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## MANUFACTURING INDUSTRY CAPACITY UTILISATION STATISTICS, THIRD QUARTER 2023

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## ***The Manufacturing industry operated at 79.4 per cent capacity utilisation in the third quarter of 2023***

*The capacity utilisation of the Manufacturing industry was 79.4 per cent in the third quarter of 2023, decreased by 1.9 percentage points as compared to the higher rate recorded a year ago, which was 81.3 per cent (Q3 2022). Almost all sub-sectors posted decreases except for the Manufacture of food, beverages & tobacco products (+1.9 percentage points); and Manufacture of non-metallic mineral products, basic metals & fabricated metal products (+1.6 percentage points). Nevertheless, in comparison with the previous quarter, the capacity utilisation of the Manufacturing industry was higher by 1.2 percentage points from a rate of 78.2 per cent (Q2 2023).*

*On a monthly basis, the utilisation rate of Manufacturing industry picked up in September 2023, reaching 80.0 per cent after two months operating at 78.6 per cent (July 2023) and 79.6 per cent (August 2023). The lower capacity utilisation rate recorded in the third quarter of 2023 was in line with the production of Manufacturing output, indicated by the marginal decline of 0.1 per cent in the Industrial Production Index (Q2 2023: 0.1%). The factors that predominantly contributed to the lower production capacity were low demand, insufficient supply of materials, and the repair and maintenance of machinery and equipment.*

*Manufacture of non-metallic mineral products, basic metals & fabricated metal products; and Transport equipment & other manufactures posted a capacity utilisation rate above 80.0 per cent in the third quarter of 2023 with 81.5 per cent and 81.4 per cent respectively. Meanwhile, Manufacture of wood, furniture, paper products & printing recorded the lowest capacity utilisation rate with 77.1 per cent, a decrease of 1.8 percentage points as compared to a year ago. In comparison with the previous quarter, all subsectors showed an upward trend except for the Manufacture of textiles, wearing apparel, leather & footwear products which declined by 0.4 percentage points to 79.6 per cent.*

*The capacity utilisation in the export-oriented industries continued its declining trend in this quarter, falling by 2.9 percentage points year-on-year to 78.3 per cent during this quarter. Although most industries in this segment registered a decline in the utilisation rate, two industries recorded substantial increases namely the Manufacture of wearing apparel which increased by 8.1 percentage points, reaching 82.3 per cent, followed by the Manufacture of vegetable & animal oils & fats, which rose by 7.1 percentage points, attaining 76.2 per cent. In comparison with the previous quarter, the capacity utilisation rate in the export-oriented industries increased by 1.0 percentage points.*

*On the other hand, the domestic-oriented industries registered a capacity utilisation rate of 81.6 per cent in the third quarter of 2023, which increased slightly by 0.2 percentage points as compared to the same quarter last year. The three industries with the highest increments were recorded in the Manufacture of tobacco products (84.4%; +15.6 percentage points); Other manufacturing (81.6%; +3.7 percentage points); and Manufacture of fabricated metal products, except machinery & equipment (81.6%; +2.1 percentage points) industries. As compared to the second quarter of 2023, domestic-oriented industries registered an increment of 1.4 percentage points.*

*In the third quarter of 2023, seven states demonstrated capacity utilisation rates surpassing the national rate, specifically WP Labuan (97.4%); Negeri Sembilan (86.1%); Melaka (84.4%); Pahang (83.5%); Selangor (82.0%); Johor (81.5%); and Terengganu (80.1%). Five states showed an increase in capacity utilisation rate during the quarter as compared to the preceding year namely Negeri Sembilan, Pahang, Perak, Sabah and WP Labuan. Furthermore, Perlis continued to record the lowest capacity utilisation rate at 65.5 per cent.*

*The full publication of the Manufacturing Industry Capacity Utilisation Statistics, Q3 2023 can be downloaded through eStatistik portal.*

**Released by:**  
**DEPARTMENT OF STATISTICS MALAYSIA**  
**30 November 2023**

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