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## INDEX OF INDUSTRIAL PRODUCTION MALAYSIA

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## **Malaysia's Industrial Production Index fell 2.2 per cent in June 2023 attributed to contraction in the Manufacturing and Mining sectors**

*In June 2023, the IPI returned to record a contraction, declining by 2.2 per cent year-on-year contrasting a positive growth 4.8 per cent registered in May 2023. The decline in June 2023 was attributed to contraction in the Manufacturing and Mining sectors, with negative 1.6 per cent (May 2023: 5.1%) and negative 6.4 per cent (May 2023: 2.9%), respectively. Meanwhile, the output of the Electricity sector moderated to 2.8 per cent as against 5.9 per cent recorded in the preceding month. On a month-on-month comparison, the IPI grew by 2.2 per cent as compared to 7.3 per cent registered in the previous month.*

*The deterioration in the Manufacturing output in June 2023 was influenced primarily by the decline of 3.9 per cent in export-oriented industries (May 2023: 2.8%). It was the second contraction in export-oriented industries within the year, following the initial decline in April 2023. The decline in export-oriented industries in June 2023 was mainly due to decreases in the Manufacture of coke & refined petroleum products (-10.8%); and the Manufacture of computer, electronics & optical products (-4.0%). The contraction was also in line with the country's export performance which dropped by 14.1 percent in June 2023. A similar situation was also experienced by numerous countries globally, grappling with uneven external demand for goods, thus impacting the performance of country's export-oriented industries in June 2023. On the contrary, the domestic-oriented industries continued to expand, albeit at a moderate rate of 4.1 per cent as compared to 10.1 per cent registered in the previous month. The increase was propelled by the Manufacture of fabricated metal products, except machinery & equipment (6.7%); and the Manufacture of food processing products (5.8%). In comparison with the preceding month, the production of Manufacturing sector rose by 5.5 per cent, sustaining positive momentum for two consecutive months.*

*The output in the Mining sector dropped by 6.4 per cent in June 2023, registering the lowest growth rate since May 2022 (-7.4%). The decline was weighed down by downturns in both Natural Gas and Crude Oil & Condensate, with negative 7.8 per cent (May 2023: 4.5%) and negative 4.5 per cent (May 2023: 0.6%) respectively. On a month-on-month comparison, the Mining index shrank by 7.7 per cent as compared to the positive 7.6 per cent recorded in May 2023.*

*Nonetheless, the Electricity output grew modestly by 2.8 per cent in June 2023, following a growth of 5.9 per cent in the previous month. In comparison to the prior month, the Electricity index weakened by 5.3 per cent, contrasting with the positive growth of 9.3 per cent registered in May 2023.*

*Overall, in the second quarter of 2023, the IPI registered a marginal decline of 0.3 per cent as compared to the 2.9 per cent growth recorded in the first quarter of 2023. During the period, the Mining sector decreased by 2.8 per cent, while the Manufacturing sector rose slightly by 0.1 per cent. Nevertheless, Electricity generation increased by 2.8 per cent, continuing an upward trend for two consecutive quarters.*

*The IPI moderated to 1.3 per cent as compared to the same period of the previous year (January - June 2022: 5.4%). The increase was supported by the Manufacturing index (1.7%) and the Electricity index (1.6%). On the other hand, the Mining index inched down by 0.4 per cent.*

*The full publication of the Monthly Manufacturing Statistics, June 2023 can be downloaded through eStatistik portal.*

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