

SNAPSHOT OF MALAYSIAN ECONOMY

Navigating the Recovery Path in 2022 with Rocky Uncertainty

The lasting effects of the COVID-19 pandemic in 2022 have underscored the need for economic recovery to be adaptable to unforeseen crises and enhancing resilience. Most countries have entered the endemic phase, with economic recovery promising progress. As attention has shifted towards swiftly enacting post-COVID-19 measures and strategies, many nations have reopened borders, indicating more optimistic prospects for economic revival. These efforts have prioritised expediting business recovery, fostering a favourable business climate, streamlining trade and investment processes, enhancing the labour market, safeguarding livelihoods, and embedding sustainability principles across the economic landscape.

Moreover, the world faced numerous challenges including the ongoing Russia-Ukraine conflict, sanctions imposed on Russia, strict COVID-19 zero-tolerance measures in China, tighter monetary policies in the United States, and concerns over the emergence of new variants of COVID-19. Furthermore, price hikes driven by soaring commodity and food prices complicate the global landscape.

Consequently, for nations that diversify their economies through international trade, the economic performance of each country is influenced by the prevailing global market conditions including Malaysia. Looking at the possible disruption, Department of Statistics Malaysia (DOSM) had conducted Economic Census 2023 to assist in gaining better understanding on the economic structure for the year of 2022. It aims to gain deeper insights on the economic growth and a clearer picture on the country's economic conditions by providing comprehensive statistics.

Global Growth and Inflation

To navigate and develop more effective economic strategies, many countries relied on key economic indicators to assess the impact of the current conditions. The Gross Domestic Product (GDP), Consumer Price Inflation (CPI), as well as Imports and Exports, were among the indicators that were crucial in evaluating every nation's economic recovery and prosperity¹.

In 2022, global GDP growth moderated to 3.5 per cent, following a strong expansion of 6.3 per cent in the previous year (**Figure 1**). As a comparison, G7² experienced slower growth compared to the world, with just 2.6 per cent in 2022. EMDE³, on the other hand, led the growth of 4.1 per cent with ASEAN-5⁴ as among the main contributor.

On the inflation front, the rates had soared to a decade-high level, prompting rapid monetary policy tightening and squeezing household budgets.

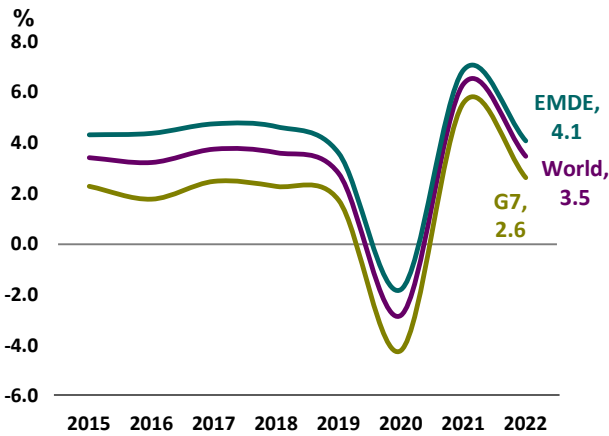
Moreover, the intense heat wave, which worsened the global climate change crisis, along with supply chain disruptions due to geopolitical tensions, caused prices of goods to rise higher than expected. In 2022, the world inflation rate reached 8.7 per cent compared to 4.7 per cent (2021), with food prices being the primary driver to the increase (**Figure 2**).

Although the growth of the global economy slowed, export and import activities remained resilient throughout the year. Despite significant setbacks in the production of certain commodities such as corn oil, Brent crude oil, and onions, the overall impact on the global trade of import and export of goods and services was not that severe. Both the imports and exports performance of G7 outperformed overall global market including ASEAN-5 and EMDE, for the year 2022 (**Figure 3**).

1. As per define by International Monetary Fund (IMF).
2. Major Advanced Economies Countries - Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
3. Emerging Market and Developing Economies Countries.
4. Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

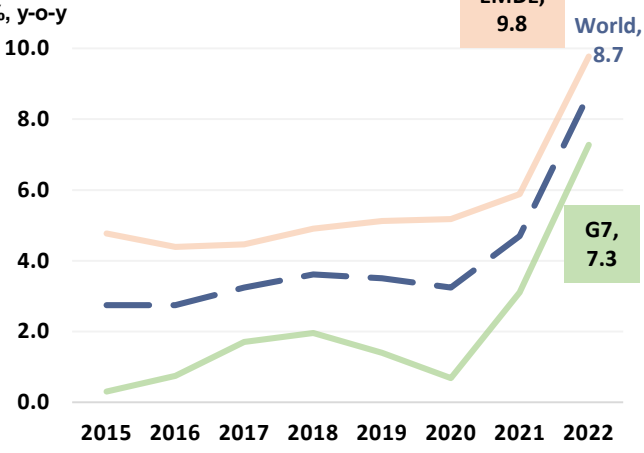


Figure 1: Annual Growth GDP, Global and Country Group



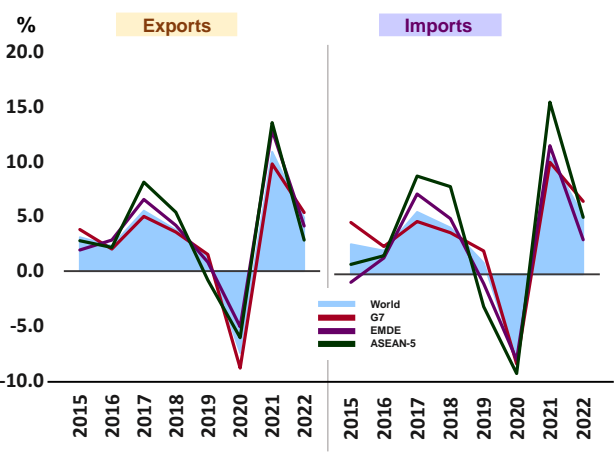
Source: International Monetary Fund (IMF)

