

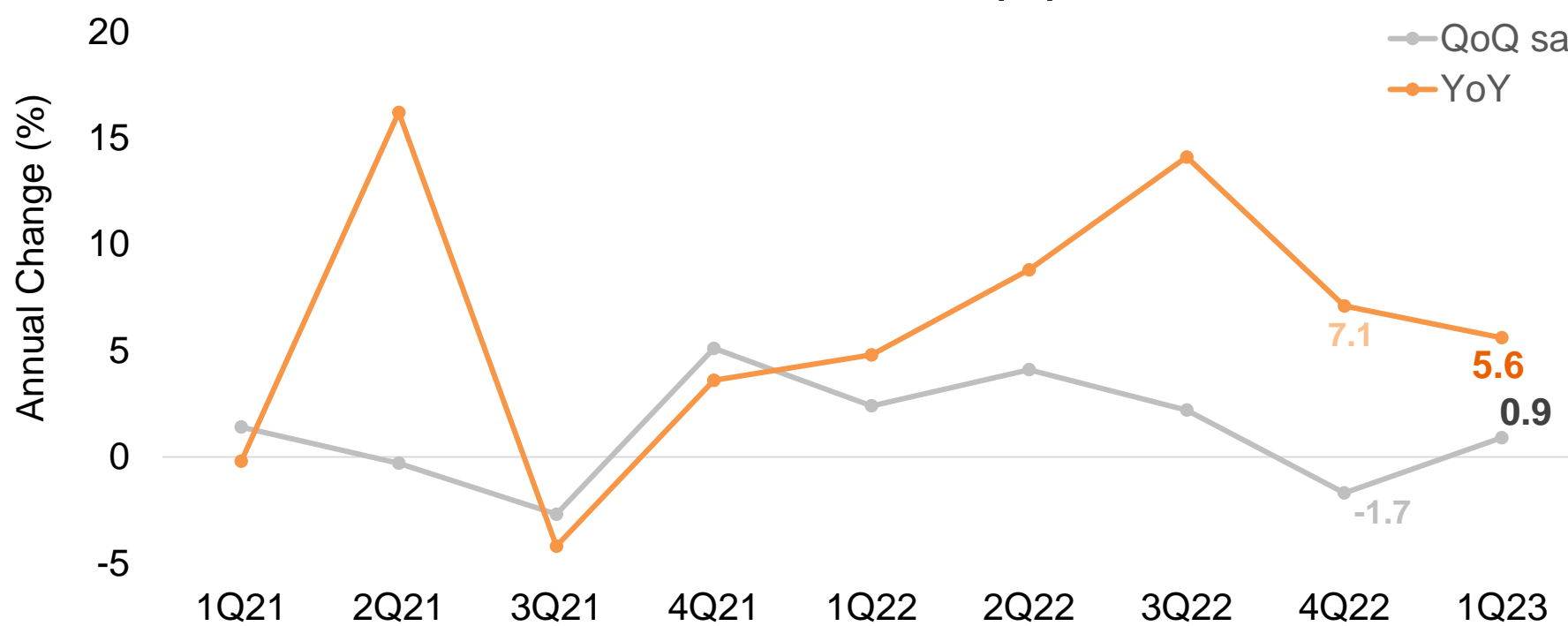
GROSS DOMESTIC PRODUCT

INCREASE BY 5.6% IN 1Q 2023

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Malaysia's GDP grew by 5.6% in 1Q 2023 (4Q 2022: 7.1%)

Real GDP Growth (%)



