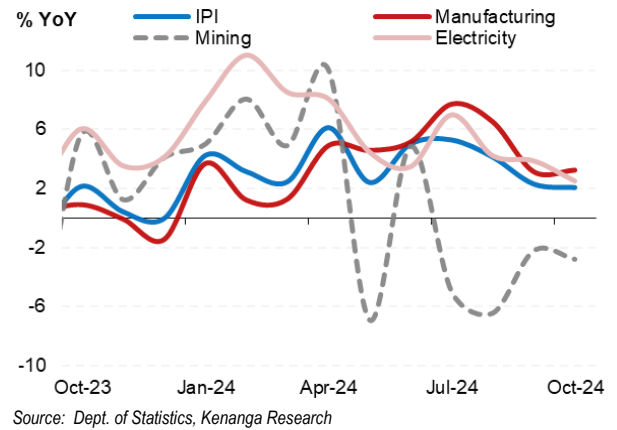


Malaysia Industrial Production

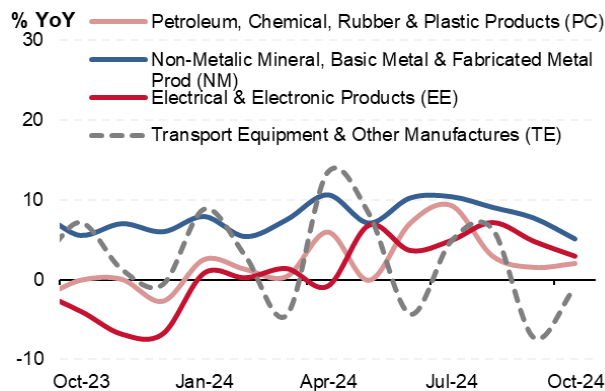
October industrial output growth slows to 10-month low

- Industrial Production Index (IPI) moderated for the third straight month to 2.1% YoY (Sep: 2.3%), the weakest growth in 10 months and below house and consensus forecast of 2.6%**
 - Slower growth stemmed from persistently weak mining output and moderate electricity output growth. However, modest expansion in manufacturing output partially offset the slowdown.
 - On MoM, growth rebounded to 1.7% (Sep: -0.7%).
- Manufacturing index expanded slightly (3.3% YoY; Sep: 3.2%), driven by a recovery in domestic-oriented sectors**
 - Domestic-oriented:** Growth improved (3.3%; Sep: 2.7%) supported by higher food processing output (4.5%; Sep: 3.5%). However, gains were limited by modest growth in fabricated metal products, except machinery & equipment (6.5%; Sep: 9.9%) and other non-metallic mineral products (5.2%; 6.6%).
 - Export-oriented:** Growth moderated slightly (3.3%; Sep: 3.4%) but remained steady, in line with a rebound in October's exports (1.6%; Sep: -0.6%). Higher production of vegetable & animal oils & fats (12.7%; Sep: 3.0%), and rubber products (10.9%; Sep: 8.6%) contributed positively. Nevertheless, weaker output in computer, electronics & optical products (2.9%; Sep: 5.9%) partially dampened momentum.
 - MoM (-1.2%; Sep: -1.1%): declined for the second month, tracking seasonal trends since 2022.
- Mining index contracted for the fourth straight month (-2.8%; Sep: -2.2%) partly due to the high base effect**
 - Weighed mainly by weak crude oil production (-7.5%; Sep: -11.4%) and a sharp moderation in natural gas output (0.4%; Sep: 4.5%).
 - MoM (14.7%; Sep: 2.8%): however, growth rebounded to a 12-month high, tracking seasonal trends.
- Electricity index moderated to a 13-month low in October (2.5%; Sep: 3.9%)**
 - MoM (4.2%; Sep: -3.9%): rebounded to a three-month high.
- 2024 manufacturing index growth may settle below our forecast of 4.6% (2023: 0.7%) and is projected to expand to 4.7% in 2025**
 - The manufacturing index grew 4.2% YoY in the first 10 months of this year (Jan-Sep: 4.3%). While we expect manufacturing output growth to accelerate in the final quarter, underpinned by an anticipated increase in global electrical and electronics (E&E) demand and sustained domestic demand, it is likely to be limited. Seasonal trends indicate that manufacturing output usually slows on MoM basis towards the end of the year. This also in line with the latest November Manufacturing PMI, which eased to 49.2 (Oct: 49.5), a seven-month low.
 - That said, manufacturing output growth in 4Q24 is expected to moderate below 5.0% from 5.8% in the previous quarter, in line with our 4Q24 GDP growth forecast of 4.6% (3Q24: 5.3%). Hence, we maintain the full-year 2024 GDP growth forecast at 5.0% (2023: 3.6%), with domestic growth is projected to moderate to 4.8% in 2025.

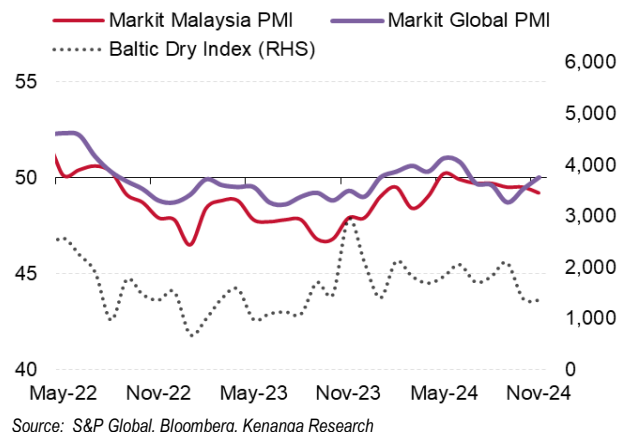
Graph 1: Industrial Production Growth Trend



Graph 2: Manufacturing Growth Trend by Sub-Sector



Graph 3: Manufacturing PMI Trend



11 December 2024

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

	Weight		2021	2022	2023	Oct-23	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
IPI	100.0	% YoY	7.4	6.7	0.9	2.1	6.1	2.4	5.0	5.3	4.1	2.3	2.1
		% YoY SA	7.4	6.9	1.1	2.1	6.2	2.5	4.9	5.4	4.2	2.2	2.0
		% MoM				1.9	-7.6	3.5	4.8	-1.5	1.7	-0.7	1.7
		3mma				0.3	3.8	3.6	4.5	4.2	4.8	3.9	2.8
Manufacturing	68.3	% YoY	9.5	8.2	0.7	0.9	4.9	4.6	5.2	7.7	6.5	3.2	3.3
		% MoM				-1.3	-8.2	6.7	6.1	-2.0	4.0	-1.1	-1.2
		3mma				0.2	2.4	3.5	4.9	5.8	6.5	5.8	4.3
Mining	25.1	% YoY	1.5	2.2	0.8	5.7	10.0	-6.9	4.9	-5.0	-6.4	-2.2	-2.8
		% MoM				15.3	-6.3	-8.9	4.0	-2.1	-6.9	2.8	14.7
Electricity	6.6	% YoY	2.5	3.6	2.5	6.1	8.1	4.5	3.5	7.0	4.2	3.9	2.5
		% MoM				5.6	-3.7	5.7	-6.2	5.4	-1.9	-3.9	4.2

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

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