

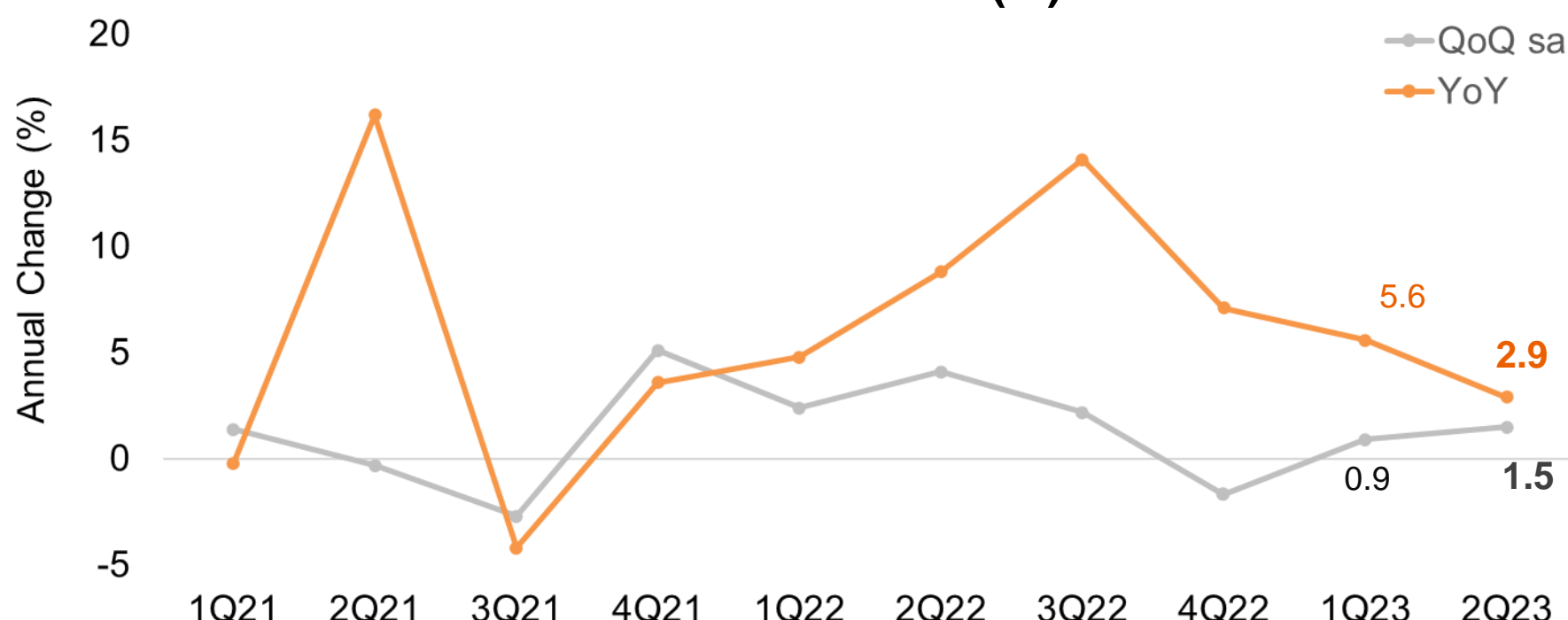
GROSS DOMESTIC PRODUCT

INCREASE BY 2.9% IN 2Q 2023

Malaysia's GDP grew by 2.9% in 2Q 2023 (1Q: 5.6%)

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Real GDP Growth (%)