Figure 2: Consumer Inflation, Global and Country Group



Source: International Monetary Fund (IMF)

Figure 3: Growth of Imports and Exports of Global and Country Group, Year-on-Year



Source: International Monetary Fund (IMF)

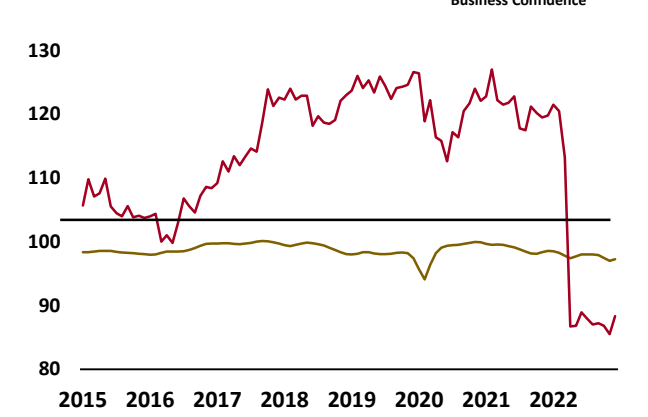
What happened to Malaysia's Major Trading Partners amid Global Turmoil?

A country's major trading partner are determined by its total trade of imports and exports. For Malaysia, the top three trading partners⁵ were China, Singapore and the United States for both imports and exports. The total contribution of Malaysia's imports from trading partners were 39.5 per cent while our exports to trading partners were 39.4 per cent in 2022.

China – Following its zero COVID policy, China implemented frequent lockdowns in multiple of its cities, especially Shanghai and Shenzhen in 2022. These measures significantly weakened economic progress. The Wholesale and Retail trade sub-sector experienced a marginal increase in annual growth, reaching 0.9 per cent in 2022 (2021: 11.3%)⁶. The growth was influenced by the slower business performance and pessimistic consumer sentiments for the whole year (Figure 4).

The slow progress of businesses in China had both domestic and international repercussions. The volume of imports and exports of goods and services declined by 5.0 per cent and 2.0 per cent in 2022, respectively, reaching new lows on an annual basis. (Figure 5). Furthermore, despite China ports remained operational with tighter restrictions, it was estimated 22.0 trillion USD global goods trade were facing months of severe disruption⁷.

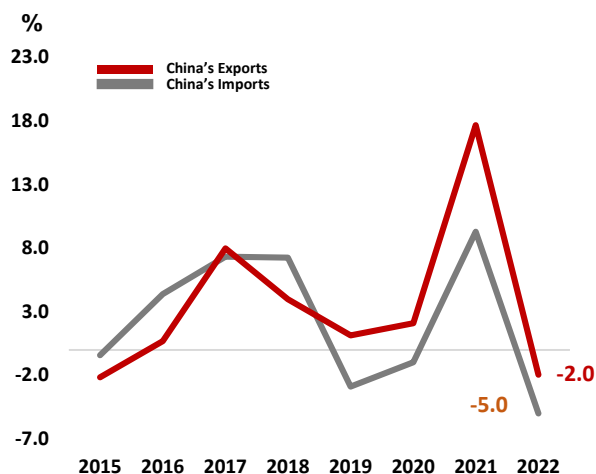
Figure 4: China's Business and Consumer Confidence Index



Source: The Organization for Economic Cooperation and Development (OECD)

5. As determined by Final Trade Statistics Publication Year 2022 released by Department of Statistics Malaysia (DOSM).
 6. National Bureau of Statistics (NBSC), China, 2023.
 7. Bloomberg article entitled 'Global Supply Chain Crisis Flares Up Again Where It All Began' released on 26th April 2022.

Figure 5: Annual Growth Rate of China's Import and Export of Goods and Services



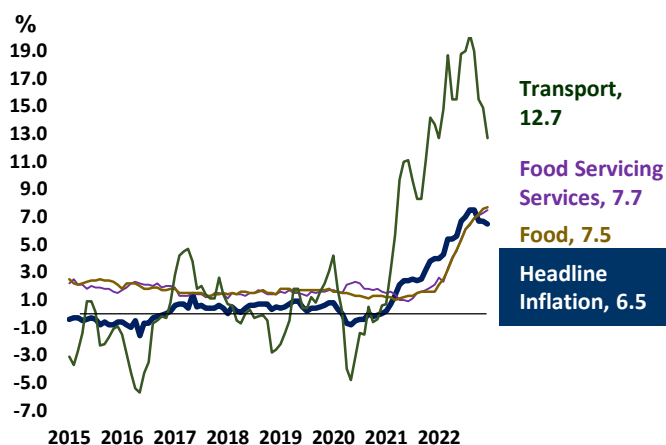
Source: International Monetary Fund (IMF)

Singapore – In 2022, Singapore's economic growth decelerated, largely impacted by decline in manufacturing output, a key component of its trade-centric sectors⁸. Despite that, domestic demand continued to increase, causing the growth of core inflation to burst to an all-time high in a decade. Due to this effect, businesses had increase the price of goods to cope with the sharp increase in cost.

In view of Singapore's consumer inflation, the rate was on a strong upward trend since January 2021 and reached its peak in August 2022 with an annual growth of 7.5 per cent. The major contributor to the increase was the growth in the Transport Price index (highest point; August 2022: 20.2%), despite being only the third-largest component in the CPI basket for general households⁹ (Figure 6).

Besides, Singapore also tightened their monetary policy to curb its rising inflation in 2022. In just one year, Singapore tightened its monetary policy in total of three times by setting the policy band of S\$NEER¹⁰. The outbreak of the geopolitical crisis, which caused unforeseen spikes in commodity prices and extended global inflation, prompted Singapore government to take such action.

Figure 6: Singapore's Monthly Inflation Rate, Seasonally Adjusted Annual Growth



Source: Department of Statistics Singapore (SingStat)

The United States – As one of the pivotal countries in G20¹¹, the recovery of its economic activities was the benchmark for global trade as most countries relied heavily on its output, whether for their intermediate or final consumptions. The inflation rate remained persistently high despite the global were on the recovery process. To address this, the Federal Reserve raised interest rates aggressively to discourage spending among its citizens (Figure 7).

