



**MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA**

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The economy indicated modest growth in 2023, driven by supportive labour market condition

PUTRAJAYA, 28th FEBRUARY 2023 – Today, the Department of Statistics, Malaysia (DOSM) released the ***Malaysian Economic Statistics Review (MESR) Vol. 2/2023***. This edition focuses on the recent statistics released in December 2022 and some forthcoming statistics for January 2023. There are also highlights on Malaysia’s economic situation in the fourth quarter and the whole year of 2022. Furthermore, this edition is complemented with a box article entitled “Post Pandemic: Performance of Malaysia’s Construction Sector”.

Looking at global Economic scenario, continuous worldwide inflation erodes purchasing power and consumer taking cautious stand on spending impacting the economy performance. Based on the world Economic Outlook Update released by the International Monetary Fund (IMF) in January 2023, the world economy is projected to moderate 2.9 per cent in 2023 and improve to 3.1 per cent in 2024. Meanwhile, most economies displayed a slower Gross Domestic Products (GDP) performance in the fourth quarter of 2022 as compared to third quarter of 2022.

Commenting on the Malaysia's socioeconomic scenario, Dato' Sri Dr. Mohd Uzir Mahidin aforementioned that "The country’s economy expanded 7.0 per cent in the fourth quarter of 2022 with the Services and Manufacturing sectors continued to drive growth. The year 2022 concluded with an economic growth of 8.7 per cent as compared to 3.1 per cent in the preceding year due to the favourable performance aided by positive growth in all sectors and low based effect in 2021. In terms of seasonally adjusted, the GDP declined 2.6 per cent as compared to 1.9 per cent in the preceding quarter."

The Chief Statistician further commented on the recent economic indicators, “Malaysia’s Current Account Balance (CAB) recorded a surplus of RM25.7 billion in the fourth quarter of 2022, supported by net exports of Goods account and lower deficit in Primary Income account. For the year 2022, CAB posted a surplus of RM47.2 billion as compared to RM58.7 billion in the preceding year, mainly led by net exports of Goods. Investment performance improved where, Foreign Direct Investment (FDI) recorded a higher net inflow of RM19.3 billion in the final quarter of 2022 as compared to RM18.5 billion in the same period of the previous year. Similarly, Malaysia’s merchandise trade in the fourth quarter of 2022 grew 14.8 per cent to RM718.7 billion compared to RM625.8 billion in Q4 2021. Exports edged up by 11.8 per cent to RM393.1 billion, while imports expanded 18.7 per cent to RM325.6 billion. As for the whole year of 2022, Malaysia’s trade recorded a new milestone by exceeding RM2 trillion for the second year in a row to RM2.8 trillion, the fastest increase since 1994 (+27.8%). Exports increased 25.0 per cent to RM1.6 trillion, while imports expanded by 31.3 per cent to RM1.3 trillion. Trade surplus reaching an all-time high at RM255.1 billion, posted surplus for the 25th consecutive year since 1998. In January 2023, Malaysia’s total trade showed a slower increase of 1.9 percent from RM203.6 billion in January 2022 to RM207.5 billion. Exports increased 1.6 per cent to RM112.8 billion, while imports went up 2.3 per cent to RM94.7 billion. Meanwhile, trade surplus shrank 2.1 per cent from the previous year to RM18.2 billion.”

He also said that “The sales value of Manufacturing sector expanded by 8.6 per cent year-on-year in December 2022 to record RM156.3 billion. The expansion of sales value was boosted by the double-digit growth in Transport Equipment & Other Manufactures subsector (10.9%), Petroleum, Chemical, Rubber & Plastic Products (10.3%) and Food, Beverages & Tobacco Products (10.3%). Malaysia’s Industrial Production Index (IPI) increased by 3.0 per cent in December 2022 as compared to the same month of the preceding year, supported by the increment in Mining index (4.1%) and Manufacturing index (3.0%). Meanwhile, the Electricity index registered negative 1.1 per cent.”

Addition to this The Services sector total revenue soared by 14.9 per cent year-on-year in the fourth quarter of 2022 to record RM528.8 billion. Similarly, the Services volume index rose by 11.7 per cent to 142.6 points in this quarter. The sector’s performance was driven by the Wholesale & retail trade, food & beverage and accommodation segments

with an expansion of 12.2 per cent in the volume index and 15.0 per cent (RM425.8 billion) in the revenue as against the same quarter last year.

Commenting on the current labour force situation, he said, “The number of employed persons in the fourth quarter of 2022 edged up by 3.2 per cent (+501.1 thousand persons) recording 15.94 million persons as compared to Q4 2021 (15.44 million persons). Subsequently, the employment-to-population ratio, which indicates the ability of an economy to create employment ascended by 1.3 percentage points to 67.0 per cent (Q4 2021: 65.7%). During the quarter, the unemployment rate registered 3.6 per cent, declined by 0.7 percentage points as compared to the same quarter of preceding year (Q4 2021: 4.3%).”

From the prices perspective, Malaysia’s inflation in December 2022 eased to 3.8 per cent year-on-year as compared to 4.0 per cent in November 2022. This is due to the slower increase in the Food & non-alcoholic beverages group of 6.8 per cent as compared to 7.3 per cent in the previous month. Malaysia’s inflation in January 2023 eased to 3.7 per cent as compared to 3.8 per cent in December 2022. Meanwhile, Malaysia’s Producer Price Index (PPI) increased to record 3.5 per cent in December 2022 as compared to 3.2 per cent in November 2022. All sectors indicated an increase except for Agriculture, forestry & fishing sector. Manufacturing index rose by 6.1 per cent, followed by Mining (3.7%), Water supply (3.8%) and Electricity & gas supply (1.0%). In January 2023, PPI inched up to 1.3 per cent as against 3.5 per cent in December 2022.

In concluding his statement, Dato' Sri Dr. Mohd Uzir Mahidin said, “Moving into 2023, as the economies of the world still struggling to sustained growth and its trajectory, the Malaysian economy is anticipated to grow at a more moderate pace following a strong recovery in 2022. Malaysia’s merchandise trade is predicted to continue growing in 2023, albeit at a slower rate. Based on Ministry of Finance's Economic Outlook 2023, total trade, exports and imports were projected to increase by 1.3 per cent, 2.2 per cent and 0.2 per cent respectively. This projection was in line with the World Trade Organization (WTO) estimation, which expected the global trade to grow marginally by 1.0 per cent in 2023. Following slower external demand and diminished low-base effect, the Manufacturing sector is foreseen to enter a moderate phase in 2023. The ongoing global uncertainty is also expected to influence economic and social activities as well as the

labour market. Adding to this, Malaysia's Leading Index (LI) decreased by 0.6 per cent, equivalent to 0.7 points to 110.7 points in December 2022 as compared to 111.4 points in December 2021.”

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

Released by:

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