



MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

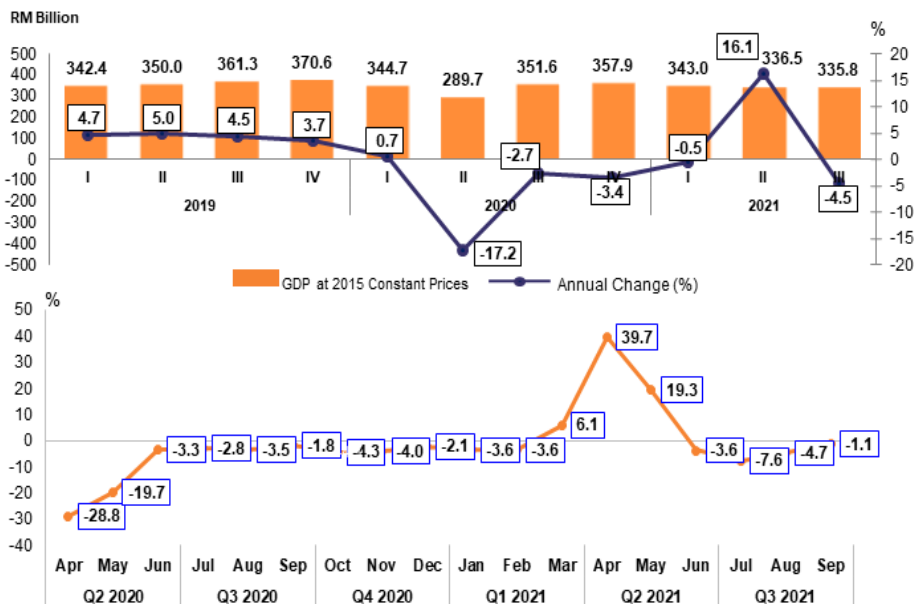
MALAYSIA ECONOMIC PERFORMANCE THIRD QUARTER 2021



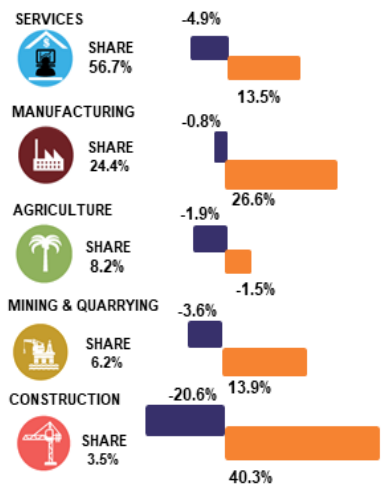
PRIME MINISTER'S DEPARTMENT
DEPARTMENT OF STATISTICS MALAYSIA



Malaysia's GDP declined 4.5 per cent in Q3 2021 whereas monthly GDP showed further improved with a small contraction 1.1 per cent in September 2021

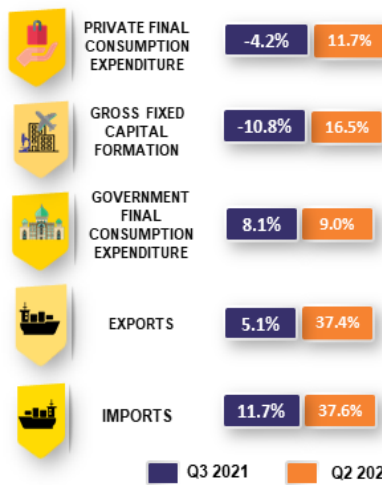


PRODUCTION



Note: Exclude Import duties

EXPENDITURE



Source: National Accounts, Gross Domestic Product, Department of Statistics Malaysia

Malaysia's GDP in the third quarter of 2021 showed a decrease of 4.5 per cent while the quarter-on-quarter seasonally adjusted GDP contracted 3.6 per cent (Q2 2021: -1.9%). Correspondingly, the nation monthly economic performance gradually improved from a contraction of 7.6 per cent in July to a decline of 4.7 per cent in August and further improved to negative 1.1 per cent in September 2021. Approaching year end, Malaysia's economy grew 3.0 per cent for the sum of three quarters of 2021 (3Qs 2020: -6.4%).