As a result, the US Dollar experienced a significant appreciation against other currencies. The stronger currency has led to a better trade performance in 2022¹². Exports increased steadily by 7.1 per cent in 2022 (2021: 6.1%), propelled by the growth of goods and services of exports by 6.3 per cent and 8.7 per cent, respectively. Among the main commodities of services exports are charges for the use of intellectual property and telecommunication services.

Meanwhile, imports grew 8.1 per cent (2021: 14.1%) with imports of goods expanded by 6.9 per cent and imports of services increased by 14.2 per cent. The favourable performance was pitched by non-automotive capital goods and travel imports due to the reopening of national borders that enables global trade activities and tourism.

8. Money Authority of Singapore (MAS) annual report 2022/2023.

9. Based on Rebasing of the Consumer Price Index (2019 as Base Year) publication by Department of Statistics Singapore (SingStat).

10. The Singapore Dollar Nominal Effective Exchange Rate is the unadjusted weighted average rate of Singapore currency exchanges for a basket of multiple foreign currencies.

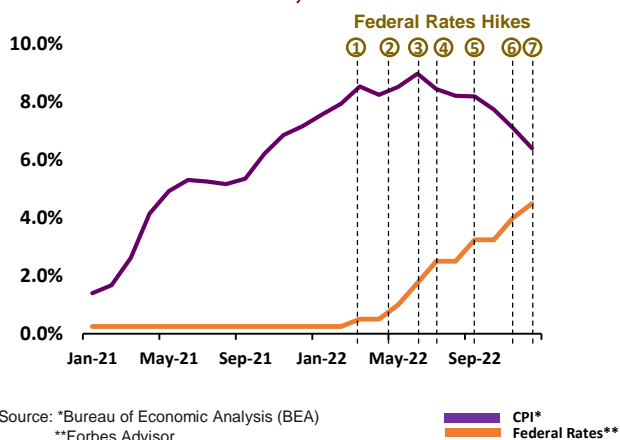
11. The Group of Twenty (G20) is the premier intergovernmental forum for international economic cooperation consisting of 20 countries worldwide.

12. Bureau of Economic Analysis (BEA), 2023.



The recovery process has significantly reduced the unemployment rate in the United States, decreasing to 3.6 per cent (2021: 5.3%)¹³. Among the sectors that contributed to the improvement in the US employment were Accommodation & food services, Retail trade and Construction sectors. The incline was also supported by the increase in labour force by 164,966 persons in December 2022. However, there were still 3.9 millions of the Americans that worked as part-time employees as many establishments were unable to operate as usual prior to pandemic phase.

Figure 7: The United States Inflation Rate and the Federal Rates, 2021-2022



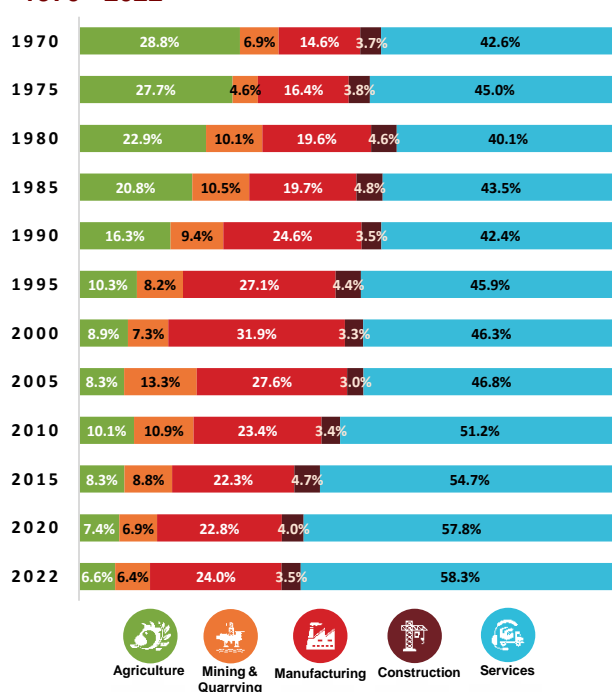
Source: *Bureau of Economic Analysis (BEA)
**Forbes Advisor

Malaysian Economic Evolution over the Decades

Malaysian economic structure has changed significantly in the last 60 years. Up until at the end of the 1980s, Agriculture sector was the main contributor towards the nation's GDP, which was essential for rural development. As illustrated in **Figure 8**, the Manufacturing sector increased to 24.6 per cent in 1990 (1985: 19.7%), more than the Agriculture sector's share which moderated to 16.3 per cent (1985: 20.8%)¹⁴.

The Services sector grew tremendously over time, becoming the catalyst in the Malaysia's economy, and made up 51.2 per cent of the country's GDP in 2010. The intricate social structure of this decade has contributed to the rise of the Services sector, which was accounted to 58.3 per cent of the economy in 2022. The increase was largely driven by the rapid expansion of the digital economy following the COVID-19 pandemic, influencing the global and Malaysian Services sector landscape.

Figure 8: The Evolution of GDP by Sector, 1970 - 2022



Source: Department of Statistics Malaysia (DOSM)

Analysing Malaysia's Economy: A Sector-Wise Overview

Malaysian economy strengthening in 2022 with GDP annual growth of 8.7 per cent as compared to 3.3 per cent in the previous year. This performance was driven by the Services and Manufacturing sectors which accounted for 82.4 per cent of the total GDP. Based on the findings of Economic Census 2023, the principal statistics of Malaysia's overall economic sectors also showed promising performance (**Table 1**).

