

# Malaysian Economy

## First Quarter 2015



MINISTRY OF FINANCE  
MALAYSIA

# Quarterly Update on the Malaysian Economy – 1<sup>st</sup> Quarter 2015

## Highlights

- ❑ **Global economy expands at moderate pace**
- ❑ **Malaysian economy remains resilient**
- ❑ **Growth driven by firm domestic economic activities**
- ❑ **Malaysian economy is expected to remain on a steady growth path**

## International Performance

### *Moderate global growth*

Global growth continued at a moderate pace in the first quarter of 2015. The US economy continued to lead growth in advanced economies backed by private consumption and investment. The euro area has shown an encouraging improvement as a result of monetary stimulus packages by the European Central Bank (ECB), lower global oil prices, increased household spending and a weaker euro that has stimulated exports. Likewise, in Japan there were indications of a gradual recovery backed by export growth amid a weak yen. However, China's economy grew at its slowest pace in six years mainly due to a moderation in external trade.

In the first quarter of 2015, the US economy grew by 3% (Q4 2014: 2.4%) mainly driven by increases in private consumption expenditure of 3% (Q4 2014: 2.9%) and private investment at 7.8% (Q4 2014: 5.4%) despite downward pressure from severe weather and the stronger dollar. Housing market indicators such as housing starts picked up at 4.3% (Q4 2014: 2%),

while building permits increased significantly to 6.2% (Q4 2014: 0.7%). However, the Institute for Supply Management's (ISM) manufacturing index weakened to 52.6 points (Q4 2014: 57.7 points), largely due to a slowdown in textile production. Similarly, the non-manufacturing index fell to 56.7 points (Q4 2014: 57.5 points) mainly due to a contraction in the mining industry. The unemployment rate was lower at 5.6% (Q4 2014: 5.7%) following increases in employment in the healthcare sector. Meanwhile, declining energy and gasoline prices led to deflation of 0.2% (Q4 2014: 1.3%).

**REAL GROSS DOMESTIC PRODUCT FOR SELECTED COUNTRIES**  
(% annual change)

	2013	2013				2014	2014				2015
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1
<b>Developed Economies</b>											
United States	2.2	1.7	1.8	2.3	3.1	2.4	1.9	2.6	2.7	2.4	3.0
Japan	1.6	0.3	1.1	2.7	2.5	0.0	2.4	-0.3	-1.4	-0.8	n.a
UK	1.7	0.9	1.7	1.6	2.4	2.8	2.7	2.9	2.8	3.0	2.4
Euro Area	-0.4	-1.2	-0.6	-0.3	0.5	0.9	1.1	0.8	0.8	0.9	1.0
<b>Asia</b>											
China	7.7	7.5	7.8	7.7	7.7	7.4	7.4	7.5	7.3	7.3	7.0
South Korea	3.0	2.1	2.7	3.4	3.7	3.3	3.9	3.4	3.3	2.7	2.4
<b>ASEAN 5</b>											
Indonesia	5.6	5.6	5.6	5.5	5.6	5.1	5.1	5.0	4.9	5.0	4.7
Philippines	7.2	7.7	7.9	7.0	6.3	6.1	5.6	6.4	5.3	6.9	n.a
Singapore	4.4	2.7	4.1	5.5	5.4	2.9	4.6	2.3	2.8	2.1	2.1 <sup>1</sup>
Thailand	2.9	5.4	2.9	2.7	0.6	0.7	-0.5	0.4	0.6	2.3	n.a
<b>Malaysia</b>	<b>4.7</b>	<b>4.3</b>	<b>4.6</b>	<b>4.9</b>	<b>5.0</b>	<b>6.0</b>	<b>6.3</b>	<b>6.5</b>	<b>5.6</b>	<b>5.7</b>	<b>5.6</b>

<sup>1</sup> Advance estimates  
n.a - not available  
Source: National sources and International Monetary Fund (IMF)

Economic activity in the euro area increased marginally by 1% (Q4 2014: 0.9%) in the first quarter of 2015, supported by improved performances in some of the major economies in the region. Growth was largely contributed by lower oil prices, positive business and consumer sentiments as well as the implementation of the ECB quantitative easing (QE) programmes. Improvements were also seen in the labour market with the unemployment rate moderating to 11.3% (Q4 2014: 11.5%). Meanwhile, the region fell into deflation at 0.3% (Q4 2014: 0.2%), mainly from plummeting global oil prices.

In Germany, GDP grew, albeit at a slower pace of 1% (Q4 2014: 1.5%), supported by lower oil prices and increased private consumption as consumers benefited from rising employment opportunities and improving wages. However, on the supply side, industrial output increased by 0.5% (Q4 2014: 0.7%). The unemployment rate was slightly lower at 4.8% (Q4 2014: 4.9%), while deflation was at 0.2% (Q4 2014: 0.4%) mainly due to a slump in global oil prices.

GDP growth in France was higher at 0.7% (Q4 2014: 0%), mainly supported by improved performance of the industrial sectors. Industrial output rose by 1% (Q4 2014: -1.3%), particularly due to higher production in the mining, quarrying, energy and water supply industries. Activities in the construction sector declined further by 6% (Q4 2014: -3.6%) as large fixed capital investments were postponed. Meanwhile, the economy registered a deflation of 0.2% (Q4 2014: 0.3%) on account of falling global oil prices.

Economic activity in the UK slowed down, registering a growth of 2.4% in the first quarter of 2015 (Q4 2014: 3%). The slower growth was largely attributed to lower activity across the main economic sectors, especially construction. Output of the construction sector declined by 0.8% (Q4 2014: 4.5%), mainly due to lower demand for new orders, repair

and maintenance works. Similarly, industrial output growth decelerated further to 0.5% (Q4 2014: 1%). Nevertheless, the services sector continued to support the overall expansion with output increasing by 3.1% (Q4 2014: 3.4%), backed by healthy performance of the transport, storage and communication as well as the distribution, hotel and restaurant subsectors. Meanwhile, inflation was at its lowest at 0.1% (Q4 2014: 0.9%) following lower fuel and food prices.

Japan showed a gradual recovery during the first quarter of 2015. Growth was supported by stable increase in exports with continued depreciation of the yen. Inflation moderated to 2.1% (Q4 2014: 2.7%) on account of lower fuel and energy prices.

China's economy grew at a slower pace of 7% (Q4 2014: 7.3%) mainly due to the moderation in external trade. Export growth was lower at 4.9% (Q4 2014: 8.9%) as weak domestic and foreign demand significantly affected the output of factories. Investment in fixed assets increased by 14.5% (Q4 2014: 11.5%), largely supported by activities of state-holding enterprises despite a slower growth of foreign investment by 33.5%. The manufacturing sector weakened as reflected in the Purchasing Managers' Index (PMI) which averaged 49.9 points (Q4 2014: 50.4 points) as new businesses were affected by weak demand. The Consumer Price Index (CPI) eased to 1.2% (Q4 2014: 1.5%) due to sluggish consumer demand. The People's Bank of China cut its key interest rate by 25 basis points to 2.50% to mitigate deflationary pressures and support the economy.

Korea's GDP growth moderated slightly to 2.4% (Q4 2014: 2.7%), as facility investment and exports remained flat while private consumption grew marginally by 1.5% (Q4 2014: 1.4%). The economy also benefited from the turnaround in the construction sector at 0.7%

(Q4 2014: -1.5%), mainly due to the increase in residential building projects. Growth in the manufacturing sector was slower at 0.7% (Q4 2014: 2.4%). Meanwhile, the services sector grew at a stable pace of 3.1% (Q4 2014: 3.1%) supported by the increase in finance and insurance, real estate and leasing as well as health and social work subsectors.

In the ASEAN region, Indonesia's GDP moderated to 4.7% (Q4 2014: 5%). Growth was affected by slower expansion in private consumption and government spending. The inflation rate remained high at 6.5% (Q4 2014: 6.5%) contributed by increases in prices of transportation and communication services, as well as food. Bank Indonesia lowered its policy interest rate by 25 basis points to 7.50% in February 2015 as it expected inflation to trend down.

Singapore's GDP grew by 2.1% (Q4 2014: 2.1%) due to strong growth in the construction industry and services sector. The construction industry expanded strongly by 3.3% (Q4 2014: 0.7%), contributed by an increase in private construction activities. The services sector maintained its growth at 3.1% (Q4 2014: 3.1%), following increases in the wholesale and retail trade as well as business services sectors. However, the manufacturing industry contracted further by 3.4% during the quarter (Q4 2014: -1.3%). The contraction was mainly due to reduction in output in the transport engineering, electronics and precision engineering clusters.

Growth was supported by strong domestic economic activity, particularly private consumption and investment. On the supply side, the services sector sustained a growth of 6.4% (Q4 2014: 6.6%) supported mainly by wholesale and retail trade, information and communication as well as business services subsectors. Meanwhile, growth in the manufacturing sector further strengthened by 5.6% (Q4 2014: 5.4%), boosted by better performance of export-oriented industries, particularly the electrical and electronics (E&E) as well as transport equipment subsectors. The construction sector grew at a stronger pace of 9.7% (Q4 2014: 8.8%) on account of higher activity in the non-residential and residential subsectors. Similarly, the mining and quarrying sector recorded a robust growth of 9.6% (Q4 2014: 9.5%) following higher production of crude oil. However, the agriculture sector declined further by 4.7% (Q4 2014: -3.7%) due to lower production of oil palm as well as forestry and logging activities.

**REAL GROSS DOMESTIC PRODUCT**  
(% annual change)  
Supply Side

	2013	2013				2014	2014				2015
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1
GDP	4.7	4.3	4.6	4.9	5.0	6.0	6.3	6.5	5.6	5.7	5.6
Agriculture	1.9	6.7	0.1	1.3	0.1	2.1	2.6	6.7	3.4	-3.7	-4.7
Mining	1.2	-1.2	4.8	2.0	-0.6	3.3	-0.1	2.1	1.4	9.5	9.6
Manufacturing	3.4	0.6	3.7	4.3	5.0	6.2	7.0	7.3	5.3	5.4	5.6
Construction	10.8	13.3	9.9	10.4	10.0	11.8	19.3	10.0	9.7	8.8	9.7
Services	6.0	6.1	5.2	6.0	6.5	6.6	6.8	6.4	6.5	6.6	6.4

Source: Department of Statistics, Malaysia.

## Malaysian Economy

### *Economy continues to expand*

The Malaysian economy remained resilient to record a steady growth of 5.6% in the first quarter of 2015 (Q4 2014: 5.7%), despite uncertainties in the external environment.

### *Strong domestic economic activity*

Domestic demand recorded a strong growth of 7.9% (Q4 2014: 5.7%) driven by buoyant private consumption and investment activity, while public investment turned around. Private

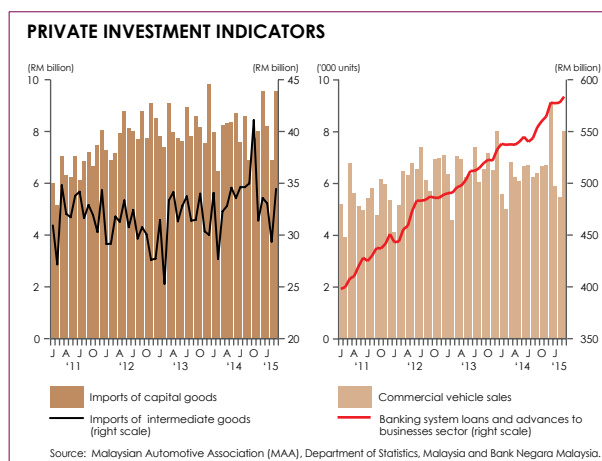
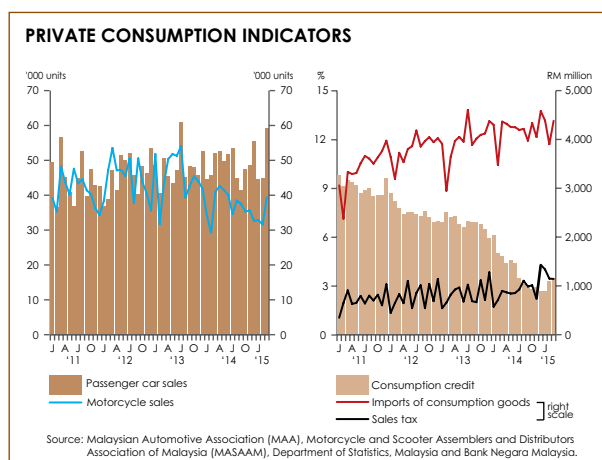


consumption strengthened by 8.8% (Q4 2014: 7.6%) supported by continued wage growth and lower inflation as well as pre-Goods and Services Tax (GST) spending. Private consumption was also supported by increased spending especially on food and beverage as well as other daily necessities following the massive floods in the east coast. The increased private consumption was reflected in major consumption indicators such as credit card spending, passenger car sales and imports of consumption goods. Meanwhile, public consumption grew by 4.1% (Q4 2014: 2.5%) attributed to higher overall Government spending on supplies and services.