The economic performance in the third quarter of 2021 on the supply side was attributed by the downturn in all major economic sectors mainly Manufacturing and Services sectors. Meanwhile, on the demand side, all expenditure components experienced negative performance except for Government final consumption expenditure.

In terms of sectoral performance, the Services sector which was the main contributor to the Malaysia's economy contracted 4.9 per cent in the third quarter of 2021 as compared to a positive growth of 13.5 per cent in the preceding quarter. This performance was attributed to the Private services sub-sector, which recorded a fall of 6.8 per cent (Q2 2021: 15.2%) due to Wholesale & retail trade with double-digit decline of 11.7 per cent (Q2 2021: 21.0%) followed by Business services (-15.8%) and Food & beverages and accommodation (-16.5%) sub-sectors. Nevertheless, Finance & Insurance sub-sector grew moderately at 4.4 per cent (Q2 2021: 23.3%) contributed by the finance segment, while the insurance segment remains on a favourable growth. Information and communication sub-sector expanded to 6.2 per cent against 5.9 per cent in the second quarter of 2021, supported by a better performance in the telecommunication segment. On a quarter-on-quarter seasonally adjusted, the overall Services sector declined 3.1 per cent (Q2 2021: -3.2%).

The Manufacturing sector posted a marginal decline of 0.8 per cent (Q2 2021: 26.6%) in the third quarter of 2021. On a quarter-on-quarter seasonally adjusted, this sector fell 1.8 per cent. The decline of Manufacturing sector was affected by the Transport equipment, other manufacturing and repair (-29.6%) and Non-metallic mineral products, basic metal & fabricated metal products (-14.0%). However, Petroleum, chemical, rubber & plastic products (12.6%) and Electrical, electronic & optical products (7.1%) grew at a slower pace in line with the moderate growth in exports of goods recorded in this quarter.

The Agriculture sector continued to decrease 1.9 per cent (Q2 2021: -1.5%) in this quarter. Meanwhile, this sector decline 1.4 per cent on a seasonally adjusted terms. The downturn of Agriculture sector was influenced by the Oil palm and Aquaculture sub-sectors which declined at 11.1 per cent and 4.0 per cent, respectively. The decrease of Oil palm sub-sector was due to the lower production in fresh fruit bunches despite higher price in crude palm oil. Nonetheless, Other agriculture and Livestocks sub-sectors remained positive growth.

The Mining & quarrying sector decreased 3.6 per cent (Q2 2021: 13.9%) in this quarter influenced by Crude oil & condensate sub-sector which declined 8.0 per cent (Q2 2021: 4.9%). Meanwhile, the Natural gas sub-sector showed a slower growth of 2.1 per cent (Q2 2021: 21.9%). In terms of seasonally adjusted, this sector registered a decrease of 7.2 per cent.

The Construction sector contracted 20.6 per cent as compared to an increase of 40.3 per cent in the preceding quarter. Nevertheless, Construction sector declined 13.5 per cent on a seasonally adjusted terms. The decline in this sector was mainly influenced by the fall in Civil engineering (-36.1%), Residential buildings (-27.3%) as well as Non-residential buildings (-13.3%). On the contrary, Specialised construction activities continued to record a positive growth of 8.9 per cent (Q2 2021: 58.1%) albeit a moderation from the previous quarter.

Private final consumption expenditure which contributed 61.0 per cent to GDP in the third quarter of 2021, declined 4.2 per cent (Q2 2021: 11.7%) attributed to the lower consumption in Transport; Restaurants & hotels and Clothing & footwear. The double-digit decline for consumption of Transport was attributed to the lower purchase of motor vehicles by households in this quarter compared to the same period of last

year. Moreover, the decrease in Restaurants & hotels during this quarter was in line with strict movement restrictions as compared to the same quarter of the previous year. On a seasonally adjusted quarter-on-quarter terms, the overall performance of Private final consumption expenditure posted an increase of 3.9 per cent.

