

# Manufacturing industry Q1 capacity utilisation hits 80.8%

➤ Higher rate results in 2.1% year-on-year increase in Industrial Production Index for the sector during the quarter

**PETALING JAYA:** The capacity utilisation of the manufacturing industry reached 80.8% in the first quarter of 2024 (Q1'24), the Department of Statistics Malaysia (DoSM) announced yesterday.

Chief Statistician Malaysia Datuk Seri Dr Mohd Uzir Mahidin said, "The manufacturing industry operated at 80.8% of capacity in the first quarter of 2024, an improvement of 1.0 percentage point from the 79.8% capacity rate recorded a year ago. This higher capacity rate resulted in a 2.1% year-on-year increase in the Industrial Production Index for the manufacturing industry during the quarter."

He added that almost all sub-sectors posted an increase in capacity utilisation, particularly in the non-metallic mineral products, basic metal & fabricated metal products; and wood products, furniture, paper products & printing sub-sectors, which increased by 4.4 percentage points to 83.3% and 79.6%, respectively.

On a quarter-on-quarter comparison, the capacity utilisation of the manufacturing industry expanded by 0.9 percentage points from the rate of 79.9% registered in the previous quarter.

The increased capacity utilisation rate in the first quarter of 2024 was attributable to the performance in January (80.9%) and March (81.6%), with both exceeding 80%.

Meanwhile, the capacity utilisation rate for February 2024 stood at 79.8%. In addition, factors such as low demand; insufficient supply of materials; and the repair & maintenance of machinery & equipment remained the cause of under-utilisation of capacity in the manufacturing industry.

Mohd Uzir said, "In the first quarter of 2024, four sub-sectors operated at a capacity utilisation rate above 80%. Notably, the sub-sector of



manufacture of transport equipment & other manufactures recorded the highest rate at 85.0%, an increase of 1.0 percentage points year-on-year. This was followed by the non-metallic mineral products, basic metals & fabricated metal products sub-sector, with a rate of 83.3%, up by 4.4 percentage points. Conversely, the lowest rate

of 78.4% was recorded by the manufacture of food, beverages & tobacco products; and the Manufacture of electrical & electronic products sub-sectors."

The capacity utilisation in the export-oriented industries turned upward during this quarter, rising by 0.1 percentage point year-on-year to 79.4%. Most of the industries in this segment registered higher utilisation rates, with the manufacture of furniture experiencing a substantial increase of 7.7 percentage points, reaching 88%.

Nonetheless, four industries recorded a decrease in capacity utilisation, thus weighing down the increases in this segment, namely manufacture of chemicals & chemical products (-1.3 percentage points; 78.7%); manufacture of computer, electronics & optical products (-1.1 percentage points; 77.3%); manufacture of electrical equipment (-0.5 percentage point; 80.5%); and manufacture of plastics products (-0.3 percentage point; 80.1%).

In comparison with the previous quarter, the capacity utilisation rate in the export-oriented industries went up by 0.9 percentage points from 78.5%.

In addition, the domestic-oriented industries registered a capacity utilisation rate of 83.7% in the first quarter of 2024, expanding by 2.8 percentage points as compared to the same quarter of the preceding year. The highest increment was registered by the manufacture of other non-metallic mineral products with 8.5 percentage points, achieving 85.9%. Nevertheless, only the manufacture of food processing products recorded a decline to register a rate of 83.1%.

As compared to the fourth quarter of 2023, domestic-oriented industries were up by 0.8 percentage points from 82.9%.

Four states/territories demonstrated capacity utilisation rates surpassing the national rate in the first quarter of 2024, namely Labuan (95.9%), Negeri Sembilan (84.9%), Selangor (83.1%) and Johor (81.0%).