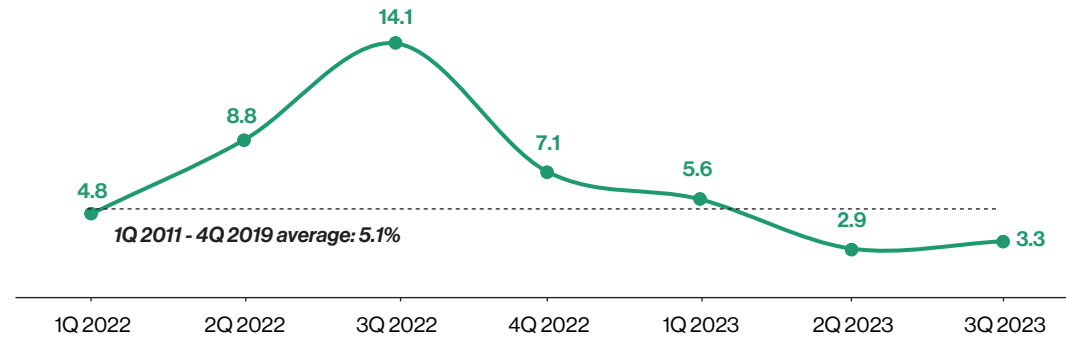


## Developments in the Malaysian Economy

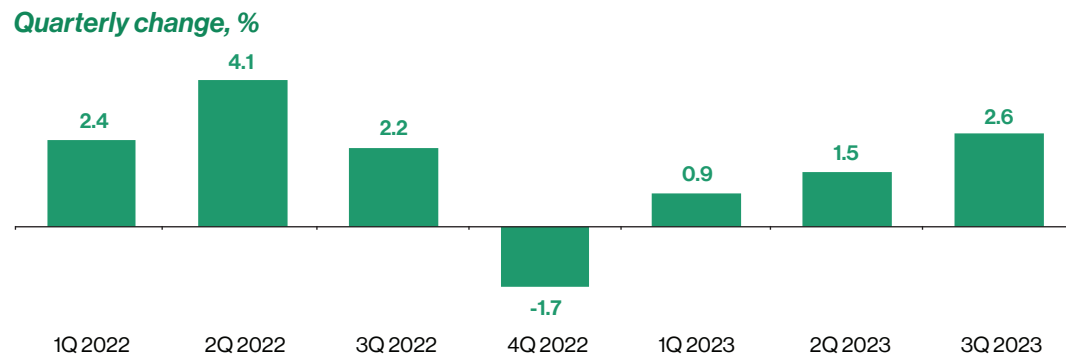
# Gross Domestic Product

**GDP grew by 3.3% in 3Q 2023**  
*Annual change, %*



Source: Department of Statistics, Malaysia

**On a quarter-on-quarter seasonally-adjusted basis, the economy rose by 2.6%**



Source: Department of Statistics, Malaysia

**What are the factors supporting growth in 3Q 2023?**



Expansion in domestic demand



Continued improvement in labour market conditions



Further recovery in tourism activities



Higher construction activity

**What are the factors weighing on growth in 3Q 2023?**



Weaker external demand affecting goods production and exports



Lower mining production

## Developments in the Malaysian Economy

# Malaysia's Economic Performance

### Sustained domestic demand

Annual change, %

#### Private Consumption



Improvement in both necessities and discretionary spending by households

#### Private Investment



Continued capacity expansion by businesses

#### Public Consumption



Higher supplies and services spending by the Government

#### Public Investment



Continued expansion of Government fixed assets spending and capex by public corporations

#### Net Exports



Weaker external demand for goods exports

### Growth supported by Services and Construction sectors

Annual change, %

#### Services



Improvement across both consumer- and business-related services

#### Manufacturing



Further weakness in E&E amid tech downcycle and lower production of refined petroleum products

#### Construction



Higher support from ongoing large infrastructure projects and small-scale projects

#### Mining



Continued contraction in natural gas production

#### Agriculture



Higher oil palm output as weather conditions improved amid easing labour shortages

## Developments in the Malaysian Economy

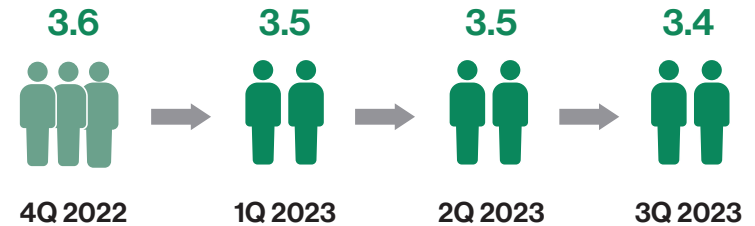
# Labour Market Conditions

### Labour market continued to improve

- The unemployment rate declined further to 3.4% in 3Q 2023 (2Q 2023: 3.5%).
- Employment improved to 16.25 million persons in 3Q 2023 (2Q 2023: 16.15 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased to a historical high of 70.1% in 3Q 2023 (2Q 2023: 70.0%).