<b>REAL GROSS DOMESTIC PRODUCT</b> (% annual change) Demand Side										
	2013	2013				2014	2014			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
<b>GDP</b>	4.7	4.3	4.6	4.9	5.0	6.0	6.3	6.5	5.6	5.7
Dom. demand <sup>1</sup>	7.3	7.2	7.2	8.1	6.8	5.9	7.6	5.6	5.0	5.7
Consumption	7.0	5.2	7.7	7.8	7.0	6.4	8.0	5.1	6.4	6.3
Investment	8.2	12.5	5.9	8.8	6.1	4.8	6.7	6.9	1.3	4.3
Exports	0.3	-3.5	-4.6	4.2	5.1	5.1	7.9	8.7	2.6	1.9
Imports	1.7	-2.4	-1.4	3.8	6.9	4.2	7.8	4.5	2.0	2.6

<sup>1</sup> Excluding change in stocks.  
Source: Department of Statistics, Malaysia.

Gross Fixed Capital Formation (GFCF) registered a higher growth of 7.9% (Q4 2014: 4.3%) supported by both private and public sectors. Private investment expanded further by 11.7% (Q4 2014: 11.1%) mainly supported by capital spending in the manufacturing and services sectors. The expansion in investment activities was reflected by indicators such as sales of commercial vehicles, imports of capital goods as well as banking system loans and advances. Public investment turned around by 0.5% (Q4 2014: -1.9%) driven by Federal Government investment in existing projects especially in the transport and education subsectors.



### Growth driven by services sector

Growth in the services sector was sustained at 6.4% during the first quarter of 2015 (Q4 2014: 6.6%), with all subsectors remaining strong led by wholesale and retail trade. The final services group increased by 7.8% (Q4 2014: 7.7%) mainly supported by wholesale and retail trade. Likewise, the intermediate services group grew by 5.7% (Q4 2014: 6.1%) supported by the information and communication as well as real estate and business services subsectors.

The wholesale and retail trade subsector expanded at a stronger pace of 9.8% (Q4 2014: 9.4%), supported by the wholesale,

retail and motor vehicle segments. The retail segment recorded the highest growth of 10.7% (Q4 2014: 10%) due to stronger sales at non-specialised and specialised stores. The wholesale trade segment grew by 9.6% (Q4 2014: 9.4%) driven by other specialised wholesale, non-specialised wholesale trade and wholesale on a fee or contract basis. The motor vehicle segment rose at a stronger rate of 7.6% (Q4 2014: 7.5%) in line with attractive incentives offered by dealers ahead of the GST implementation. Meanwhile, the food & beverages and accommodation subsector expanded by 7.3% (Q4 2014: 7.5%) owing to stronger performance of food & beverage (8.5%) and accommodation (3.4%) segments.

<b>SERVICES SECTOR</b> (% annual change)												
	2013	2013				2014	2014				2015	Q1
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
<b>Intermediate services</b>	<b>5.4</b>	<b>6.4</b>	<b>4.7</b>	<b>5.5</b>	<b>5.1</b>	<b>5.9</b>	<b>6.1</b>	<b>5.2</b>	<b>6.2</b>	<b>6.1</b>	<b>5.7</b>	
Transport and storage	4.6	3.8	4.2	5.1	5.3	5.2	4.8	4.8	5.2	6.0	5.7	
Information and communication	9.1	7.1	9.1	10.6	9.6	9.8	10.3	9.6	9.6	9.8	9.6	
Finance and insurance	2.0	6.1	0.4	1.1	0.8	2.3	2.7	0.9	3.2	2.4	1.9	
Real estate and business services	8.0	8.2	7.7	8.1	8.1	8.0	8.2	7.6	7.8	8.3	7.6	
<b>Final services</b>	<b>5.9</b>	<b>5.7</b>	<b>5.1</b>	<b>5.5</b>	<b>7.2</b>	<b>7.3</b>	<b>7.0</b>	<b>7.2</b>	<b>7.1</b>	<b>7.7</b>	<b>7.8</b>	
Utilities	4.4	4.4	4.3	4.1	4.7	3.8	3.2	2.9	5.0	3.9	3.7	
Wholesale and retail trade	6.3	5.8	5.0	5.7	8.4	8.9	8.5	9.3	8.4	9.4	9.8	
Food & beverages and accommodation	5.9	6.6	5.0	5.9	5.9	6.5	6.3	5.9	6.1	7.5	7.3	
Other services	5.6	5.7	5.8	5.5	5.3	4.8	5.3	4.3	4.7	4.7	4.6	
<b>Government services</b>	<b>7.6</b>	<b>6.5</b>	<b>7.0</b>	<b>8.7</b>	<b>7.8</b>	<b>6.1</b>	<b>7.6</b>	<b>6.8</b>	<b>5.8</b>	<b>4.7</b>	<b>3.9</b>	
<b>Total services</b>	<b>6.0</b>	<b>6.1</b>	<b>5.2</b>	<b>6.0</b>	<b>6.5</b>	<b>6.6</b>	<b>6.8</b>	<b>6.4</b>	<b>6.5</b>	<b>6.6</b>	<b>6.4</b>	

Source: Department of Statistics, Malaysia.

The finance and insurance subsector increased by 1.9% (Q4 2014: 2.4%) supported by commercial banking activities. The insurance segment moderated to 3.6% (Q4 2014: 4.3%) on account of higher claims in life and general insurance while the finance segment increased by 1.3% (Q4 2014: 1.8%). The real estate and business services subsector expanded by 7.6% (Q4 2014: 8.3%), with the real estate segment increasing by 5.8% (Q4 2014: 5.7%) driven by non-residential building activities. Meanwhile, the business services segment recorded a 8.4% growth (Q4 2014: 9.6%) supported by professional services especially accounting services following the transition to the GST system.

The information and communication subsector remained resilient with growth of 9.6% (Q4 2014: 9.8%) led by data communication activities and computer services. The subsector's expansion was due to higher demand for communication services as well as GST software.

The transport and storage subsector expanded by 5.7% (Q4 2014: 6%) supported by strong water transport activity. During the quarter, the total volume of containers handled at seven major ports rose by 11.5% to 5.7 million twenty-foot equivalent units (TEUs) (Q4 2014: 11.7%; 5.8 million TEUs). Port Klang recorded an increase in volume handled at 3 million TEUs and Port of Tanjung Pelepas 2.1 million TEUs (Q4 2014: 2.9 million TEUs; 2.3 million TEUs), contributing 51.4% and 37.2%, respectively to total container throughput (Q4 2014: 49.2%; 38.7%).

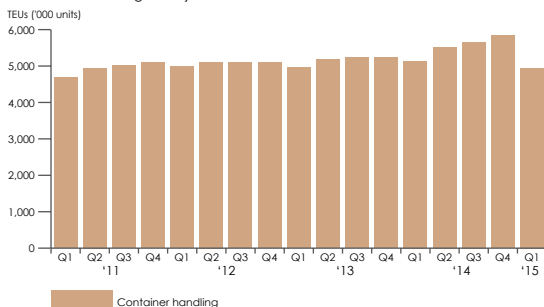
The land transport segment rose by 5.8% (Q4 2014: 6%) supported by road transport and highway operation activities. Traffic volume on tolled highways increased by 8.2% to 444.2 million vehicles (Q4 2014: 5.1%; 444.4 million) attributed to higher usage during festivities and lower fuel price. Total ridership on urban rail services in the Klang Valley rose by 4.4% to 56.3 million (Q4 2014: 7.3%; 58.8 million). Meanwhile, Keretapi Tanah Melayu Berhad (KTMB) Intercity Services continued to decline by 36.9% to 399,469 passengers (Q4 2014: -16.8%; 539,695) largely due to the temporary disruption in east coast service caused by the floods early this year. The Electric Train Service (ETS) ridership on the Kuala Lumpur – Ipoh route contracted to 2.9% to 375,480 passengers (Q4 2014: 4.8%, 451,583) partly due to disruption to the ETS ticketing system in January and February. However, KTMB cargo tonnage increased at a slower pace of 3.4% to 1.5 million tonnes (Q4 2014: 8.6%, 1.7 million tonnes) on account of slower freight transport.

The air transport segment grew by 2.2% during the quarter (Q4 2014: 3%) with total air cargo handled at all airports expanding by 3% to

## SELECTED SERVICES SECTOR INDICATORS

### PORT ACTIVITY

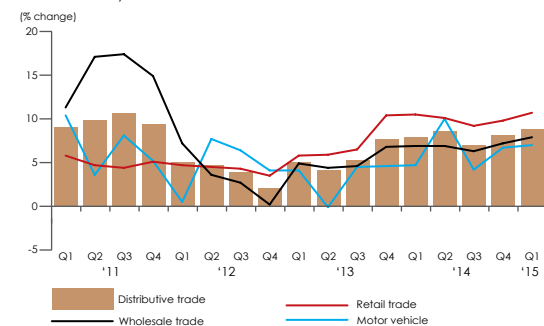
- Container Handling at Major Ports



Source: Seven major ports (Klang, Johor, Penang, Kuantan, Tanjung Pelepas, Bintulu and Kuching).

### DISTRIBUTIVE TRADE

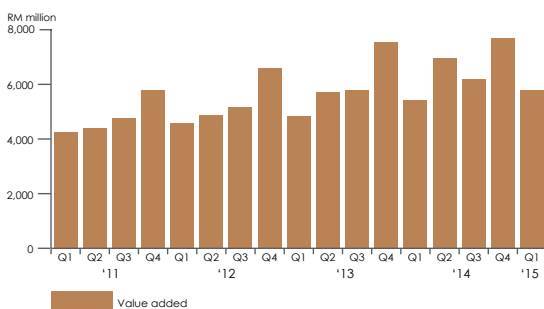
- Volume Index by Subsector



Source: Department of Statistics, Malaysia.

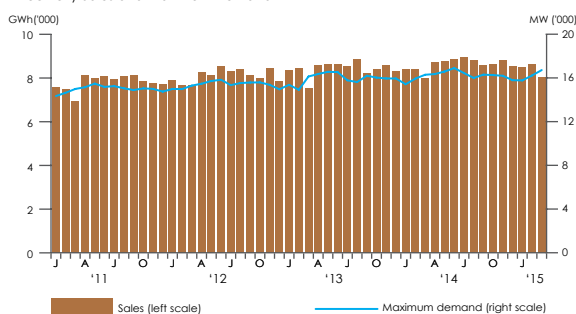
### UTILITIES

- Value Added



Source: Department of Statistics, Malaysia.

- Electricity Sales and Maximum Demand



Source: Tenaga Nasional Berhad.

238,405 tonnes (Q4 2014: 7.3%; 272,430 tonnes) in line with strong growth in E&E exports. Meanwhile, total passenger traffic at airports nationwide continued to contract by 0.8% to 21 million (Q4 2014: -0.2%, 22.8 million) due to the decline in foreign passenger arrivals.

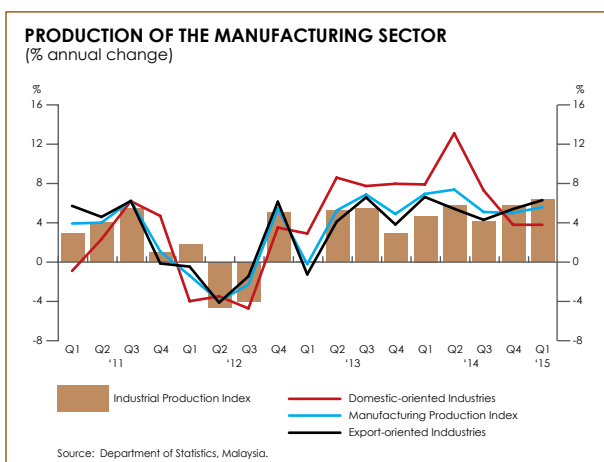
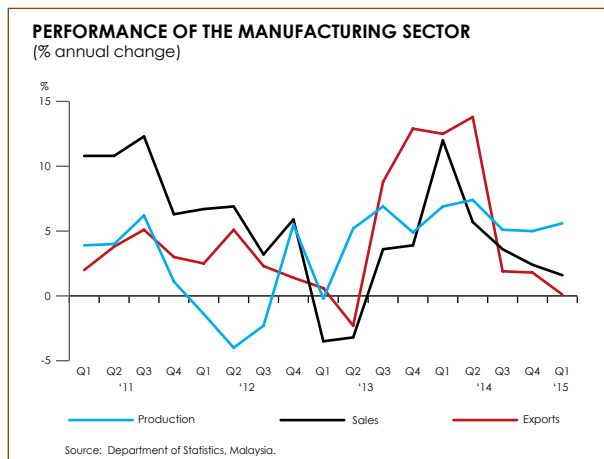
The utilities subsector moderated to 3.7% (Q4 2014: 3.9%) due to slower demand from industries and households. The electricity and gas segment grew by 2.9% (Q4 2014: 3.3%) while the water segment increased by 7.2% (Q4 2014: 6.2%). Electricity sales rose by 1.4% to 25,152 gigawatt hours (Q4 2014: 2.7%; 25,992) with maximum demand for electricity peaking at 8,627 megawatts in February 2015 (Q4 2014: 8,806 megawatts in November 2014). The other services subsector grew by 4.6% (Q4 2014: 4.7%) mainly driven by private education which increased by 7.5% (Q4 2014: 6.9%) and private health which rose by 5.4% (Q4 2014: 5.2%). Meanwhile, the government services subsector moderated to 3.9% (Q4 2014: 4.7%).

