

EMBARGO: Only to be published or disseminated at **12:00 hour, Tuesday, 7 November 2023**



INDEX OF INDUSTRIAL PRODUCTION MALAYSIA



The Industrial Production Index slipped by 0.5 per cent in September 2023 compared to a year ago, while expanding on a monthly basis for two consecutive months

The IPI continued to decline in September 2023 by 0.5 per cent year-on-year after registering a negative 0.3 per cent recorded in the previous month. The decrease was mainly influenced by the 5.2 per cent downturn in the Mining sector. On the other hand, the Manufacturing sector returned to a marginal growth of 0.4 per cent (August 2023: -0.6%), after experiencing a declining trend for three consecutive months. Meanwhile, the Electricity sector ascended by 2.5 per cent as against 1.9 per cent registered in August 2023. Nevertheless, on a monthly basis, the IPI showed continuous expansion with 1.1 per cent growth, after registering 2.8 per cent in August 2023.

The expansion in Manufacturing output was primarily fueled by the steady performance of domestic-oriented industries, which accelerated by 5.9 per cent in September 2023 (August 2023: 4.2%). This upturn was underpinned by the Manufacture of fabricated metal products, except machinery & equipment (9.6%); Manufacture of food processing products (8.2%); and Manufacture of other non-metallic mineral products (8.0%).

Conversely, the export-oriented industries which constituted about two-thirds of the Manufacturing output remained on a downward trend, albeit with a smaller negative growth of 2.0 per cent in September 2023, compared to a 2.6 per cent decline in the preceding month. The decrease was mainly attributed to the Manufacture of coke & refined petroleum products (-7.7%); Manufacture of machinery & equipment n.e.c. (-4.9%); and Manufacture of computer, electronics & optical products (-1.9%). This trend aligns with the country's export performance which fell by 13.7 percent in September 2023, showing improvement from the negative 18.7 per cent registered in August 2023. As compared to the previous month, the production of both domestic-oriented and export-oriented industries grew by 4.4 per cent and 1.1 per cent, respectively.

The output in the Mining sector edged downward by 5.2 per cent in September 2023 as against a positive 0.1 per cent recorded in August 2023. The downward trend was influenced by Natural Gas production which returned to negative territory, with a decline of 7.8 per cent as opposed to

the 2.6 per cent increase in August 2023. Additionally, Crude Oil & Condensate output continued its declining trend, registering a negative 1.4 per cent in September 2023 (August 2023: -3.3%). In comparison with the preceding month, the Mining index decreased by 1.6 per cent as compared to the negative 5.4 per cent recorded in August 2023.

In the meantime, the Electricity output advanced further by 2.5 per cent in September 2023 after registering 1.9 per cent growth in the previous month. A month-on-month comparison, the Electricity index declined by 4.0 per cent, contrasting a positive growth of 0.3 per cent recorded in August 2023.

Overall, in the third quarter of 2023, the IPI registered a marginal decline of 0.04 per cent year-on-year as compared to the negative 0.3 per cent recorded in the second quarter of 2023. During the period, the Mining and Manufacturing sectors decreased by 0.4 per cent and 0.1 per cent, respectively. The Electricity generation increased by 2.0 per cent in this quarter, continuing the positive momentum for three consecutive quarters. Nevertheless, in comparison with the second quarter of 2023, the IPI rebounded to 4.2 per cent predominantly backed by the Manufacturing sector at 5.5 per cent, in line with the quarterly expansion of exports. In addition, imports of intermediate goods also posted quarterly increase, thus signalled higher demand for the industrial production.

The IPI expanded at a slower rate of 0.8 per cent as compared to the same period of the previous year which was 7.7 per cent. The increase was supported by the Manufacturing index (1.1%) and the Electricity index (1.7%). On the other hand, the Mining index dipped by 0.4 per cent.

The full publication of the Industrial Production Index, September 2023 can be downloaded through eStatistik portal.

Released by:

DEPARTMENT OF STATISTICS MALAYSIA

7 November 2023

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