



**MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA**

**MEDIA STATEMENT
FOR MALAYSIAN ECONOMIC STATISTICS REVIEW VOL. 2/2024**

Robust Growth in Malaysia's Services Sector Amidst Economic Uncertainty

PUTRAJAYA, 29th February 2024 – Today, the Department of Statistics, Malaysia (DOSM) released the **Malaysian Economic Statistics Review (MESR) Vol. 2/2024**. This edition focuses on the recent statistics released in December 2023 and the fourth quarter of 2023 with some forthcoming statistics for January 2024. Moreover, this edition includes a boxed article titled "The Dynamics of Direct Investment Abroad (DIA) for Malaysia," delves into the intricate nature of Malaysia's Direct Investment Abroad (DIA) focusing on historical evolution, current status as well as discussing challenges, opportunities and impacts on the Malaysia's economy.

Assessing the current state of the global economy, World Economic Outlook Update for January 2024, International Monetary Fund anticipates a global growth rate of 3.1 per cent in 2024, with a marginal increase to 3.2 per cent in 2025. Advanced economies are anticipated to grow modestly from 1.6 per cent in 2023 to 1.5 per cent in 2024, followed by 1.8 per cent in 2025. Meanwhile, emerging market and developing economies are projected to grow by 4.1 per cent in 2024 and increase further to 4.2 per cent in 2025.

Chief Statistician Malaysia, Dato' Sri Dr. Mohd Uzir Mahidin said, "In the last quarter of 2023, Malaysia's economy expanded by 3.0 per cent, marking a slightly slower pace as compared to the 3.3 per cent growth seen in the preceding quarter. However, quarter on quarter seasonally adjusted GDP showed a contraction of 2.1 per cent, as compared to 2.6 per cent in the third quarter of 2023. Monthly economic performance demonstrated growth of 3.9 per cent in October 2023 and 3.8 per cent in November, before slower to 1.4 per cent in December 2023. Throughout this period, the Services sector remained as the impetus for the supply-side performance, with all sectors, except Manufacturing, registering positive growth."

Turning to the balance of payments performance, Malaysia's Current Account Balance in the fourth quarter of 2023 stood at RM253.4 million, a significant narrowing from RM27.5 billion in the corresponding quarter of the previous year. The lower surplus was primarily attributed to a higher deficit in the Primary income account. Furthermore, Foreign Direct Investment (FDI) experienced a lower net inflow, totalling RM17.1 billion in the fourth quarter of 2023 as compared to RM19.2 billion in the preceding year. Conversely, Direct Investment Abroad (DIA) saw a lower net outflow of RM12.4 billion in Q4 2023, down from RM28.5 billion in Q4 2022.

Concerning the external sector, Malaysia's merchandise trade sustained a negative trend in the fourth quarter of 2023, contracting by 3.2 per cent to RM695.6 billion compared to RM718.3 billion in Q4 2022. This decline stemmed from a 6.9 per cent decrease in exports, totalling RM366.3 billion, however outweighed by a 1.3 per cent increase in imports, amounting to RM329.3 billion. Consequently, the trade surplus narrowed to RM36.9 billion, marking a 45.9 per cent decrease compared to the same period last year. However, in January 2024, total trade exhibited a double-digit growth of 13.3 per cent, rising from RM207.2 billion in January 2023 to RM234.7 billion. Exports increased by 8.7 per cent to RM122.4 billion, while imports surged even more rapidly by 18.8 per cent to RM112.3 billion, resulting in a significant 44.2 per cent contraction in the trade surplus from the previous year to RM10.1 billion.

