

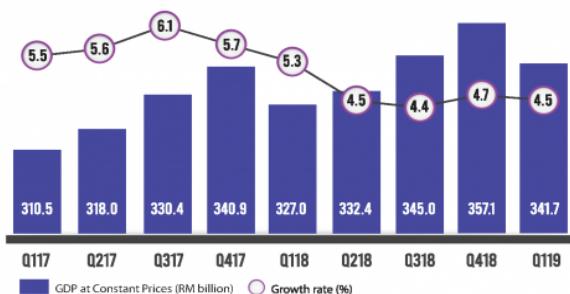


MINISTRY OF ECONOMY  
DEPARTMENT OF STATISTICS MALAYSIA

MALAYSIA ECONOMIC PERFORMANCE FIRST QUARTER 2019



**Malaysia's economy grew 4.5% in Q1 2019**

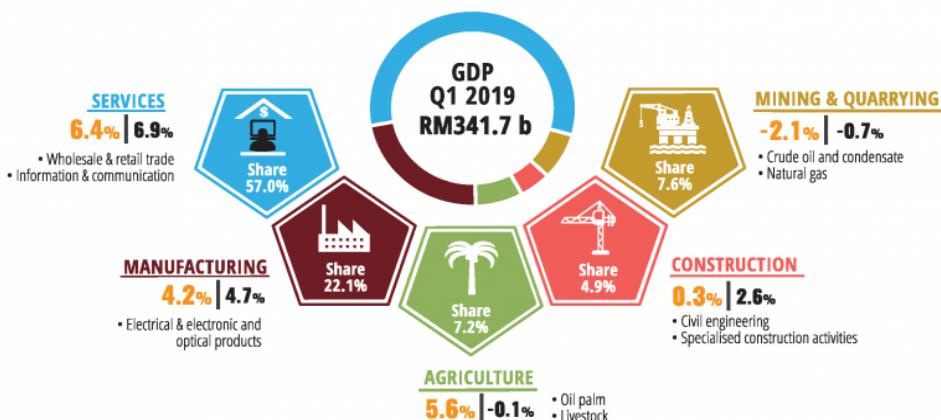


In the first quarter of 2019, Malaysia's economy registered a growth of 4.5 per cent.

All sectors posted a positive growth on the production side except for Mining and quarrying sector.

**PRODUCTION**

Services, Manufacturing and Agriculture sectors anchored the Malaysia's economy



**EXPENDITURE**

Private final consumption expenditure continued to be the key driver on the expenditure side



NOTE : Q119 | Q418

Source: Department of Statistics Malaysia

In the first quarter of 2019, Malaysia's economy registered a growth of 4.5 per cent. All sectors in the economy posted a positive growth except for Mining and quarrying sector. Services, Manufacturing and Agriculture sectors anchored the Malaysia's economy in this quarter. Private final consumption expenditure continued to be the main driver on the expenditure side.

During the period, Gross Domestic Products (GDP) recorded a value of RM341.7 billion at constant prices and RM361.9 billion at current prices.

