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MINISTRY OF ECONOMY
DEPARTMENT OF STATISTICS MALAYSIA

GROSS DOMESTIC PRODUCT SECOND QUARTER 2023

Malaysia's economy moderated 2.9 per cent in the second quarter of 2023

Malaysia's Gross Domestic Product (GDP) for the second quarter 2023 moderated to 2.9 per cent as against 5.6 per cent in the previous quarter. In terms of seasonally adjusted, GDP increased by 1.5 per cent (Q1 2023: 0.9%). On the supply side, the performance was supported by the growth in Services, Construction and Manufacturing sectors. Meanwhile, the Agriculture and Mining & quarrying sectors recorded a decline in the second quarter of this year. On the demand side, the growth was attributed by Private final consumption expenditure and Gross fixed capital formation. Malaysia's GDP recorded a value of RM439.1 billion at current prices and RM377.9 billion at constant prices in this quarter. Hence, the Malaysia's economy grew at 4.2 per cent for the first half of the year as compared to 6.8 per cent in the same period of 2022.

Services sector grew at slower pace of 4.7 per cent in the second quarter of this year as against 7.3 per cent in the previous quarter. In seasonally adjusted terms, this sector grew by 2.7 per cent (Q1 2023: 1.8%). This performance was influenced by Wholesale & retail trade sub-sector with a growth of 4.7 per cent (Q1 2023: 9.4%) supported by wholesale trade and retail trade activities. The growth was followed by Transportation and storage sub-sector which grew 13.5 per cent (Q1 2023: 17.0%) mainly contributed by the better performance in support activities for transportation, land transport and air transport segments. Furthermore, the Business services sub-sector recorded a growth of 10.7 per cent (Q1 2023: 16.2%) supported by strong performance in professional, scientific and technical activities. **Construction** sector grew 6.2 per cent (Q1 2023: 7.4%). The sector grew 4.8 per cent in seasonally adjusted terms from 2.9 per cent in the first quarter of 2023. Growth for this sector was impelled by Civil engineering with a double-digit growth of 10.0 per cent (Q1 2023: 15.9%), followed by Specialised construction activities which grew at 6.4 per cent (Q1 2023: 8.7%). In addition, Residential buildings and Non-residential buildings recorded a growth of 6.1 per cent and 2.3 per cent, respectively. **Manufacturing** sector grew marginally 0.1 per cent from 3.2 per cent in the previous quarter. The sector uplifted 0.6 per cent for the seasonally adjusted from 0.5 per cent in the first quarter of 2023. This performance was backed by Non-metallic mineral products, basic metals and fabricated metal products with the growth of 5.4 per cent (Q1 2023: 3.5%). Furthermore, Beverages & tobacco products grew at 8.8 per cent (Q1 2023: 5.5%) and Vegetables and animal oils & fats and food processing increased 2.1 per cent (Q1 2023: 7.2%). Nevertheless, Electrical, electronic and optical products decreased 1.5 per cent (Q1 2023: 3.8%) in this quarter. **Agriculture** sector declined 1.1 per cent as compared to a growth of 1.0 per cent in the preceding quarter. This sector also shrank 3.6 per cent (Q1 2023: -2.5%) in seasonally adjusted terms. The decline in this sector was influenced by a contraction in Oil palm sub-sector at 6.9 per cent (Q1 2023: 3.4%), followed by Forestry & logging (-11.4%) and Fishing (-1.5%) sub-sectors in this quarter. However, Livestock, Rubber and Other agriculture sub-sectors posted a growth in this quarter. **Mining and quarrying** sector contracted 2.3 per cent from 2.4 per cent growth in the first quarter of 2023. In seasonally adjusted terms, this sector shrank 2.7 per cent (Q1 2023: -3.2%). The weak performance in this sector was attributed to a decreased in Natural gas and Crude oil & condensate sub-sectors at 3.6 per cent (Q1 2023: 0.6%) and 1.5 per cent (Q1 2023: 4.0%), respectively.

Final consumption expenditure moderated 4.2 per cent as compared to 4.5 per cent in the previous quarter. **Private final consumption expenditure** increased 4.3 per cent as compared to 5.9 per cent in the first quarter 2023. The better performance was attributed by the higher expenditure on Housing, water, electricity, gas & other fuels, Communication and Transport. In terms of seasonally adjusted, Private final consumption expenditure increased 5.9 per cent (Q1 2023: 2.0%). **Government final consumption expenditure** grew 3.8 per cent from a decrease of 2.2 per cent in the previous quarter which was supported by the higher spending on supplies and services. In terms of seasonally adjusted, Government final consumption expenditure recovered to 4.0 per cent (Q1 2023: -1.7%). **Gross fixed capital formation (GFCF)** rose 5.5 per cent as against 4.9 per cent in the previous quarter. In terms of seasonally

adjusted, GFCF recorded an increase of 4.7 per cent (Q1 2023: -1.4%). The growth was mainly supported by Structure and Machinery & equipment which expanded to 6.0 per cent (Q1 2023: 7.5%) and 4.4 per cent (Q1 2023: 2.6%), respectively. Furthermore, Other assets increased 8.3 per cent from a decline of 0.3 per cent in the first quarter of 2023. Private sector which contributed 83.0 per cent to total GFCF continued to expand by 5.1 per cent (Q1 2023: 4.7%). Moreover, Public sector with a share of 17.0 per cent recorded a growth of 7.9 per cent (Q1 2023: 5.7%). **Exports** showed a sluggish performance, with a decrease of 9.4 per cent (Q1 2023: -3.3%) influenced by the shrank in exports of goods. In terms of seasonally adjusted, Exports grew at 1.2 per cent (Q1 2023: -8.9%). **Imports** further decreased 9.7 per cent as against a decline of 6.5 per cent in the preceding quarter, attributed by a dropped in import of goods. However, in terms of seasonally adjusted, Import increased 2.6 per cent (Q1 2023: -7.0%).

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