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MARCH PERFORMANCE

Manufacturing sector logs 5.3pc increase in sales value

KUALA LUMPUR: The manufacturing sector may stay resilient in the near term after posting a 5.3 per cent increase in sales value of RM173.1 billion in March, economists said.

This will be underpinned by steady demand for electrical and electronics (E&E) products, although rising external headwinds could impact growth momentum.

Datuk Seri Dr Mohd Uzir Mahidin

The Statistics Department said the growth in March was mainly contributed by the E&E products sub-sector, which rose 13.3 per cent during the month.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said this was further supported by the food, beverages and tobacco sub-sector; as well as non-metallic mineral products, basic metal and fabricated metal products sub-sector, which increased by 7.8 and 3.7 per cent, respectively.

On a month-on-month basis, manufacturing sales value rose 8.7 per cent from RM159.2 billion recorded in February.

Dr Mohamad Idham Md Razak

Export-oriented industries, which accounted for 71.7 per cent of total sales, expanded 6.5 per cent in March.

This was led by the manufacture of computers, electronics and optical products, which surged 15.2 per cent.

Domestic-oriented industries grew 2.5 per cent in March, mainly supported by the manufacture of food processing products, as well as basic metals and other non-metallic mineral products.

The department reported that total employment in the manufacturing sector increased 1.1 per cent year-on-year to 2.4 million workers in March.

Salaries and wages paid in the sector rose 2.2 per cent to RM8.56 billion, while average salaries and wages per employee increased 1.1 per cent year-on-year to RM3,547.

For the first quarter of this year, the manufacturing sector recorded a sales value of RM501.5 billion, reflecting a 5.5 per cent increase compared with the same period last year.

Universiti Teknologi Mara senior lecturer Dr Mohamad Idham Md Razak said the sector's 5.3 per cent year-on-year growth in March, reflected Malaysia's continued integration within global supply chains and resilient external demand.

However, he cautioned that the sustainability of the momentum would depend heavily on the global economic environment.

"If global growth weakens or tariff pressures intensify, demand for exports, particularly in electronics, could soften, leading to slower expansion in manufacturing sales.

"The sector is inherently export-dependent and cyclical, making it vulnerable to shifts in global trade dynamics," he told 'Business Times'.

On Malaysia's regional position, Idham said its manufacturing competitiveness remained relatively strong, particularly in mid- to-high value manufacturing segments due to its established E&E ecosystem, skilled labour force and infrastructure.

Nevertheless, he said regional peers, such as Vietnam and Thailand, were rapidly catching up by offering lower labour costs and more aggressive investment incentives.

"To maintain its edge, Malaysia needs to move further up the value chain through automation, innovation and talent development.

"Without this shift, there is a risk of gradual erosion in competitiveness, particularly in labour-intensive segments," added Idham.