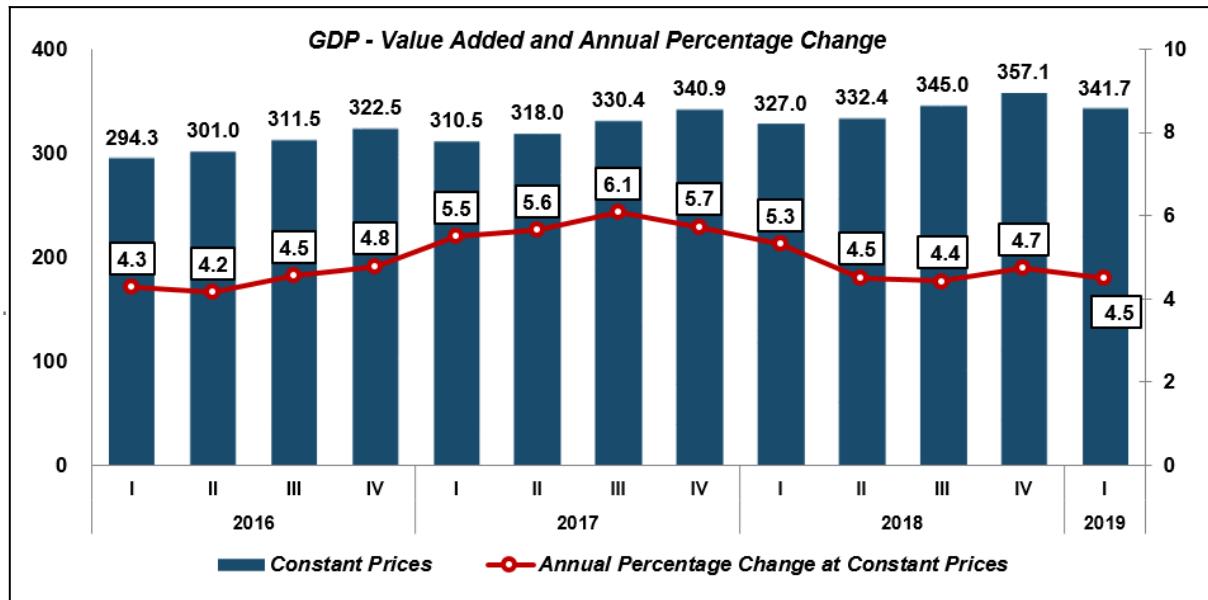
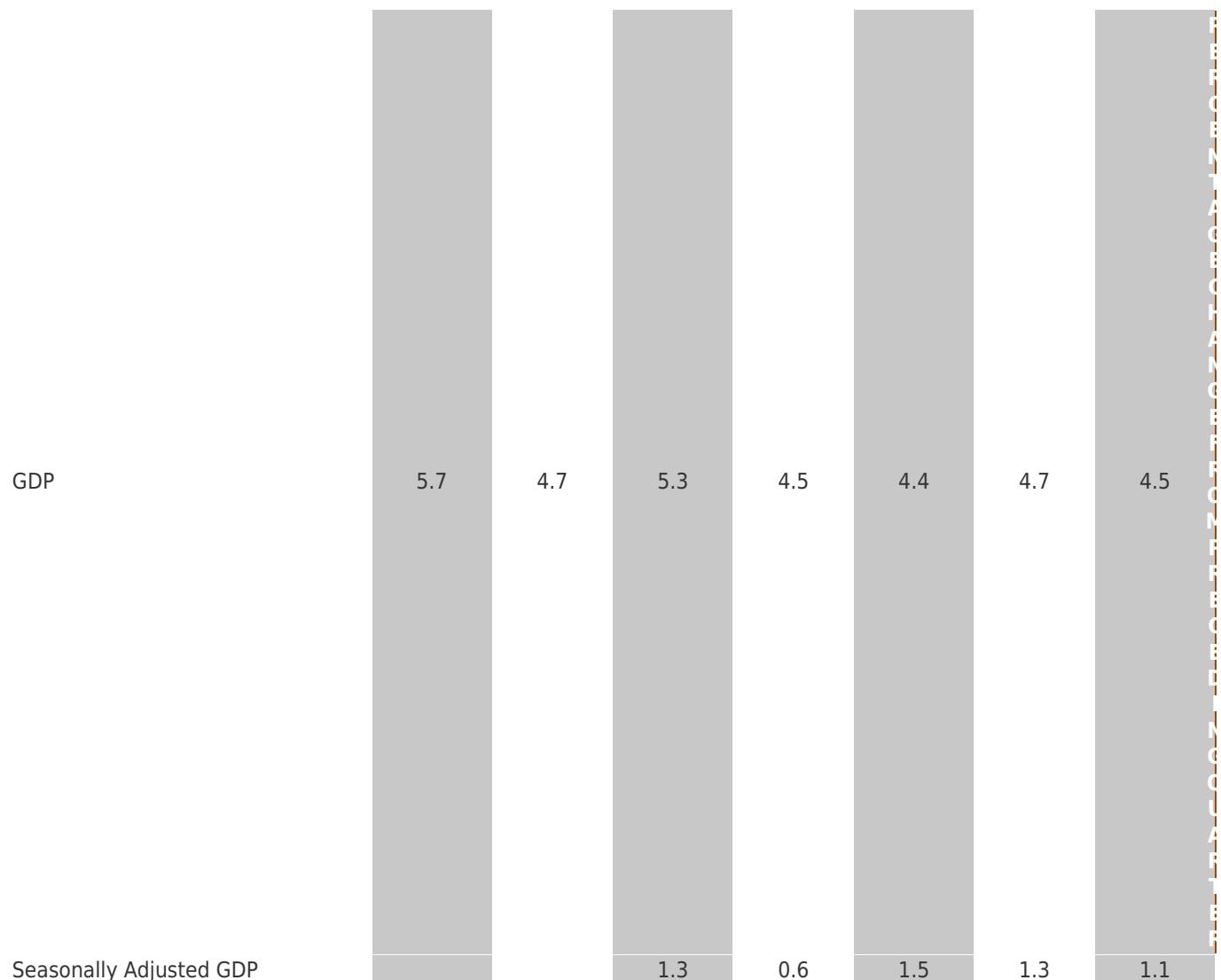


