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MANUFACTURING INDUSTRY CAPACITY UTILISATION STATISTICS, SECOND
QUARTER 2023



Manufacturing industry operated at a lower capacity utilisation of 78.2 per cent in the second quarter of 2023 with six states surpassing the national rate

The capacity utilisation of Manufacturing industry was 78.2 per cent in the second quarter of 2023, lessen by 0.8 percentage points as compared to a year ago (Q2 2022: 79.0%). It was the second decline this year following the decreases recorded in almost all sub-sectors except for the Manufacture of other non-metallic mineral products, basic metals & fabricated metal products. As compared to the previous quarter, the capacity utilisation of the Manufacturing industry further lowered by negative 1.6 percentage points (Q1 2023: 79.8%; -0.4 percentage points).

The lower capacity utilisation rate was attributable to the performance in April 2023, which posted 76.5 per cent, the lowest rate recorded since December 2021. In the meantime, the capacity utilisation rate for May and June 2023 stood at 79.0 per cent and 79.2 per cent respectively. The downturn in the second quarter of 2023 was reflected by the production of Manufacturing output, indicated by the marginal growth of 0.1 per cent in the Industrial Production Index (Q1 2023: 3.4%). Several factors contributed to the lower production capacity in the second quarter of 2023, particularly low demand; insufficient supply of materials; and repair & maintenance of machinery & equipment.

Manufacture of transport equipment & other manufactures sub-sector posted the highest capacity utilisation rate in the second quarter of 2023 with 80.4 per cent but lowered by 0.2 percentage points year-on-year, and followed by the Manufacture of textile, wearing apparel, leather & footwear products (80.1%; -1.3 percentage points). Meanwhile, the capacity utilisation rate for the remaining sub-sectors was below 80.0 per cent with the lowest recorded by the Manufacture of wood, furniture, paper products & printing sub-sector at 76.2 per cent (Q2 2022: 78.6%; -2.4 percentage points). In comparison with the previous quarter, the Manufacture of food, beverages & tobacco products; and Manufacture of transport equipment & other manufactures sub-sectors turned downward to negative 5.3 percentage points and negative 3.6 percentage points, respectively. Moreover, the capacity utilisation in the Manufacture of petroleum, chemical, rubber & plastic products further declined by negative 3.6 percentage points to 77.2 per cent as compared to the first quarter of 2023 (Q1 2023: 80.8%; -1.3 percentage points).

The capacity utilisation in export-oriented industry declined by 1.2 percentage points to 77.4 per cent during the quarter. Almost all industries in this segment registered a decrease except for the Manufacture of vegetable & animals oils & fats which posted an increase of 4.6 percentage points to reach 70.4 per cent; and the Manufacture of wearing apparel which rose by 3.2 percentage points to record 81.6 per cent. Additionally, the Manufacture of chemicals & chemical products and the Manufacture of machinery & equipment n.e.c also experienced an increase of 1.5 percentage points and 1.9 percentage points, respectively.

Nonetheless, the capacity utilisation rate in domestic-oriented industry grew modestly by 0.2 percentage points, reaching 80.1 per cent. The highest increment was in the Other manufacturing (79.0%; +3.1 percentage points); followed by Repair & installation of machinery equipment (79.0%; +2.9 percentage points); and Manufacture of food processing products (80.6%; +1.8 percentage points). In comparison with the previous quarter, both domestic-oriented and export-oriented industries registered a decline of 2.0 percentage points and 2.3 percentage points, respectively.

In the second quarter of 2023, the capacity utilisation of six states surpassed the national rate, namely Terengganu (86.4%), Selangor (82.0%), Melaka (81.8%), Johor (78.7%), Kedah (78.6%) and Negeri Sembilan (78.3%). Meanwhile, other states recorded lower capacity rates than the national average, with Perlis continuing to record the lowest at 62.3 per cent.

The full publication of the Manufacturing Industry Capacity Utilisation Statistics, Q2 2023 can be downloaded through eStatistik portal.

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