### Lower unemployment rate

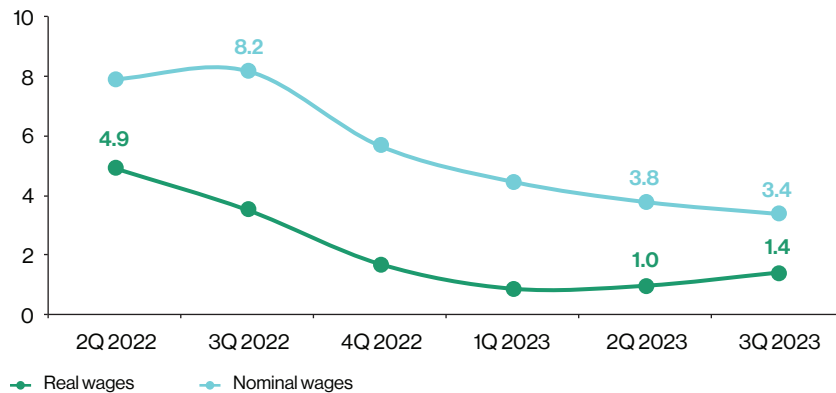
*Unemployment rate,  
% of labour force*



Source: Department of Statistics, Malaysia

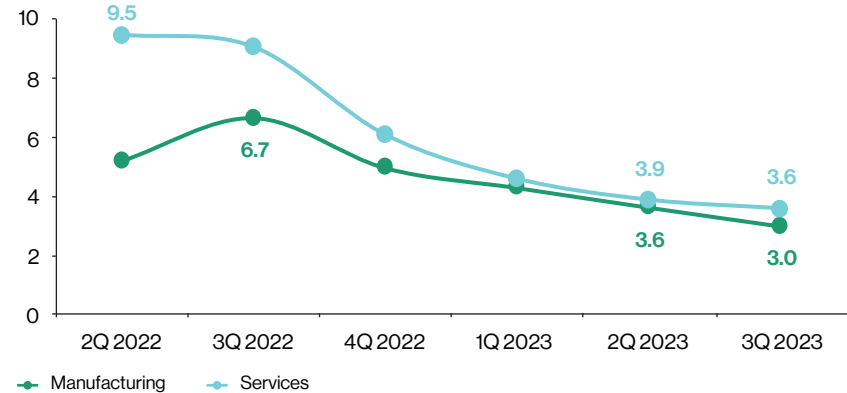
### Continued growth in private sector wages

*Private sector wages,  
Annual change, %*



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

*Sectoral nominal wages,  
Annual change, %*



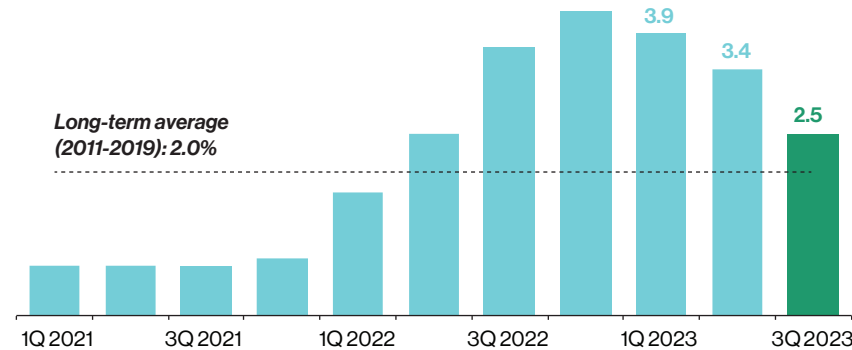
## Developments in the Malaysian Economy

# Disinflation trend continued amid easing cost environment

### Core inflation continued to moderate to 2.5% during the quarter

#### Annual change, %

- Core inflation declined albeit remaining elevated relative to its long-term average level



