

GDP growth likely at 3.3% in 3Q

Services sector is leading the expansion

ECONOMY

PETALING JAYA: Malaysia's gross domestic product (GDP) growth had likely accelerated to 3.3% in the third quarter of 2023 from 2.9% in the preceding quarter, based on advance estimates by the Statistics Department.

The government agency said the growth was expected to have been led by the services sector.

This is the first time in recent years that the country has published advance estimates for its quarterly GDP.

"Quarterly advance GDP estimates are developed to meet the demand for timely macroeconomic statistics and are in line with best practices in developed countries, namely the United States, the United Kingdom, Japan and Singapore," the Statistics Department said in a statement about its new initiative.

"The statistics will provide valuable insights to policymakers and stakeholders in measuring recent economic conditions over a shorter period of time."

Commenting on the advance GDP estimates, the Statistics Department said the services sector continued to steer the overall performance in the third quarter of this year.

It said the construction sector remained modest, while the agriculture sector showed a slight recovery after a decline in

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the previous quarter.

The mining and quarrying as well as manufacturing sectors, on the other hand, contracted in the third quarter of 2023.

"Hence, the sum of three quarters of 2023 concludes that Malaysia's economy grew by 3.9%," chief statistician Datuk Seri Mohd Uzir Mahidin said.

In terms of sectoral performance, Mohd Uzir said the services sector grew 5.1% in the third quarter of 2023, as compared with 4.7% in the preceding quarter.

"The favourable performance was attributed to the wholesale and retail trade, transportation and storage and business services sub-sectors," he said.

The construction sector's growth moderated to 5.8% in the third quarter from 6.2% in the second quarter, while the agriculture sector grew marginally by 0.8% after contracting 1.1%, thanks to better production in the oil palm sub-sector.

The mining and quarrying sector

decreased marginally by 0.1% after contracting 2.3% on lower production of natural gas sub-sector.

The manufacturing sector also declined marginally by 0.1% at the same pace in the previous quarter, dragged by electrical, electronic and optical products; as well as petroleum, chemical, rubber and plastic products on weaker external demand.

Meanwhile, Maybank Investment Bank (Maybank IB) Research said Malaysia's exports and imports in the third quarter fell by larger quantum of 15.2% year-on-year (y-o-y) and 16.3% y-o-y, respectively, after contracting 11.1% y-o-y and 11.5% y-o-y in the second quarter.

However, trade surplus widened to RM59.1bil in the third quarter from RM53.9bil in the preceding quarter, suggesting net external demand would not be a larger drag to third-quarter GDP, Maybank IB Research said.