## Export-oriented industries propel growth

Value-added of the manufacturing sector rose slightly higher by 5.6% during the first quarter of 2015 (Q4 2014: 5.4%), supported by the stronger performance of export-oriented industries. Meanwhile, sales of manufacturing products grew moderately by 1.6% to RM167.7 billion (Q4 2014: 2.4%; RM165.7 billion), while the capacity utilisation rate eased to 76.8% (Q4 2014: 79.5%).

Production of export-oriented industries expanded by 6.3% (Q4 2014: 5.4%) driven by the strong growth of the E&E cluster at 11.3%, chemicals and chemical products (9.9%), refined petroleum (2.1%), wood and wood products (10.7%) as well as textile, apparels, leather products and footwear (9.7%). In line with the improved global growth of semiconductor sales reflected by the book-to-bill ratio which has stood above

1 for three consecutive months since January 2015, output of consumer electronics increased significantly by 113.4%, printed circuit boards (20.4%) as well as machinery and equipment (8%). Meanwhile, growth of chemicals and chemical products was driven by higher output of liquefied or compressed inorganic industrial or medical gases (26.9%) and basic organic chemicals (12.7%). However, resourced-based products such as manufacture of crude palm oil (CPO) as well as rubber remilling and latex processing declined by 11.8% and 10.1%, respectively.



Output of domestic-oriented industries was sustained at 3.8% during the first quarter of 2015 (Q4 2014: 3.8%). Production of

construction-related subsectors increased by 6.9% (Q4 2014: 3.3%) with higher output of non-metallic mineral and other related products as well as basic and fabricated metals at 10.3%, 5.4% and 4.7%, respectively (Q4 2014: 7.1%; 1.8%; 0.6%). This was attributed to the robust performance of construction activity, particularly non-residential and residential buildings. Transport equipment grew at a stronger pace of 9.2% (Q4 2014: 1.1%) supported by manufacture of parts and accessories for motor vehicles (30.7%) as well as motorcycles (24.9%) and building of ships and boats (10.6%). The performance of these subsectors helped to cushion the decline in manufacture of passenger cars (-7.9%). Meanwhile, beverages and tobacco products registered a double-digit growth of 17.1% and 13.8%, respectively (Q4 2014: 12.8%; 36.5%). However, food and other manufactured products contracted by 9.1% and 6.2%, respectively during the quarter (Q4 2014: 5.8%; -4.3%).

**MANUFACTURING PRODUCTION INDEX**  
(2010 = 100)  
(% annual change)

	2013	2013				2014	2014				2015
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1
Overall Manufacturing	4.2	-0.2	5.2	6.9	4.9	6.1	6.9	7.4	5.1	5.0	5.6
Export-oriented industries	3.3	-1.3	4.1	6.6	3.8	5.4	6.6	5.4	4.3	5.4	6.3
Electrical and electronic products	10.0	2.8	8.1	11.8	16.9	12.1	14.6	13.9	10.1	10.2	11.3
Chemicals and chemical products	-0.7	-3.9	0.6	1.7	-1.1	3.6	1.1	-2.1	7.4	7.9	9.9
Petroleum products	0.2	-8.5	5.8	9.5	-4.0	0.6	6.5	-0.5	-5.4	1.8	2.1
Wood products	-3.1	1.3	-3.8	-7.7	-1.9	7.8	0.3	9.1	10.6	11.1	10.7
Off-estate processing	1.7	10.9	-0.2	-0.1	-1.5	1.5	0.8	12.2	4.3	-9.0	-12.2
Rubber products	8.2	13.8	4.9	7.8	6.8	-1.3	1.3	-1.6	-4.0	-0.8	-1.3
Paper products	2.3	7.1	-3.3	5.6	0.3	-1.1	-5.8	3.0	2.1	-3.3	0.3
Textiles, apparel, and leather and footwear	-2.6	-6.0	1.1	-8.5	2.9	10.8	6.9	15.2	14.8	6.6	9.7
Domestic-oriented industries	6.8	2.9	8.6	7.7	8.0	7.9	7.9	13.1	7.3	3.8	3.8
Non-metallic minerals	-0.4	-0.3	-2.9	-3.7	5.4	6.9	3.8	7.6	9.1	7.1	10.3
Fabricated metal products	12.2	11.6	21.9	10.2	5.8	2.8	6.9	0.9	3.2	0.6	4.7
Basic metals	3.4	4.1	0.7	10.9	-1.8	3.0	-1.2	6.3	4.6	1.8	5.4
Transport equipment	13.8	-1.6	24.8	9.1	23.4	14.4	19.0	29.8	11.4	1.1	9.2
Food products	8.4	8.6	5.3	17.1	3.3	7.9	6.4	15.1	5.2	5.8	-9.1
Beverages	-2.1	-10.4	-4.6	-0.2	5.7	17.5	16.4	26.3	15.6	12.8	17.1
Tobacco products	-18.0	-9.2	-7.2	-24.0	-32.5	4.8	-17.7	-4.3	16.1	36.5	13.8
Others	3.2	-7.2	-4.3	6.3	20.1	3.1	16.5	0.8	1.5	-4.3	-6.2

Source: Department of Statistics, Malaysia.

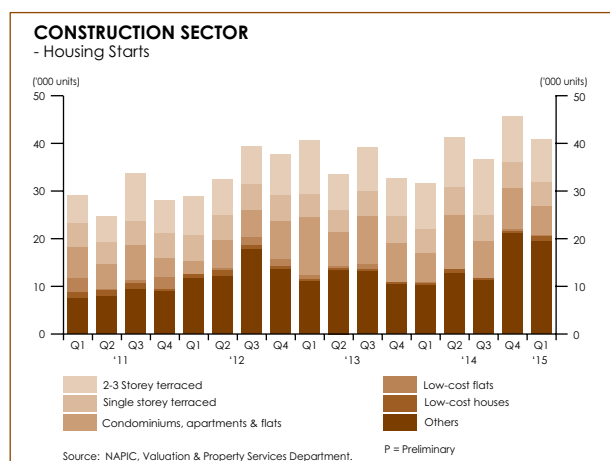
### Strong construction activities

The construction sector registered a strong growth of 9.7% during the first quarter of 2015 (Q4 2014: 8.8%) supported by the non-residential and residential subsectors. The non-residential subsector rose by 17.4% (Q4 2014: 16.9%) bolstered by the construction of



factories, particularly in Sabah and Sarawak as well as the construction of buildings for education. The residential subsector increased by 15.3% (Q4 2014: 15%) mainly due to higher housing construction activities amid favourable economic and business conditions.

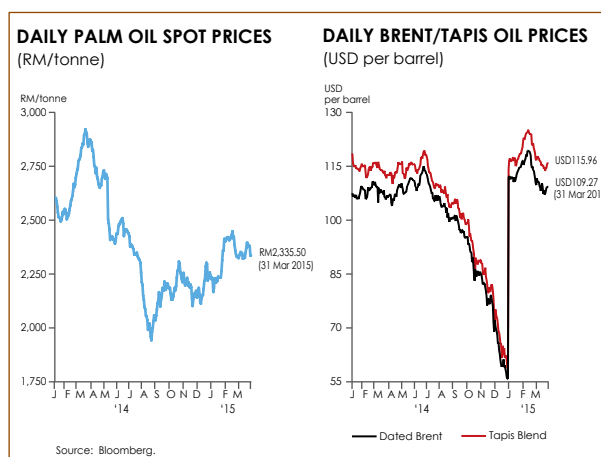
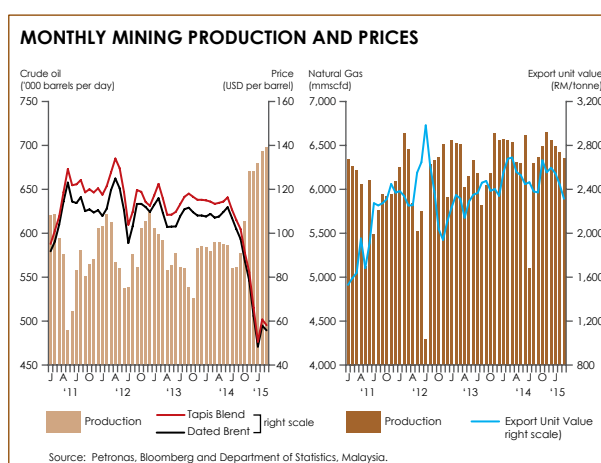
The civil engineering subsector staged a rebound at 1.7% (Q4 2014: -5%) supported by construction of the MRT project and roads. During the quarter, the total value of construction works recorded a double-digit growth of 15.1% to RM28.7 billion with 9,982 projects registered (Q4 2014: 9.7%; RM27.1 billion; 10,000 projects). The highest share was contributed by the non-residential building subsector with 34.8% or RM10 billion, followed by the civil engineering subsector (30.5%), residential buildings (29.9%) and special trades (4.8%). The private sector continued to dominate construction activities with a share of 68.4% during the quarter.



### Mining sector remains strong

The mining and quarrying sector continued to post a strong growth of 9.6% (Q4 2014: 9.5%) supported by higher crude oil production. Crude oil output remained high registering a double-digit growth of 18.1% to average 690,028 barrels per day (bpd)

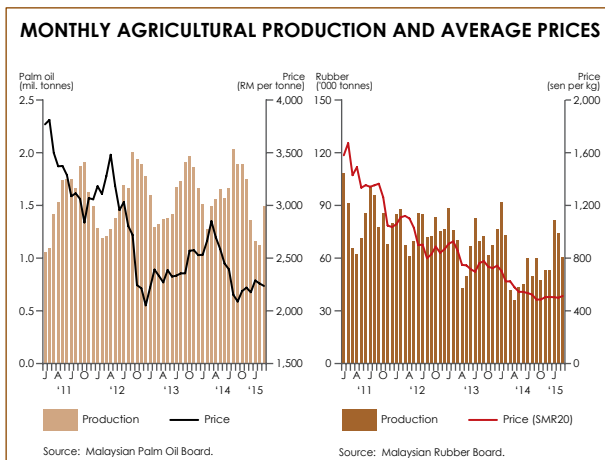
(Q4 2014: 14.6%; 650,989 bpd), following the acceleration of production from Gumusut-Kakap oil field in offshore Sabah. In contrast, production of natural gas contracted by 2% to 6,424 million standard cubic feet per day (mmscfd) (Q4 2014: 1.7%; 6,562 mmscfd). During the quarter, the price of Dated Brent and Tapis continued to decline averaging USD54.05 per barrel (pb) and USD56.51 pb, respectively (Q4 2014; USD75.96 pb; USD79.75 pb).



### Output of rubber rebounds

The agriculture sector contracted for the second consecutive quarter by 4.7% (Q4 2014: -3.7%) due to lower production of oil palm

caused by the floods in the east coast, as well as slower forestry and logging activities. Value-added of oil palm declined further by 11.7% (Q4 2014: -8%) mainly due to lower production of CPO by 11.8%. Likewise, value-added of the forestry and logging subsector declined sharply by 20.4% (Q4 2014: 4.3%) on account of lower production of saw logs. Despite lower prices of rubber, value-added of the subsector rebounded to post a positive growth of 5% (Q4 2014: -25.5%). The price of natural rubber remained low at RM5.05 per kilogramme (Q4 2014: RM4.98 per kilogramme). The other agriculture subsector moderated to 3.5% (Q4 2014: 7.1%) with value-added of fruits and vegetables growing by 9.7% and 6.8%, respectively, thereby offsetting the impact of lower paddy production (-6.2%). Meanwhile, the livestock subsector grew by 4.3% (Q4 2014: 8.8%) supported by higher output of poultry while the fishing subsector rose by 4.4% (Q4 2014: 2.2%) on account of higher production of marine fishing (5.1%) and aquaculture (3%).