### Selected Core Services Items

**Food away from home**  **6.0%**  
(2Q 2023: 7.7%)

**Expenditure at restaurant and cafe**  **4.6%**  
(2Q 2023: 6.3%)

**Repair and maintenance of personal transport**  **6.7%**  
(2Q 2023: 9.5%)

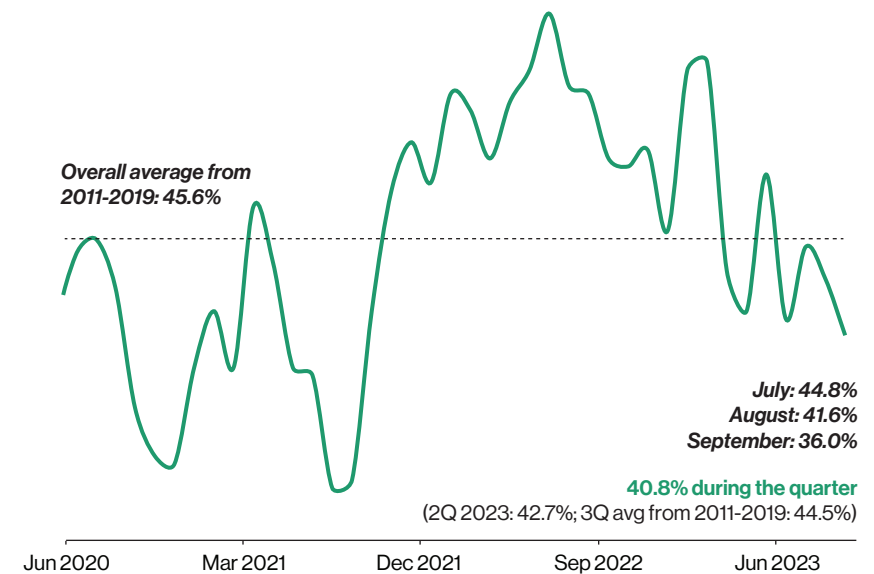
Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation

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

### Inflation pervasiveness trending down

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

- Fewer items recording higher prices since August.



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

## Developments in the Malaysian Economy

## External Sector Development

## Slower export and import growth



## Gross exports

**-15.2%** (2Q 2023: -11.1%)

*Weaker external demand for goods and lower commodity prices*

## Gross imports

**-16.3%** (2Q 2023: -11.5%)

*Weaker intermediate imports due to moderation in manufactured exports*

## Continued current account surplus and inflows in financial account



## Current Account

**RM9.1 bil; 2.0% of GDP**  
(2Q 2023: RM9.1 bil; 2.1% of GDP)

## Driving factors:

- Higher goods surplus.
- Narrower services deficit reflecting higher travel receipts.

## Which offset:

- Wider primary income deficit contributed mainly by higher investment income accrued to foreign investors in Malaysia.



## Financial Account

**Net inflows RM14.9 bil**  
(2Q 2023: Net outflows RM11.6 bil)

## Driving factors:

- Net inflows in other investment, driven mainly by higher interbank borrowing by resident banks.

## Which offset:

- Net outflows in portfolio investment on account of higher residents' investment in equity and debt securities abroad.
- Net outflows in direct investment due to higher direct investment abroad which offset FDI inflows.

Source: Department of Statistics, Malaysia, Bank Negara Malaysia

## External debt edged higher

## RM1.25 trillion or 69.0% of GDP

(2Q 2023: RM1.21 trillion or 67.1% of GDP)

- Higher interbank borrowings to cover maturity and withdrawal of deposits as well as funding requirements.
- Higher borrowings by corporates mainly in the form of intercompany loans.

## External debt remained manageable

*% of total external debt*

CURRENCY

**Ringgit-denominated: 32.7%**

*Unaffected by ringgit exchange rate fluctuations*

**FCY-denominated: 67.3%**

*of which 66.6% is subject to BNM prudential & regulatory requirements and 16.1% are due to intragroup loans*

MATURITY

**Medium-and long-term: 57.7%**

*Limited rollover risks*

## International Investment Position

**RM94.9 billion (2Q 2023: RM160.9 billion)**

## International Reserves\* USD108.5 billion

- **5.3 months\*\*** of imports of goods and services.
- **1.0 time** of short-term external debt.

\* As at 31 October 2023.

\*\* Coverage may differ from the press statement on international reserves published on 7 November 2023, as it reflects the latest 3Q 2023 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