

# Malaysia Industrial Production

Expanded to a 6-month high in November on broad-based YoY increase

- Industrial Production Index (IPI) continued to expand in November (9.4%; Oct: 5.5%), reaching its highest level in 6 months, whilst beating both house and market expectations (KIBB: 7.0%; consensus: 7.3%)**

- Attributable to a broad-based expansion of the manufacturing, mining, and electricity indexes. However, the strong performance is also partly due to a low base from November 2020.
- MoM (0.9%; Oct: 4.8%): growth slowed to its lowest level in 4 months.

- Manufacturing index growth continued to accelerate (11.3%; Oct: 8.0%) on a low-base effect, in line with a further expansion in exports growth (32.4%; Oct: 25.5%) and manufacturing sales growth (18.8%; Oct: 15.3%)**

- Growth continued to be led by an expansion of electrical & electronic products (17.8%; Oct: 13.6%), which reached a 6-month high, and was followed by petroleum, chemical, rubber & plastic products (8.5%; Oct: 6.3%), as well as wood products, furniture, paper products & printing (9.4%; Oct: 1.4%).
- MoM (0.9%; Oct: 4.8%): continued to moderate; its lowest level in 4-months.

- Mining index made a positive turnaround (3.7%; Oct: -3.5%), reaching a 5-month high**

- Driven by a broad-based expansion in the extraction of crude oil & natural gas (3.7%; Oct: -3.5%), increasing production of natural gas (10.2%; Oct: 2.0%), and a softer decline in output of crude petroleum (-4.4%; Oct: -10.2%); despite slightly lower global oil prices in November (USD81.1/barrel; Oct: USD83.5/barrel).
- MoM (6.8%; Oct: 7.1%): edged lower on relatively stable crude oil prices.

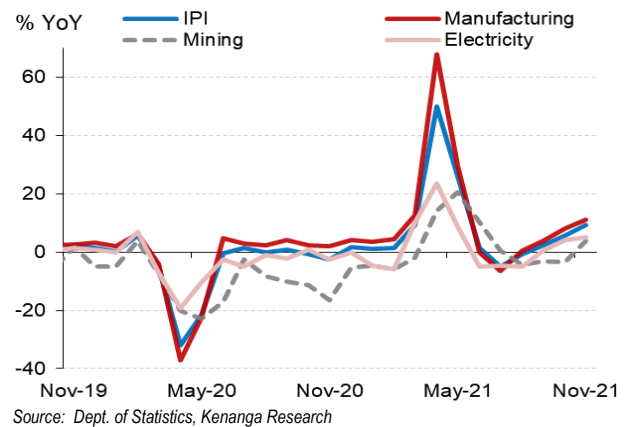
- Electricity index expanded further in November (5.1%; Oct: 4.1%), a 6-month high, but due to a low-base effect**

- MoM (-5.0%; Oct 7.7%): contracted after four straight months of expansion.

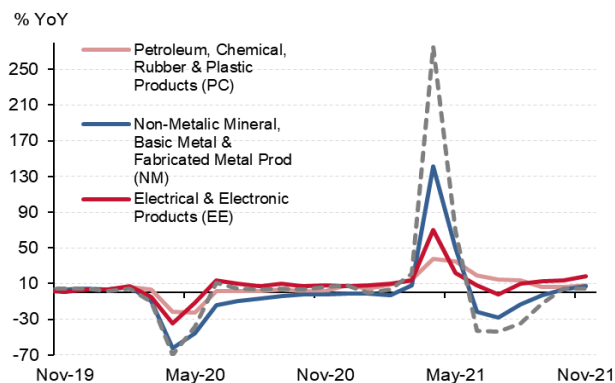
- 2021 manufacturing index growth will likely register above our 8.5% forecast (2020: -2.7%) and is expected to sustain its momentum in 2022**

- Manufacturing output growth is expected to maintain in 2022, driven by export industries with trade activities continuing to expand on the back of a global economic recovery, and as domestic demand steadily recovers amid a stable COVID-19 condition. However, downside risks remain from a potential new wave of local COVID-19 cases due to the Omicron variant.
- We retain our 2021 GDP growth forecast range at 3.5% - 4.0% (2020: -5.6%) and forecast 2022 GDP growth to expand further between 5.5% - 6.0%.