Table 1: GDP at Constant 2015 Prices

PERCENTAGE CHANGE FROM CORRESPONDING QUARTER OF PRECEDING YEAR							
2017	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	



## GDP by Kind of Economic Activity

Kind of Economic Activity (YoY%)	2017	2018	2018				2019
			Q1	Q2	Q3	Q4	
<b>GDP</b>	<b>5.7</b>	<b>4.7</b>	<b>5.3</b>	<b>4.5</b>	<b>4.4</b>	<b>4.7</b>	<b>4.5</b>
<b>Services</b>	<b>6.2</b>	<b>6.8</b>	<b>6.5</b>	<b>6.5</b>	<b>7.3</b>	<b>6.9</b>	<b>6.4</b>
<b>Manufacturing</b>	<b>6.0</b>	<b>5.0</b>	<b>5.2</b>	<b>4.9</b>	<b>5.0</b>	<b>4.7</b>	<b>4.2</b>
<b>Agriculture</b>	<b>5.7</b>	<b>0.1</b>	<b>3.1</b>	<b>-1.7</b>	<b>-0.8</b>	<b>-0.1</b>	<b>5.6</b>
<b>Construction</b>	<b>6.7</b>	<b>4.2</b>	<b>4.9</b>	<b>4.8</b>	<b>4.7</b>	<b>2.6</b>	<b>0.3</b>
<b>Mining &amp; Quarrying</b>	<b>0.4</b>	<b>-2.6</b>	<b>-0.6</b>	<b>-3.4</b>	<b>-5.7</b>	<b>-0.7</b>	<b>-2.1</b>

Services sector with the share 57.0 per cent, recorded a steady growth of 6.4 per cent in first quarter of 2019. The growth of this sector was mainly led by Wholesale & retail trade which remained strong by registering 7.2 per cent. Information & communication sustained a solid performance by posting a growth of 7.2 per cent, supported by telecommunication and computer & information service activities. Food & beverages and accommodation sub-sector expanded to 9.6 per cent following a robust momentum in food & beverages activities.

Manufacturing sector continued its positive growth of 4.2 per cent contributed by exports oriented industries. The Electrical, electronic & optical products which grew at 3.8 per cent and Petroleum, chemical, rubber & plastic products posted a growth of 3.1 per cent. Nevertheless, Vegetable & animal oils & fats and food processing rebounded to 5.2 per cent after recording a negative growth of 0.1 per cent last quarter. Meanwhile, domestic oriented industries was backed by Transport equipment, other manufacturing and repair with a growth of 6.5 per cent supported by motor vehicles and transport equipment.

Agriculture sector rebounded with a sturdy growth of 5.6 per cent after posting a negative growth for three consecutive quarters. The turnaround of Agriculture sector was impelled by Oil palm which accelerated to 9.8 per cent from negative 2.7 per cent following a higher yield of fresh fruit bunches in this quarter. The growth was also supported by Marine fishing and Livestock which increased to 9.4 per cent and 4.8 per cent respectively. Furthermore, Rubber recorded a substantial growth of 12.0 per cent attributed by the increase in production of natural rubber.