KEY DRIVERS



Labour market under full employment condition



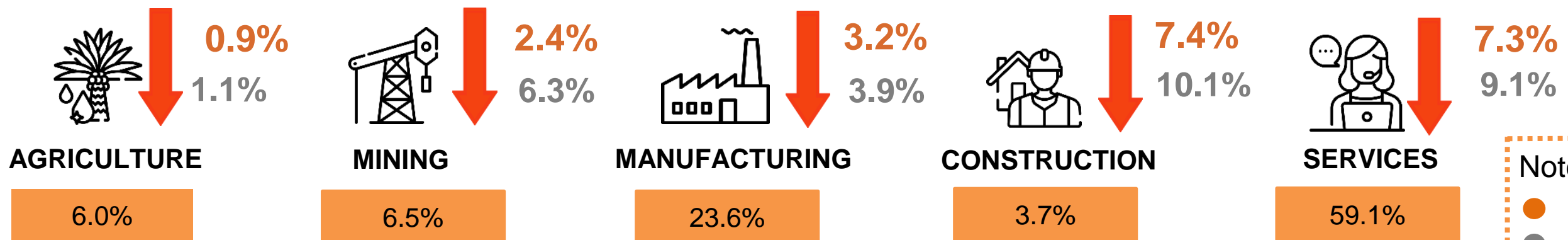
Inbound tourism continued to recover



Continued implementation of multi-year projects

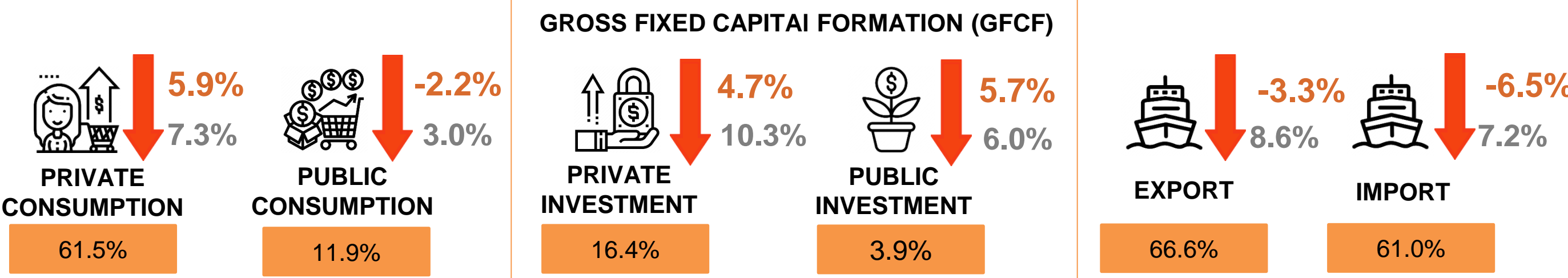
ECONOMIC PERFORMANCE (% YoY)

PRODUCTION



Notes:
 ● 1Q 2023
 ● 4Q 2022
 ■ share

EXPENDITURE



GROSS FIXED CAPITAL FORMATION (GFCF)

HIGHLIGHTS

- The 5.6% YoY growth came in slightly lower than **our forecast of 6.0%** but **exceeded** market (Bloomberg) **consensus of 5.1%**.
- The expansion was mainly **driven by domestic demand** where **growth remain strong** for private consumption (5.9% YoY), private investment (4.7% YoY) as well as public investment (5.7% YoY). However, public consumption declined -2.2% YoY, the **first drop since 4Q 2016**.
- Continuous **improvement in the labour market as well as festival spending** (Chinese New Year and Ramadhan preparations) have supported private consumption spending.
- Weaknesses at the external front are becoming more evident** with exports and imports posted their first contraction at -3.3% YoY and -6.5% YoY respectively, after 2 years of growth. Nonetheless, as imports fell harder than exports, trade surplus widened to 54.4% YoY (4Q 2022: 23.0%).
- By production, **all key sectors have continued to expand albeit at moderating pace** compared to 4Q 2022 with **construction chalking the highest growth** (7.4% YoY) and followed closely by services (7.3%) while agriculture posted the least (0.9%).
- On QoQ seasonally adjusted basis, the **economy rebounded** to 0.9% (4Q 2022: -1.7%).

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