

GROSS DOMESTIC PRODUCT

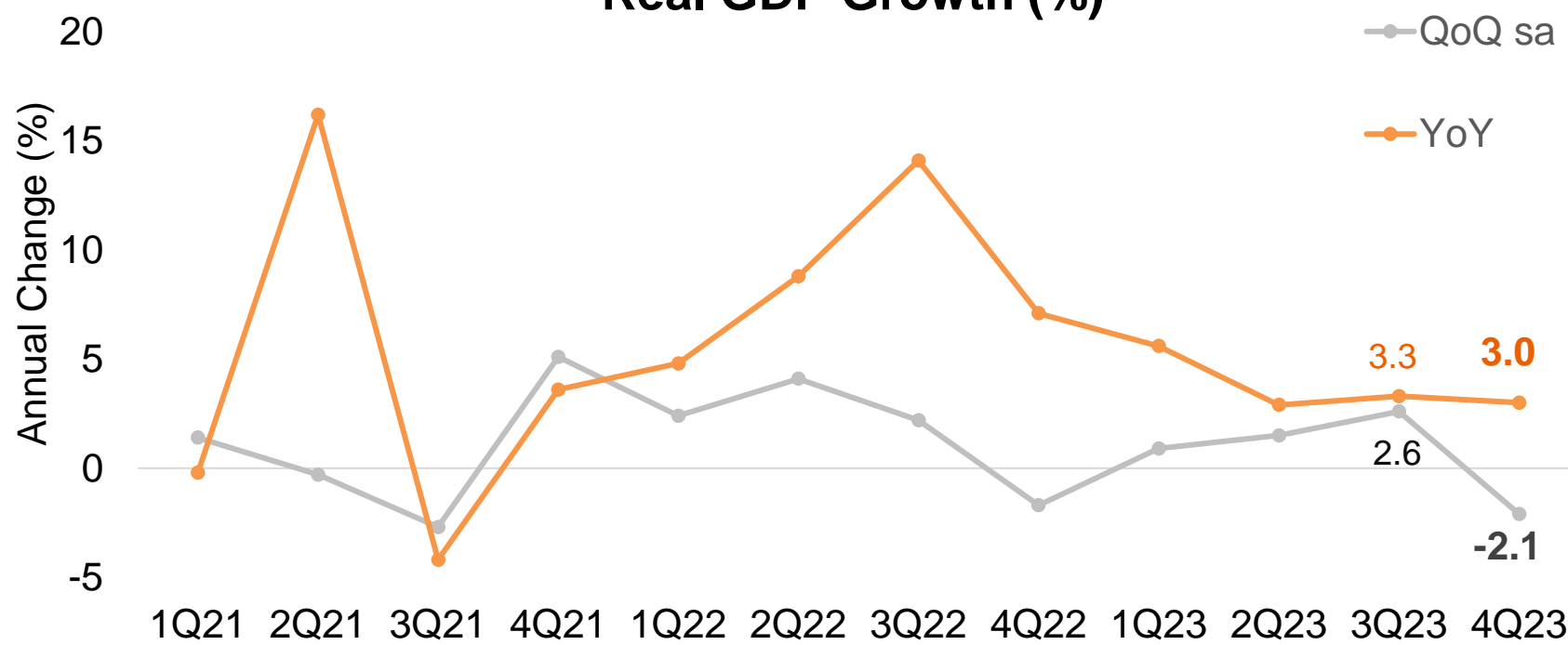
INCREASE BY 3.0% IN 4Q 2023

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Malaysia's GDP grew by 3.0% YoY in 4Q 2023 (3Q: 3.3%)

Real GDP Growth (%)