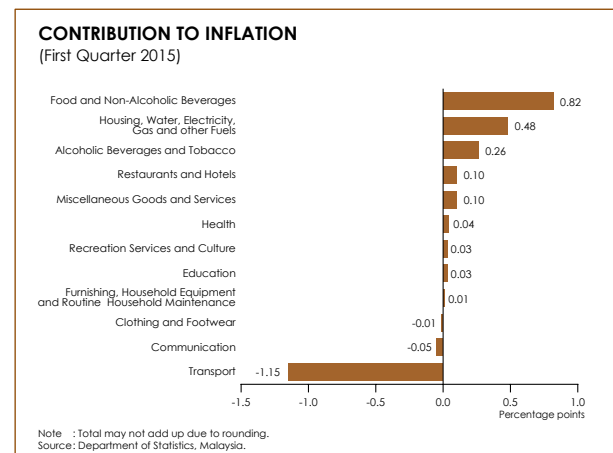


## Prices

### *Inflation eases further*

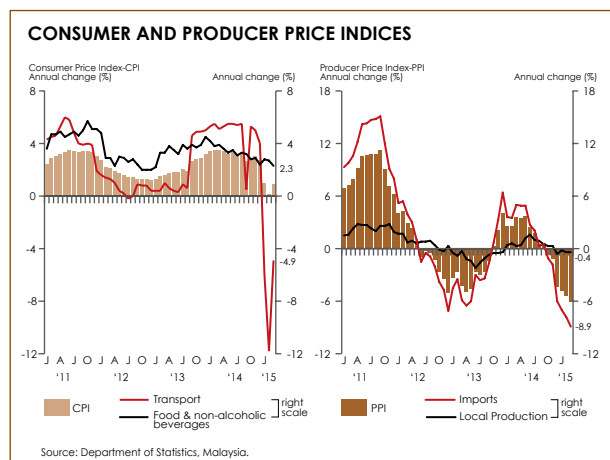
Headline inflation, as measured by the annual change in the Consumer Price Index (CPI), eased to 0.7% in the first quarter of 2015

(Q4 2014: 2.8%). This was largely attributed to the slower price increases of food and non-alcoholic beverage as well as housing, water, electricity, gas and other fuels. The two groups contributed 1.3 percentage points to the CPI increase. However, prices of transport declined on account of lower pump prices following the implementation of a managed float mechanism introduced on 1 December 2014, amid lower global crude oil prices. Subsequently, the transport group offset the CPI growth by 1.15 percentage point.



Prices of food and non-alcoholic beverage increased at a slower pace of 2.5% in the first quarter of 2015 (Q4 2014: 2.7%) and accounted for 0.82 percentage point of the CPI increase. This was attributed to a slight price increase in the food at home category at 2.3% (Q4 2014: 2.2%) following higher prices of milk, cheese and eggs at 6.3%, vegetables at 4.2% and fruits at 2.5% (Q4 2014: 5.6%; 3.1%; 2.3). The supply disruptions following the flood disaster in several states also contributed to higher prices of food. Prices in the housing, water, electricity, gas and other fuels group also rose at a slower pace of 2.2% (Q4 2014: 3.4%) and resulted in a 0.48 percentage point increase in the CPI. Within the group, actual rental paid by tenants as well as maintenance

and repair of dwelling increased by 3.4% and 3%, respectively (Q4 2014: 3.6%; 2.9%).



Prices in the transport group, registered a sharp decline of 7.6% (Q4 2014: 4.8%) under the implementation of a managed float mechanism following falling crude oil prices. Under the mechanism, the subsidy on RON95 petrol and diesel was abolished and the average change of petrol price in the previous month will determine the pricing for the current month. For March 2015, the pump price of RON95, RON97 and diesel was lowered to RM1.95 per litre, RM2.25 per litre and RM1.95 per litre, respectively (End-2014: RM2.26 per litre; RM2.46 per litre; RM2.23 per litre). Prices of the repair and maintenance of personal transport subgroup recorded an increase of 6.2%, while fuels and lubricants for personal and transport equipment dragged down the transport group with a decline of 13.1% (Q4 2014: 7%; 6.7%). As in the previous quarter, prices of communication as well as clothing and footwear continued to decrease by 1% and 0.3%, respectively (Q4 2014: -0.9%; -0.4%), amid strong market competition.

The Producer Price Index (PPI), which measures changes in the prices of commodities charged by domestic producers and those

paid by importers, decreased by 5.4% in the first quarter of 2015 (Q4 2014: -2.1%) amid weaker commodity prices. The lower PPI was contributed by price declines in both local production at 7.9% as well as import components by 0.3% (Q4 2014: -3%; 0.8%).

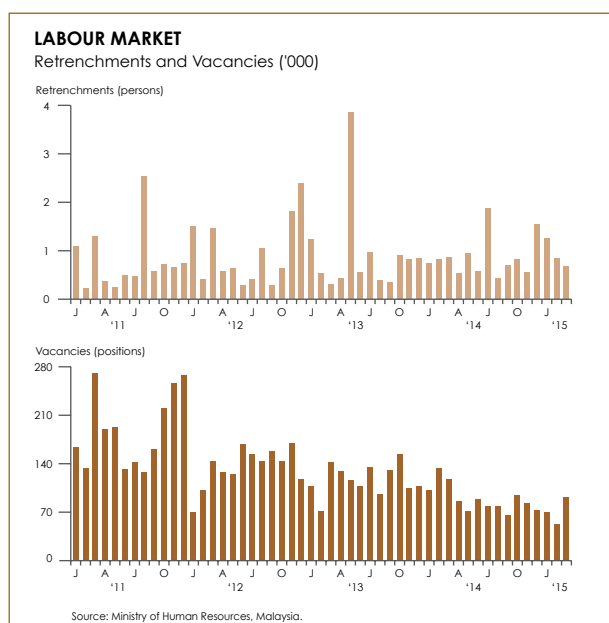
The decline in the total PPI for local production was due to lower prices of mineral fuels and lubricants as well as crude materials, inedible at 23.2% and 11%, respectively (Q4 2014: -10.3%; -8.8%), which contributed 6.9 percentage points to the decline. For the stage of processing category, prices of crude materials for further processing as well as intermediate materials, supplies and components dropped by 27.4% and 3.6%, respectively (Q4 2014: -16%, 0.3%). However, processing of finished goods increased by 0.9% (Q4 2014: 0.5%). Meanwhile, the main factor for the decline in the PPI for imports was the price decrease in the mineral fuels and lubricants as well as animals, vegetable oils and fats at 10.7% and 3.5%, respectively (Q4 2014: -5.5%; -1.6%). The PPI for imports by stage of processing also registered a price drop in crude materials for further processing at 8%. However, this was offset by the price increase of intermediate materials, supplies and components (0.8%) and finished goods (0.4%).

## Employment

### *Stable labour market*

Labour market conditions remained stable, although the unemployment rate edged up to 3.1% in the first quarter of 2015 (Q4 2014: 2.8%). The total labour force increased slightly to 14.14 million persons (Q4 2014: 14.08 million persons) while total employment recorded 13.70 million (Q4 2014: 13.69 million).

The services sector remained as the major contributor to total employment with 8.2 million or 59.5%, mainly in wholesale and retail trade as well as accommodation and food and beverage services subsectors. This was followed by the manufacturing (2.2 million; 16.1%) and agriculture (1.7 million; 12.7%) sectors.



Job vacancies registered via JobsMalaysia decreased to 214,472 in the first quarter of 2015 (Q4 2014: 250,976). On a sectoral basis, the manufacturing, services and construction sectors recorded the highest job openings with 63,266; 50,276 and 51,789, respectively (Q4 2014: 70,817; 68,566; 44,754). However, on a quarterly basis, job vacancies in the manufacturing and services sectors were lower compared to the fourth quarter of 2014. This was partly attributed to several factors such as business closure or relocation, offshoring of production as well as shifting towards capital-intensive operation. In contrast, the increase of job vacancies in the construction sector was mainly contributed by rapid development of non-residential and residential buildings. In terms of occupational category,

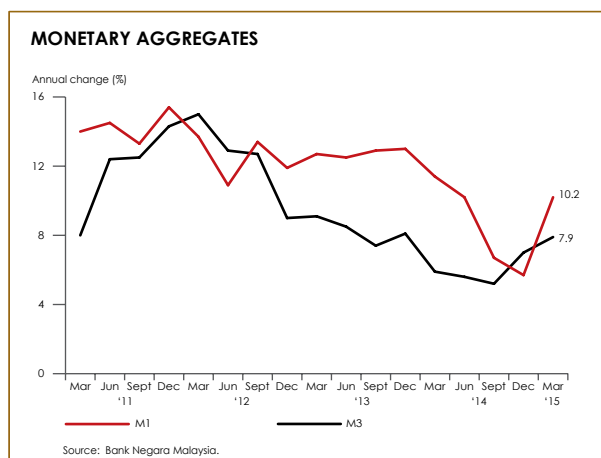
elementary occupations continued to record the highest vacancies at 147,701 or 68.9% of total job vacancies (Q4 2014: 165,370; 65.9%).

Meanwhile, the number of active job seekers declined to 354,939 as at end-March 2015 amid stable labour market conditions (end-December 2014: 367,826). In addition, the number of retrenchments moderated to 2,789 (Q4 2014: 2,915) with the majority in the services (1,388) and manufacturing (1,040) sectors.

## Monetary and Financial Developments

### Monetary aggregates expand steadily

Monetary aggregates increased further during the first quarter of 2015. M1 or narrow money, registered a double-digit growth of 10.2% to RM360.3 billion as at end-March 2015 (end-December 2014: 5.7%; RM346.4 billion) due to higher placement of demand deposits. Meanwhile, M3 or broad money, increased by 7.9% to RM1,589.7 billion as at end-March 2015 (end-December 2014: 7%; RM1,553.8 billion). The expansion in M3 was mainly contributed by an increase in lending to the private sector by the banking system.



### Interest rates remain stable

The Overnight Policy Rate (OPR) was unchanged at 3.25% in the first quarter of 2015 (end-December 2014: 3.25%) and remained supportive of economic growth. Consequently, the base lending rate (BLR) of commercial banks held steady at 6.79% (end-December 2014: 6.79%), while the weighted average lending rate (ALR) of commercial banks stood at 5.48% as at end-March 2015, easing three basis points (end-December 2014: 5.51%). The Base Rate (BR) was introduced to replace the BLR on 2 January 2015 as the main reference rate for new retail floating rate loans. The BR has remained at 3.90% since it was introduced. The savings deposit rate edged up one basis point to 1.08% (end-December 2014: 1.07%), while interest rates for 6-month, 9-month and 12-month fixed deposits dropped by one basis point each to 3.18%, 3.22% and 3.30%, respectively.

Meanwhile, interest rates on fixed deposits for 1-month and 3-month maturities were maintained at 3.08% and 3.13%. The real return on fixed deposits of all maturities remained positive as inflation increased at a slower pace of 0.7% in the first quarter of 2015 (Q4 2014: 2.8%).

**INTEREST RATES OF COMMERCIAL BANKS (%)**

	End-Dec 2014	End-Mar 2015
Base lending	6.79	6.79
Base rate	-	3.90
Weighted average lending	5.51	5.48
Savings deposit	1.07	1.08
Fixed deposit		
1 - month	3.08	3.08
3 - month	3.13	3.13
6 - month	3.19	3.18
9 - month	3.23	3.22
12 - month	3.31	3.30

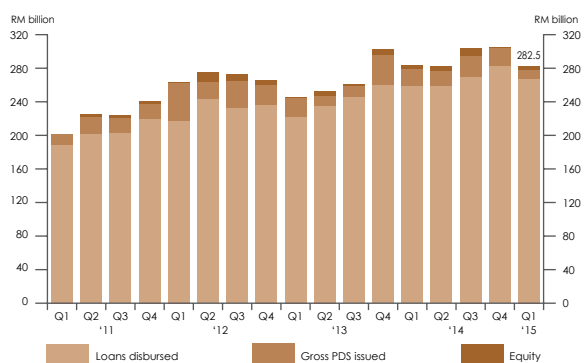
Source: Bank Negara Malaysia.

[At the Monetary Policy Committee meeting on 7 May 2015, the OPR was left unchanged at 3.25%. This was based on the assessment that the Malaysian economy would stay on a steady growth path with underlying inflation remaining contained.]

### Higher loan disbursements

Gross private sector financing raised through the banking system and capital market grew by 0.1% year-on-year (y-o-y) to RM282.5 billion in the first quarter of 2015 (Q4 2014: 3.3%; RM309.8 billion). This was mainly due to lower gross private debt securities (PDS) issuance excluding Cagamas by 46.5% to RM10.5 billion (Q4 2014: -41.2%; RM21.2 billion). However, loan disbursements in the banking system increased by 3.5% to RM267.3 billion (Q4 2014: 12.2%; RM287.7 billion) while equity issuances rose by 11.3% to RM4.7 billion (Q4 2014: -87.1%; RM1 billion).