Gross fixed capital formation (GFCF) or investment on fixed assets declined 10.8 per cent (Q2 2021: 16.5%) in this quarter. The decrease of GFCF was influenced by the double-digit decline in Structure. However, Machinery & equipment (10.2%) and Other assets (8.3%) remained a positive performance. On a quarter-on-quarter seasonal adjusted performance, the GFCF registered a decrease of 5.8 per cent.

Government final consumption expenditure rose to 8.1 per cent (Q2 2021: 9.0%) supported by higher spending on supplies and services attributed to the health-related expenditure in this quarter. The high consumption on health services was reflected by the government efforts to reach the target of fully vaccinated of the adult population to achieve herd immunity in Malaysia. On a quarter-on-quarter seasonally adjusted, Government final consumption expenditure increased 5.2 per cent (Q2 2021: -1.1%).

The Imports has expanded to 11.7 per cent (Q2 2021: 37.6%) compared to Exports which grew 5.1 per cent (Q2 2021: 37.4%) in the third quarter 2021. This has resulted the Net exports contracted 37.5 per cent from a growth of 34.3 per cent in the preceding quarter.

In sum, the nation foresees a better production growth following the increase of imported raw materials and continuous positive growth in investment of Machinery & equipment that led to a healthier perspective for future potential economic momentum. Higher commodity prices which translated to a positive growth of 2.3 per cent of GDP in nominal terms will increase income per capita and encourage household consumption. Furthermore, the ease of movement restrictions will revitalise the economy including tourism related industry in near terms.

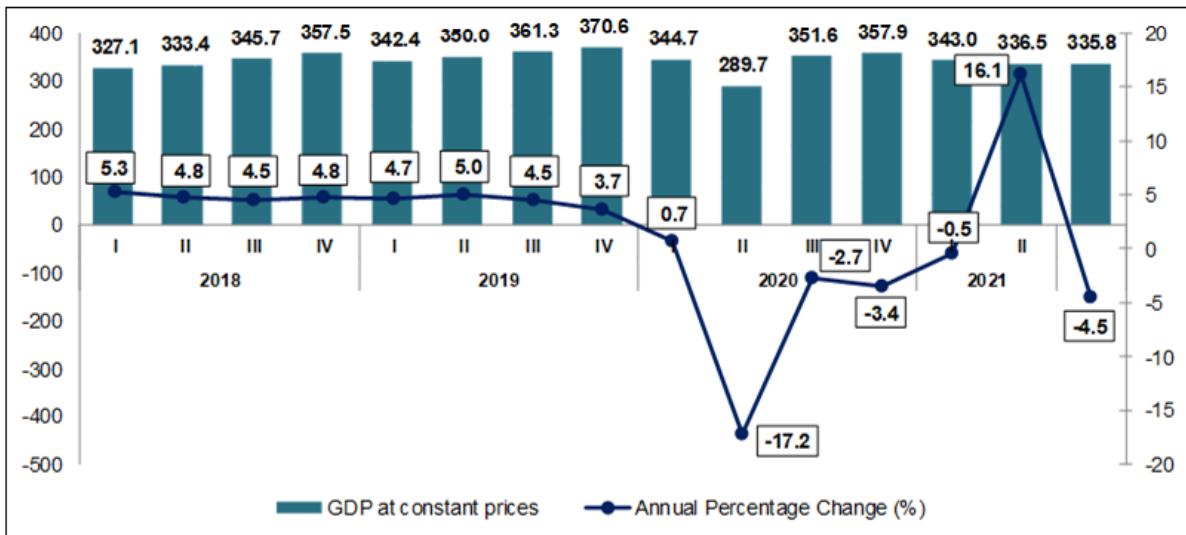
Concluding the overall economic situation, the short-term economic indicator, Leading Index (LI) in August 2021 signals that the Malaysia's economy is most likely to pick up in the upcoming months. This is in line with the transition of more states under the National Recovery Plan (NRP) and more economic activities are allowed to resume operations with compliance to Standard Operating Procedures (SOPs). Moving forward, the economic recovery will be backed by the long term global and national agendas throughout 2021 to 2025 as outlined in the 12th Malaysia Plan and ultimately able to restore the economic growth momentum.