13. As published in the U.S Bureau of Labor Statistics (BLS) 2023.

14. As recorded in annual publication of Annual National Accounts Gross Domestic Product (GDP), Malaysia.



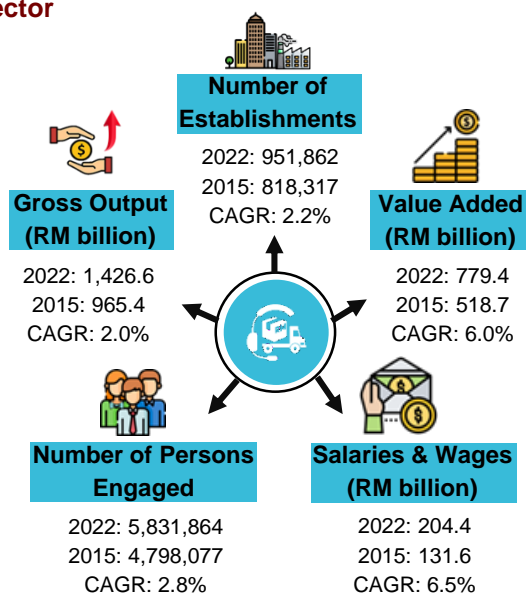
Table 1: Principal Statistics by Five Main Sector, 2022

Sectors	Number of Establishments	Gross Output	Value Added	Number of Persons Engaged	Salaries & Wages
Overall Economy	1,091,867 units	RM3,851.8 bil	RM1,502.6 bil	10,004,306 persons	RM354.9 bil
Agriculture	1.2%	3.2%	5.2%	5.2%	2.7%
Mining & Quarrying	0.1%	5.3%	11.0%	0.7%	2.1%
Manufacturing	5.0%	49.2%	27.6%	23.5%	27.4%
Construction	6.5%	5.3%	4.4%	12.4%	10.3%
Services	87.2%	37.0%	51.9%	58.3%	57.6%

The **Services** sector stands as the largest contributor to the economy, accounted for more than half of the GDP. It demonstrated resilience and recovery following the reopening of all economic sectors and national borders in 2022 despite heavily impacted by the pandemic. In 2022, the Services sector saw a notable expansion in dominating the domestic's market. Both of the sector's gross output and value added also significantly contributed to the economy, representing 37.0 per cent and 51.9 per cent, respectively, led by the Wholesale & retail trade sub-sector. Meanwhile, the number of persons engaged in the Services sector rose by 2.8 per cent. Parallel to this, the total salaries & wages in the Services sector edged up 6.5 per cent (**Figure 9**). Meanwhile, employees in the Information and communication sub-sector earned the highest average monthly salary amounting to RM6,442.

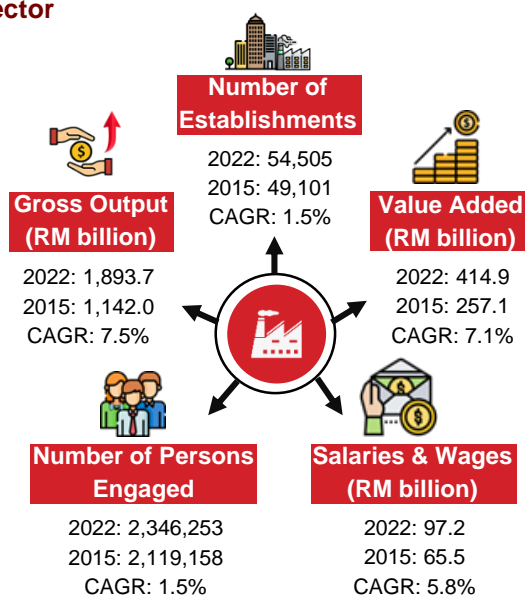
Right after the Malaysia's independence day in 1957, the **Manufacturing** sector was initially dominated by basic industries such as food processing, textiles and consumer goods. However, the industrialisation phase during early 80s has expanded the Manufacturing sector with machineries as among the main products. With various of products being produced domestically, the establishments related to Manufacturing rose by 1.5 per cent annually from 2015 to 2022. During this period, the gross output and value added registered an annual increase of 7.5 per cent and 7.1 per cent, respectively (**Figure 10**). The number of persons engaged in the Manufacturing sector was mainly contributed by the Electrical, electronic and optical products sub-sector with a share of 26.8 per cent.

Figure 9: Principal Statistics of the Services Sector



Source: Department of Statistics Malaysia (DOSM)

Figure 10: Principal Statistics of the Manufacturing Sector

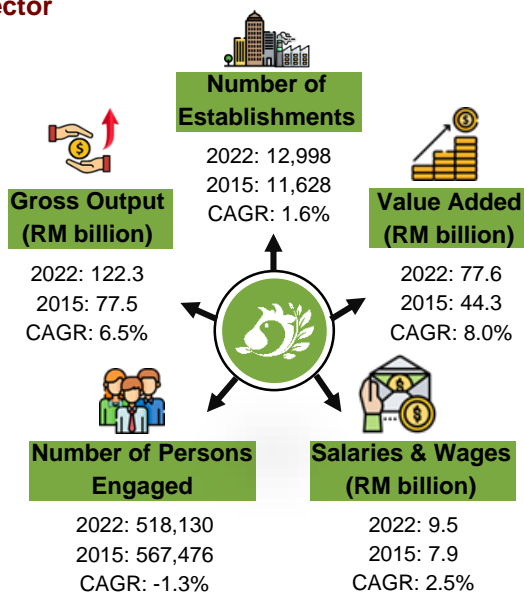


Source: Department of Statistics Malaysia (DOSM)



The **Agriculture** sector is the third most important sector that contributes to the Malaysia's GDP. Total establishments under this sector grew at an average of 1.6 per cent annually in 2022. The Crops sub-sector was the main contributor to this incline, dominating with a share of 69.4 per cent. Meanwhile, the gross output also increased to 6.5 per cent led by Crops sub-sector. Following the same trend, the Crops sub-sector contributed 89.3 per cent out of the total value added of the sector. Despite that, the number of persons engaged in the Agriculture sector decreased to 1.3 per cent (Figure 11).