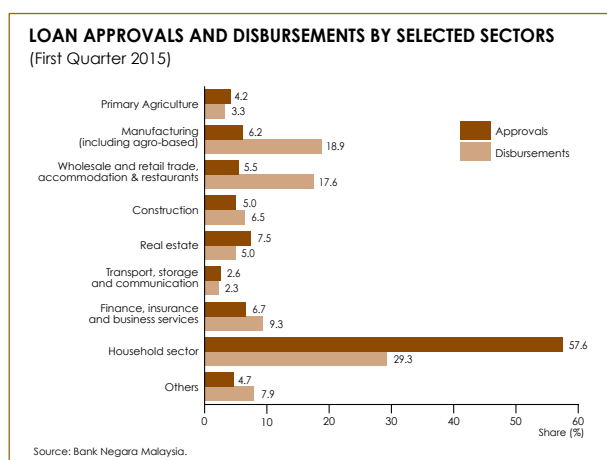
**GROSS PRIVATE SECTOR FINANCING THROUGH THE BANKING SYSTEM AND CAPITAL MARKET**



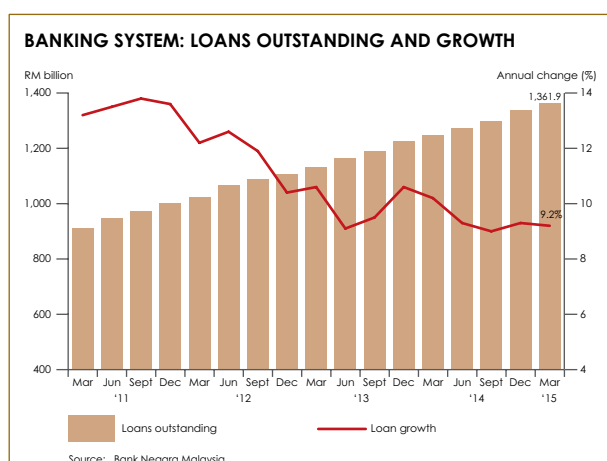
In the first quarter of 2015, bank lending indicators continued to increase steadily. While loan applications recorded a further decline of 3.9% to RM178.5 billion (Q4 2014: -0.2%; RM210.1 billion), loan approvals grew by 3.1% to RM94 billion (Q4 2014: 8.6%, RM106.4 billion). Loan disbursements also grew further by 3.5% to RM267.3 billion (Q4 2014: 12.2%, RM287.7 billion) with the household sector remaining as the



major contributor to total loans disbursed by the banking system at RM78.3 billion or 29.3% (Q4 2014: RM77.8 billion, 27%). The manufacturing sector accounted for the largest portion of loans disbursed to businesses at 18.9% or RM50.4 billion (Q4 2014: 19.9%; RM54.7 billion). This was followed by loans disbursed to the wholesale and retail trade, accommodation and restaurant sector at 17.6% or RM47 billion (Q4 2014: 20.8%; RM59.8 billion).



Total loans outstanding in the banking system continued to expand by 9.2% to RM1,361.9 billion as at end-March 2015 (end-December 2014: 9.3%; RM1,339.7 billion). The household sector accounted for the largest share of total loans outstanding in the banking system totalling 57.1% or RM778.3 billion (end-December 2014: 57%; RM760.3 billion).

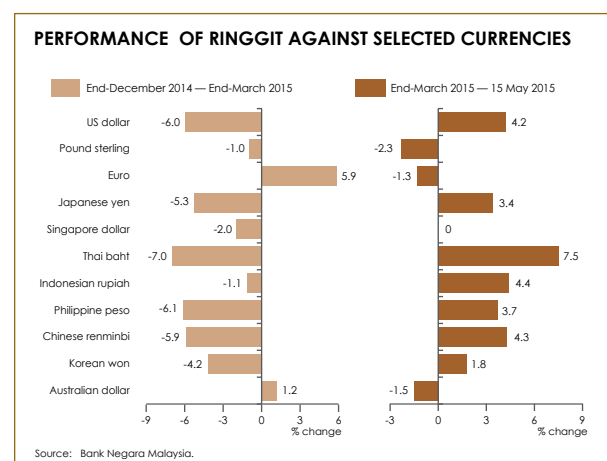


## Sound banking system

During the first quarter of 2015, the banking system remained well-capitalised with the common equity tier 1 capital ratio (12.5%), tier 1 capital ratio (13.2%) and total capital ratio (15.2%) remaining well above the minimum regulatory levels as at end-March 2015 (end-December 2014: 12.6%;13.3%;15.2%). The banking sector recorded a pre-tax profit of RM7.1 billion (Q4 2014: RM7.8 billion) due to lower contribution of revenue from the dividend income segment. The quality of loans in the banking system remained stable with the net impaired loans ratio unchanged at 1.2% as at end-March 2015 (end-December 2014: 1.2%).

## Ringgit tracks regional trend

The ringgit eased by 6% against the US dollar in the first quarter of 2015. The ringgit also depreciated between 1% and 7% against other major and regional currencies. However, the ringgit gained by 5.9% and 1.2% against the euro and the Australian dollar, respectively. On the whole, the ringgit's weak performance against the US dollar was mainly attributed to investors' concern over the impact of plummeting crude oil prices amid a strengthening US dollar.



[From end-March 2015 to 15 May 2015, the ringgit strengthened by 4.2% against the US dollar and by 3.4% against the yen. The ringgit also gained in the range of 1.4% and 7.5% against regional currencies. However, the ringgit eased against the pound sterling (-2.3%), the Australian dollar (-1.5%) and the euro (-1.3%), while remaining unchanged against the Singapore dollar. The ringgit's performance improved following the stronger-than-expected GDP growth of 5.6% in the first quarter of 2015 as well as the increase in global crude oil prices which eased concerns over Government revenue. The ringgit also benefited from the softer US dollar amid weaker US economic data coupled with speculation that the US Federal Reserve (Fed) will delay interest rate hike.]

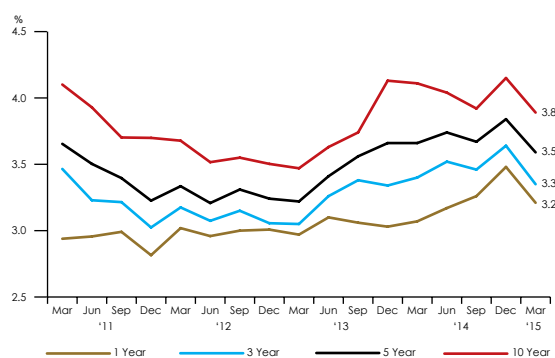
### Fund raising moderates

Fund raising activity in the capital market declined in the first quarter of 2015. Gross funds raised decreased by 18.5% y-o-y to RM42.6 billion (Q4 2014: -29.1%; RM45.3 billion). This was due to a significant drop in PDS totalling RM10.9 billion (Q4 2014: RM21.6 billion). After adjusting for redemptions, total net funds raised declined by 46.7% to RM20.9 billion (Q4 2014: -21.7%; RM26.4 billion), with net

funds raised by the public sector at RM13.2 billion and the private sector, RM7.8 billion (Q4 2014: RM15.3 billion; RM11.2 billion).

Yields on 1-year Malaysian Government Securities (MGS) declined by 27 basis points to 3.21% during the first quarter of 2015 (Q4 2014: +22 basis points ; 3.48%). Likewise, the yield on 5-year and 10-year MGS also decreased by 25 basis points each to 3.59% and 3.89%, respectively (Q4 2014: +17 basis points, +23 basis points; 3.84%, 4.15%). This was due to the resumption of non-resident inflows amounting to RM6.1 billion into the MGS market during the quarter. Meanwhile, the yield on 5-year AAA-rated PDS declined by 5 basis points to 4.22% (Q4 2014: +6 basis points; 4.27%). However, yields on the 5-year

**MALAYSIAN GOVERNMENT SECURITIES (MGS) INDICATIVE YIELDS<sup>1</sup>**



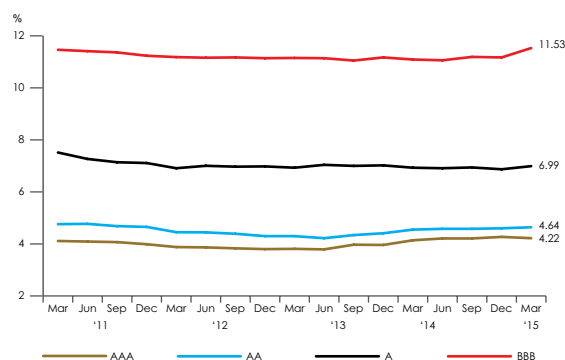
<sup>1</sup> End-period.  
Source: Fully Automated System for Issuing/Tendering (FAST), Bank Negara Malaysia.

**FUNDS RAISED IN THE CAPITAL MARKET**  
(RM million)

	2014				2015
	Q1	Q2	Q3	Q4	Q1
<b>BY PUBLIC SECTOR</b>	<b>24,012</b>	<b>8,523</b>	<b>2,101</b>	<b>15,258</b>	<b>13,183</b>
Government securities (net)	20,012	5,923	601	11,858	9,183
Malaysia Government Securities	14,493	11,916	12,279	12,729	13,479
Government Investment Issues	9,019	10,050	8,222	6,629	9,500
Less: Redemptions	3,500	16,043	19,900	7,500	13,797
Khazanah Bonds (net)	-	-	-	-	-
Merdeka Saving Bonds (net)	-	-	-	-	-
Government Housing Sukuk (net)	4,000	2,600	1,500	3,400	4,000
<b>BY PRIVATE SECTOR</b>	<b>15,365</b>	<b>8,660</b>	<b>15,009</b>	<b>11,162</b>	<b>7,803</b>
Shares/Warrants	4,211	5,163	8,832	957	4,685
Debt Securities (net)	11,154	3,497	6,177	10,205	3,118
Private Debt Securities <sup>1</sup>	20,547	18,513	24,859	21,583	10,941
Less: Redemptions	9,393	15,016	18,682	11,378	7,824
<b>TOTAL</b>	<b>39,377</b>	<b>17,183</b>	<b>17,110</b>	<b>26,420</b>	<b>20,986</b>

<sup>1</sup> Including Cagamas.  
Note: Total may not add up due to rounding.  
Source: Bank Negara Malaysia.

**PRIVATE DEBT SECURITIES (PDS) 5-YEAR YIELDS<sup>1</sup>**



<sup>1</sup> End-period.  
Source: Fully Automated System for Issuing/Tendering (FAST), Bank Negara Malaysia.

AA-rated and A-rated PDS increased by 4 basis points and 12 basis points to 4.64% and 6.99%, respectively (Q4 2014: +2 basis points, -7 basis points; 4.6%, 6.87%).

### FBM KLCI ends firmer

The FBM KLCI rebounded to register a gain of 4% in the first quarter of 2015 (Q4 2014: -4.6%). The market began the quarter on a stable note despite concerns over declining crude oil prices and a weakening ringgit which continued to weigh on the market. The FBM KLCI saw a slight monthly increase in January tracking other regional indices following the ECB's stimulus expansion announcement. The market continued to edge higher in February and March as investors' sentiment was lifted by crude oil prices which recovered from recent lows coupled with easing concerns over an early interest rate hike by the Fed. The market also reacted towards the uptrend in global markets amid monetary easing measures adopted by major central banks in Europe, Japan and China. Overall, the FBM KLCI ended the first quarter of 2015 at 1,830.78 points (end-December 2014: 1,761.25 points).

Market capitalisation rebounded with a positive growth of 5.2% or RM86.4 billion to RM1,737.52 billion as at end-March 2015 (end-December 2014: -6.9%; RM122.9 billion; RM1,651.17

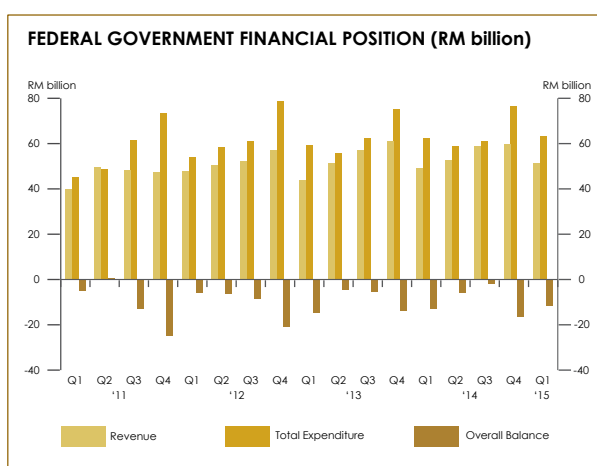
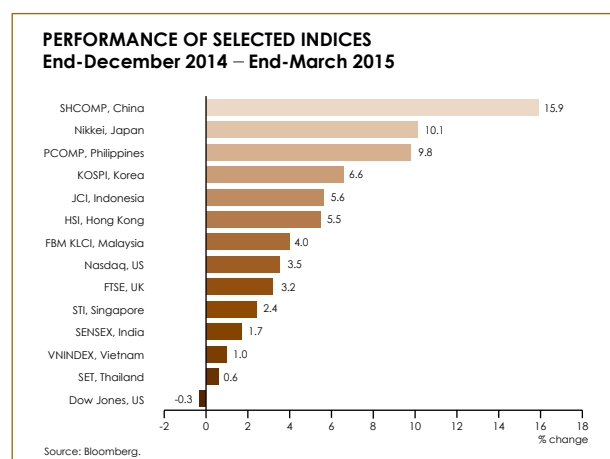
billion). Similarly, total turnover increased to 124.3 billion units valued at RM128.5 billion (Q4 2014: 122.5 billion units; RM126 billion).

