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GROSS DOMESTIC PRODUCT FIRST QUARTER 2023



Malaysia's Gross Domestic Product (GDP) grew 5.6 per cent in the first quarter of 2023 as compared to 7.1 per cent recorded in the previous quarter. In terms of seasonally adjusted, GDP increased by 0.9 per cent (Q4 2022: -1.7%). On the supply side, all economic sectors grew in this quarter especially Services and Manufacturing sectors. In addition, the performance was also reflected on the demand side, primarily driven by Private final consumption expenditure and Gross fixed capital formation. Overall, Malaysia's GDP at current prices was amounted RM444.0 billion, while at constant prices was RM380.9 billion in this quarter.

Services sector rose 7.3 per cent in this quarter as against 9.1 per cent in the previous quarter. In terms of seasonally adjusted, the sector grew 1.7 per cent (Q4 2022: -1.5%). The Wholesale & retail trade sub-sector in this quarter steered the Services sector with the growth of 9.4 per cent (Q4 2022: 9.8%) backed by favourable performance in all segments, especially retail trade at 14.5 per cent (Q4 2022: 19.2%). The growth was followed by the Transportation and storage sub-sector which grew 17.0 per cent (Q4 2022: 23.1%) mainly contributed by the better performance in air transport and land transport segments. Furthermore, the Business services sub-sector posted double-digit growth of 16.2 per cent (Q4 2022: 23.7%) supported by the strong performance in both professional and administrative services segments. **Manufacturing** sector grew 3.2 per cent from 3.9 per cent recorded in the previous quarter. The sector increased marginally 0.5 per cent in terms of seasonally adjusted from a decline of 2.6 per cent in the fourth quarter of 2022. This performance was influenced by Electrical, electronic and optical products which increased by 3.8 per cent (Q4 2022: 9.2%), followed by Transport equipment, other manufacturing and repair at 7.7 per cent (Q4 2022: 4.9%) and Vegetable and animal oils & fats and food processing at 7.2 per cent (Q4 2022: 4.4%). Conversely, Wood products, furniture, paper products and printing decreased 4.0 per cent (Q4 2022: -2.6%) in this quarter. **Construction** sector eased at 7.4 per cent as compared to 10.1 per cent in the previous quarter. The sector rebounded with the growth of 2.9 per cent (Q4 2022: -4.1%) in terms of seasonally adjusted. The encouraging performance was supported by Civil engineering at 15.9 per cent (Q4 2022: 18.1%), followed by Specialised construction activities which was expanded further to 8.7 per cent (Q4 2022: 8.0%) in this quarter. Furthermore, Non-residential buildings grew 6.4 per cent compared to 10.7 per cent in the previous quarter. Nevertheless, Residential buildings recorded a contraction of 3.4 per cent (Q4 2022: 2.8%) in this quarter. **Mining and quarrying** sector moderated to 2.4 per cent from 6.3 per cent in the fourth quarter of 2022. In terms of seasonally adjusted, this sector shrank 3.2 per cent (Q4 2022: -2.4%). The moderation was attributed to all sub-sectors especially Crude oil and condensate which was grew at 4.0 per cent (Q4 2022: 4.3%). Furthermore, Natural gas recorded a marginal growth of 0.6 per cent as compared to 7.3 per cent in the previous quarter. **Agriculture** sector increased marginally by 0.9 per cent as compared to 1.1 per cent in the previous quarter. However, this sector descended 2.5 per cent in terms of seasonally adjusted (Q4 2022: 2.0%). The marginal growth was influenced by the Oil palm sub-sector which increased 3.4 per cent (Q4 2022: 9.6%) and Other agriculture turnaround at 2.6 per cent (Q4 2022: -4.9%). Nevertheless, Livestock, Rubber, Fishing and Forestry & logging sub-sectors contracted 2.6 per cent, 13.5 per cent, 1.4 per cent and 2.1 per cent, respectively.

Final consumption expenditure posted a slower growth of 4.5 per cent as against 6.3 per cent in the preceding quarter. **Private final consumption expenditure** increased to 5.9 per cent (Q4 2022: 7.3%) in the first quarter of 2023. This modest performance was supported by the consumption in Transport, Housing, water, electricity, gas and other fuels and Food & non-alcoholic beverages. In terms of seasonally adjusted, Private final consumption expenditure rebounded with the growth of 2.0 per cent (Q4 2022: -2.6%). **Government final consumption expenditure** contracted 2.2 per cent as against 3.0 per cent

in the previous quarter was influenced by the lower spending on supplies and services. In terms of seasonally adjusted, Government final consumption expenditure further declined 1.7 per cent (Q4 2022: -1.0%) in this quarter. **Gross fixed capital formation (GFCF)** eased at 4.9 per cent as compared to 8.8 per cent in the fourth quarter of 2022. In terms of seasonally adjusted, GFCF recorded a decrease of 1.4 per cent (Q4 2022: 0.1%). The easing performance in GFCF was due to the Structure and Machinery & equipment, which moderated 7.5 per cent (Q4 2022: 9.9%) and 2.6 per cent (Q4 2022: 8.6%), respectively. Furthermore, Other assets declined to 0.3 per cent from 3.0 per cent in the preceding quarter. Private sector with a share of 80.6 per cent of GFCF, registered a moderate pace of 4.7 per cent (Q4 2022: 10.3%) in this quarter. Meanwhile, the Public sector rose 5.7 per cent as against 6.0 per cent in the previous quarter. **Exports** showed a sluggish performance which recorded a decline of 3.3 per cent (Q4 2022: 8.6%) in this quarter. The decrease was influenced by the contraction in exports of goods. In terms of seasonally adjusted, Exports further decreased 8.9 per cent (Q4 2022: -5.2%) in the first quarter of 2023. **Imports** plummeted 6.5 per cent as against 7.2 per cent in the preceding quarter, attributed by the decreased in imports of goods. Likewise, in terms of seasonally adjusted, Imports fell 7.0 per cent (Q4 2022: -6.1%).

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