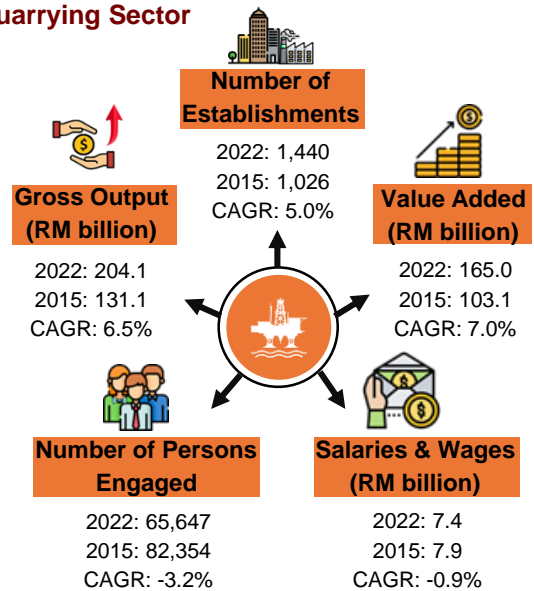
Figure 11: Principal Statistics of the Agriculture Sector



Source: Department of Statistics Malaysia (DOSM)

In the recent years, the **Mining & quarrying** sector has played a pivotal role in propelling Malaysia's overall economic growth. To cope with the increasing demand of its products, establishments which focusing on Mining & quarrying activities have increased by 5.0 per cent between 2015 and 2022. As a result, this sector showed a modest growth in gross output, reflecting an average annual growth of 6.5 per cent. The expansion of gross output resulted in even higher growth of value added over the same period, escalating with an average annual growth of 7.0 per cent. The main contributor to this upsurge was Petroleum & natural gas mining sub-sector despite its small number of establishment's (17.9%). However, the total employees and salaries & wages in this sector deteriorate by 3.2 per cent and 0.9 per cent, respectively over the same period (Figure 12).

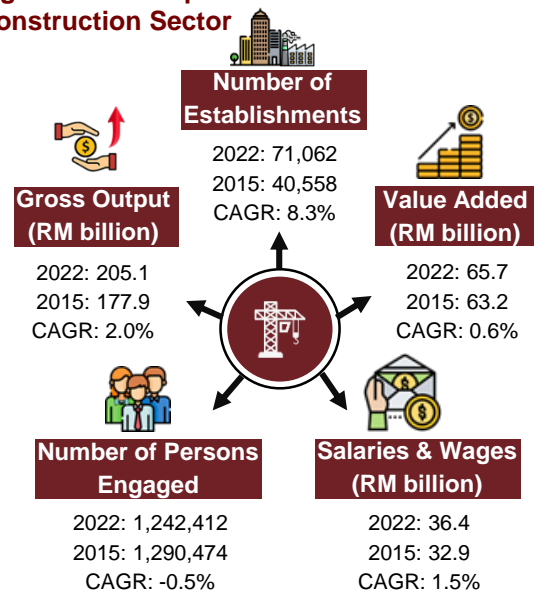
Figure 12: Principal Statistics of the Mining & Quarrying Sector



Source: Department of Statistics Malaysia (DOSM)

Since year 2000, the **Construction** sector has experienced continuous expansion, with the gross output value increasing five-fold by 2022. From 2015, construction-centric establishments grew on average of 8.3 per cent annually in 2022. In line with the growth of both establishments and gross output, value added of the Construction sector also increased, albeit marginally by 0.6 per cent. Civil engineering sub-sector led the value added in the Construction sector with a share of 27.1 per cent. Despite total persons engaged in this sector decreased in 2022, the salaries & wages showed a positive trend for the same year as compared to 2015 (CAGR: 1.5%) as shown in Figure 13.

Figure 13: Principal Statistics of the Construction Sector








Source: Department of Statistics Malaysia (DOSM)



Fuelling the Future: New Frontiers in Emerging Industries

Following the pandemic year and drastic advancement of technology-centric life, several new industries emerged following the changes in consumer preferences led by digitalisation and global trends. Aligned with the Industrial Revolution 4.0, a growth spike were observed for selected activities in the Economic Census 2023 (Table 2).

Table 2: Growth of Establishments by Potential Activity

Sectors	Potential Activity	CAGR 2022/2015
 Agriculture	Growing of durian	25.8%
 Mining & Quarrying	Oil and Gas Extraction Services Activities	8.0%
 Manufacturing	Manufacture of Diodes, Transistors and Similar Semiconductor Devices	1.7%
 Construction	Construction of non-residential buildings – data centres	35.4%
 Services	Wireless telecommunication services	12.5%

Source: Department of Statistics Malaysia (DOSM)

Services – The digital optimisation revolving around 5G coverage created more job opportunities as well as escalated the nation's GDP. The widen coverage of 5G greatly boosted the performances of various sectors such as Logistics and Agricultures with the involvement of drones in the business processes. Therefore, following this new trend, the number of establishments in Wireless telecommunication services and Satellite telecommunication services activities recorded a notable growth of 12.5 per cent and 10.8 per cent compounded annual, respectively. Notably, the 5G infrastructures in Malaysia has covered around 40 per cent of populated areas at the end of 2022¹⁵.

Manufacturing – As usage of technology getting broaden in daily life, economic activities adapted to satisfy the existing demand. Manufacture of diodes,

transistors and similar semiconductor devices activity grew 1.7 per cent annually as demand for electronic components surged across multiple sectors. This growth is fuelled by proliferation of generative artificial intelligence (AI), the surge in demand for the Internet of Things (IoT) and the growing prevalence of electric vehicles (EVs) are driving a sharp increase in the need for more advanced chips¹⁶. Malaysia's exports of diodes, transistors, and similar semiconductor devices to the United States saw a significant increase, rising to USD 2.16 billion in 2022 from USD 1.76 billion in 2021. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor market is projected to rebound by 13.1 per cent in 2024, reaching USD 588 billion (RM2.8 trillion)¹⁷.

