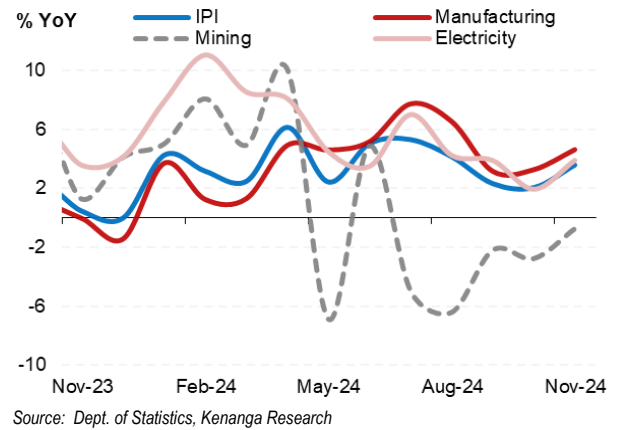


Malaysia Industrial Production

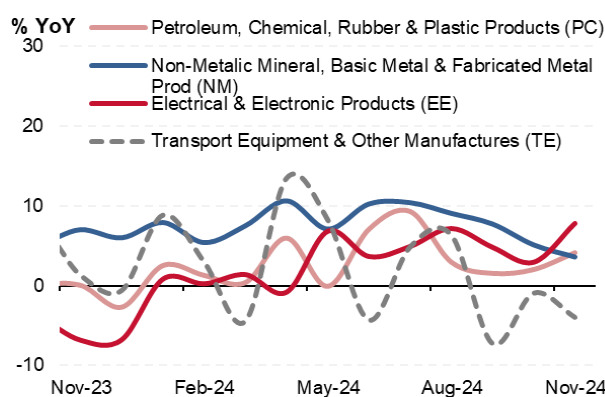
Industrial output hits 3-month high in November, beats expectations

- Industrial Production Index (IPI) accelerated to a three-month high of 3.6% YoY in November (Oct: 2.0%), slightly higher than the house forecast of 3.5% and far above the consensus of 2.5%**
 - Higher growth was driven by strong performance in export-oriented manufacturing and electricity sectors, though mining output weakness partially capped the momentum.
 - On MoM, growth slowed to 0.5% (Oct: 1.7%).
- Manufacturing index expanded (4.6% YoY; Oct: 3.3%), driven by expansion in the export-oriented sector**
 - Domestic-oriented:** Growth moderated (2.6%; Oct: 3.3%) but remained supported by higher food processing output (5.6%; Oct: 4.5%). However, gains were limited by slower growth in fabricated metal products, except machinery & equipment (4.9%; Oct: 6.5%) and other non-metallic mineral products (2.9%; Oct: 5.2%).
 - Export-oriented:** Growth expanded (5.6%; Oct: 3.3%), marking a three-month high, in line with November's exports rebound (4.1%; Oct: -1.6%). Growth was driven by higher production of computer, electronics & optical products (8.8%; Oct: 2.9%), followed by coke & refined petroleum products (2.8%; Oct: -1.0%) and plastic products (8.7%; Oct: 6.5%).
 - MoM (1.0%; Oct: -1.2%): rebounded after two straight months of decline.
- Mining index contracted for the fifth straight month (-0.8%; Oct: -2.8%), but the rate of decline improved**
 - Weak crude oil production (-3.8%; Oct: -7.5%) remained a drag, but partially offset by a rise in natural gas output (1.2%; Oct: 0.4%).
 - MoM (0.2%; Oct: 14.7%): growth slowed sharply to a three-month low.
- Electricity index expanded to a three-month high in November (3.9%; Oct: 1.9%)**
 - MoM (-3.9%; Oct: 3.6%): contracted, in line with seasonal trend.
- 2024 manufacturing index growth may settle slightly below our forecast of 4.6% (2023: 0.7%) and is projected to expand to 4.7% in 2025**
 - Manufacturing index growth averaged 4.2% YoY in the first 11 months of this year (Jan-Oct: 4.2%) despite positive expansion in November. While we expect manufacturing output growth to accelerate in December, the final reading may settle below our forecast unless there is an upside surprise.
 - Nevertheless, the manufacturing output is expected to sustain momentum in 2025, supported by an expected global rise in electrical and electronics (E&E) demand amid a sustained technology upcycle. On the domestic front, various policy measures from Budget 2025 and the ongoing implementation of national policy frameworks are expected to boost domestic demand, further supporting the manufacturing sector.
 - GDP Forecast:** Likewise, we maintain 2024 GDP growth estimate at 5.0% (2023: 3.6%) and is projected to moderate to 4.8% in 2025.

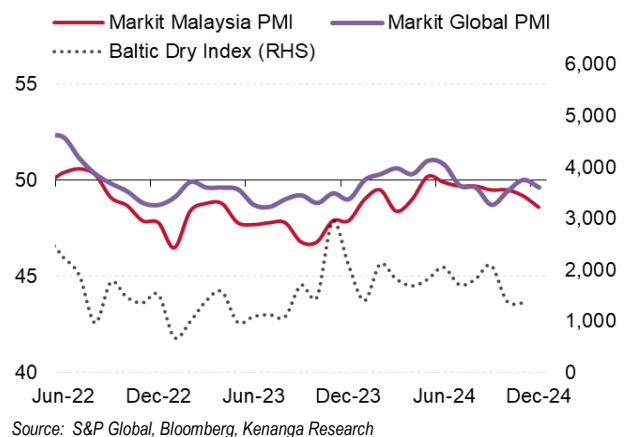
Graph 1: Industrial Production Growth Trend



Graph 2: Manufacturing Growth Trend by Sub-Sector



Graph 3: Manufacturing PMI Trend



13 January 2025

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

	Weight		2021	2022	2023	Nov-23	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
IPI	100.0	% YoY	7.4	6.7	0.9	0.4	2.4	5.0	5.3	4.1	2.3	2.0	3.6
		% YoY SA	7.4	6.9	1.1	0.2	2.5	4.9	5.4	4.2	2.2	2.0	0.0
		% MoM				-0.9	3.5	4.8	-1.5	1.7	-0.7	1.7	0.5
		3mma				0.6	3.6	4.5	4.2	4.8	3.9	2.8	2.6
Manufacturing	68.3	% YoY	9.5	8.2	0.7	-0.1	4.6	5.2	7.7	6.5	3.2	3.3	4.6
		% MoM				-0.3	6.7	6.1	-2.0	4.0	-1.1	-1.2	1.0
		3mma				0.4	3.5	4.9	5.8	6.5	5.8	4.3	3.7
Mining	25.1	% YoY	1.5	2.2	0.8	1.2	-6.9	4.9	-5.0	-6.4	-2.2	-2.8	-0.8
		% MoM				-1.8	-8.9	4.0	-2.1	-6.9	2.8	14.7	0.2
Electricity	6.6	% YoY	2.5	3.6	2.5	3.5	4.5	3.5	7.0	4.2	3.9	1.9	3.9
		% MoM				-5.7	5.7	-6.2	5.4	-1.9	-3.9	3.6	-3.9

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

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