

IPI dips in August, led by manufacturing segment's contraction

PUTRAJAYA: Malaysia's Industrial Production Index (IPI) dipped 0.3% in August 2023 as manufacturing export-oriented industries declined while domestic-oriented industries continued to expand.

According to Chief Statistician Malaysia Datuk Seri Dr Mohd Uzir Mahidin, "The IPI turned downward in August 2023, declining by 0.3% year-on-year as against a positive 0.7% recorded in the previous month.

"The decrease in August 2023 was attributed to contraction in the manufacturing sector with negative 0.6% as compared to the negative 0.2% registered in July 2023. The mining sector grew marginally by 0.1% (July 2023: 4.2%) while the electricity sector expanded by 1.9% (July 2023: 1.5%). As compared to the previous month, the IPI increased by 2.8%, contrasting the negative growth of 1.8% recorded in July 2023."

He said the deterioration in manufacturing output was primarily influenced by the continuous decline in export-oriented industries, which dropped by 2.6% in August 2023 (July 2023: -2.7%).

The contraction, he added was mainly due to decreases in the manufacture of coke & refined petroleum products (-7.5%); and the manufacture of computer, electronics & optical products (-3.8%). These declines mirrored the country's export performance, which had been trending down since March 2023 and recorded an 18.6% decrease in August 2023.

On the contrary, he said the domestic-oriented industries continued to expand, albeit at a moderate rate of 4.2% as compared to 6% registered in the previous month.

"The increase was spearheaded by the manufacture of fabricated metal products, except machinery & equipment (7.2%); and the manufacture of food processing products (5.7%). In comparison with the preceding month, the production of the manufacturing sector rebounded to 5.1% as against the negative 4.3% registered in July 2023," he added.

Mohd Uzir said, "The output in the mining sector grew marginally by 0.1% in August 2023 as against 4.2% recorded in July 2023. The increase was propelled by a 2.6% upward momentum in natural gas production (July 2023: -0.8%) during the month. In contrast, crude oil & condensate output declined by 3.3% after a strong growth of 11.8% recorded in July 2023. As compared to the previous month, the mining index dropped by 5.4% as compared to the positive 8% registered in July 2023."

Similarly, the electricity output advanced further by 1.9% in August 2023 after registering 1.5% growth in the previous month. In comparison to the preceding month, the electricity index grew 0.3% as against 1.8% in July 2023.