[The FBM KLCI eased slightly in April despite higher foreign fund buying and ringgit appreciation amid increasing crude oil prices. The FBM KLCI posted a new year-to-date high on 21 April 2015 following positive remarks on the country's fiscal direction. The market remained stable in May due to positive domestic economic data. The FBM KLCI stood at 1,811.92 points on 15 May 2015.]

## Federal Government Finance

### Steady revenue growth

Federal Government revenue registered a moderate growth of 4.8% to RM51.5 billion in the first quarter of 2015 (Q4 2014: -2.3%; RM59.6 billion). Tax revenue, comprising 71.9% of total revenue, grew by 5% to RM37.1 billion (Q4 2014: 11.3%; RM47.4 billion) in tandem with GDP growth of 5.6%.



Direct tax recorded a growth of 1.2% to RM27.6 billion compared to a contraction of 0.4% in the first quarter of 2014 (Q4 2014: 14.6%; RM37.3

billion). This was mainly contributed by higher corporate income tax. However, individual income tax and petroleum income tax (PITA) collection decreased by 27.5% to RM8 billion (Q4 2014: 147.3%; RM4.7 billion) and 42.3% to RM3 billion, respectively (Q4 2014: -31.1%; RM8.2 billion). The lower receipts from PITA was mainly due to the significant decline in crude oil prices, which averaged USD54 per barrel during the quarter (Q4 2014: USD76 per barrel).

<b>FEDERAL GOVERNMENT FINANCIAL POSITION (RM billion)</b>										
	2013	2013				2014 <sup>1</sup>	2014			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
Revenue	213.4	43.8	51.6	57.0	61.1	220.6	49.2	52.7	59.1	59.6
Operating expenditure	211.3	49.9	49.2	53.4	58.8	219.6	55.2	51.7	52.9	59.7
Current balance	2.1	-6.1	2.4	3.6	2.3	1.0	-6.0	0.9	6.2	-0.1
Gross development exp.	42.2	9.5	6.9	9.2	16.6	39.5	7.1	7.2	8.2	17.0
Loan recoveries	1.5	0.7	0.1	0.2	0.6	1.1	0.2	0.2	0.1	0.6
Net development exp.	40.7	8.8	6.8	9.0	16.0	38.5	7.0	7.0	8.1	16.4
<b>Overall balance</b>	<b>-38.6</b>	<b>-14.9</b>	<b>-4.4</b>	<b>-5.4</b>	<b>-13.8</b>	<b>-37.4</b>	<b>-13.0</b>	<b>-6.1</b>	<b>-1.9</b>	<b>-16.5</b>
<b>% to GDP</b>	<b>-3.8</b>					<b>-3.4</b>				
Memo Item:										
Total Fed. Govt. Debt. (end of period)	539.9	508.9	519.3	529.2	539.9	582.8	560.6	568.9	569.3	582.8
% to GDP	53.0	49.9	51.0	51.9	53.0	52.7	50.7	51.4	51.4	52.7

<sup>1</sup> Preliminary

Indirect tax rose by 17.7% to RM9.5 billion (Q4 2014: 0.3%, RM10.1 billion) primarily contributed by an increase in sales tax collection of 66.4% to RM3.6 billion. In addition, receipts from import duty and service tax recorded an increase of 3% and 9.2% to RM0.6 billion and RM1.5 billion, respectively. Meanwhile, excise duties decreased marginally by 0.4% to RM2.8 billion.

Proceeds from non-tax revenue, constituting 28.1% of total revenue, rose by 4.4% to RM14.5 billion (Q4 2014: -33.6%; RM12.3 billion). The increase was mainly attributed to higher receipts from investment income.

### ***Slightly higher expenditure***

Federal Government total expenditure grew slightly by 1.8% to RM63.4 billion in the first quarter of 2015 compared to RM62.3 billion

during the corresponding quarter in 2014 (Q4 2014: 1.7%; RM76.7 billion). Operating expenditure, which accounted for 87.4% of total expenditure, recorded a marginal increase of 0.4% to RM55.4 billion (Q4 2014: 1.6%; RM59.7 billion), largely on account of substantial reduction in fuel subsidy payments despite higher emoluments. Emoluments, the largest component of operating expenditure, increased by 5.1% to RM18.1 billion (Q4 2014: 3.3%; RM16.6 billion).

The decline in fuel subsidies was mainly due to the implementation of a managed float fuel pricing mechanism effective from 1 December 2014. In addition, lower spending on supplies and services as well as debt service charges also resulted in a slower operating expenditure growth compared to the corresponding quarter in 2014.

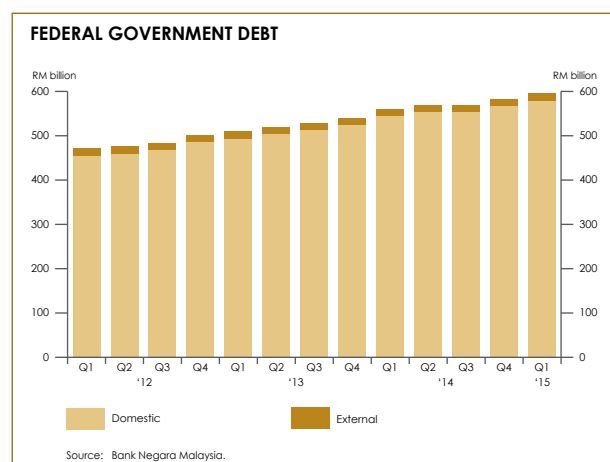
Development expenditure increased by 12.4% to RM8 billion (Q4 2014: 1.9%; RM17 billion) with all sectors registering positive growth. In terms of share to the total development expenditure, the transport subsector was the largest component with 25.1%, followed by trade and industry (24.7%) and education (13%).

With total expenditure continuing to exceed total revenue collection, the Federal Government registered a deficit of RM11.8 billion during the quarter (Q4 2014: -RM16.5 billion). However, this was lower than the deficit in the first quarter of 2014 at RM13 billion.

### ***Domestic sources of borrowing***

Federal Government gross borrowing for the first three months of 2015 amounted to RM26.7 billion, comprising mainly MGS and Government Investment Issues at RM13.5 billion and RM9.5 billion, respectively. The Federal Government debt, after netting out repayments, stood at RM596.8 billion or

52.1% of GDP (end-December 2014: RM582.8 billion; 52.7% of GDP). Of this, domestic debt constituted 97% of total Federal Government debt. Debt service charges increased to RM5.8 billion and accounted for 10.5% of total operating expenditure (Q4 2014: RM5 billion; 8.4%).



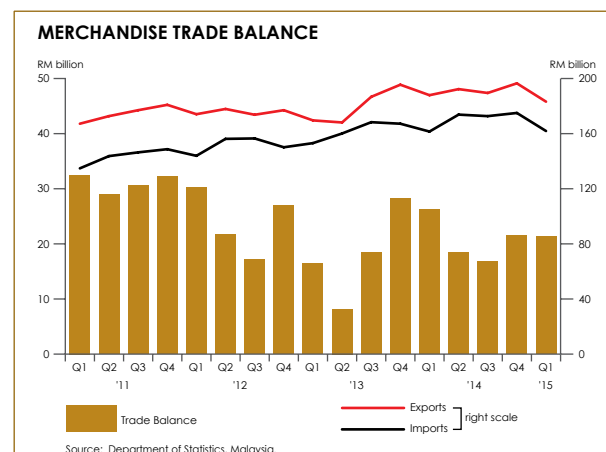
## External Position

### Total trade contracts

Amid uneven growth in key export markets, total trade declined by 1.2% to RM345.1 billion (Q4 2014: 2.4%; RM371.4 billion) though the trade surplus remained steady at RM21.3 billion (Q4 2014: RM21.5 billion). During the quarter, gross exports contracted by 2.5% to RM183.2 billion (Q4 2014: 0.5%; RM196.5 billion). This was largely due to declining receipts from agriculture (-16%) and mining (-6.9%) exports following weak external demand, lower commodity prices and a depreciating ringgit. Gross imports amounted to RM161.9 billion (Q4 2014: RM175 billion) supported by positive growth in intermediate (3%), capital (8.5%) and consumption goods (4.4%).

Export receipts of manufactured goods, which comprised 77.9% of total exports, moderated to RM142.8 billion (Q4 2014: 75.9%; RM151.7 billion) mainly weighed down by a 4.7%

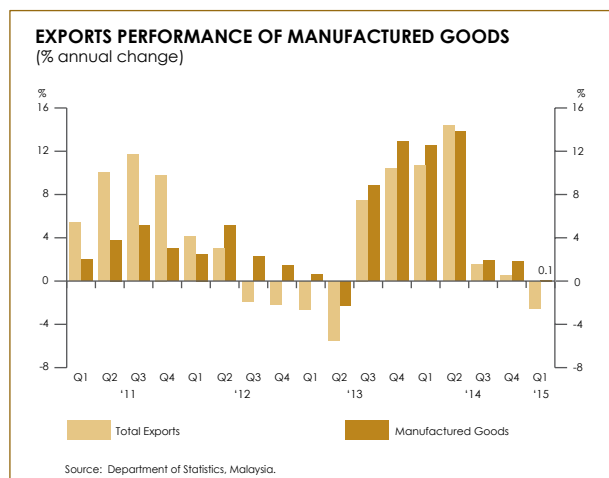
contraction in the exports of non-E&E products. Tepid demand for petroleum products (-33.8%) and manufactures of metal (-14.4%) were the major contributors to the sluggish performance of non-E&E exports. However, receipts from E&E products remained favourable, growing by 6.9% to RM64.2 billion (Q4 2014: 5.5%; RM67.7 billion) in line with higher demand for semiconductors (10.3%) and automatic data processing equipment (10.8%). The book-to-bill ratio has been consistently above 1 for the past few months indicating positive growth in this segment. Shipment of E&E products to the main trading partners, the US (18.2%), the Netherlands (19%) and Hong Kong (9.7%) continued to remain strong.



Low crude oil and LNG prices continued to impact export earnings of mining products which declined by 6.9% to RM25 billion (Q4 2014: -0.5%; RM26.8 billion). Receipts from crude petroleum and LNG declined by 15.7% and 4.7%, respectively (Q4 2014: -10.3%; 4.4%) despite higher export volume. During the quarter, export prices of crude petroleum fell by 44% to average RM1,600 per tonne, while LNG prices declined by 7.6% to average RM2,440 per tonne. This was mainly due to lacklustre demand from major LNG importing countries such as Japan (4.6%), Korea (7.7%) and Taiwan (7.8%). Similarly, export receipts of agriculture goods contracted by 16% to RM14.3 billion (Q4 2014: -8.8%; RM16.9 billion) following lower demand and export value for



rubber and palm oil. Export earnings of palm oil, the largest contributor to the agriculture sector at about 63%, fell sharply to China (-53.7%), the US (-31%) and the Netherlands (-25.7%).



industrial supplies (10.2%); parts and accessories of capital goods and transport equipment (5.4%); as well as food and beverage (21.6%). This bodes well for future exports. Boosted by festivities during the quarter, imports of consumption goods also improved by 4.4% (Q4 2014: 2.9%) underpinned by increased demand for food and beverage (8.4%) as well as consumer durables (2%). Pre-emptive buying before the implementation of GST on 1 April 2015 also contributed to import growth.

### Higher current account surplus

The current account surplus was higher at RM10 billion or 3.7% of GNI during the first quarter of 2015 (Q4 2014: RM5.7 billion; 2.1%). This was primarily contributed by a smaller deficit in the services and primary income accounts.

