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MALAYSIAN ECONOMIC INDICATORS: LEADING, COINCIDENT & LAGGING INDEXES



**Malaysia's economy is expected to grow at a slower pace in the third quarter of 2023
with the Leading Index recording 110.1 points in March 2023**

Malaysia's economy is likely to grow at a slower rate in the next few months based on the Leading Index (LI) which decreased 1.2 per cent to 110.1 points in March 2023 (March 2022: 111.4 points). The performance of LI was weighed down by significant decreases in Real Imports of Semi Conductors and Bursa Malaysia Industrial Index. The monthly LI also weakened by 1.1 per cent in March 2023 compared to 2.9 per cent in the previous month attributed by Expected Sales Value, Manufacturing (-0.6%) and Real Imports of Other Basic Precious & Other Non-ferrous Metals (-0.5%).

Looking at the smoothed long-term trend in March 2023, the LI recorded 99.3 points as against 99.2 points in February 2023. Although it remained below the trend of 100.0 points, the economy is anticipated to grow modestly in the near term. The expectation is in view of the global headwinds and domestic uncertainties.

The Coincident Index (CI) which reflects the current economic condition, rose 3.4 per cent to 121.9 points in March 2023 (March 2022: 117.9 points). The increase was contributed by all components except Capacity Utilisation, Manufacturing. Concomitantly, the monthly (CI) also recorded an increase of 0.2 per cent, supported mainly by Volume Index of Retail Trade (0.3%).

The Diffusion Index for LI showed a downward trend in March 2023 by registering 42.9 per cent compared to 57.1 per cent in February 2023. Aside from that, the Diffusion Index for CI remained at 66.7 per cent as in a month before.

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