

1Q GDP growth likely to have accelerated to 3.9%

Advance estimates say services sector the push factor

ECONOMY

PETALING JAYA: The country's economic growth is projected to have accelerated to 3.9% in the first quarter of 2024, based on advance estimates.

The gross domestic product (GDP) growth for the first three months of the year, which was faster than the 3% registered in the preceding quarter, was spearheaded by the services sector, said the Statistics Department.

Chief statistician Datuk Seri Mohd Uzir Mahidin said the services sector increased by 4.4% in the first quarter of 2024, up from 4.2% growth in the fourth quarter of 2023. This was supported by the wholesale and retail trade, transport and storage, and business services sub-sectors, he said in a statement.

"The manufacturing sector rebounded 1.9% in the quarter after recording a contraction of 0.3% in the fourth quarter of 2023," Mohd Uzir said.

"The growth in this sector was supported by the manufacturing of non-metallic mineral products, basic metal and fabricated metal products; transport equipment, other manufacturing and repair; and petroleum, chemical, rubber and plastic products," he added.

Meanwhile, the mining and quarrying sector expanded by 4.9% in the first quarter of 2024, up from 3.8% growth in the fourth quarter of 2023.

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Datuk Seri Mohd Uzir Mahidin

The expansion of this sector was driven across all activities, with the natural gas sub-sector being the main contributor.

The agriculture sector, on the other hand, rose 1.3% in the quarter under review, somewhat slower than the 1.9% growth registered in the preceding quarter, with expansion sustained by the production of palm oil and livestock.

Mohd Uzir said that the construction sector showed substantial growth at 9.8% against 3.6% in the previous quarter, mainly driven by the civil engineering sub-sector.

The Statistics Department said the detailed and comprehensive analysis of Malaysia's GDP for the first quarter of 2024 would be released on May 17.

Meanwhile, a *Bloomberg* poll of 20 economists also showed a median GDP growth forecast of 3.9% for the first quarter of 2024, with the highest range at 4.2% by RHB Bank and lowest at 2.4% by Morgan Stanley.

Overall, the government projected a GDP

growth of 4% to 5% for 2024.

CIMB Research, which projected first-quarter GDP growth to be 3.8%, said stronger-than-expected total trade growth of 5.2% in March suggested the recovery in growth momentum remained intact.

"We expect the recovery in electrical and electronics exports, higher tourist arrivals, domestic demand resilience underpinned by stronger investment growth, as well as the onset of low base effect, to lift Malaysia's growth further in the coming quarters," it said, adding that it maintained its 2024 GDP growth forecast at 4.9%.

MIDF Research maintained its 2024 GDP growth forecast at 4.7% amid improving growth momentum and expected recovery in external demand.

"In addition to the sustained growth in domestic demand, we foresee the stronger GDP growth to be underpinned by improvements in global manufacturing activity and growing demand from major markets such as China and the United States," it said.