

Economic Focus

3Q24 GDP: Steady as she goes

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- **3Q24 GDP grew 5.3% y-o-y on strong domestic spending**
- **Solid growth momentum to sustain in 2025, underpinned by robust investment activities, healthy household spending and resilient exports**
- **Stay upbeat on Malaysia's prospects given strong fundamentals to ride through external uncertainties**

On strong footing

Malaysia's economy grew 5.3% y-o-y and 1.8% q-o-q on a seasonally adjusted (SA) basis in 3Q24 (2Q24: +5.9% y-o-y; 2.9% SA q-o-q), which was in line with the advance estimate. The domestic economy grew 7% y-o-y – the strongest quarterly growth since 2022. This takes 9M24 GDP growth to 5.2% which is on track to achieve the government's revised growth projection of 4.8%-5.3%.

Firing on all cylinders

3Q24 domestic consumption continued to be boosted by sustained expansion in the labour market with historic high labour force participation rate, resulting in stellar private consumption growth of 4.8% y-o-y. In addition, 3Q24 capital expenditure surged to a multi-year high growth of 15.3%, signifying the positive impact arising from record-high approved investments in 2021-2023 and various government-led strategic developments under national blueprints. This underlines the robust prospects of the investment upcycle in Malaysia which will continue to provide further tailwinds in the near term. Meanwhile, net exports turned negative with an 8.8% y-o-y contraction as exports were offset by stronger intermediate and capital imports, reflecting rising investments and higher trade.

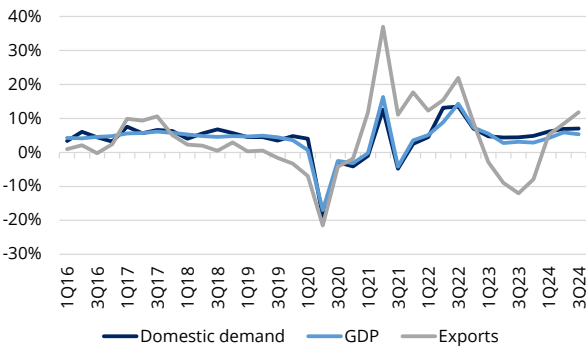
Sustained expansion in domestic economy

Within the Services sector (59% of 3Q24 GDP; +5.2% y-o-y), the Wholesale & Retail Trade sub-sector grew by 4.2% y-o-y (vs 4.8% in 2Q24) while Transportation and Storage sub-sector growth remained strong at 10.6% y-o-y (vs 10.5% in 2Q24). Apart from continued strength in household spending, tourism industry also contributed to the growth momentum in the Services sector as international passenger traffic at KLIA recovered to 97% of pre-pandemic level in 3Q24 (vs 93% in 2Q24), charting successive quarterly improvement since the border reopening. Meanwhile, the Construction sector outperformed with an impressive 19.9% y-o-y growth given robust growth in non-residential, residential and special trade sub-sectors. The Manufacturing sector increased by 5.6% y-o-y in 3Q24 (vs 4.7% in 2Q24), in line with the broad-based improvements for both domestic and export-oriented industries. Notably, the E&E industry posted a 5.7% y-o-y increase, marking the third successive quarter of improvement, thanks to the global tech upcycle.

Optimistic of Malaysia's prospects

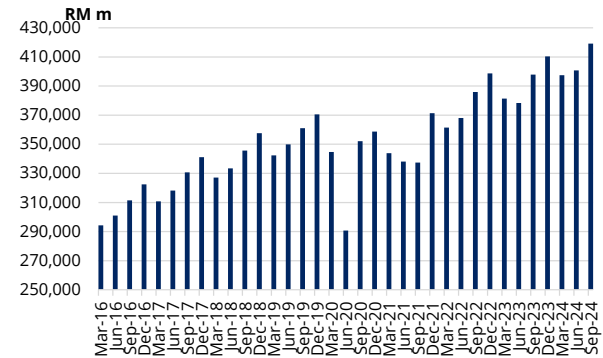
Malaysia is set to benefit from the firm domestic demand, underpinned by a robust labour market and strong economic and social activities, especially tourism-related activities. Meanwhile, private investment is expected to benefit from improved external environment and positive response to the NETR and NIMP 2030 while the government continues with its expansionary fiscal policy to drive economic growth. We believe Malaysia is currently in a position of strength to weather the adverse impact arising from further escalation in geopolitical tensions and protectionist measures.

3Q24 GDP grew 5.3% y-o-y on strong domestic demand



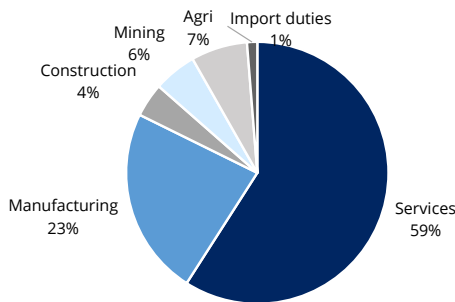
Source: Department of Statistics, AllianceDBS

Quarterly real GDP (RMm): Sustained expansion



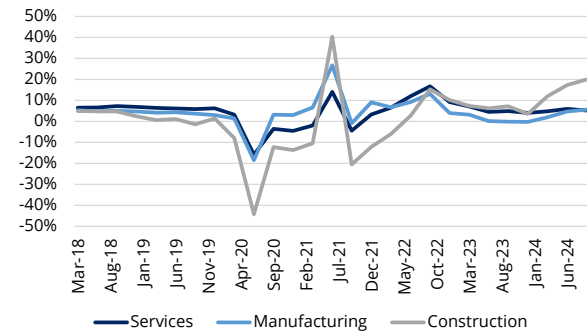
Source: Department of Statistics, AllianceDBS

Supply side: Composition of 3Q24 GDP



Source: Department of Statistics, AllianceDBS

Supply side: Y-o-y GDP growth by sector



Source: Department of Statistics, AllianceDBS

Supply side GDP components

	2023 share	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Services	59.2%	7.1%	4.5%	4.9%	4.1%	4.8%	5.9%	5.2%
Manufacturing	23.4%	3.2%	0.1%	-0.1%	-0.3%	1.9%	4.7%	5.6%
Agriculture	6.4%	1.4%	-0.7%	0.3%	1.9%	1.7%	7.3%	3.9%
Mining	6.2%	1.6%	-2.1%	-1.1%	3.5%	5.7%	2.7%	-3.9%
Construction	3.6%	7.4%	6.2%	7.2%	3.6%	11.9%	17.3%	19.9%
GDP		5.5%	2.8%	3.1%	2.9%	4.2%	5.9%	5.3%

Source: Department of Statistics, AllianceDBS

Demand side GDP components

	2023 share	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Domestic Demand	94%	4.8%	4.4%	4.5%	4.9%	6.1%	6.9%	7.0%
Private Consumption	61%	6.1%	4.2%	4.1%	4.2%	4.7%	6.0%	4.8%
Private Investment	16%	4.7%	5.1%	4.5%	4.0%	9.2%	12.0%	15.5%
Public Consumption	13%	-2.0%	3.3%	5.3%	5.8%	7.3%	3.6%	4.9%
Public Investment	5%	5.7%	7.9%	7.5%	11.3%	11.5%	9.1%	14.4%
Net exports	4%	71.3%	-11.9%	-19.9%	-52.9%	-24.5%	3.4%	-8.8%
GDP		5.5%	2.8%	3.1%	2.9%	4.2%	5.9%	5.3%

Source: Department of Statistics, AllianceDBS

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