



Macroeconomics Review

October 2023

“Persist in growth despite the uncertainties prevailing in the global economic environment.”

- According to the October 2023 World Economic Outlook (WEO) report by the International Monetary Fund (IMF), the **global economy** is projected to slow down, with an anticipated moderation of 3.0% in 2023 and 2.9% in 2024.
- The **Leading Index (LI)** demonstrated an improving trend over three consecutive months, reaching -0.3% by recording 109.3 points in September 2023, as compared to -0.5% seen in the previous month (August 2023). This progress was mainly driven by positive contributions from the Bursa Malaysia Industrial Index (20.8%) and the Number of Housing Units Approved (17.6%).
- The **Ringgit (MYR)** closed lower compared to the US dollar on the last day of October. This was followed by the latest Chinese manufacturing data came in weaker than expected, as investors kept an eye out for signals from upcoming US Federal Reserve meeting.

Macro Outlook

In Q3 2023, Malaysia's economy grew by 3.3%, driven by increased private spending and a boost in government expenditure, while fixed capital formation rose by 5.1%. However, exports dropped by 12%, and imports declined by 11.1%. In October 2023, the PPI fell by -0.3%, impacting various sectors, including Agriculture, Mining, Manufacturing, and Energy. The CPI showed a 1.8% inflation increase, driven by higher prices in Hospitality, Food and Household items, marking the lowest inflation since April. 2021.

Currency Outlook

Amidst a dynamic global economic landscape, navigating currency markets requires a keen understanding of pivotal factors driving exchange rate movements. This section provides a weekly comprehensive outlook of major currencies performance globally. This outlook aims to offer insights into potential drivers' impacting the currency valuation.

Currency against MYR	31/10/2023	27/10/2023	20/10/2023	13/10/2023	06/10/2023
USD	4.764	4.778	4.767	4.729	4.7165
GBP	5.7987	5.7948	5.7798	5.776	5.7537
EUR	5.0718	5.0465	5.0473	4.991	4.9752
JPY100	3.1674	3.1837	3.1792	3.1589	3.1675
SGD	3.4899	3.4887	3.4736	3.4559	3.4494

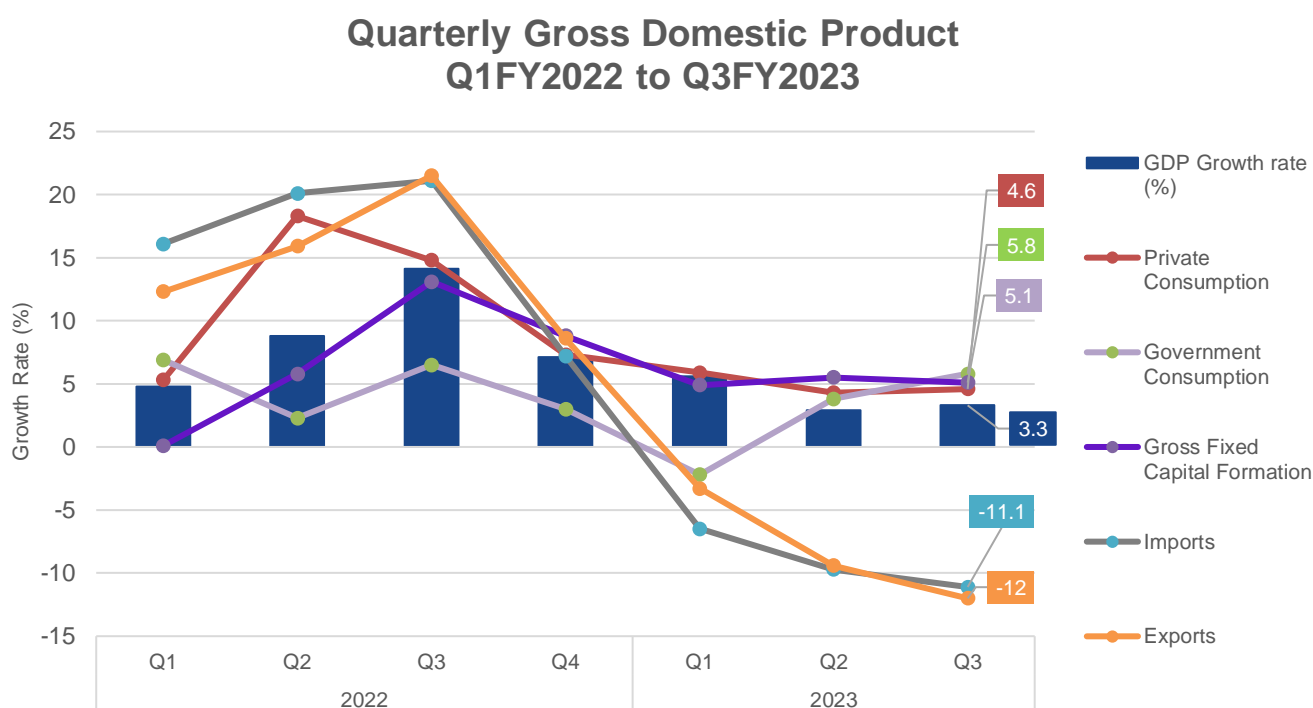
Source: Bank Negara Malaysia



The Big Macro Picture

In the third quarter of 2023, Malaysia's economy grew by 3.3%, showing an improvement from the 2.9% growth in the previous quarter. This growth was largely driven by increased private final consumption expenditure, particularly in Transport, Food, Housing, and related Utilities. Government spending also contributed significantly to the economy, with government final consumption expenditure accelerating to 5.8%, primarily due to higher spending on supplies and services.