In view of the performance of Malaysia's Industrial Production Index (IPI) in December 2023, IPI experienced a marginal year-on-year decline of 0.1 per cent, following a previous month's positive growth of 0.6 per cent. The decrease was primarily attributed to a contraction in the Manufacturing sector, which saw a decline of 1.4 per cent compared to negative 0.1 per cent in November 2023. However, for the fourth quarter of 2023, the IPI showed an improvement with a year-on-year increase of 1.0 per cent, contrasting with the negative 0.05 per cent recorded in the third quarter of 2023. In terms of sales value, the Manufacturing sector witnessed a year-on-year decline in sales value in December 2023 dropping by 4.2 per cent to RM149.9 billion, following a 2.6 per cent decrease in the previous month. This decline was primarily influenced by the continued downturn in the Petroleum, chemical, rubber & plastic products sub-sector, which recorded a negative 13.6 per cent in December 2023 (November 2023: -10.8%). Throughout the fourth quarter of 2023, the total sales value consistently decelerated for three consecutive quarters, declining by 2.7 per cent year-on-year to reach RM461.5 billion (Q3 2023: -2.9%).

Examining Malaysia's Services sector, there was a notable growth in the fourth quarter of 2023, as revenues surged to RM591.4 billion, reflecting a 6.6 per cent year-on-year increase. Additionally, the Services Volume Index showed improvement, rising by

4.1 per cent to 148.5 points. These positive trends were largely driven by robust performance in segments such as Wholesale & Retail Trade, Food & Beverage, and Accommodation, which collectively experienced a 5.9 per cent revenue increase, totalling RM450.9 billion. Meanwhile the Volume Index for this segment recorded a 4.2 per cent rise, reaching 150.2 points.

Looking at the prices, Malaysia's inflation rate held steady at 1.5 per cent in December 2023, with the index reaching 131.2 points as against 129.2 in the previous year. This stability was mainly contributed by a moderate increase in Restaurants & Hotels which rose 3.7 per cent in December 2023 as compared to 4.3 per cent in November 2023. The fourth quarter of 2023 saw an ease of inflation to 1.6 per cent from 3.9 per cent in the same period of 2022. Moving towards January 2024, the inflation rate remained unchanged at 1.5 per cent, with the index recorded at 131.4 compared to 129.5 in the previous year. The annual Producer Price Index (PPI) maintained its declining trend, standing at negative 1.3 per cent in December 2023, slightly improved from negative 1.5 per cent in November 2023. This decrease was primarily influenced by a downturn in the Mining sector, which contracted by 3.4 per cent (November 2023: -4.7%), with additional declines observed in the Manufacturing and Electricity & gas supply sectors. Furthermore, the downward trend persisted in January 2024, with the PPI recording a negative 0.6 per cent.

Malaysia's labour landscape witnessed an improvement with unemployment rate stood at of 3.3 per cent, or 0.3 percentage points lower in the fourth quarter of 2023, compared to the same period last year (Q4 2022: 3.6%). The number of unemployed individuals decreased by 5.9 per cent during the quarter. This reduction was propelled by sustained employment growth, which increased by 2.5 per cent year-on-year, while the labour force rose by 2.2 per cent year-on-year, reaching 16.91 million persons, maintaining a robust labour force participation rate of 70.1 per cent.

In his concluding remarks, Dato' Sri Dr. Mohd Uzir Mahidin said "The Leading Index displayed a positive turnaround, experiencing a 0.3 per cent growth to reach 110.1 points in December 2023, compared to 109.8 points in the corresponding month of the previous year. This notable rebound marked the first instance of positive growth following nine consecutive months of decline, largely propelled by a significant surge of 41.5 per cent in the Number of Housing Units Approved. Although still below the trend of 100.0 points, the smoothed growth rate of the Leading Index for December 2023 indicates anticipation of improved economic performance in the foreseeable future, supported by resilient domestic demand and stable labour market."

The Department of Statistics Malaysia (DOSM) has launched OpenDOSM NextGen as a medium that provides a catalog of data and visualisations to facilitate users' analysis of various data and can be accessed through <https://open.dosm.gov.my>.

DOSM will conduct the Agricultural Census in 2024. Please visit <https://www.myagricensus.gov.my/> for more information. The theme is "Agriculture Census, Key to Agricultural Development."