The full publication of Gross Domestic Product, Third Quarter 2021 can be downloaded through [eStatistik](#) portal.

Table 1: GDP at Constant 2015 Prices

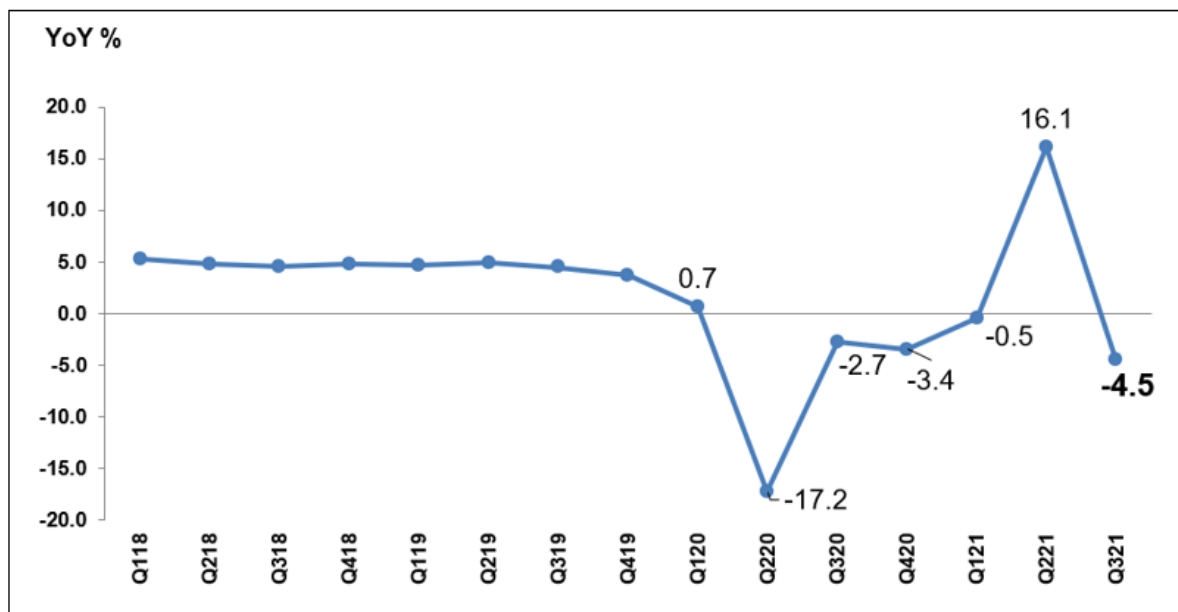
	PERCENTAGE CHANGE FROM CORRESPONDING QUARTER OF PRECEDING YEAR							
	2020	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
GDP	-5.6	0.7	-17.2	-2.7	-3.4	-0.5	16.1	-4.5
Seasonally Adjusted GDP			-16.1	17.3	-1.5	2.7	-1.9	-3.6

