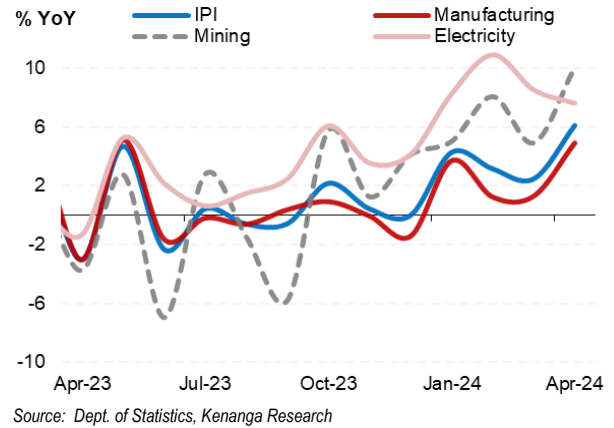


Malaysia Industrial Production

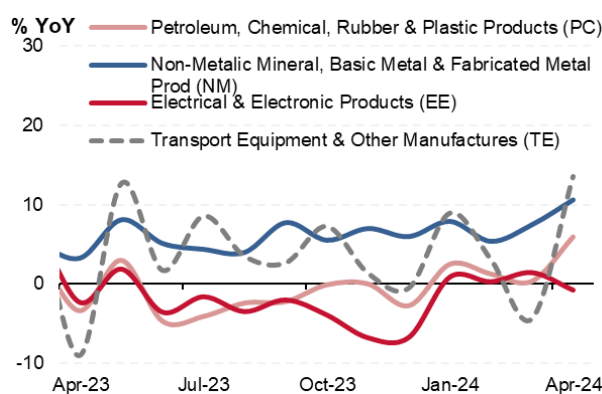
Stronger output growth in April on manufacturing recovery and low base effect

- Industrial Production Index (IPI) grew by a stronger 6.1% YoY in April (Mar: 2.4%), but not as high as expected (KIBB: 9.5%; consensus: 6.5%)**
 - The YoY growth expansion was driven by an expansion in the manufacturing and mining sectors, and was partly due to the lower base effect from last year.
 - On MoM, however, it fell sharply by 7.6% (Mar: 7.6%), a 12-month low, partly due to April typically being the weakest month seasonally.
- The manufacturing index rose to an 11-month high in April (4.9% YoY; Mar: 1.3%) backed by solid domestic-oriented and recovery in the export-oriented industries**
 - Domestic-oriented:** accelerated (9.5%; Mar: 3.1%), steered by the surge in output of manufacture of motor vehicles, trailers & semi-trailers (20.2%; Mar: -10.0%) followed by the manufacture of fabricated metal products, except machinery & equipment (12.8%; Mar: 11.1%) as well as the manufacture of other non-metallic mineral products (11.2%; Mar: 7.6%).
 - Export-oriented:** expanded (2.6%; Mar: 0.5%), led by the higher output in the manufacture of coke & refined petroleum products (5.9%; Mar: 1.9%) and manufacture of chemicals & chemical products (5.0%; Mar: -4.0%). This is also contributed by the expansion in the manufacture of furniture (13.1%; Mar: 12.6%). Nevertheless, growth was partially capped by the decline in the output of computer, electronics & optical products (-1.4%; Mar: 2.0%).
 - MoM (-8.2%; Mar: 7.9%): fell sharply to a 12-month low, following a sharp rebound in the previous month, partly due to seasonal trends and the festive period.
- Mining index growth surged (10.0%; Mar: 4.9%) to a 19-month high**
 - It was a broad-based expansion, led by higher output of extraction of crude oil & natural gas (10.0%; Mar: 4.9%), followed by natural gas (14.9%; Mar: 8.9%) and crude petroleum (3.5%; Mar: -0.7%).
 - MoM (-6.3%; Mar: 5.3%): fell to a two-month low and tracking the seasonal trend.
- Electricity index moderated slightly (7.6%; Mar: 8.5%) to a four-month low**
 - MoM (-4.1%; Mar: 11.2%): fell to a two-month low following a sharp rebound in the previous month.
- The manufacturing index forecast is maintained at 4.6% (2023: 0.7%) on strong expected growth in the 2H24**
 - Manufacturing sector especially the export-oriented is expected to continue to recover as the latest Manufacturing Purchasing Managers' Index (PMI) reading turned to expansion in May (50.2; Apr: 49.0) after 20 straight months of contraction. Meanwhile, the domestic-oriented industry is expected to remain robust, supported by strong domestic demand, an increase in tourist arrivals, and stable labour market conditions. However, downside risk persist, mainly due to US-China trade tensions, the on-going Russia-Ukraine war, and Middle East conflicts. Additionally, congestion in ports amid the Red Sea crisis remains a concern and is expected to worsen as Chinese exporters will likely frontload their shipments to the US in the short term, ahead of the August tariff hike.
 - On the domestic growth outlook, we expect GDP to continue expanding in 2Q24 at 4.3%, following a better-than-expected 1Q24 GDP of 4.2%. With this in mind, we maintain our 2024 GDP forecast at 4.5% - 5.0% (2023: 3.7%).

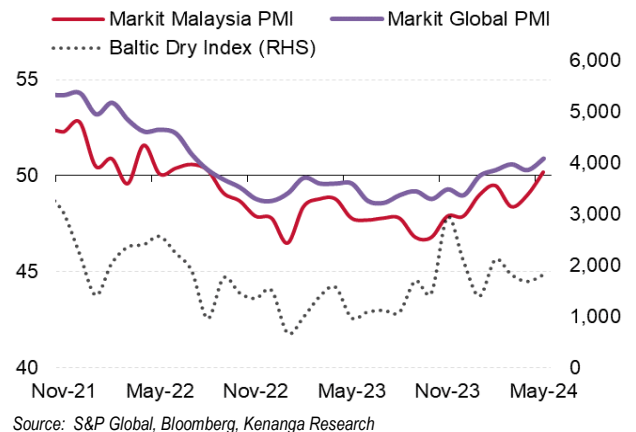
Graph 1: Industrial Production Growth Trend



Graph 2: Manufacturing Growth Trend by Sub-Sector



Graph 3: Manufacturing PMI Trend



11 June 2024

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

	Weight		2021	2022	2023	Apr-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
IPI	100.0	% YoY	7.4	6.7	0.9	-3.1	2.1	0.4	0.0	4.3	3.1	2.4	6.1
		% YoY SA	7.4	6.9	1.1	-2.9	2.1	0.2	0.0	4.3	3.0	2.4	6.2
		% MoM				-10.8	1.9	-0.9	-1.3	2.0	-6.3	7.6	-7.6
		3mma				1.2	0.3	0.6	0.8	1.5	2.4	3.3	3.8
Manufacturing	65.9	% YoY	9.5	8.2	0.7	-3.0	0.9	-0.1	-1.4	3.7	1.2	1.3	4.9
		% MoM				-11.4	-1.3	-0.3	-2.6	1.8	-6.3	7.9	-8.2
		3mma				2.0	0.2	0.4	-0.2	0.7	1.1	2.1	2.4
Mining	28.9	% YoY	1.5	2.2	0.8	-3.8	5.7	1.2	4.1	5.0	8.1	4.9	10.0
		% MoM				-10.7	15.3	-1.8	2.8	3.1	-6.9	5.3	-6.3
Electricity	5.2	% YoY	2.5	3.6	2.5	-1.3	6.1	3.5	4.1	8.3	10.9	8.5	7.6
		% MoM				-3.3	5.6	-5.7	1.4	2.0	-4.5	11.2	-4.1

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

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