



Economic Highlights

- Malaysia's IP production in September expanded by 10.8% y/y

Malaysia – Domestic production remains healthy

Highlights

Malaysia's IP production in September expanded by 10.8% y/y, which is slower pace relative to previous month's number of 13.5% y/y. This brings the year-to-date growth for IP is 7.9% (2021: 8.8%).

On a month-on-month basis, the overall production increased by 1.3% (Aug22: 3.9%). The export-oriented industries grew 10.1% y/y (Aug22:12.4%) while the domestic-oriented industries advanced 11.2% y/y (Aug22: 22.5%).

Main driver for the high growth was driven by production in the mining sector that grew by 15.0% y/y (Aug22: 8.0% y/y), production in the manufacturing sector grew by 10.4% y/y (Aug22: 15.2% y/y), and production in the electricity sector grew by 4.1% y/y (Aug22: 9.9% y/y).

Key takeaways

Looking into the subsegments within the manufacturing sector, the production of transport equipment & other manufactures grew by 21.6% y/y (Aug22: 55.2% y/y) and wood, furniture, paper products & printing grew by 8.7% y/y (Aug22: 16.6% y/y).

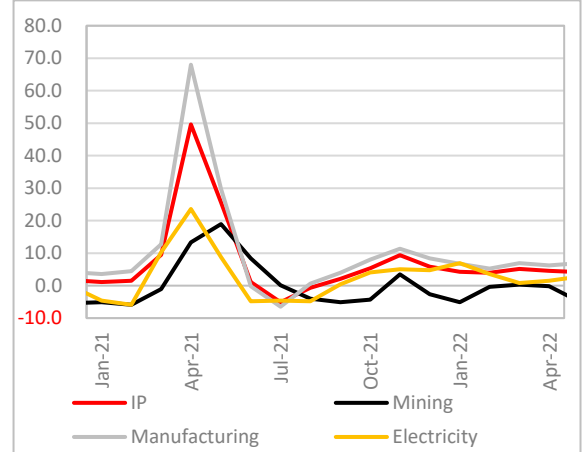
E&E continues to grow at double-digit by 15.5% y/y (August22: 19.6% y/y). Even looking on month-on-month basis, the production of this commodity increased by 2.4%, a slower pace relative to previous month's growth of 6.0%.

However, global semiconductors purchase now have contracted since July this year, reflecting the end of the tech cycle. Still, we expect global semiconductor sales to grow by 14.0% in 2022, and eventually 5.0% in 2023.

For October, we may see softer manufacturing activities, taking cue from the deeper contractions in recent Manufacturing PMI and higher base effects. The headline reading fell to 48.7 in October from 49.1 in the previous months, due to slump in global market conditions and muted customer demand.

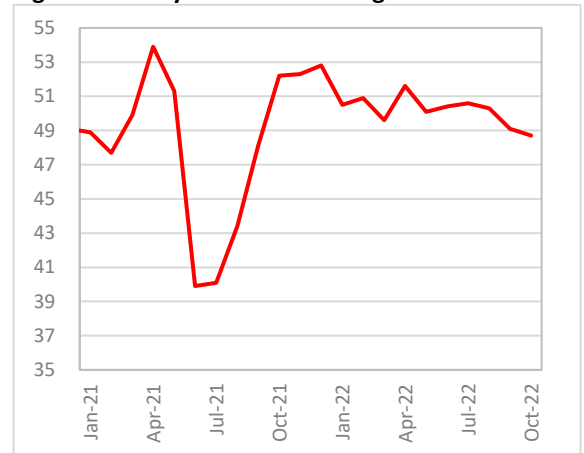
With the latest IP numbers continued to grow by double-digit, plus strong exports and private consumption, we expect the 3Q2022 GDP numbers will be at 12.2%, better than 2Q2022's growth of 8.9%. We are also maintaining our all-year GDP forecast at 7.5% (base-case), with an upside of 8.5%.

