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GROSS DOMESTIC PRODUCT THIRD QUARTER 2023



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Malaysia's economy grew by 3.3 per cent in the third quarter of 2023 from 2.9 per cent recorded in the preceding quarter. In terms of seasonally adjusted, the economy increased by 2.6 per cent (Q2 2023: 1.5%). The performance on the supply side was driven by the Services, Construction and Agriculture sectors. On the demand side, Private final consumption expenditure and Gross fixed capital formation continued to propel the overall economy. Malaysia's economy moderated to 3.9 per cent for the cumulative three quarters of 2023, as compared to 9.2 per cent in the same period of 2022.

In the third quarter of 2023, the **Services** sector expanded 5.0 per cent from 4.7 per cent recorded in the second quarter of 2023. In terms of seasonally adjusted, the Services sector grew by 2.1 per cent (Q2 2023: 2.7%). The favorable performance was led by the Wholesale & retail trade sub-sector, which increased 5.4 per cent (Q2 2023: 4.7%), supported by better performance in all segments, mainly wholesale and retail trade. Furthermore, Transportation and storage rose 12.8 per cent (Q2 2023: 13.5%) and Business services grew 8.6 per cent (Q2 2023: 10.7%) in this quarter. However, Finance and Insurance were still contracted at 0.3 per cent (Q2 2023: -1.9%) and 2.4 per cent (Q2 2023: -13.4%), respectively. **Manufacturing** sector fell slightly to 0.1 per cent as compared to a growth of 0.1 per cent recorded in the preceding quarter. In terms of seasonally adjusted, the Manufacturing sector expanded to 1.5 per cent (Q2 2023: 0.6%). The drop in this quarter was mainly attributed to a decrease in Electrical, electronic & optical products (Q3 2023: -2.5%) and Petroleum, chemical, rubber & plastic products (Q3 2023: -2.4%). Nevertheless, Transport equipment, other manufacturing & repair and Non-metallic mineral products, basic metal & fabricated metal products continuously increased in this quarter, with 4.5 per cent and 5.5 per cent, respectively, driven by domestic demand. **Agriculture** sector grew marginally by 0.8 per cent as compared to a decrease of 1.0 per cent in the preceding quarter. In terms of seasonally adjusted, this sector increased 4.5 per cent (Q2 2023: -3.5%). The growth was mainly attributed to better performance in the Oil palm sub-sector, which increased 2.2 per cent (Q2 2023: -6.9%) in tandem with higher production of fresh fruit bunches. Moreover, Other agriculture grew at 2.8 per cent (Q2 2023: 6.6%) and Livestock rose at 1.1 per cent (Q2 2023: 0.5%). Nonetheless, Fishing and Rubber sub-sectors declined at 1.1 per cent and 16.2 per cent, respectively. **Mining and quarrying** sector contracted by 0.1 from a decrease of 2.3 per cent in the second quarter of 2023. In terms of seasonally adjusted, this sector escalated 8.6 per cent (Q2 2023: -2.7%). The downturn was largely influenced by a decline in production in the Natural gas sub-sector. However, Other mining & quarrying and Crude & condensate sub-sectors grew in this quarter. **Construction** sector rose 7.2 per cent from 6.2 per cent in the preceding quarter. In terms of seasonally adjusted, this sector grew at 3.7 per cent (Q2 2023: 4.8%). The performance was supported by Civil engineering and Specialised construction activities, which strengthened to 14.6 per cent (Q2 2023: 10.0%) and 10.4 per cent (Q2 2023: 6.4%), respectively. In addition, Residential buildings increased by 6.2 per cent (Q2 2023: 6.1%) in this quarter. Meanwhile, Non-residential buildings contracted 4.7 per cent as compared to 2.3 per cent in the previous quarter.

Final consumption expenditure grew at 4.8 per cent compared to 4.2 per cent in the preceding quarter. **Private final consumption expenditure** registered a growth of 4.6 per cent (Q2 2023: 4.3%) in the third quarter of 2023. The performance was supported by higher expenditures on Transport, Food & non-alcoholic beverages and Housing, water, electricity, gas & other fuels. In seasonally adjusted terms, Private final consumption expenditure contracted by 0.7 per cent (Q2 2023: 5.9%). **Government final consumption expenditure** accelerated to 5.8 per cent from 3.8 per cent in the second quarter of 2023. The strong growth was due to higher spending on supplies and services. On a quarter-on-quarter seasonally adjusted, Government final consumption expenditure ascended to 4.6 per cent (Q2 2023: 4.0%). **Gross fixed capital formation (GFCF)** rose to 5.1 per cent as compared to 5.5 per cent. In seasonal adjusted terms, GFCF moderated to 1.8 per cent (Q2 2023: 4.7%). The favorable performance of GFCF was attributed to Structure and Machinery & equipment, which expanded to 6.9 per cent (Q2 2023: 6.0%) and 4.0 per cent (Q2 2023: 4.4%), respectively. Furthermore, Other assets increased marginally 0.6 per cent after growing at 8.3 per cent in the previous quarter. In terms of sector, the Private sector (share: 79.8%) moderated 4.5 per cent (Q2 2023: 5.1%), while GFCF in the Public sector expanded 7.5 per cent from 7.9 per cent in the previous quarter. **Exports** posted a sluggish performance, which recorded a decrease of 12.0 per cent (Q2 2023: -9.4%). The performance was influenced by a decrease in exports of goods. On a quarter-on-quarter seasonally adjusted, Exports grew by 0.6 per cent (Q2 2023: 1.2%) in the third

quarter of 2023. **Imports** continued to decline, with a decrease of 11.1 per cent (Q2 2023: -9.7%) due to lethargic performance in the import of goods. In seasonal adjusted terms, Imports registered a decline of 0.8 per cent (Q2 2023: 2.6%).

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