## GDP by Expenditure Approach

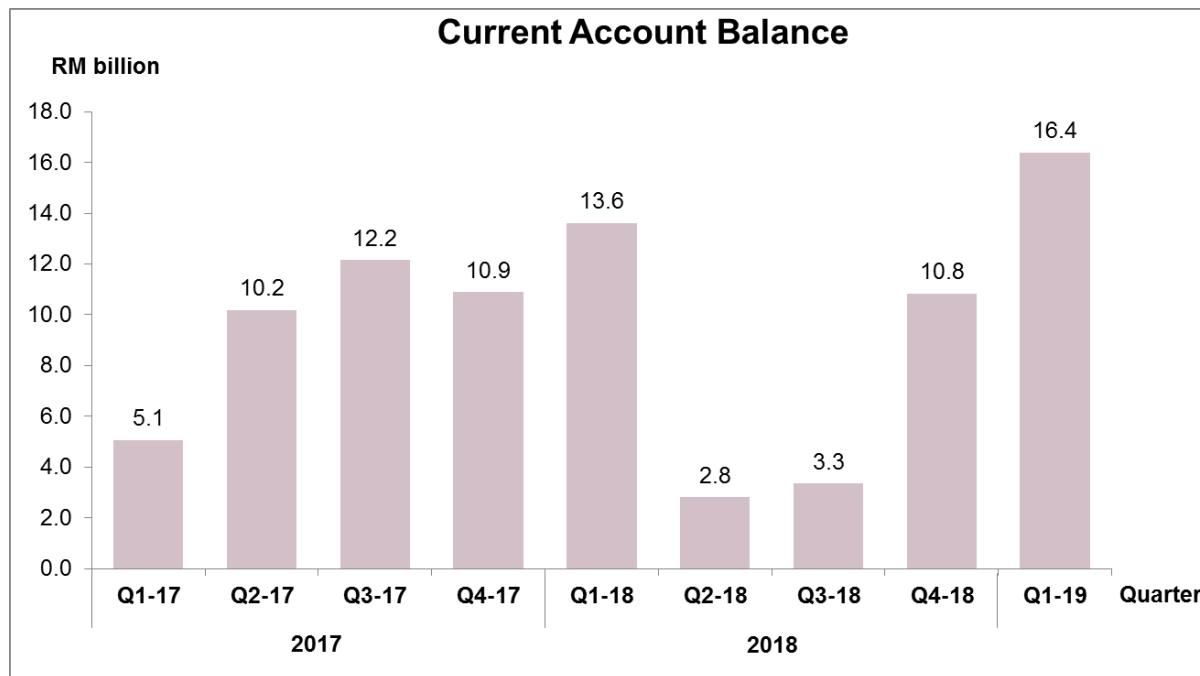
Type of Expenditure (YoY%)	2017	2018	2018				2019
			Q1	Q2	Q3	Q4	Q1
<b>GDP</b>	<b>5.7</b>	<b>4.7</b>	<b>5.3</b>	<b>4.5</b>	<b>4.4</b>	<b>4.7</b>	<b>4.5</b>
Private Final Consumption	6.9	8.0	6.6	7.9	8.9	8.4	<b>7.6</b>
Government Final Consumption	5.5	3.3	0.4	3.1	5.2	4.0	<b>6.3</b>
Gross Fixed Capital Formation	6.1	1.4	0.4	1.6	2.8	0.6	<b>-3.5</b>
Exports	8.7	2.2	2.4	2.6	0.7	3.1	<b>0.1</b>
Imports	10.2	1.3	-2.3	3.6	2.0	1.8	<b>-1.4</b>

Private final consumption expenditure which contributed 58.2 per cent to the total GDP grew 7.6 per cent spurred by higher consumption on Food & non alcoholic beverages, Transport and Restaurants & hotels.

On the contrary, Gross fixed capital formation (GFCF) contracted to 3.5 per cent from a marginal growth of 0.6 per cent in the previous quarter due to Machinery & equipment which further declined at negative 7.4 per cent. Furthermore, Structure and Other assets contracted to 1.3 per cent and 2.2 per cent respectively. The sluggish momentum in Public sector investment at negative 13.2 per cent has dragged down the overall GFCF performance in this quarter. Moreover, Private sector investment moderated to a marginal growth of 0.4 per cent.

