

June IPI shrinks, led by manufacturing, mining

PETALING JAYA: Malaysia's Industrial Production Index (IPI) fell in June, attributed to contraction in the manufacturing and mining sectors, data released yesterday by the Department of Statistics showed.

Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said: "In June, the IPI returned to record a contraction, declining by 2.2% year-on-year contrasting positive growth of 4.8% registered in May."

The decline in June was attributed to contraction in the manufacturing and mining sectors, with negative 1.6% (May: 5.1%) and negative 6.4% (May: 2.9%), respectively. Meanwhile, the output of the electricity sector moderated to 2.8% as against 5.9% recorded in the preceding month.

On a month-on-month comparison, the IPI grew by 2.2% compared with 7.3% in May.

Mohd Uzir said the deterioration in manufacturing output in June was influenced primarily by a decline of 3.9% in export-oriented industries (May: 2.8%). It was the second contraction in export-oriented industries within the year, following the drop in April.

The decline in export-oriented industries in June, he added, was mainly due to decreases in the manufacture of coke & refined petroleum products (-10.8%); and the manufacture of computer, electronics & optical products (-4.0%). The contraction was also in line with the country's export performance, which dropped by 14.1% in June.

A similar situation, he said, was experienced by numerous countries globally, which grappled with uneven external demand for goods, thus impacting the performance of country's export-oriented industries in June.

On the contrary, domestic-oriented industries continued to expand, albeit at a moderate rate of 4.1% compared with 10.1% registered in the previous month. The increase was propelled by the manufacture of



The contraction in manufacturing output in June was influenced primarily by a decline in export-oriented industries. – **BERNAMAPIC**

fabricated metal products, except machinery & equipment (6.7%); and the manufacture of food-processing products (5.8%).

In comparison with the preceding month, the production of the manufacturing sector rose by 5.5%, sustaining positive momentum for two consecutive months.

Mohd Uzir said: "The output in the mining sector dropped by 6.4% in June 2023, registering the lowest growth rate since May 2022 (-7.4%). The decline was weighed down by downturns in both natural gas and crude oil and condensate, with negative 7.8% (May: 4.5%) and negative 4.5% (May: 0.6%) respectively. On a month-on-month comparison, the mining index shrank by 7.7% as compared to the positive 7.6% recorded in May."

Nonetheless, electricity output grew modestly by 2.8% in June, following a growth of 5.9% in the previous month. In comparison

with the prior month, the electricity index weakened by 5.3%, contrasting with the positive growth of 9.3% in May.

Overall, in the second quarter of 2023, the IPI registered a marginal decline of 0.3% compared with the 2.9% growth recorded in the first quarter of 2023.

During the period, the mining sector decreased by 2.8%, while the manufacturing sector rose slightly by 0.1%. Nevertheless, electricity generation increased by 2.8%, continuing an upward trend for two consecutive quarters.

On the IPI's performance in the first six months of 2023, Mohd Uzir said: "The IPI moderated to 1.3% as compared to the same period of the previous year (January - June 2022: 5.4%). The increase was supported by the manufacturing index (1.7%) and the electricity index (1.6%). On the other hand, the mining index inched down by 0.4%."