

The manufacturing industry operates at a capacity utilisation of 79.4% in 3Q

The manufacturing industry operated at 79.4% capacity utilisation in the third quarter of 2023, down 1.9 percentage point year-on-year while expanding on a quarterly basis, according to the Statistics Department (DOSM).

“Almost all sub-sectors posted decreases except for the manufacture of food, beverages & tobacco products (+1.9 percentage points); and manufacture of non-metallic mineral products, basic metals & fabricated metal products (+1.6 percentage points).

“Nevertheless, in comparison with the previous quarter, the capacity utilisation of the manufacturing industry was higher by 1.2 percentage points from a rate of 78.2 per cent (Q2 2023),” chief statistician Datuk Seri Dr. Mohd Uzir Mahidin said in a statement.

On a monthly basis, the utilisation rate of the manufacturing industry picked up in September 2023, reaching 80.0% after two months operating at 78.6% (July 2023) and 79.6% (August 2023).

Mohd Uzir said the lower capacity utilisation rate recorded in the third quarter of 2023 was in line with the production of manufacturing output, indicated by the marginal decline of 0.1% in the Industrial Production Index (Q2 2023: 0.1%).

“The factors that predominantly contributed to the lower production capacity were low demand, insufficient supply of materials, and the repair and maintenance of machinery and equipment,” he added.

It said the manufacture of non-metallic mineral products, basic metals & fabricated metal products; and transport equipment & other manufacturers posted a capacity utilisation rate above 80.0% in the third quarter of 2023 with 81.5% and 81.4% respectively.

Meanwhile, the manufacture of wood, furniture, paper products & printing recorded the lowest capacity utilisation rate with 77.1%, a decrease of 1.8 percentage points as compared to a year ago. DOSM noted that capacity utilisation in the export-oriented industries continued its declining trend in this quarter, falling by 2.9 percentage points year-on-year to 78.3% in the third quarter.

Although most industries in this segment registered a decline in the utilisation rate, two industries recorded substantial increases namely the Manufacture of wearing apparel which increased by 8.1 percentage points, reaching 82.3%, followed by the manufacture of vegetable & animal oils & fats, which rose by 7.1 percentage points, attaining 76.2%.

On the other hand, the domestic-oriented industries registered a capacity utilisation rate of 81.6% in the third quarter of 2023, which increased slightly by 0.2 percentage points as compared to the same quarter last year.

“In the third quarter of 2023, seven states demonstrated capacity utilisation rates surpassing the national rate, specifically WP Labuan (97.4%); Negeri Sembilan (86.1%); Melaka (84.4%); Pahang (83.5%); Selangor (82.0%); Johor (81.5%); and Terengganu (80.1%).

“Five states showed an increase in capacity utilisation rate during the quarter as compared to the preceding year namely Negeri Sembilan, Pahang, Perak, Sabah and WP Labuan. Furthermore, Perlis continued to record the lowest capacity utilisation rate at 65.5%,” Mohd Uzir said.

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