



MALAYSIAN ECONOMIC OUTLOOK

4th Quarter 2023

MALAYSIA'S GROWTH MOMENTUM REMAINS ROBUST

INTRODUCTION

The Malaysian economy is expected to grow steadily in Q4 2023, supported by resilient domestic demand and stable labour market conditions. Nevertheless, the growth momentum in 2023 has moderated when measured on a year-on-year basis. Weak external demand has been cited as the main reason for the slowing growth in Q4 2023 and the entire year of 2023. Malaysia's exports have exhibited a downward trend for ten consecutive months since March 2023, attributed to subdued global demand, diminished commodity prices, geopolitical uncertainties, and a sluggish outlook in the global semiconductor markets. Moreover, the persistent depreciation in the Ringgit Malaysia has led to growing concerns about higher import prices for intermediate and capital goods, an increasing cost of living, a higher debt servicing burden, and the deterioration of Malaysia's terms of trade. All these effects associated with currency depreciation inevitably hinder Malaysia's growth momentum.