Agriculture – The Agriculture sector was dominated by rubber and palm oil for many years. However, the Growing of durian activity showed tremendous potential by leading the growth in the number of establishments in the Agriculture sector with a surge from only 41 registered establishments in 2015 to 250 establishments in 2022. This was equivalent with an annual growth of 25.8 per cent. Technology advancement on data analytics and cloud computing deployed on this sector help to boost the output of the king of fruit and mitigate the effects of climate change on its yields¹⁸.

Mining & Quarrying – The oil and gas mining industry is dominated by a few major players that exert considerable influence over the market. Key features of the industry include high barriers to entry and the ability to set prices, creating opportunities for substantial profits. From 2015 to 2022, the number of these service providers grew at an average annual rate of 8.0 per cent, or 214 establishments by 2022. During the same year, approved investments in the sector amounted to RM614.5 million, with 47.0 per cent coming from foreign investors¹⁹.

Construction – Economic Census 2023 highlighted that Construction activities which highly related to digitalisation and modern technology had a double digit annual growth. With data being the new oil of

15. As reported by Global System for Mobile Communications Association (GSMA).

16. As reported in the article The Edge Malaysia: Securing Malaysia's position in the global semiconductor supply chain on 11 September 2024

17. As published in the article Malaysian Investment Development Authority (MIDA): MSIA: Local semiconductor sector to pick up in second half of 2024

18. As reported in The Edge Malaysia under the article Agritech: Farming durians the smart way.

19. Malaysian Investment Development Authority (MIDA).



the future, development of data processing centres increased in line with the latest trend. Accordingly, Construction of non-residential buildings activity related to data centres grew from three (3) to 25 establishments in 2022 in the span of seven (7) years (CAGR: 35.4%). It is projected that the data centre market in Malaysia will have a significant growth, with projections indicating a notable compounded annual growth rate (CAGR) of 13.9 per cent from 2023 to 2029²⁰.

Behind the Numbers: A Deeper Dive into Key Findings

Delving further, there were also other interesting facts that can be captured as we dived deeper in the ocean of data.

Rise of Digital Lifestyle – Digital lifestyle has reached out further in our daily lives from just connecting with people far away to covering almost all of the daily purchases of goods and services. Digitalisation has driven the telecommunication services and ICT equipment sales in Malaysia, recorded a value added of RM117.9 billion and an annual growth of 8.5 per cent in 2022. Besides, establishments that were focused on online sales activities grew 48.6 per cent annually. This led to rise in postal & courier services and storage & warehousing services, both expanded by 20.3 per cent and 10.2 per cent, respectively.

Renewable Energy Indicator – With the entire global slowly transitioned to green energy policy, every nation enforced their own policies towards the same purpose. In 2022, it is recorded there were 118 establishments specialised under solar energy. Selangor led the production of renewable energy market with 40 of the establishments operated in the state.

Booming of Homestays – Unlike traditional hotels, homestays provide guests with a unique opportunity to live like a local. Given that the cost is far more worth it compared to hotels, it has become a popular choice among tourists, domestics and overboard. The activity grew annually by 79.3 per cent in seven

(7) years, totaling 10,166 units equivalent of 72.6 per cent of the total accommodation establishments in 2022. As a result of Movement Control Order (MCO) was fully lifted at the end of 2021, the number of tourists arrival increased 7,375.0 per cent year-on-year, further boosting the value added of homestay establishments to RM7.7 billion in the following year.

Health and Life Expectancy – Malaysia is slowly heading towards the silvering society as percentage of senior citizens increase at alarming rate. Within seven (7) years, the elderly care activity grew by 4.7 per cent with 220 establishments all around Malaysia in 2022. Selangor led the growth of the activity with an annual of 11.9 per cent as the state has the highest senior citizens with 482,618 persons²¹. Meanwhile, the life insurance services establishments grew 87.0 per cent year-on-year to record a total of 640 in 2022. The expansion of this business line was to ensure the insurance industry had the capability to provide coverage for all citizens. This is further supported by the net claims incurred by medical and health insurance which increased to RM569.0 million in the same year (CAGR: 22.2%)²².

State-by-State Spotlight: The Economic Pulse of Malaysia

Industrial Value Added – In terms of state contributions, Selangor, W.P. Kuala Lumpur and Sarawak collectively contributed RM881.8 billion (58.7%) to the national value added. Selangor, being the highest contributor to the Malaysia's value added was led by the Services sector with a dominant share of 62.6 per cent (**Figure 14**). This was followed by W.P. Kuala Lumpur with a value added amounted to RM298.9 billion, driven by the Services sector with 93.7 per cent to the total value added for W.P. Kuala Lumpur.

Average Salaries & Wages – In 2022, Economic Census 2023 revealed that average salaries and wages per month was RM3,332 on the national level. For state-level comparison, four (4) states recorded higher average salaries and wages per month than national namely W.P. Kuala Lumpur

20. As posted in ASEAN Briefing in article Google to Invest US\$2 Billion in Malaysia's Data Center and Cloud Market.

21. As published in the findings of Population and Housing Census Malaysia, 2020.

22. As reported by Bank Negara Malaysia (BNM).



which recorded the highest amount (RM4,193), leaving the rest of the states with substantial gap. The second highest amount of average salaries and wages was recorded in Selangor with RM3,544 per month (Table 3).

Average Salaries & Wages by sector - Among the top three (3) states with the highest average salaries and wages, the Services sub-sectors dominated the top three (3) highest payout of salaries and wages in W.P. Kuala Lumpur and Selangor. This was in line with the Services sector dominated the value added of these states. The Telecommunication services activity in W.P. Kuala Lumpur and Selangor posted average monthly salaries and wages of RM9,457 and RM7,580, respectively.