The Government of Malaysia has declared National Statistics Day (MyStats Day) on October 20th each year. MyStats Day theme is "Statistics is the Essence of Life".

The Central Database (PADU) was launched on 2 January 2024. PADU contains individual and household profiles covering citizens and permanent residents of Malaysia. The main goal of PADU is to ensure that Malaysians are not left behind from citizen centric initiatives implemented by the Government. Your kind cooperation is requested to register and update PADU by 31 March 2024. Please visit <https://www.padu.gov.my> for more information related to PADU or contact the following hotlines:

- i) Department of Statistics Malaysia : 1-800-88-7720 /1-800-88-7721*
- ii) Online Enquiries through SISPA: <https://padu.spab.gov.my>.*

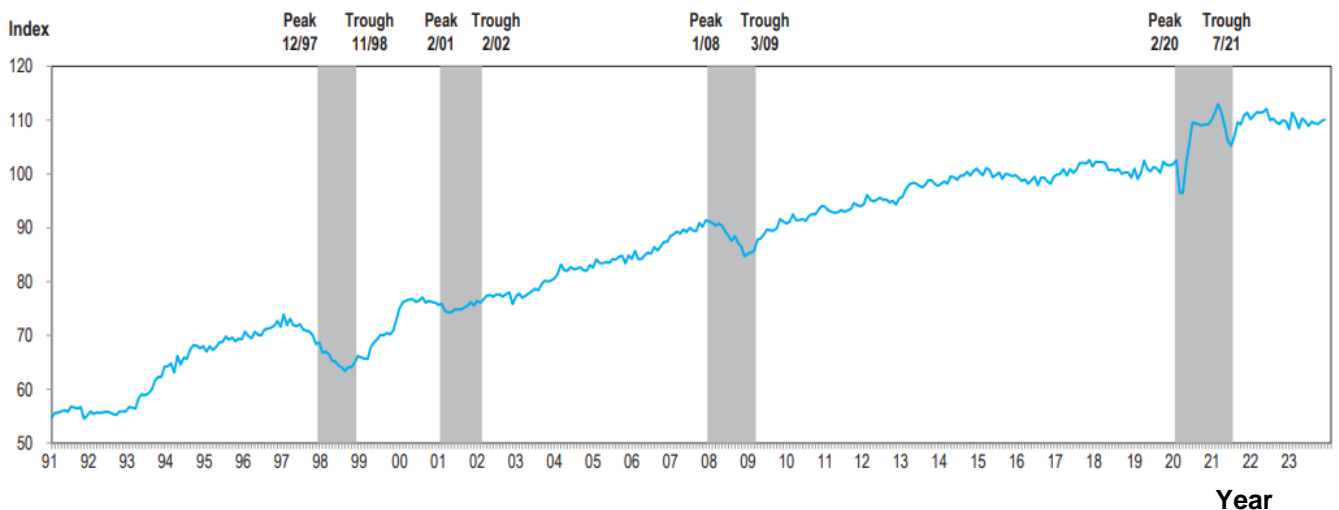
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**THE OFFICE OF CHIEF STATISTICIAN MALAYSIA
DEPARTMENT OF STATISTICS, MALAYSIA
29TH FEBRUARY 2024**