**EXPORTS OF MANUFACTURED GOODS**  
(% annual change)

	2013	2013				2014	2014				2015
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1
Total manufacturing exports	5.1	0.6	-2.3	8.8	12.9	7.1	12.5	13.8	1.9	1.8	0.1
Electronics & electrical products (E&E)	2.5	-4.9	-3.8	5.5	13.2	8.1	12.5	13.0	2.7	5.5	6.9
Petroleum products	24.6	33.3	0.4	30.0	33.0	2.9	14.5	32.5	-3.8	-19.1	-33.8
Chemicals and chemical products	2.5	-2.3	0.7	7.5	4.5	8.5	8.6	7.4	5.8	12.1	2.8
Machinery, appliances and parts	6.9	-2.7	0.7	10.0	20.9	10.9	15.0	19.2	7.4	2.9	14.1
Optical and scientific equipment	-9.1	0.8	-17.9	-17.9	1.6	13.4	9.6	25.1	18.0	2.4	12.1
Manufactures of metal	39.2	20.5	16.2	68.1	53.3	-6.1	24.4	0.2	-29.5	-8.7	-14.4
Rubber products	-5.9	0.0	-9.0	-10.0	-4.5	-5.9	-9.5	-7.6	0.6	-2.9	2.1
Processed food	6.9	3.1	6.5	9.4	8.3	16.3	16.1	18.2	19.8	11.4	6.7
Wood products	-5.0	-4.8	-7.9	-7.3	0.0	3.9	6.4	7.7	0.4	1.5	-1.2
Textiles, clothing and footwear	7.9	-0.4	1.6	16.6	13.7	13.0	19.6	24.4	0.3	10.2	6.2
Manufactures of plastics	6.7	0.5	0.6	12.6	13.4	11.6	15.9	15.9	6.9	8.5	3.9
Iron and steel products	-24.8	-35.2	-28.0	-6.7	-25.8	28.2	15.5	42.0	26.7	27.9	27.6
Transport equipment	-5.8	0.4	6.6	11.7	-28.9	10.0	21.4	4.5	9.7	5.1	-3.1
Jewellery	8.8	-11.1	19.3	21.8	5.1	-11.9	14.1	-26.4	-23.8	-2.6	-11.3
Non-metallic mineral products	-7.0	-10.7	-11.2	-3.8	-1.8	6.9	7.0	5.8	10.8	4.0	1.8
Beverages and tobacco	10.3	9.7	6.0	5.8	19.6	5.2	7.3	11.4	2.1	1.1	15.4
Paper and pulp products	3.0	5.0	1.8	4.4	1.2	1.8	4.9	7.8	-1.2	-3.8	5.7
Other manufactures	2.0	1.9	0.9	-4.7	10.1	19.9	19.6	22.5	19.0	18.6	13.1

Source: Department of Statistics, Malaysia.

Gross imports remained positive, albeit growing at a slower pace, to record RM161.9 billion (Q4 2014: RM175 billion). Robust investment activity in the economy saw imports of capital goods register a strong growth of 8.5% (Q4 2014: 0.1%). Items imported included telecommunication and transport-related equipment as well as floating structures for the oil and gas industry. Likewise, imports of intermediate goods, which accounted for 59.8% of total imports, rose by 3% (Q4 2014: 60.6%; 12.5%) supported by higher imports of

The surplus in the goods and services account remained steady at RM23.8 billion (Q4 2014: RM23.8 billion) despite weak external demand. While the goods account recorded a lower surplus of RM27.5 billion (Q4 2014: RM29.4 billion), the deficit in the services account improved to RM3.8 billion (Q4 2014: -RM5.5 billion) due to lower net payments for transport and construction services. Meanwhile, the surplus in the travel account narrowed marginally due to lower tourist arrivals and spending during the quarter. However, outbound travel remained steady with gross payments amounting to RM10.2 billion, reflecting strong business and leisure activities abroad.

The deficit in the primary income account improved significantly to register a lower deficit of RM8.5 billion (Q4 2014: -RM13.2 billion). This was largely due to lower investment income accruing to foreign investors in Malaysia which more than offset higher investment income repatriated by Malaysian companies operating abroad, mainly in the mining and quarrying as well as financial and insurance sectors. The weaker ringgit also supported the

improved earnings of these companies. During the quarter, net outflows from the secondary income account were marginally higher at RM5.3 billion (Q4 2014: -RM5 billion) driven by higher remittances by foreign workers, while remittances from Malaysian workers abroad were sustained at RM2.4 billion.

The financial account recorded a larger net outflow of RM29.7 billion (Q4 2014: -RM26.6 billion), mainly due to higher placement of currency and deposits abroad as well as increased extension of interbank short-term loans by resident financial institutions. However, net outflows of portfolio investments decelerated significantly to RM7.9 billion (Q4 2014: -RM20.3 billion) despite continued uncertainty in the global financial markets. During the quarter, inward direct investment (direct investment liabilities) was higher at RM8.6 billion (Q4 2014: RM7.5 billion) largely due to higher investment and reinvestment in the mining and quarrying, financial and insurance as well as manufacturing sectors. Investments were mainly from the US, Indonesia, Bahamas, Singapore and Japan.

<b>BALANCE OF PAYMENTS (Net)<sup>1</sup></b> (RM billion)										
	2013	2013				2014	2014			
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
Current Account	35.5	12.4	1.0	8.5	13.6	47.3	19.5	15.0	7.1	5.7
% of GNI	3.6	5.3	0.4	3.4	5.2	4.4	7.5	5.7	2.6	2.1
Goods	96.6	25.4	17.1	23.9	30.2	113.4	31.2	27.3	25.5	29.4
Service	-9.6	-0.8	-3.4	-3.0	-2.5	-11.2	-0.5	-1.6	-3.6	-5.5
Goods and Services	87.0	24.6	13.7	20.9	27.8	102.2	30.7	25.7	22.0	23.8
Primary Income	-34.0	-8.0	-8.1	-8.0	-9.8	-37.3	-6.6	-8.0	-9.6	-13.2
Secondary Income	-17.5	-4.2	-4.5	-4.4	-4.4	-17.6	-4.6	-2.8	-5.2	-5.0
Financial Account	-20.2	1.2	4.4	-15.7	-10.1	-81.6	-38.2	-11.0	-5.8	-26.6
Direct Investment	-6.3	-2.8	-8.4	1.1	3.8	-18.5	-14.4	-3.8	2.3	-2.5
Asset	-41.9	-11.6	-15.7	-8.2	-6.5	-53.1	-20.6	-16.5	-6.1	-9.9
Liabilities	35.7	8.8	7.3	9.2	10.3	34.6	6.1	12.7	8.3	7.5
Portfolio Investment	-3.0	3.9	3.3	-9.4	-0.8	-38.5	-14.2	7.2	-11.2	-20.3
Financial Derivatives	-0.3	0.2	-1.4	0.6	0.4	-1.0	-1.5	0.2	0.1	0.2
Other Investment	-10.7	-0.2	11.0	-7.9	-13.6	-23.6	-8.1	-14.5	3.0	-4.0
Net Errors and Omissions <sup>2</sup>	-0.6	-9.6	-3.9	18.9	-6.1	-2.5	1.4	-5.0	-8.0	9.1
Overall balance	14.6	4.0	1.5	11.8	-2.7	-36.5	-17.3	-1.0	-6.7	-11.5

Assets: (-) denotes outflows due to the acquisition of assets abroad by residents.  
Liabilities: (+) denotes inflows due to the incurrence of foreign liabilities.

<sup>1</sup> In accordance with the Sixth Edition of The Balance of Payments and International Investment Position Manual (BPM6) by the International Monetary Fund (IMF).

<sup>2</sup> Includes unrealised exchange revaluation foreign gains/losses on international reserves.

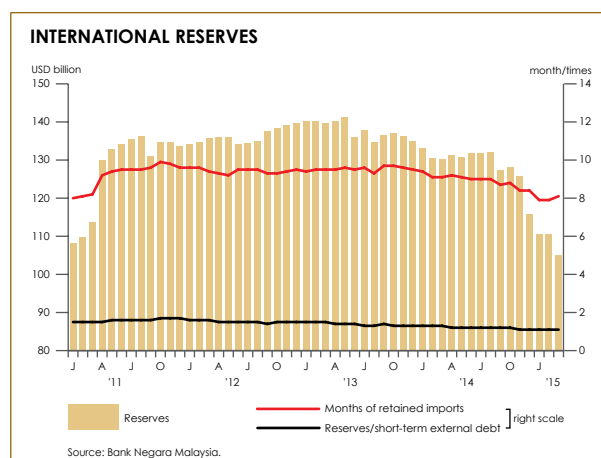
Source: Department of Statistics, Malaysia.

Outward direct investment (direct investment assets) remained firm at RM9.8 billion (Q4 2014: -RM9.9 billion) primarily due to smaller extension of intercompany loans and lower

retained earnings, which more than offset higher extension of equity capital to subsidiaries of Malaysian companies abroad. Direct investment abroad was mainly channelled into mining and quarrying, agriculture as well as the financial and insurance sectors in Papua New Guinea, Canada, Luxembourg, Iraq and the UK. Consequently, Malaysia's overall balance of payments recorded a deficit of RM15.7 billion with net errors and omissions lower at RM4 billion (Q4 2015: -RM11.5 billion; RM9.1 billion).

### Ample international reserves

Malaysia's international reserves amounted to RM389.7 billion (equivalent to USD105.1 billion) as at 31 March 2015 (end-Dec 2014: RM405.4 billion; USD115.9 billion). The reserves level has taken into account the quarterly adjustment for foreign exchange revaluation changes. The reserves position is sufficient to finance 8.1 months of retained imports and is 1.1 times the redefined short-term external debt.



[As at 30 April 2015, the international reserves amounted to RM392.4 billion (equivalent to USD105.8 billion). The reserves position is sufficient to finance 8 months of retained imports and is 1.1 times the short-term external debt]

## Outlook

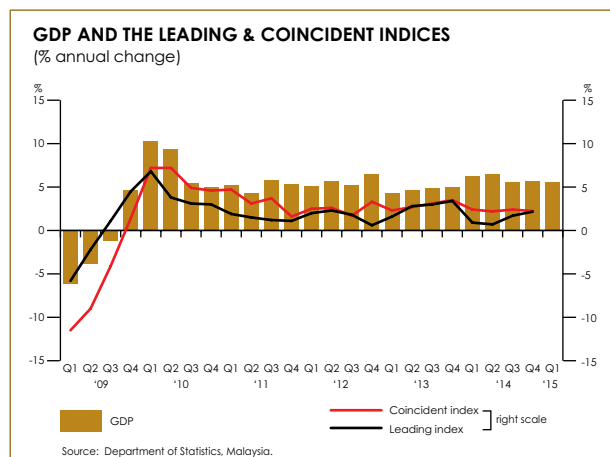
### *Uneven moderate growth to continue*

Global growth is expected to expand moderately with uneven prospects across major countries. Oil-exporting developing economies are expected to register a slower growth. China is also expected to maintain a moderate growth path. Advanced economies are expected to expand benefiting from lower oil prices. The US is expected to remain robust while the euro area is projected to

grow at a modest pace. The downside risks to the economic outlook include a short-lived overall increase in global demand due to a rebound in oil prices, strengthening of the US dollar which could negatively impact emerging market economies. Furthermore, geopolitical risks in Eastern Europe, the Middle East and Africa could impact the global economy.

The Malaysian economy is expected to remain on a steady growth path in 2015. This is reflected by the Leading Index, which grew by an average of 1.96% from October 2014 to February 2015. The underlying macroeconomic fundamentals, supportive monetary policy as well as ongoing economic transformation will continue to strengthen the resilience of the economy.

On the supply side, the continued expansion in the construction and manufacturing sectors as well as services activities will contribute strongly to the overall GDP growth. On the demand side, growth is expected to emanate from resilient domestic demand, supported by strong private investment and higher development expenditure.



