

Malaysia

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May Industrial Production Eases

- The industrial production index rose by 2.4% YoY in May versus 6.1% in April, below expectations (Consensus: 3.6%; OCBC: 5.0%).
- Our GDP tracking estimates show higher GDP growth of 4.9% YoY in 2Q24 versus 4.2% in 1Q24.
- With GDP growth momentum improving and inflation remaining manageable, we maintain our view for BNM to remain on hold for the rest of 2024.

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The industrial production index rose by 2.4% YoY in May versus 6.1% in April, below expectations (Consensus: 3.6%; OCBC: 5.0%). IP growth, however, picked up in sequential terms rising 1.7% MoM Sa versus -0.3% in April.

While IP growth in the mining sector was volatile in May (-6.9% YoY versus +10% in April), manufacturing (4.6% versus 4.9%) and electricity (4.2% versus 7.8%) output remained strong, albeit easing in YoY from April. By-orientation, export-oriented IP growth picked up to 3.7% YoY versus 2.6% in April while domestic oriented IP growth slowed to 6.4% YoY versus 9.5%.

Our GDP tracking estimates show higher GDP growth of 4.9% YoY in 2Q24 versus 4.2% in 1Q24. This considers not only stronger industrial production growth (average growth of 4.2% YoY in April and May 2024 versus 3.3% in 1Q24) but also better export growth, wholesale and retail trade growth, palm production as well as higher motor vehicle sales. With GDP growth momentum improving and inflation remaining manageable, we maintain our view for BNM to remain on hold for the rest of 2024.

%YoY	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Domestic Sector					
Industrial Production Index (IPI)	4.3	3.1	2.4	6.1	2.4
Retail Trade	2.6	5.8	7.1	5.5	8.7
Wholesale Trade	5.5	5.2	4.0	4.8	4.7
Motor Vehicles	16.0	5.4	3.2	18.1	10.5
Passenger and Commercial Vehicle Sales (MAA)	30.6	-1.1	-9.9	21.3	8.7
Crude Palm Oil Production	1.6	0.5	8.1	25.7	12.3
External Sector					
Exports fob	8.7	-0.8	-0.9	9.0	7.3
Imports	18.7	8.0	12.5	15.5	13.8

Source: CEIC; OCBC.

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