Chart 1: Gross Domestic Product (GDP), Q1 2018 – Q3 2021



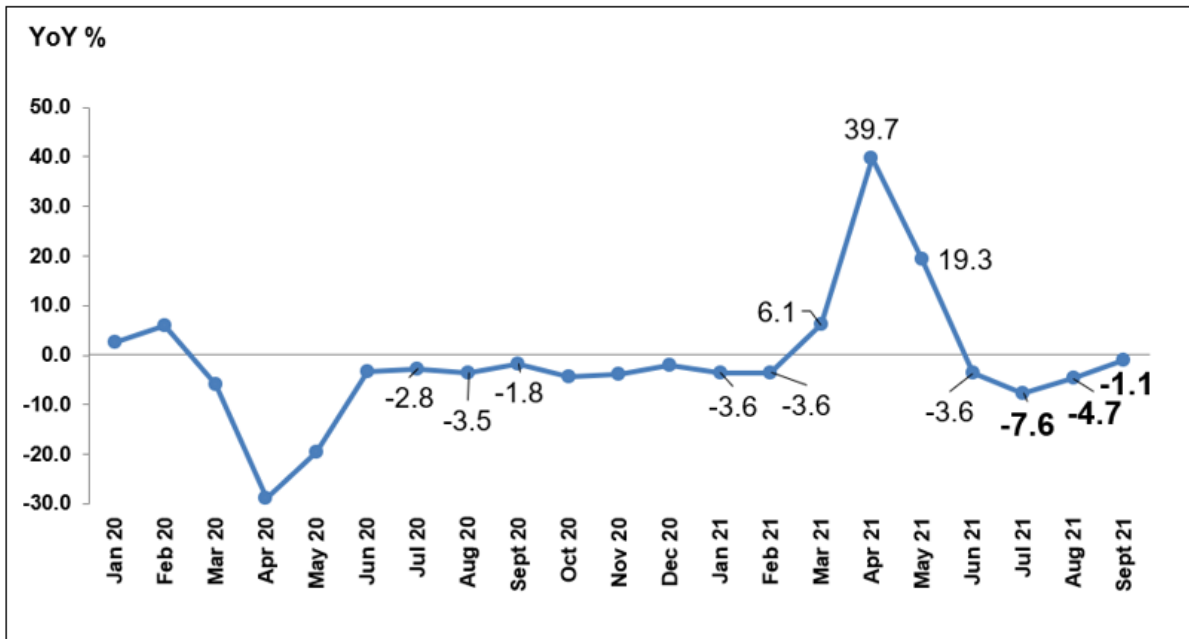
Source: Department of Statistics Malaysia

Chart 2: Quarterly GDP Growth at Constant 2015 Prices, Q1 2018 – Q3 2021



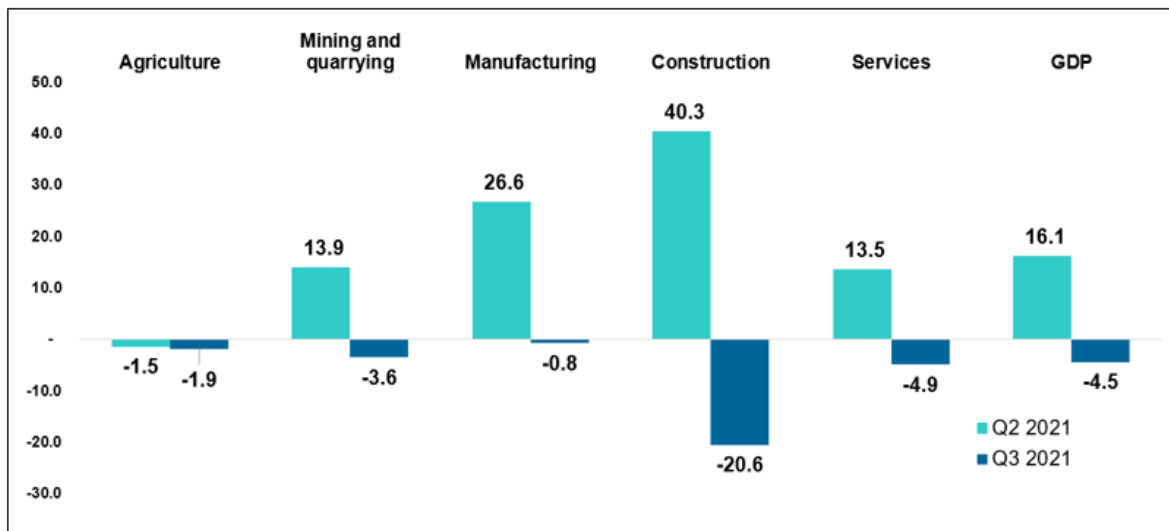
Source: Department of Statistics Malaysia

