

## Malaysia

22 January 2024

### Weak End to 2023; Maintain 2024 GDP Growth Forecast

- 4Q23 GDP growth disappointed, according to the advance estimates, barely improving to 3.4% YoY from 3.3% in 3Q23.
- GDP growth averaged 3.8% YoY in 2023 versus official estimates of 4%. Despite the weaker 2023 outturn, we maintain our 2024 GDP growth forecast of 4.2%.
- In terms of monetary policy, we expect Bank Negara Malaysia (BNM) to keep its policy rate unchanged throughout this year.

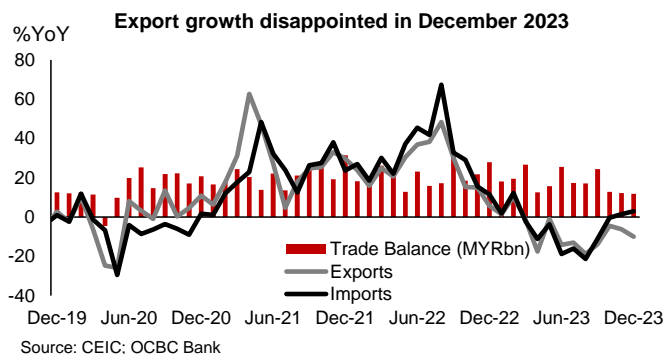
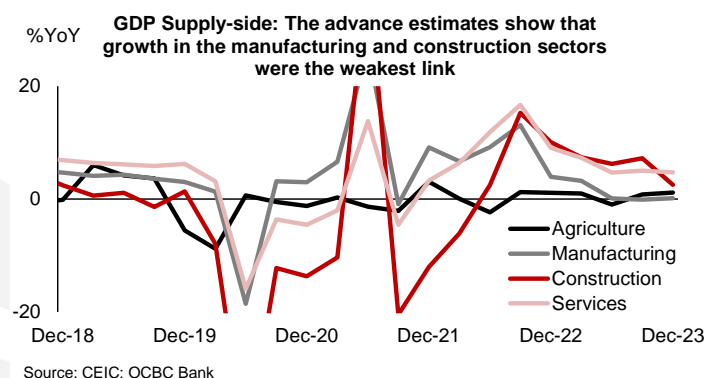
**Lavanya Venkateswaran**  
Senior ASEAN Economist

+65 6530 6875

[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

The advance estimates showed that 4Q23 GDP growth barely improved to 3.4% YoY from 3.3% in 3Q23, well below expectations (Consensus and OCBC: 4.1%). Manufacturing sector growth remained weak, albeit improving slightly (+0.1% YoY versus -0.1% in 3Q23), consistent with still anaemic export growth. The biggest surprise relative to our forecasts was the sharp slowdown in construction GDP growth to 2.5% YoY from 7.2% in 3Q23. According to the Department of Statistics, “the moderation...was influenced by civil engineering and residential buildings”. Meanwhile, services sector GDP growth slowed to 4.7% YoY versus 5% in 3Q24, broadly in line with expectations, and the mainstay for growth.

Separately, the December trade data that was released confirmed an anaemic external demand backdrop. Export growth fell further to -10% YoY from -6.1% in November, as commodities and electrical & electronics products exports remained lacklustre. Import growth improved to 2.9% YoY from 1.5% in November, driven mainly by intermediate goods imports. Capital goods import growth slowed but remained robust, suggesting some improvements in investment spending maybe forthcoming into 2024. Consumption goods imports growth, however, fell to -0.7% YoY versus 2.4% in November. As a result, the trade surplus narrowed to MYR11.8bn from MYR12.2bn in November.



For 2023, GDP growth averaged 3.8% YoY, below official estimates of 4%. The weakness in the 4Q23 print was disappointing. However, looking ahead, we remain cautiously optimistic. We maintain our 2024 GDP growth forecast of 4.2% YoY. The focus from the government on boosting infrastructure and investment

spending, resilient household consumption spending and a bottoming of the electronics export downcycle (likely in 2H24) will support growth this year. In terms of monetary policy implications, we expect BNM to keep its policy rate unchanged at its 24 January meeting and indeed, through 2024.

## Macro Research

Selena Ling  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

Herbert Wong  
Hong Kong & Macau Economist  
[HerbertWong@ocbc.com](mailto:HerbertWong@ocbc.com)

Jonathan Ng  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

Tommy Xie Dongming  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

Lavanya Venkateswaran  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

Ong Shu Yi  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

Keung Ching (Cindy)  
Hong Kong & Macau Economist  
[Cindyckeung@ocbc.com](mailto:Cindyckeung@ocbc.com)

Ahmad A Enver  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

## FX/Rates Strategy

Frances Cheung, CFA  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

Christopher Wong  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

## Credit Research

Andrew Wong  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

Ezien Hoo, CFA  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

Wong Hong Wei, CFA  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

Chin Meng Tee, CFA  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W