KEY DRIVERS



Continued expansion in household spending



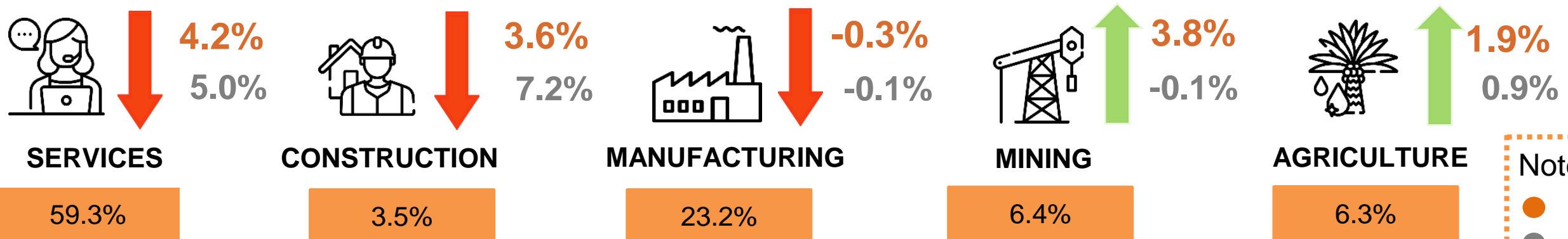
Ongoing recovery of tourism activity



Improvement in natural gas and oil production

ECONOMIC PERFORMANCE (% YoY)

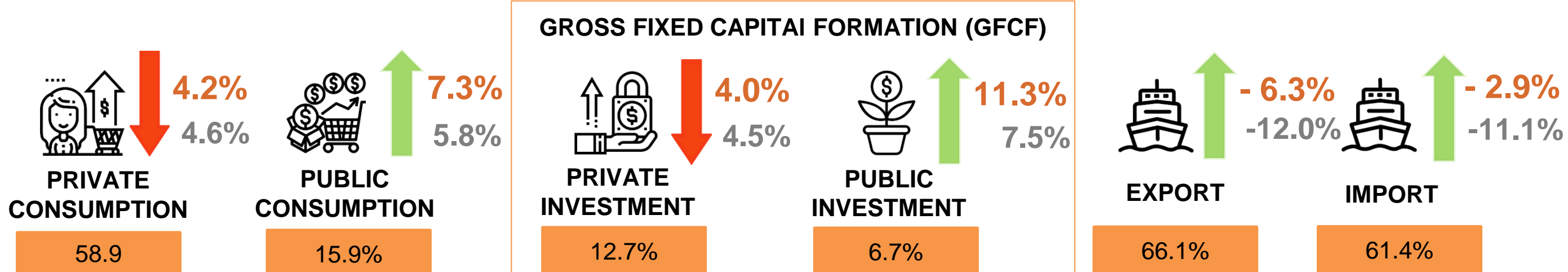
PRODUCTION



Notes:

- 4Q 2023
- 3Q 2023
- share

EXPENDITURE



GROSS FIXED CAPITAL FORMATION (GFCF)

HIGHLIGHTS

- The 3.0% YoY (3Q: 3.3%) growth came in slightly below our forecast of 3.2% as well as Bloomberg's median consensus of 3.4%.
- In line with our expectation, **two sectors expanded at a slower pace**, namely: services (4.2% YoY) and construction (3.6%) while **manufacturing fell further** (-0.3%). The moderation in services was mainly dragged by key subsectors such as wholesale trade (4Q: 4.7% vs 3Q: 6.2%), retail trade (4Q: 2.9% vs 3Q: 3.3%) and motor vehicles (4Q: 9.7% vs 3Q: 11.0%).
- On the other hand, the **commodities sector posted better YoY performance**, namely: agriculture (1.9%) and mining (3.8%), propelled by higher production and improved labour supply.
- By expenditure, **slight moderation** was observed in **private consumption** (4.2% YoY) as well as **private investment** (4.0%). Nonetheless, public consumption (7.3%) and investment (11.3%) grew higher. Moreover, exports (-6.3%) and imports (-2.9%) **signaled some recovery** with softer fall. However, as exports fell harder than imports, **net exports worsened** to -35.6% (3Q: -22.7%), contributing to the overall slower performance of GDP.
- On QoQ seasonally adjusted basis, the economy **fell by -2.1%** (3Q: +2.6%).
- As highlighted in our GDP preview, for the full year 2023 growth, the economy **normalised to 3.7% YoY** (2022: 8.7%; MOF's forecast: 4.0%) amid a **challenging external environment**.

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