Gross fixed capital formation (GFCF) increased by 5.1% which was slightly lower than the previous quarter's 5.5%. On the trade front, exports decreased by 12.0%, influenced by a decline in exports of goods. Imports also decreased by 11.1%, attributed to sluggish performance in the import of goods.



Source: Department of Statistics, Malaysia

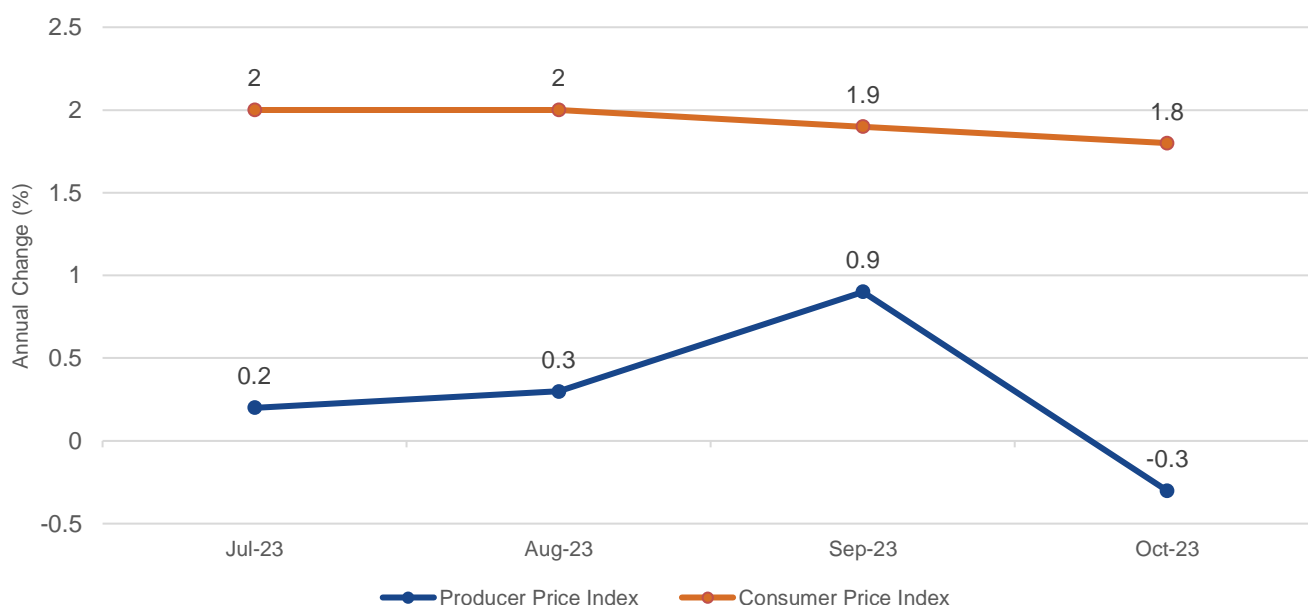


The Big Macro Picture

In October 2023, Malaysia's Producer Price Index (PPI) showed a decrease of negative 0.3%, following a 0.9% increase in the previous month. Most sectors experienced declines notably Agriculture, forestry & fishing (-1.5%) due to a drop in Growing of perennial crops (-2.5%), Mining (-1.3%) affected by Extraction of natural gas (-6.6%), Manufacturing (-0.1%) due to declines in food products and petroleum refining. The Electricity & gas supply sector fell by -0.6% with only Water supply marking an increase of 0.8%

On the other hand, Malaysia's Consumer Price Index (CPI) for October 2023 showed an inflation increase of 1.8%, the lowest since April 2023. This rise was primarily due to increased prices in Restaurants & Hotels (4.6%), Food & Non-Alcoholic Beverages (3.6%), and Furnishings, Household Equipment & Routine Household Maintenance (1.4%).

PPI vs. CPI
JUL 2023 to OCT 2023



Source: Department of Statistics, Malaysia



Economic Performance Tracker

Indicator	Unit	Value	Chg. (%)	Ref. period
Rubber - Production	Tonne	32,773.1	(7.6)	September
Exports - Natural Rubber	Tonne	57,027.9	4.6	September
Oil Palm - Exports				
Palm Oil Product	Tonne	1,986,663.0	(9.6)	September
Palm Oil	Tonne	1,196,113.0	(15.7)	September
Palm Kernel	Tonne	80,106.0	(18.3)	September
Crude Petroleum - Prices				
Crude Oil, Brent	USD/Barrel	94.00	4.3	September
Crude Oil, WTI	USD/Barrel	89.58	6.8	September
Liquified Natural Gas (LNG) - Exports	'000 Tonne	1,912.0	(9.7)	September
Manufacturing				
Industrial Production Index	Point	146.7	0.4	September
Sales	RM '000	158,701,406.7	(1.9)	September
Exports	RM '000	107,696,091.0	(11.8)	September
Labour Force	'000	16,948.8	1.8	September
Employed	'000	16,375.1	2.0	September
Unemployed	'000	573.7	(5.2)	September
Unemployment Rate	%	3.4	-	September
Stock Market				
KL Composite Index	Point	1,424.2	2.1	September
Value Trade	RM Billion	48.0	13.9	September
Market Capitalisation	RM Billion	1,760.9	9.9	September
Trade				
Exports	RM Billion	124.3	(13.8)	September
Imports	RM Billion	99.9	(11.1)	September
Industrial Production Index	Point	130.5	(0.5)	September
Retail Trade Index	Point	174.5	3.8	September
Consumer Price Index	Point	130.8	1.9	September
Producer Price Index	Point	119.4	0.2	September

Source: Department of Statistics, Malaysia



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