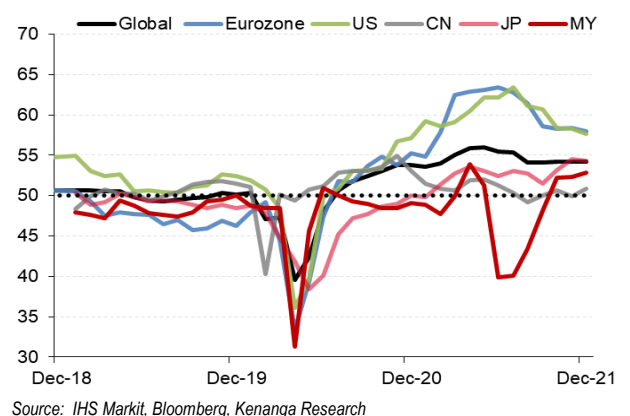
Graph 1: Industrial Production Growth Trend



Graph 2: Manufacturing Growth Trend by Sub-Sector



Graph 3: Global Manufacturing PMI Trend



11 January 2022

**Table 1: Malaysia Industrial Production Trend (2015=100)**

	Weight		2018	2019	2020	Nov-20	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
<b>IPI</b>	<b>100.0</b>	<b>% YoY</b>	<b>3.1</b>	<b>2.4</b>	<b>-4.4</b>	<b>-2.4</b>	<b>26.1</b>	<b>1.4</b>	<b>-5.1</b>	<b>-0.7</b>	<b>2.5</b>	<b>5.5</b>	<b>9.4</b>
		<b>% YoY SA</b>	<b>3.1</b>	<b>2.4</b>	<b>-4.5</b>	<b>-2.4</b>	<b>26.1</b>	<b>1.5</b>	<b>-5.0</b>	<b>-0.8</b>	<b>2.4</b>	<b>5.6</b>	<b>9.4</b>
		<b>% MoM</b>				<b>-2.7</b>	<b>-0.2</b>	<b>1.6</b>	<b>-5.2</b>	<b>3.2</b>	<b>3.7</b>	<b>4.8</b>	<b>0.9</b>
		<b>3mma</b>				<b>-0.7</b>	<b>26.0</b>	<b>22.6</b>	<b>6.0</b>	<b>-1.5</b>	<b>-1.1</b>	<b>2.5</b>	<b>5.8</b>
<b>Manufacturing</b>	<b>65.9</b>	<b>% YoY</b>	<b>4.8</b>	<b>3.6</b>	<b>-2.7</b>	<b>2.0</b>	<b>29.8</b>	<b>-0.2</b>	<b>-6.5</b>	<b>0.6</b>	<b>4.0</b>	<b>8.0</b>	<b>11.3</b>
		<b>% MoM</b>				<b>-2.9</b>	<b>-2.0</b>	<b>5.4</b>	<b>-6.1</b>	<b>5.3</b>	<b>5.5</b>	<b>4.0</b>	<b>0.1</b>
		<b>3mma</b>				<b>2.9</b>	<b>32.8</b>	<b>26.3</b>	<b>5.5</b>	<b>-2.0</b>	<b>-0.7</b>	<b>4.2</b>	<b>7.7</b>
<b>Mining</b>	<b>28.9</b>	<b>% YoY</b>	<b>-2.1</b>	<b>-1.3</b>	<b>-10.4</b>	<b>-16.4</b>	<b>20.7</b>	<b>10.3</b>	<b>0.6</b>	<b>-4.2</b>	<b>-3.0</b>	<b>-3.5</b>	<b>3.7</b>
		<b>% MoM</b>				<b>-0.7</b>	<b>6.0</b>	<b>-6.4</b>	<b>-4.7</b>	<b>-4.5</b>	<b>-2.9</b>	<b>7.1</b>	<b>6.8</b>
<b>Electricity</b>	<b>5.2</b>	<b>% YoY</b>	<b>3.7</b>	<b>3.3</b>	<b>-3.7</b>	<b>-2.5</b>	<b>8.8</b>	<b>-4.8</b>	<b>-4.6</b>	<b>-4.8</b>	<b>0.4</b>	<b>4.1</b>	<b>5.1</b>
		<b>% MoM</b>				<b>-6.0</b>	<b>0.2</b>	<b>-12.3</b>	<b>4.5</b>	<b>2.8</b>	<b>1.6</b>	<b>7.7</b>	<b>-5.0</b>

Source: Dept. of Statistics, Kenanga Research, 3mma= 3-month moving average (YoY growth)

**For further information, please contact:**

**Wan Suhaimie Wan Mohd Saidie**  
Head of Economic Research  
[wansuhaimi@kenanga.com.my](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Zalman Basree**  
Economist  
[zalman@kenanga.com.my](mailto:zalman@kenanga.com.my)

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

