth in private sector wages

Private sector nominal and real wages,
Annual change, %



Source: Department of Statistics, Malaysia

Sectoral nominal wages,
Annual change, %



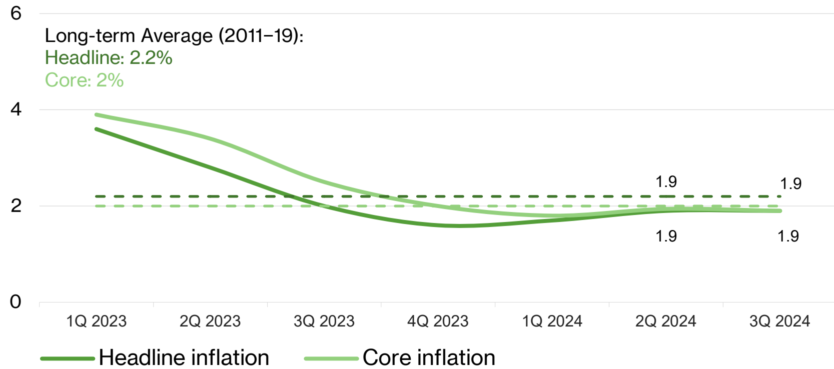
Source: Department of Statistics, Malaysia

Inflation trend

Headline and core inflation remained stable during the quarter

- Both headline and core inflation remained unchanged at 1.9%.
- Higher inflation was observed during the quarter for diesel and vehicle insurance, but this was offset by broader moderation in inflation for food and beverages.

Headline and core inflation,
Annual change, %



Selected Consumer Price Index (CPI) Items

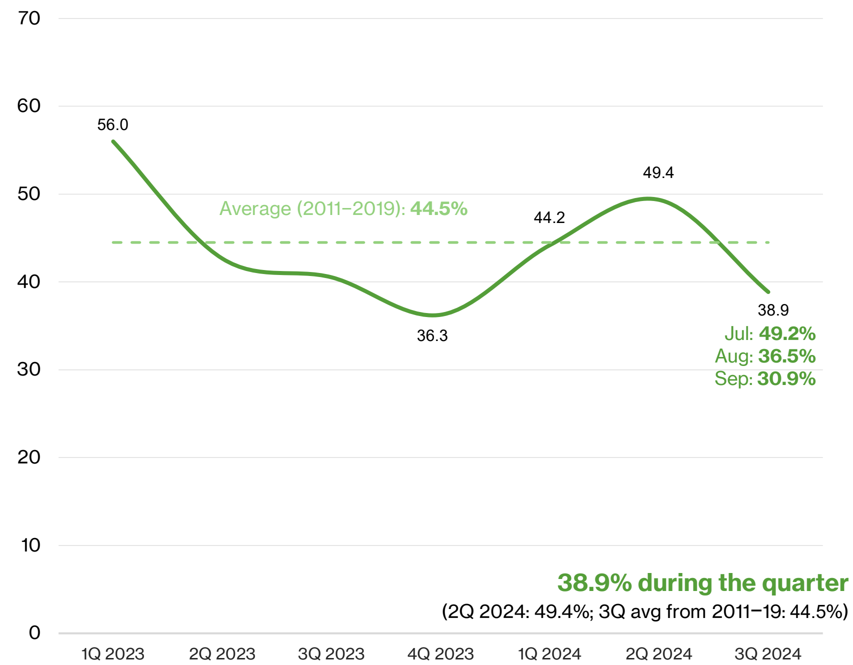
Diesel (Weight: 0.2%)	Vehicle insurance (Weight: 2.5%)	Food and beverages (Weight: 29.8%)
▲ 20.1%	▲ 0.8%	▼ 1.6%
2Q 2024: 5.3%	2Q 2024: -0.1%	2Q 2024: 1.9%

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

Inflation pervasiveness declined over the third quarter

- Fewer CPI items recorded price increases in the third quarter, reverting below its long-term average.
- Notably, this suggests that spillover effects from the recent diesel subsidy rationalisation to broader CPI prices were contained thus far.

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



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

External Sector Development

Exports improved amid stronger imports

Gross Exports **7.8%** 2Q 2024: 5.8%
Higher manufactured exports and continued expansion in commodities exports.

Gross Imports **20.8%** 2Q 2024: 15%
Strong capital imports amid investment activities and increased intermediate imports to support production, particularly of manufactured exports.

Source: Department of Statistics, Malaysia

Continued current account surplus with outflows in the financial account

Current Account
RM2.2 billion; 0.4% of GDP
(2Q 2024: RM3 bil; 0.6%)

Key driving factors
- Slight moderation in goods surplus as strong intermediate and capital imports outpaced exports.
- Wider deficits in primary and secondary income.

Partly offset by
- Narrower services deficit, reflecting mainly higher travel receipts amid increased tourism spending.

Financial Account
Net outflows RM7.5 billion
(2Q 2024: Net inflows RM17.1 bil)

Key driving factors
- Net outflows in other investment, mainly due to deposits placement abroad by resident investors.
- Net outflows in direct investment due to higher direct investment abroad amid greater FDI inflows.

Which offset
- Net inflows in portfolio investment on account of higher non-residents acquisition of domestic debt and equities securities.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Lower external debt

RM1.26 trillion or 66.3% of GDP
(2Q 2024: RM1.33 trillion or 70.7% of GDP)
- Exchange rate valuation effects following the strengthening of ringgit against several major and regional currencies.

External debt remained manageable
% of total external debt

Currency

Ringgit-denominated: 34.4%
Unaffected by ringgit exchange rate fluctuations.
FCY-denominated: 65.6%
of which 61.7% is subject to BNM prudential & regulatory requirements and 17.9% are due to intragroup loans.

Maturity

Medium- and long-term: 59.1%
Limited rollover risks.

Net International Investment Position — **-RM38.6 billion** (2Q 2024: RM81 billion)

International Reserves[1] — **USD117.6 billion** (2Q 2024: RM113.8 billion)
- **4.6 months**[2] of imports of goods and services
- **0.9 times** short term external debt

[1] As at 30 October 2024.
[2] Coverage may differ from the press statement on international reserves published on 7 November 2024, as it reflects the latest 3Q 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