## External Sector

Malaysia registered a higher current account surplus of RM16.4 billion in the first quarter of 2019 which was the largest surplus since first quarter of 2014 at RM19.8 billion. The higher surplus was mainly due to lower imports of intermediate and capital goods. Concurrently, lower deficit in primary income and services accounts also contributed towards higher current account surplus.



Financial account in this quarter posted a net outflow of RM13.8 billion against RM6.1 billion last quarter. This was largely due to the higher net outflow in other investment.

Foreign Direct Investment (FDI) into Malaysia surged to RM21.7 billion which was the highest in the quarterly series compared to RM12.9 billion in the previous quarter. The FDI were mainly from Japan, Austria and Hong Kong. Meanwhile, Malaysia's Direct Investment Abroad (DIA) registered a lower net outflow of RM5.5 billion as compared to RM10.8 billion in preceding quarter. The main destinations of DIA were Luxembourg, Australia and Indonesia.

The financial liabilities position in this quarter increased to RM1,769.5 billion against RM1,761.9 billion in the previous quarter, while the total assets was RM1,680.7 billion. This translated to the higher net liabilities of RM88.9 billion as at end of first quarter 2019.

The international reserves of Bank Negara Malaysia stood at RM420.2 billion as compared to RM419.5 billion last quarter.

### **Exports**

Malaysia's exports of goods in the first quarter of 2019 recorded a decline of 0.7 per cent to RM236.0 billion as compared to RM237.6 billion registered in the same period last year. The main products which attributed to the decrease were refined petroleum products which declined by 16.9 per cent to RM12.3 billion followed by palm-oil & palm-oil based products (-13.8%) and crude petroleum (-20.7%).

Conversely, exports of electrical and electronic products and liquefied natural gas increased by 3.6 per cent and 22.4 per cent respectively.

### **Imports**

In the first quarter of 2019, imports amounted to RM199.1 billion, contracted by 2.5 per cent, due to lower imports of capital goods and intermediate goods which shrank by 9.8 per cent and 0.01 per cent respectively. Meanwhile, imports of consumption goods rose by 1.1 per cent.

Imports of capital goods which contributed 12.0 per cent to the total imports declined 9.8 per cent to RM23.9 billion. The drop was due to the decrease in both capital goods (except transport equipment) and industrial transport equipment.

Imports of intermediate goods with the share of 53.9 per cent to the total imports, decreased 0.01 per cent to RM107.3 billion. The decrease was driven by lower imports of parts & accessories of capital goods (except transport equipment) and others fuel & lubricants, processed. Meanwhile, imports of fuel & lubricants, primary increased.

Meanwhile, imports of consumption goods grew by 1.1 per cent to RM17.0 billion and amounted 8.5 per cent to the total imports. The growth was underpinned by higher imports of non-durables.

## **Prices**

The Consumer Price Index in the first quarter of 2019 recorded a decline of 0.3 per cent as compared to 0.2 per cent in the fourth quarter 2018. The decline was contributed by Transport (-5.9%), Clothing and footwear (-3.1%), Miscellaneous goods and services (-2.2%) and Telecommunication (-1.2%). However, the Food & non-alcoholic beverages continued to register an increase of 1.0 per cent during the first quarter of 2019.

The Producer Price Index decreased 2.2 per cent in first quarter 2019 as compared to -2.0 per cent in fourth quarter 2018. The decrease in the overall index was contributed by the decline in Agriculture, forestry & fishing (-13.2%), Water supply (-1.6%), Manufacturing (-1.5%) and Mining (-1.1%).

## **Labour Market Condition**

The employed persons recorded an increase of 2.2 per cent in the first quarter 2019 to 15.53 million persons based on the Labour Force Survey.

The employment in Manufacturing sector posted an increase of 1.8 per cent while the salaries & wages for this sector increased 7.0 per cent after registering 9.8 per cent in the previous quarter. Simultaneously, employment in the Services sector rose by 2.5 per cent and salaries & wages grew 3.8 per cent. During this quarter, the unemployment rate was 3.3 per cent.

## **Economic Prospect**

The performance for the first quarter of 2019 had been indicated by Business Tendency Statistics three months ago where businesses' confidence lessen in the first quarter 2019 as compared to fourth quarter 2018. Moving towards second quarter 2019, the Leading Index anticipated that the economy will grow at a slower rate.

## **Released By:**

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