

Malaysia's industrial output falls more than expected in July

Malaysia's industrial output fell more than expected in July due to Covid-related restrictions in the country.

Industrial production declined 5.2% year-on-year in July, worse than market consensus for a 1.9% drop, tradingeconomics.com cited data from Department of Statistics Malaysia on Friday (10 September). The July's data reversed a 1.4% gain in June and marked the first drop since November 2020.

Manufacturing sector contracted 6.5% in July from 0.2% decline a month earlier.

"The main subsectors contributed to the downturn in the manufacturing sector in July 2021 were transport equipment and other manufacturing (-43.8%), non-metallic mineral products, basic metal and fabricated metal products (-27.6%), and wood products, furniture, paper products and printing (-23.7%)," Chief Statistician Mohd Uzir Mahidin was quoted as saying by Malay Mail.

Hopeful for economic recovery next year

Domestic-oriented industry shrank 24.7% while export-oriented industries grew slightly at 1.9%, he added.

Last week, Malaysia's central bank kept interest rate unchanged at record low and lowered this year's inflation outlook on the back of slowing domestic economy as well as government subsidies to lower household burden. The number of jobless persons rose by 778,200 in July, with unemployment rate remaining elevated at 4.8%.

Bank Negara Malaysia has halved this year's economic growth projection to 3%-4%, but hopeful of a stronger recovery in 2022. "Moving forward, the further easing of containment measures, rapid progress of the domestic vaccination programme and continued expansion in global demand will support the growth momentum going into 2022," it said following last week's monetary policy meeting.

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