MALAYSIA

GDP PRODUCTION & EXPENDITURE APPROACH

INTRODUCTION

GROSS DOMESTIC PRODUCTS

The core concept of the SNA is the GDP, or gross value added. It is the totality of all final goods and services produced in the system over the relevant time period, usually a year. GDP is expressed in purchasers' values and can be measured in three ways.

- **The production approach**: GDP is equal to total output minus total intermediate consumption plus taxes less subsidies on products not included in the value of output.
- The expenditure approach: GDP is equal to final consumption expenditure plus gross capital formation plus exports minus imports.
- The income approach: GDP is equal to compensation of employees plus taxes less subsidies on products plus operating surpluses plus imports.

GDP PRODUCTION

- COVERAGE
- DATA SOURCE
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- RECONCILIATION AND REVISION POLICY
- DISSEMINATION

COVERAGE

GDP based on the Production Approach is defined as the value of the total production of goods and services produced in Malaysia after deducting the value of intermediate consumption. This approach, also known as the value added approach, will be able to show the contribution of each economic activity to the overall GDP.

This accounting system is defined by the United Nations and the transactions that are presented follow the recommendations of the Systems of National Accounts 2008 (2008 SNA). Data are classified according to Malaysia Standard Industrial Classification 2008 (MSIC 2008), which closely follows the International Standard Industrial Classification (ISIC) Rev. 4, with modifications to suit the local conditions. The MSIC 2008 is also linked to the Standard International Trade Classification (SITC), Rev. 4. and Malaysia Classification of Products by Activity 2009 (MCPA 2009).

DATA SOURCES

a. Census and survey data (monthly, quarterly and annually) conducted by the Department of Statistics Malaysia (DOSM); and

b. Administrative data from ministries, agencies, private companies, business associations and others.

METHODOLOGY

The quarterly estimates for economic activity and expenditure components are derived from the monthly/ quarterly information on quantity, value and price. The estimates were done at current and constant prices. Subsequently, the quarterly estimates were aligned with the annual estimates by using the benchmarking technique. This technique is applied for quarterly estimates up to year 2019 and in some instances up to 2020/ 2021. Estimating quarterly GDP is an integral part of annual estimates. Hence, annual data sources and methods has been used as well for references.

RECONCILIATION AND REVISION POLICY

Reconciliation

The reconciliation process is carried out during the compilation period, i.e., every quarter, to reconcile estimates between GDP by production and expenditure approach at national level.

Revision

The practice adopted by DOSM for data revision is:

1. **Quarterly Revision**

First estimate will be released 7 weeks after the end of the reference quarter. Revised estimates will be produced at the following quarter.

2. **Annual Revision**

Preliminary annual estimate (sum of four quarters) will be released 7 weeks after the end of the particular reference year.

Annual revisions will take place over a three-year period, comprising the final (f), estimation (e), and preliminary (p). For instance, in 2023, annual data estimates were compiled for 2020^{f}, 2021^{e}, and 2022^{p}. This revision shall be based on latest census and survey for the selected Industry and other sources. The estimates of previous twelve quarters will also be revised. The revision of annual and quarterly estimates shall be produced five months later, after the end of current year.

DISSEMINATION

The advance GDP estimates are published three (3) weeks after the end of the reference quarter. These statistics are compiled based on data from the first two months of the quarter, while the third month is estimated using several approaches, namely time series extrapolation techniques, trend analysis, and economic models.

Then, the Preliminary GDP estimates are published seven (7) weeks after the end of the reference quarter, with more comprehensive data and indicators received from sources.

The latest data and press releases on the Malaysia's National Accounts Statistics are available on: https://www.dosm.gov.my/portal-main/release-subthemes/national-accounts.

GDP EXPENDITURE

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