KEY DRIVERS



Labour market under full employment condition



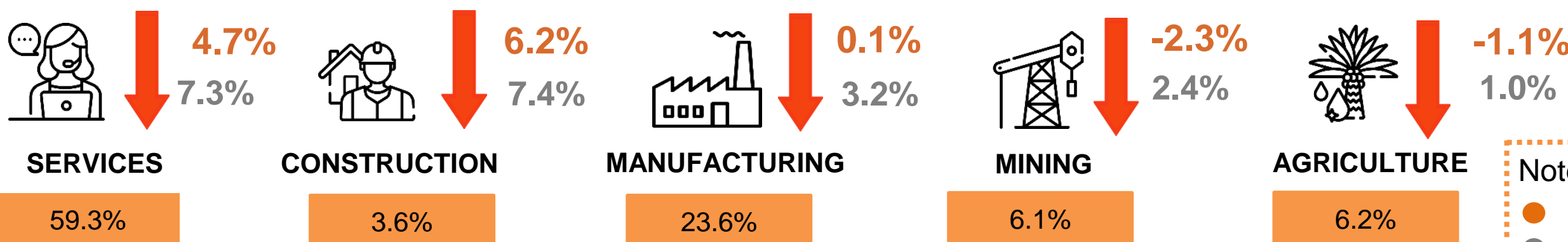
Higher inbound tourism



Faster implementation of multi-year investment projects

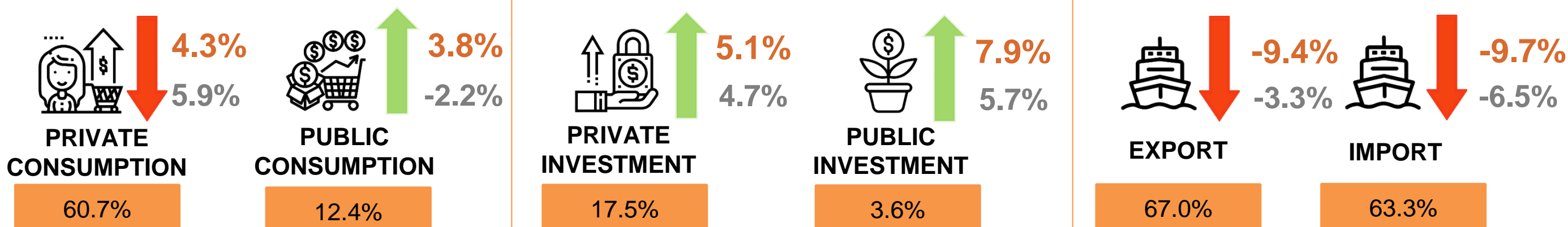
ECONOMIC PERFORMANCE (% YoY)

PRODUCTION



Notes:
 ● 2Q 2023
 ● 1Q 2023
 ■ share

EXPENDITURE



GROSS FIXED CAPITAL FORMATION (GFCF)

HIGHLIGHTS

- The 2.9% YoY growth was **in line with our forecast of around 3.0%** (Bloomberg median consensus: 3.3%).
- The expansion was driven by domestic demand where **growth continued to be supported by private consumption albeit slowing down** to 4.3% YoY (1Q: 5.9%). On a positive note, **both private and government investment recorded higher growth** at 5.1% YoY and 7.9% YoY (1Q: 4.7% and 5.7%) respectively. Meanwhile, public consumption rebounded to 3.8% YoY (1Q: -2.2%).
- Continuous **improvement in the labour market conditions** as well as **higher tourism activities** have supported the growth.
- Weaknesses at the external front became more evident** with exports and imports posted larger contraction at 9.4% YoY and 9.7% YoY (1Q: -3.3% and -6.5%) respectively. Hence, net exports declined 3.7% YoY (1Q: 54.4%).
- By production, the **growth remain supported by services** (4.7% YoY) and construction (6.2% YoY) sector. Manufacturing GDP was rather neutral with 0.1% YoY increase while those of agriculture and mining slipped to negative territory after three consecutive quarters of growth.
- On QoQ seasonally adjusted basis, the **economy rose 1.5%, better than previous quarter** (0.9%).
- For the 1H 2023, GDP grew by 4.2% and the **outlook for 2H is expected to moderate mainly attributed to high base effect** last year which may warrant a downward revision to our full year 2023 GDP forecast of 4.0% to 5.0%.

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