



**MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA**

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***Inflation Eases and Labour Market Improves: A Positive Outlook for
Malaysia's Economy***

PUTRAJAYA, 27TH JULY 2023 – Today, the Department of Statistics, Malaysia (DOSM) released the Malaysian Economic Statistics Review (MESR) Vol. 7/2023. This edition focuses on the recent statistics released in May 2023 and some forthcoming statistics for June 2023. This edition also features an article titled "Study on the Relationship Between Currency Exchange Rates and Export-Import Value" which looks into the relationship between the two variables using descriptive statistics as well as determine the magnitude and direction of the variables by adopting correlation analysis.

Observing the country's economic situation in May 2023, Malaysia's Industrial Production Index (IPI) experienced a significant rebound, showing a positive growth of 4.7 per cent. This was a noteworthy improvement compared to the negative 3.3 per cent registered in the previous month. The growth was mainly driven by positive increases across all sectors, with Manufacturing, Mining and Electricity recording growth rates of 5.1 per cent (April 2023: -3.0%), 2.9 per cent (April 2023: -4.9%) and 5.0 per cent (April 2023: -2.0%), respectively. At the same time, Malaysia's Manufacturing sector saw a strong recovery in sales value in May 2023, reaching RM146.8 billion, up 3.3 per cent (April 2023: -2.0%). The revive was mainly driven by the robust growth in the Transport equipment and other manufactures sub-sector, which grew by 17.3 per cent.

The Wholesale & Retail Trade sector in Malaysia saw a 6.6 per cent increase in monthly sales in May 2023 as compared to the previous year, registering RM138.0 billion. Motor vehicles sub-sector contributed significantly to the growth which rose by 22.0 per cent, reaching RM17.0 billion. Retail trade and Wholesale Trade sub-sectors also grew 5.0 per cent and 4.4 per cent respectively, amounting to RM2.8 billion and RM2.6 billion respectively.

Looking at the prices perspective, Malaysia's inflation rate eased in May 2023, from 3.3 per cent in April to 2.8 per cent. This was contributed by a slower increase in some groups such as Food & Non-Alcoholic Beverages, 5.9 per cent (April 2023: 6.3%) and Transport, 1.0 per cent (April 2023: 2.3%). In June 2023, inflation ease further to its lowest rate in the first half of 2023, marking a new low of 2.4 per cent. Meanwhile, Malaysia's Producer Price Index (PPI) recorded negative 4.6 per cent in May 2023, from negative 3.0 per cent in April 2023. This was driven by declines in Agriculture, forestry & fishing (-27.2%), Mining (-10.7%) and Manufacturing (-1.1%). In June 2023, PPI fell further to negative 4.8 per cent.

On the trade front, Malaysia's total merchandise trade decreased by 2.0 per cent in May 2023, from RM228.3 billion in May 2022 to RM223.8 billion. This was due to declines in both exports and imports. Exports decreased by 0.7 per cent to RM119.6 billion, while imports declined by 3.3 per cent to RM104.2 billion as compared to the same month last year. However, the trade surplus increased by 21.4 per cent year-on-year to RM15.4 billion, as exports declined at a slower pace than imports. In June 2023, the total trade dropped 16.3 per cent as against the previous year, from RM265.4 billion to RM222.1 billion. In which, exports posted a value of RM124.0 billion, while imports worth RM98.2 billion, resulting in a trade surplus of RM25.8 billion.

On a positive note, the Malaysian labour market continued to improve in May 2023, with the number of employed persons increasing by 2.4 per cent year-on-year to 16.28 million persons. This was accompanied by an increase in the employment-to-population ratio, which rose to 67.6 per cent from 66.8 per cent in the previous year. The overall labour force also increased by 2.0 per cent year-on-year to 16.86 million. As a result, the labour force participation rate (LFPR) rose by 0.5 percentage points, reaching 70.0 per cent, while the unemployment rate saw a decrease of 0.4 per cent, settling at 3.5 per cent in May 2023.

The Leading Index (LI) exhibited a negative growth of 1.1 per cent, reaching 110.3 points in May 2023, albeit at a better performance (April 2023: -2.7%). In view of monthly performance, the LI rebounded 1.8 per cent in May 2023 as against negative 1.6 per cent in last month. Despite the challenges posed by the global economic situation, Malaysia's economy is anticipated to display encouraging vibes in the coming months. Robust domestic demand has assisted to sustain the labour market and increase consumer expenditure.

The Department of Statistics Malaysia (DOSM) is conducting the Economic Census in 2023. DOSM greatly appreciates the cooperation of respondents in providing information and ensuring the success of this census. Please visit www.dosm.gov.my for more information.

DOSM has launched OpenDOSM NextGen as a medium that provides a catalogue of data and visualisation to facilitate users in analysing various data. OpenDOSM NextGen is an open source data sharing platform and accessible through <https://open.dosm.gov.my> portal.

The Government of Malaysia has declared National Statistics Day (MyStats Day) on October 20 each year. MyStats Day theme is “Connecting the World with Data We Can Trust”.

Released by:

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