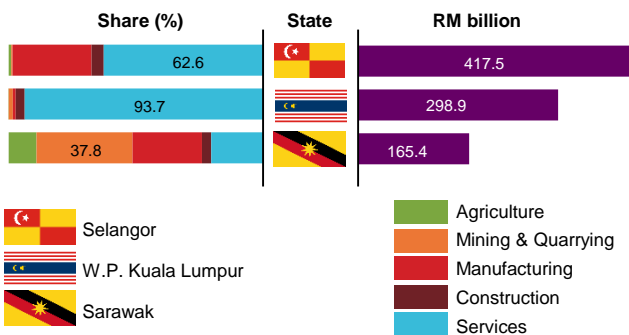
However, a different trend was identified in Pulau Pinang as the Manufacturing sector paid highest salaries & wages. The Manufacturing sub-sector that led the ranking was Production of electric, electronic and optical products activity, which remunerated their employees with an average of RM4,790 on a monthly basis. This was followed by Petroleum, chemicals, rubber & plastic products and Non-metal mineral products (Figure 15).

Table 3: Average Monthly Salaries and Wages by State, 2022

State	Average Salaries & Wages (RM)
W.P. Kuala Lumpur	4,193
Selangor	3,544
Pulau Pinang	3,496
W.P. Labuan	3,491
Malaysia	3,332
Melaka	3,115
Sarawak	3,077
Negeri Sembilan	3,025
W.P. Putrajaya	2,994
Johor	2,987
Terengganu	2,793
Kedah	2,721
Perak	2,679
Pahang	2,628
Sabah	2,381
Perlis	2,253
Kelantan	2,070

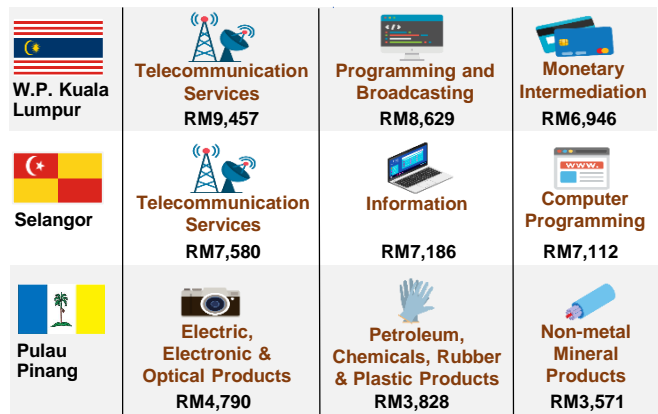
Source: Department of Statistics Malaysia (DOSM)

Figure 14: Top Three (3) Value Added of All Sectors by State, 2022



Source: Department of Statistics Malaysia (DOSM)

Figure 15: Top Three (3) Activities with Highest Average Salaries and Wages by State, 2022



Source: Department of Statistics Malaysia (DOSM)

2022 in Focus: How Major Events Shaped Malaysia's Economy

Reopening of National Border – With the phases of COVID-19 restrictions were fully lifted by early 2022, majority of domestic economic activities were able to resume as usual. This was followed by the reopening of national border in April 2022 which revived the tourism activities and further supported the domestic growth throughout the year.

EPF Fund Special Withdrawal¹ – In order to lessen the citizens' rising living cost, Malaysia government has allowed the EPF members to withdraw up to RM10,000 from Account 2. Therefore, a total of RM44.6 billion was injected into the economy under this scheme, amounting 49 per cent out of the total withdrawal for the year 2022².

Malaysia's Overnight Policy Rate (OPR) – Following the non-stopping increase of federal funds rate, Bank Negara Malaysia (BNM) was left with no choice but to increase the OPR level-by-level by 25 basis points starting from 11th May until 3rd November 2022. This is to ensure that the Malaysian Ringgit (MYR) did not fall behind its neighbouring countries and to help lower the national inflation rate (Table 1).

Rising of Brent Crude Oil Prices – Unexpected geopolitical tension between Russia and Ukraine in early 2022 has caused a sudden surge of the oil price. The price reached its peak of 133.18 USD per barrel in March 2022 (Figure 1). This has prompted Malaysia to increase the amount of its subsidies for Liquefied Gas, Diesel and Refined Petroleum by 457.7 per cent for 2022 to maintain its domestic prices.

Malaysia's 15th General Election (GE15) – General elections were held throughout Malaysia on Saturday, 19th November 2022. The sentiment surrounding Malaysia's GE15 was marked by uncertainty and heightened political tension. This period saw significant public discourse and speculation about the country's future direction, which impacted both consumer and business confidence. This is believed by some people to be a good sign for Malaysia in the upcoming year thus caused some of the better changes in the national

economy such as strengthening of USDMYR³ (Figure 2) and FBMKLCI⁴ (Figure 3).

Table 1: Malaysia's OPR in 2022

Date	Change in OPR (%)	New OPR (%)
11 May 2022	+0.25	2.00
6 July 2022	+0.25	2.25
8 Sept 2022	+0.25	2.50
3 Nov 2022	+0.25	2.75

Source: Bank Negara Malaysia (BNM)

Figure 1: Daily Brent Crude Oil Prices (USD/barrel), 2015-2022



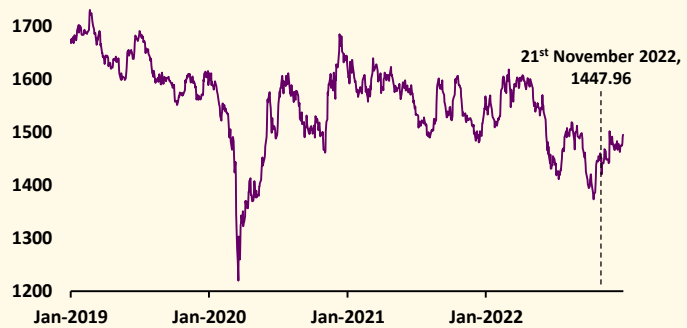
Source: The United States Energy Information Administration

Figure 2: U.S. Dollar / Malaysian Ringgit Daily Chart, 2020 - 2022



Source: Bank Negara Malaysia (BNM)