Figure 1: IP index and by sectors (% y/y)



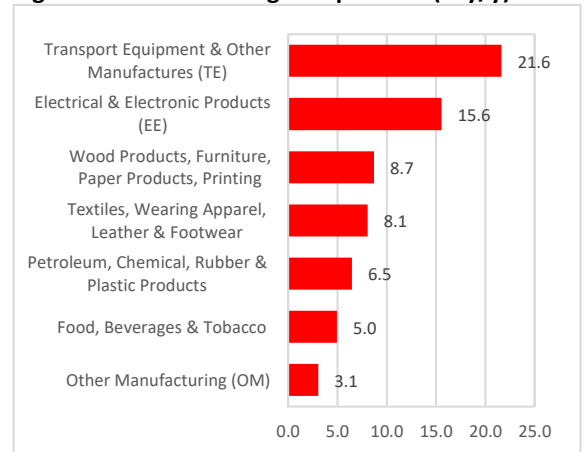
Source: CEIC, AmBank Research

Figure 2: Malaysia Manufacturing PMI



Source: CEIC, AmBank Research

Figure 3: Manufacturing Components (% y/y)



Source: CEIC, AmBank Research

**Table 1: Key IP Data**

	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
IP y/y	2.1	5.3	9.4	5.9	4.3	4.0	5.1	4.6	4.1	12.1	12.5	13.5	10.8
IP m/m	3.8	4.9	0.8	1.1	-1.3	-6.6	8.6	-4.8	-1.0	9.6	-4.7	3.9	1.3
Mining y/y	-5.1	-4.3	3.5	-2.6	-5.1	-0.4	0.3	-0.1	-4.9	2.1	3.2	8.0	15.0
Mining m/m	-2.4	7.8	6.0	3.1	-0.0	-3.8	7.2	-5.3	-0.6	1.6	-3.0	-1.6	3.8
Manufacturing y/y	4.0	8.0	11.3	8.4	6.8	5.2	6.9	6.2	6.9	14.4	14.9	15.2	10.4
Manufacturing m/m	5.5	4.0	0.1	0.5	-1.7	-7.2	8.5	-4.9	-1.3	12.8	-5.7	5.6	1.1
Electricity y/y	0.4	4.1	5.1	4.7	6.9	3.6	0.8	1.5	2.8	15.4	13.2	9.9	4.1
Electricity m/m	1.6	7.7	-5.0	2.7	-0.2	-8.7	13.0	-2.2	1.5	-1.6	2.5	-0.2	-3.7

Source: CEIC, AmBank Research

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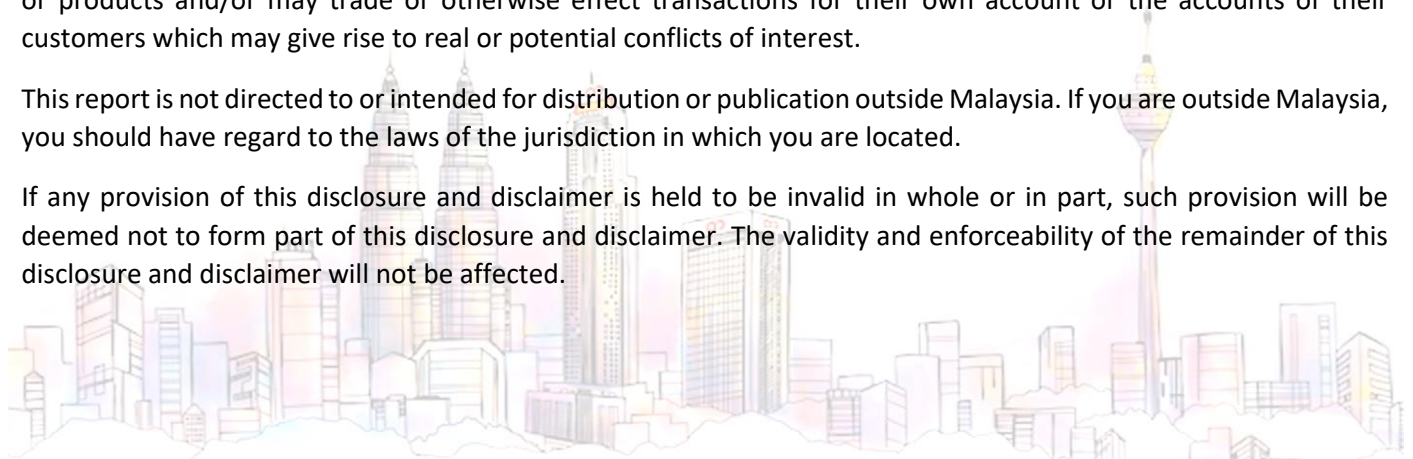
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