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MANUFACTURING INDUSTRY CAPACITY UTILISATION STATISTICS, FOURTH QUARTER  
2023

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## **Manufacturing industry's operated at 79.8 per cent of capacity in the fourth quarter of 2023**

*The Manufacturing industry's operated at 79.8 per cent of capacity in the fourth quarter of 2023, edged down by 0.4 percentage points as compared to a rate of 80.2 per cent in the fourth quarter of 2022. A lower capacity utilisation of the Manufacturing industry was primarily attributable to decreases in the sub-sector of Petroleum, chemical, rubber & plastic products (-4.2 percentage points); and Electrical & electronic products (-0.5 percentage points). On the other hand, the capacity utilisation of the Manufacturing industry was improved as against 79.4 per cent recorded in the previous quarter, continuing the positive trend for two consecutive quarters.*

*On a monthly basis, the utilisation rate in the Manufacturing industry exceeded 80.0 per cent for two consecutive months, operating at 80.4 per cent in October 2023 and 80.1 per cent in November 2023. Nonetheless, the capacity utilisation rate for December 2023 dropped to 78.9 per cent. The decline in the capacity utilisation rate in the fourth quarter of 2023 mirrored the trend of the Manufacturing Industrial Production Index, which slipped by 0.2 per cent (Q3 2023: -0.1%). The decrease in production capacity was primarily influenced by low demand, insufficient supply of materials and the repair & maintenance of machinery & equipment.*

*There were five sub-sectors that posted a capacity utilisation rate above 80.0 per cent in the fourth quarter of 2023. The highest rate of 83.2 per cent was recorded by the Manufacture of non-metallic mineral products, basic metals & fabricated metal products sub-sector, marking a year-on-year increase of 4.5 percentage points. This was followed by Transport equipment & other manufactures with 82.2 per cent (+1.7 percentage points). Meanwhile, the Manufacture of petroleum, chemical, rubber & plastics sub-sector operated at the lowest capacity with 77.9 per cent, lessened by 4.2 percentage points. In comparison with the preceding quarter, all sub-sectors posted an increase except for the Electrical & electronic products, which declined by 0.7 percentage points to 79.2 per cent.*

*The capacity utilisation in export-oriented industries continued to decline for four consecutive quarters, dropping by 2.1 percentage points year-on-year to 78.4 per cent in this quarter. The Manufacture of coke & refined*

*petroleum products recorded a substantial deterioration of 9.6 percentage points; reaching 76.1 per cent; followed by the Manufacture of textiles, which shrank by 7.7 percentage points to 76.9 per cent. In comparison with the previous quarter, the capacity utilisation rate in export-oriented industries increased slightly by 0.02 percentage points.*

*Nevertheless, the capacity utilisation rate of domestic-oriented industries remained vibrant, registering 82.8 per cent in the fourth quarter of 2023 (+3.3 percentage points). All industries in this segment posted an upward trend except for the Manufacture of leather & related products which decreased by 10.9 percentage points to 81.9 per cent. As compared to the third quarter of 2023, domestic-oriented industries registered an increment of 1.1 percentage points from 81.7 per cent.*

*In the fourth quarter of 2023, the Manufacturing industry in six states operated at a capacity exceeding the national rate, namely WP Labuan (95.6%); Negeri Sembilan (83.8%); Pahang (83.7%); Selangor (82.1%); Melaka (81.9%); and Johor (81.8%). Nonetheless, six states experienced a year-on-year decrease in capacity utilisation which were Kedah, Kelantan, Melaka, Perlis, Terengganu and Sarawak. Additionally, Perlis continued to record the lowest capacity utilisation rate at 72.3 per cent.*

*Overall performance in 2023, the Manufacturing industry operated at a lower capacity rate of 79.3 per cent, which fell by 1.1 percentage points as against 2022 (80.4%). Almost all sub-sectors posted a decline except for the Non-metallic mineral products, basic metal & fabricated metal products (+1.5 percentage points; 80.7%); and Transport equipment & other manufactures (+0.5 percentage points; 82.1%). The export-oriented industries decreased by 2.1 percentage points to 78.3 per cent in 2023 (2022: 80.4%) while the domestic-oriented industries posted 81.4 per cent, improved by 1.1 percentage points (2022: 80.3%).*

*The full publication of the Manufacturing Industry Capacity Utilisation Statistics, Fourth Quarter 2023 can be downloaded through eStatistik portal.*

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