Table 1: GDP Growth Rate of Selected Countries, Year-on-Year (%), 2022-2023

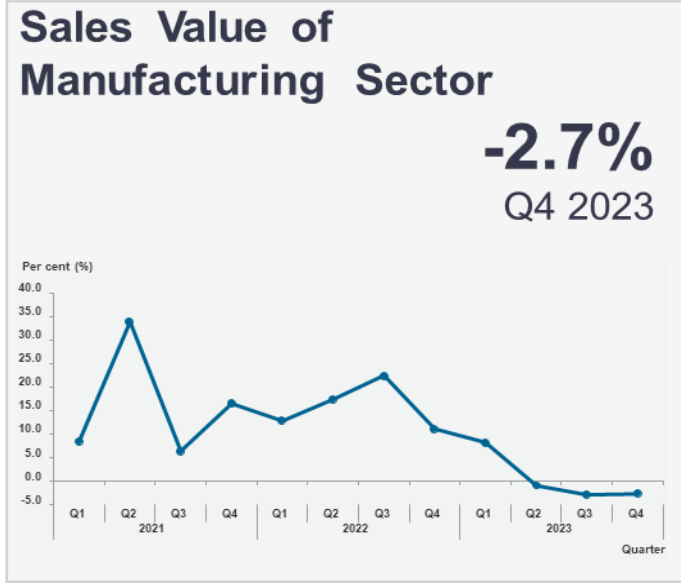
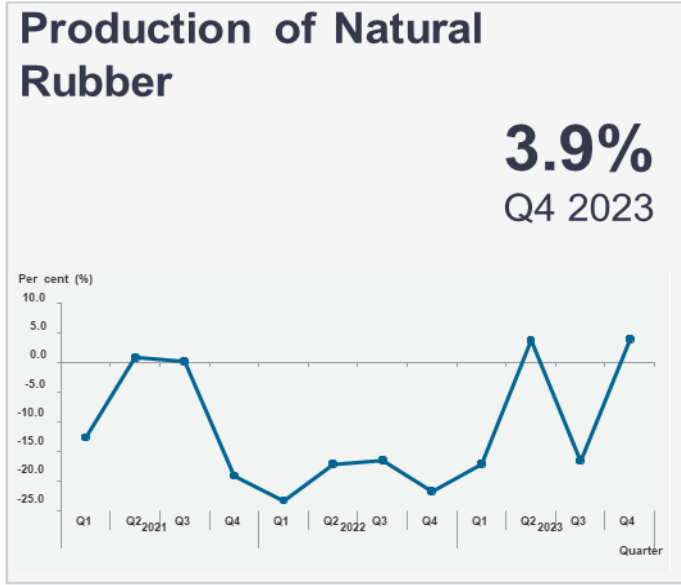
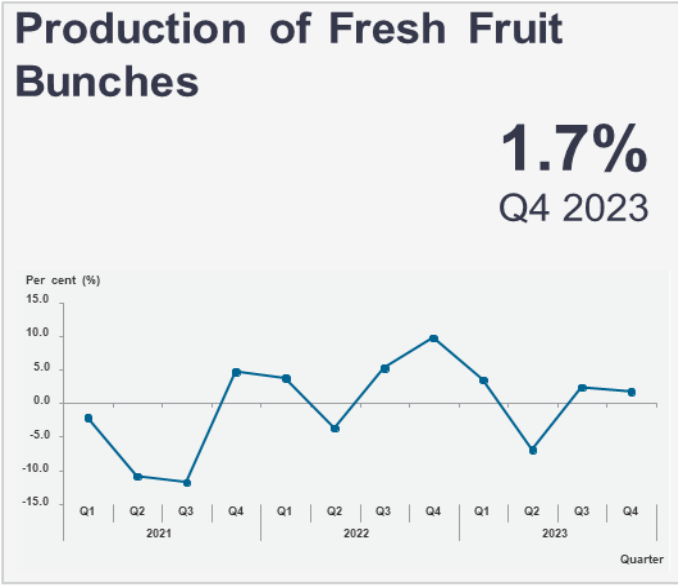
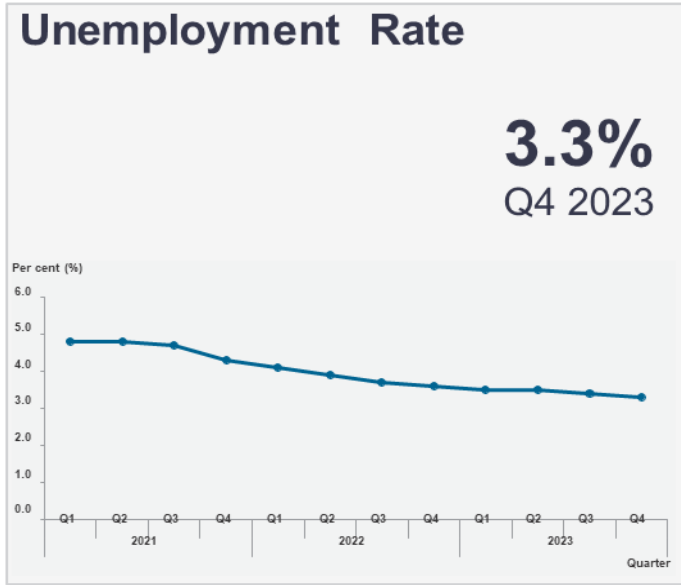
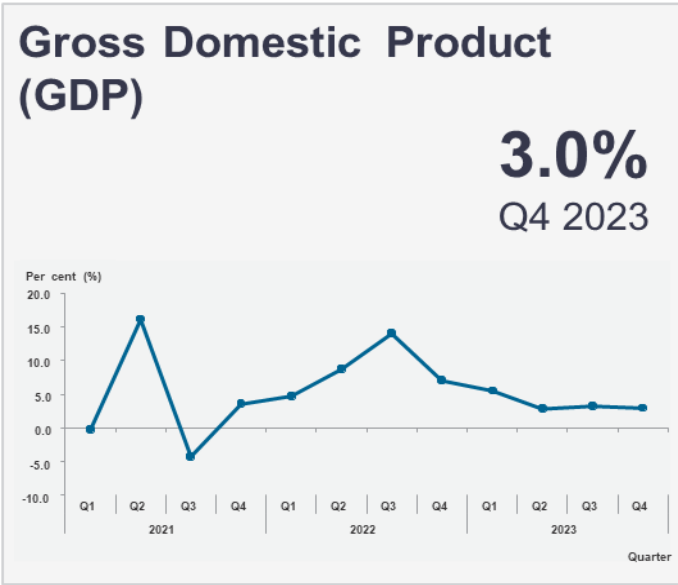
Country	2021	2022	2022	2023			
			Q4	Q1	Q2	Q3	Q4
Malaysia	8.7	3.7	7.1	5.6	2.9	3.3	3.0
Spain	5.8	2.5	3.8	4.1	2.0	1.9	2.0
United Kingdom	4.3	0.1	0.6	0.3	0.3	0.2	-0.2
United States	1.9	2.5	0.7	1.7	2.4	2.9	3.1
Japan	1.0	1.9	0.5	2.6	2.3	1.7	1.0
South Korea	2.6	1.4	1.4	0.9	0.9	1.4	2.2
Hong Kong	-3.5	3.2	-4.1	2.9	1.5	4.1	4.3
Taiwan	2.6	1.4	-0.7	-3.5	1.4	2.3	5.1
Singapore	3.8	1.1	2.4	0.5	0.5	1.0	2.2
China	3.0	5.2	2.9	4.5	6.3	4.9	5.2
Thailand	2.5	1.9	1.4	2.6	1.8	1.4	1.7
Philippines	7.6	5.6	7.1	6.4	4.3	6.0	5.6
Indonesia	5.3	5.1	5.0	5.0	5.2	4.9	5.0
Vietnam	8.0	5.1	5.9	3.4	4.3	5.5	6.7

Chart 1: Leading Index (2015=100) and Business Cycle (Grey Shaded Areas), January 1991 to December 2023



Source: Department of Statistics, Malaysia

Exhibit 1: Quarterly Economic Indicator



Notes:

- 1) Unemployment rate is the proportion of unemployed population to the total population in labour force, expressed in percentage.
- 2) The remaining indicators are expressed in year-on-year percentage change