Chart 3: Monthly GDP Growth at Constant 2015 Price, Jan. 2020 – Sept. 2021



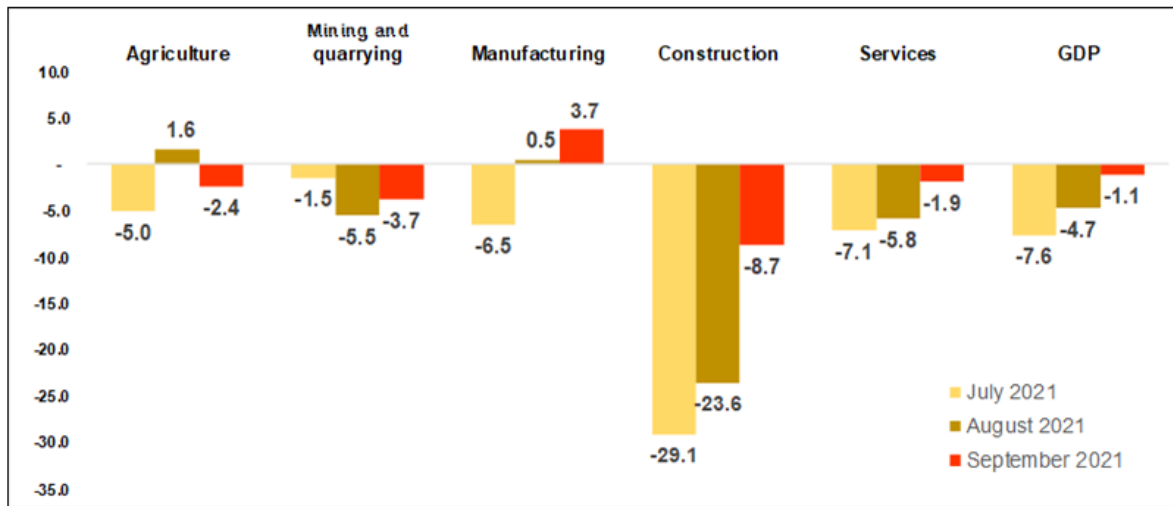
Source: Department of Statistics Malaysia

Chart 4: Quarterly GDP Growth by Kind of Economic Activity, Q2 – Q3 2021



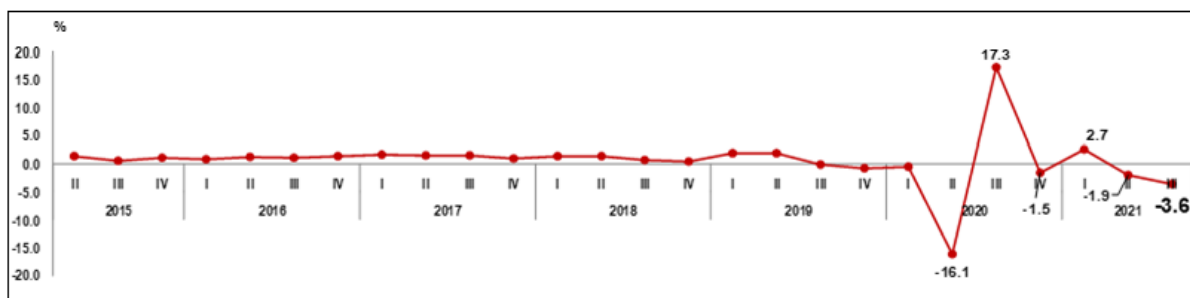
Source: Department of Statistics Malaysia

Chart 5: Monthly GDP Growth by Kind of Economic Activity, July – Sept. 2021



Source: Department of Statistics Malaysia

Chart 6: Seasonally Adjusted GDP (Percentage Change from Preceding Quarter), Q2 2015 – Q3 2021



Source: Department of Statistics Malaysia

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