Figure 3: FBMKLCI Daily Index, 2019 - 2022



Source: Bursa Saham Malaysia

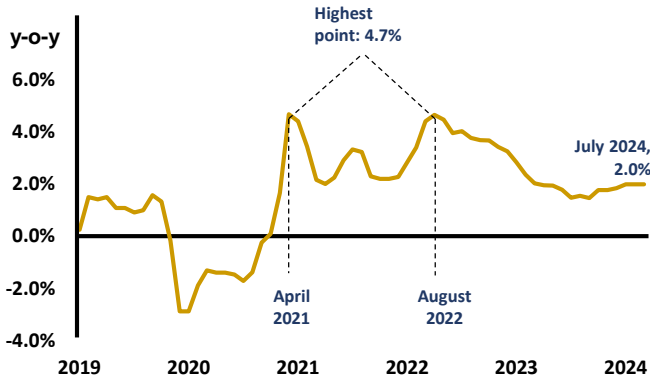
- From March 2020 until December 2022, Employees Provident Fund (EPF) had allowed their account holders to withdraw their money from the allocated fund. There are a total of four (4) schemes specifically for this which are i-Lestari, i-Sinar, i-Citra and EPF Special Withdrawal.
- As reported in the article entitled 'Cover Story: Who pays for anytime EPF withdrawals?' released by The Edge Malaysia on 14th May 2024.
- USD/MYR is the abbreviation for the US Dollar and Malaysian Ringgit pair. It shows how much the USD (base currency) is worth as measured against the MYR (counter currency).
- FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) is a capitalisation-weighted stock market index, composed of the 30 largest companies on the Bursa Malaysia by market capitalization.

Rising Strong: the Journey of Economic Rebound for Malaysia Post Pandemic

In the initial phase of the pandemic in 2020, Malaysia's **inflation rate** was relatively low due to reduced consumer demand and government interventions such as subsidies and price controls on essential goods. Starting 2021, as businesses were allowed to operate albeit with strict regulations, inflation has been steadily high. Nevertheless, the growth pace showed a gradual decrease, partly reflecting persisting demand pressures until it re-stabilised around 2.0 per cent in 2024 as shown in **Figure 16**.

Despite suffering from the challenging global market conditions, from pandemics to geopolitical conflicts, domestic economy remained resilient with slow expansion rate. The moderate growth of the **GDP** shows economic activity slowly normalised to pre-pandemic situation as economic rebounded led by reopening of national borders. The economy continued to demonstrate a gradually strong performance with an annual growth average of 3.7 per cent in 2023 to 5.9 per cent in the second quarter of 2024²³. This favourable performances were mainly driven by the Services and Manufacturing sectors (**Figure 17**). Furthermore, the growth was also driven by stronger domestic demand and further expansion in exports²⁴, surpassing analysts' and early government estimates for a 5.8 per cent rise.

Figure 16: Malaysia's Monthly Inflation Rate, January 2019 – July 2024

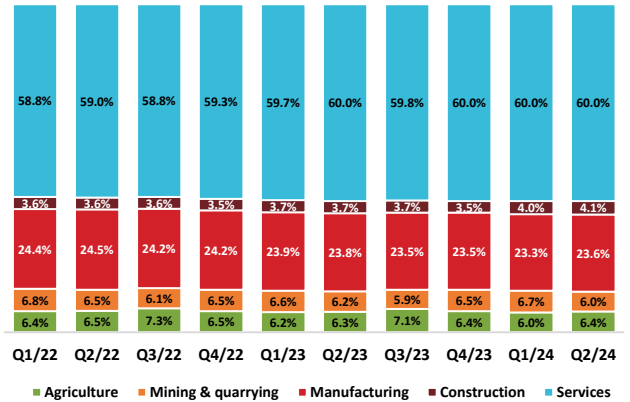


Source: Department of Statistics Malaysia (DOSM)

Following the domestic economic recovery phase with businesses operating as usual, countless job

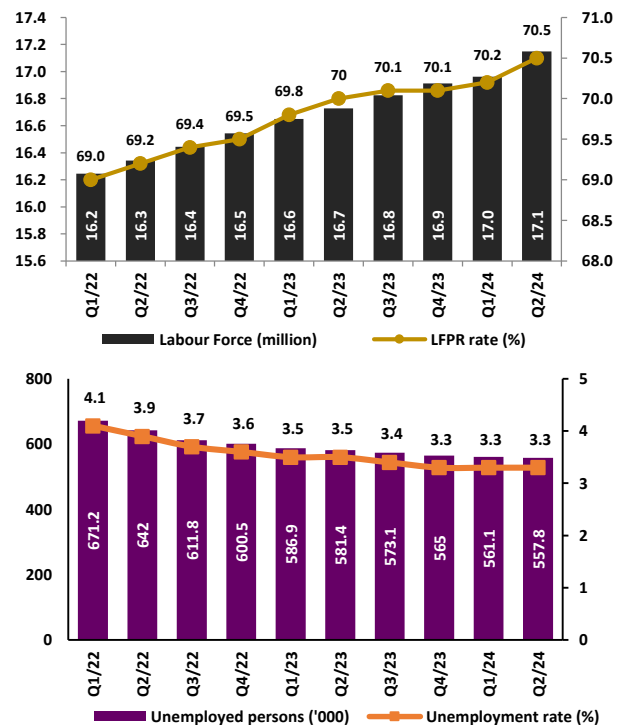
opportunities were available all over the nation in order to optimise business operations. Therefore, Malaysia's **labour force** participation rate (LFPR) edged up from 69.2 per cent in Q1 2022 to 70.5 per cent in Q2 2024. This promising behaviour was also supported by continuous declination of the unemployment rate, from 3.9 per cent to 3.3 per cent within the same time period (**Figure 18**).

Figure 17: Contribution of the Economic Activity in Malaysia at Constant 2015 Prices, Q1/2022 – Q2/2024



Source: Department of Statistics Malaysia (DOSM)

Figure 18: Principal Statistics of Labour Force, Malaysia, Q1/2022 – Q2/2024



Source: Department of Statistics Malaysia (DOSM)

23. As published in Malaysia, Quarterly GDP in August 2024.

24. Economic and Financial Developments in Malaysia in the Second Quarter of 2024 report by BNM.