## **Key Data**

*<http://www.treasury.gov.my>*





## KEY DATA

<b>AREA</b> (Square kilometres)	330,290					
	<b>2013<sup>1</sup></b>		<b>2014<sup>1</sup></b>		<b>2015<sup>2</sup></b>	
<b>POPULATION</b> (million)	29.9		30.3		30.6	
	RM million	% growth	RM million	% growth	RM million	% growth
<b>DOMESTIC PRODUCTION<sup>3</sup></b>						
<b>Gross Domestic Product (constant 2010 prices)</b>	<b>955,260</b>	<b>4.7</b>	<b>1,012,506</b>	<b>6.0</b>	<b>877,174</b>	<b>4.5 - 5.5</b>
<i>USD million</i>	<i>303,171</i>		<i>309,361</i>		<i>244,474</i>	
Agriculture	91,097	1.9	92,979	2.1	57,675	0.3
Mining and quarrying	87,789	1.2	90,645	3.3	67,525	3.0
Manufacturing	219,216	3.4	232,868	6.2	215,323	4.9
Construction	38,646	10.8	43,190	11.8	36,380	10.3
Services	507,935	6.0	541,249	6.6	487,887	5.6
<b>Gross Domestic Product (current prices)</b>	<b>1,018,821</b>	<b>4.9</b>	<b>1,106,580</b>	<b>8.6</b>	<b>1,127,358</b>	<b>5.4</b>
<i>USD million</i>	<i>323,342</i>		<i>338,108</i>		<i>314,202</i>	
<b>NATIONAL INCOME AND EXPENDITURE<sup>3</sup></b>						
<b>Gross National Income (current prices)</b>	<b>984,846</b>	<b>5.3</b>	<b>1,069,258</b>	<b>8.6</b>	<b>1,089,396</b>	<b>5.5</b>
<i>USD million</i>	<i>312,559</i>		<i>326,704</i>		<i>303,622</i>	
Consumption expenditure: Public	139,822	4.0	147,646	5.6	146,527	3.6
Private	527,749	9.4	579,908	9.9	599,431	8.1
Gross fixed capital formation: Public	106,999	2.8	103,595	-3.2	111,123	9.9
Private	162,815	14.4	183,902	13.0	201,072	10.8
Exports of goods and services	770,368	0.0	817,176	6.1	861,338	1.1
Imports of goods and services	683,408	2.7	714,950	4.6	783,504	4.8
<b>Gross National Income (constant 2010 prices)</b>	<b>916,903</b>	<b>5.2</b>	<b>971,916</b>	<b>6.0</b>	<b>814,895</b>	<b>5.2</b>
<i>USD million</i>	<i>290,996</i>		<i>296,982</i>		<i>227,117</i>	
<b>Gross National Savings (current prices)</b>	<b>299,777</b>	<b>-0.2</b>	<b>324,118</b>	<b>8.1</b>	<b>324,981</b>	<b>1.8</b>
<b>Per Capita Income (current prices) RM</b>	<b>32,921</b>	<b>3.9</b>	<b>35,334</b>	<b>7.3</b>	<b>35,572</b>	<b>4.2</b>
<i>USD</i>	<i>10,448</i>		<i>10,796</i>		<i>9,914</i>	
<b>Purchasing Power Parity</b> <i>USD</i>	<b>22,530</b>	<b>5.0</b>	<b>22,378</b>	<b>-0.4</b>	<b>23,512<sup>5</sup></b>	<b>2.4</b>
<b>FEDERAL GOVERNMENT FINANCE<sup>4</sup></b>						
Revenue	213,370	2.6	220,626 <sup>6</sup>	3.4	222,865	1.0
Operating expenditure	211,270	2.8	219,589 <sup>6</sup>	3.9	212,421	-3.3
Current account surplus	2,100		1,037 <sup>6</sup>		10,444	
Development expenditure (net)	40,684	-8.2	38,451 <sup>6</sup>	-5.5	47,467	23.4
<b>Overall deficit/surplus</b>	<b>-38,584</b>		<b>-37,414<sup>6</sup></b>		<b>-37,023</b>	
% to GDP	-3.8		-3.4 <sup>6</sup>		-3.2	
Domestic borrowing (net)	39,526		37,557 <sup>6</sup>		—	
Foreign borrowing (net)	-221		-427 <sup>6</sup>		—	
Change in assets	-721		283 <sup>6</sup>		—	
	RM million	% GDP	RM million	% GDP	RM million	% GDP
<b>Federal Government debt<sup>2</sup></b>	<b>539,858</b>	<b>53.0</b>	<b>582,828</b>	<b>52.7</b>	—	—
Domestic debt	523,095	51.3	566,052	51.2	—	—
Offshore borrowing	16,763	1.6	16,776	1.5	—	—
Memorandum item:						
Non-residents holdings of ringgit-denominated Government debt securities	141,669	13.9	151,377	13.7	—	—

KEY DATA<sup>1</sup>

	2013			2014			2015 <sup>7</sup>		
	RM million			RM million			RM million		
BALANCE OF PAYMENTS (NET)									
Balance on current account	35,485			47,317			9,968		
<i>USD million</i>	11,262			14,457			2,778		
Goods	96,552			113,414			27,547		
Services	-9,592			-11,188			-3,762		
Primary income	-33,975			-37,322			-8,539		
Secondary income	-17,498			-17,586			-5,278		
Balance on capital and financial accounts	-20,231			-81,325			-29,666		
Net errors and omissions	-605			-2,500			4,002		
Overall balance	14,649			-36,507			-15,696		
	RM million	% growth	% share	RM million	% growth	% share	RM million	% growth	% share
EXTERNAL TRADE									
Gross exports	719,992	2.5		766,129	6.4		183,240	-2.5	
<i>USD million</i>	228,503			234,085			50,633		
Manufactured	548,146	5.1	76.1	587,250	7.1	76.7	142,755	0.1	77.9
Agriculture	68,799	-14.4	9.6	69,204	0.6	9.0	14,321	-16	7.8
Mining	97,937	3.7	13.6	104,594	6.8	13.7	25,014	-6.9	13.7
Gross imports	648,695	6.9		682,982	5.3		161,906	0.2	
<i>USD million</i>	205,876			208,681			44,738		
Intermediate goods	379,455	4.3	58.5	408,383	7.6	59.8	96,886	3.0	59.8
Capital goods	98,202	2.2	15.1	96,142	-2.1	14.1	24,615	8.5	15.2
Consumption goods	47,584	8.8	7.3	50,317	5.7	7.4	12,669	4.4	7.8
Total trade	1,368,687			1,449,111			345,146		
Trade balance	71,298			83,146			21,334		
Gross international reserves (RM billion)	441.9			405.4			392.4 <sup>8</sup>		
<i>USD billion</i>	134.9			116.0			105.8 <sup>8</sup>		
Months of retained imports	9.5			8.4			8.0 <sup>8</sup>		
Short-term external debt (times)	1.3			1.1			1.1 <sup>8</sup>		
Trading partners (% share to total trade)									
ASEAN	27.4			26.8			26.8		
European Union	9.9			9.9			10.2		
USA	7.9			8.1			8.6		
Japan	9.9			9.5			10.2		
China	14.9			14.3			14.2		
Others	30.0			31.4			30.0		
PRICES									
	Index	% growth		Index	% growth		Index	% growth	
Counsumer Price Index (2010=100)	107.1	2.1		110.5	3.2		110.5	0.7	
Producer Price Index (2010=100)	107.8	-1.7		109.3	1.4		105.0	-5.4	
	Thousands	% growth		Thousands	% growth		Thousands	% growth	
LABOUR									
Labour force	13,634.6	3.9		14,082.5 <sup>9</sup>	1.3 <sup>9</sup>		14,144.2 <sup>10</sup>	1.9 <sup>10</sup>	
Unemployed ( <i>Unemployment rate</i> )	424.6	(3.1)		396.9 <sup>9</sup>	(2.8) <sup>9</sup>		442.2 <sup>10</sup>	(3.1) <sup>10</sup>	

## KEY DATA

			2014		2015	
			End-March		End-March	
			RM million	% annual change	RM million	% annual change
<b>MONEY AND BANKING<sup>3</sup></b>						
<b>Money supply</b>	M1		327,064.2	11.4	360,340.5	10.2
	M2		1,459,864.1	6.3	1,583,570.8	8.5
	M3		1,473,982.2	5.9	1,589,743.6	7.9
<b>Banking system</b>						
Deposits			1,544,342.7	6.9	1,683,611.2	9.0
Loans			1,246,659.4	10.2	1,361,908.0	9.2
Loan-deposits ratio <sup>11</sup> (end of period)			85.1		86.6	
<b>Interest rates (average rates at end of period, %)</b>						
3-month interbank			3.29		3.73	
Commercial banks						
Fixed deposits:	3-month		2.97		3.13	
	12-month		3.15		3.30	
Savings deposit			0.98		1.08	
Base lending rate (BLR)			6.53		6.79	
Treasury bills (3-month)			3.01		2.99	
Malaysian Government securities: 1-year			3.07		3.21	
5-year			3.66		3.59	
			<b>End-April 2014</b>		<b>End-April 2015</b>	
<b>Movement of ringgit<sup>12</sup> (end-period)</b>						
RM per SDR; % annual change			5.0659	-9.7	4.9881	1.6
RM per USD; % annual change			3.2671	-7.2	3.5705	-8.5
RM per Euro; % annual change			4.5107	-12.0	3.9659	13.7
RM per 100 Yen; % annual change			3.1908	-3.0	3.0016	6.3
<b>Bursa Malaysia (end-period)</b>						
FBM KLCI			1,871.52		1,818.27	
Market capitalisation (RM billion)			1,738.23		1,738.53	
<b>SOCIAL INDICATORS</b>			<b>2014</b>		<b>2015</b>	
Life expectancy at birth <sup>1</sup> : Male (years)			72.5		n.a	
Female (years)			77.2		n.a	
Infant mortality <sup>1</sup> (per 1000 live births)			n.a		n.a	
Literacy rate <sup>1</sup>			n.a		n.a	
Water coverage <sup>13</sup> (% of population)			n.a		n.a	
Rural electricity coverage <sup>14</sup> (% of housing unit)			97.6		n.a	
Fixed line telephone subscribers <sup>15</sup> (per 100 households)			30.3		n.a	
Cellular phone subscribers <sup>15</sup> (per 100 population)			148.5		n.a	
Broadband subscribers <sup>15</sup> (per 100 households)			68.9		n.a	
Tourist arrivals (million persons)			22.9		n.a	

<sup>1</sup> Department of Statistics, Malaysia.<sup>2</sup> Bank Negara Malaysia.<sup>3</sup> Figures in 2015 are rebased at 2005 prices.<sup>4</sup> Ministry of Finance, Malaysia.<sup>5</sup> Economic Report 2014/2015.<sup>6</sup> Preliminary.<sup>7</sup> For the period of January to March 2015.<sup>8</sup> As at 30 April 2015.<sup>9</sup> For the fourth quarter of 2014.<sup>10</sup> Preliminary data for the first quarter of 2015.<sup>11</sup> Excludes transactions by financial institutions.<sup>12</sup> Annual rate of appreciation (+) or depreciation (-).<sup>13</sup> Ministry of Rural and Regional Development.<sup>14</sup> Ministry of Energy, Green Technology and Water, and National Water Services Commission.<sup>15</sup> Malaysian Communications and Multimedia Commission.

Note: Urban electricity coverage has reached 100%. Data has been revised by Economic Planning Unit.



## **Key Economic Indicators**





# I. CONSUMPTION INDICATORS

Indicator / Month	2014												2015			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Sales of new passenger cars (units)</b>	44,702	45,704	52,127	52,488	49,865	51,898	53,578	44,898	41,397	47,544	48,622	55,523	44,697	44,917	59,318	-
<b>Production of vehicles (units)</b>	59,929	61,330	67,658	79,207	79,162	69,530	48,527	48,476	52,346	47,524	49,347	51,746	37,468	29,390	39,593	34,454
<b>Sales of motorcycles (units)</b>	34,230	29,278	40,946	42,652	41,482	40,056	34,587	38,486	37,473	35,297	35,666	32,596	32,876	31,611	39,361	29,699
<b>Production of motorcycles (units)</b>	35,384	26,004	38,188	41,889	39,800	41,320	35,757	39,473	35,734	38,095	36,275	32,238	37,468	29,390	39,593	-
<b>Imports of consumption goods (RM million)</b>	4,299	3,476	4,365	4,321	4,253	4,251	4,194	4,217	3,973	4,336	4,049	4,583	4,385	3,902	4,382	-
<b>Bursa Malaysia (end-period)</b>																
FBM KLCI	1,804.03	1,835.66	1,849.21	1,871.52	1,873.38	1,882.71	1,871.36	1,866.11	1,846.31	1,855.15	1,820.89	1,761.25	1,781.26	1,821.21	1,830.78	1,818.27
Market capitalisation (RM billion)	1,668.56	1,698.52	1,719.11	1,738.23	1,736.50	1,770.42	1,783.69	1,776.28	1,774.09	1,775.51	1,731.43	1,651.17	1,687.84	1,733.14	1,737.52	1,738.53
<b>Prices (2010=100) - Annual change (%)</b>																
Consumer Price Index	3.4	3.5	3.5	3.4	3.2	3.3	3.2	3.3	2.6	2.8	3.0	2.7	1.0	0.1	0.9	-
Producer Price Index <sup>1</sup> (Domestic)	2.6	2.6	3.6	3.5	3.7	2.4	1.8	0.5	0.6	-0.7	-1.2	-4.4	-4.8	-5.4	-6.1	-
<b>Labour Market</b>																
Retrenchment (no.)	740	831	866	532	915	570	1,883	440	705	817	551	1,547	1,259	843	687	-
Vacancies (no.)	102,363	133,543	117,124	86,322	71,837	88,725	78,331	78,786	66,011	94,026	83,763	73,187	69,988	52,741	91,743	-

<sup>1</sup> Figures in 2014 are in base year 2005=100.

## II. INVESTMENT INDICATORS

Indicator / Month	2014												2015			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Sales of new commercial vehicles (units)	5,571	5,014	6,797	6,244	6,074	6,663	6,689	6,227	6,374	6,643	6,691	9,137	5,905	5,473	7,996	-
Imports (RM million)	7,972	6,463	8,260	8,318	8,367	8,716	7,283	8,588	6,911	7,740	7,998	9,526	8,189	6,878	9,548	-
Capital goods	34,072	27,711	32,279	32,808	34,567	33,568	34,690	37,624	34,989	41,092	31,408	33,574	33,063	29,366	34,457	-
Intermediate goods																
Manufacturing projects																
MITI Approvals (RM million)	3,421	6,681	3,183	5,502	19,096	5,198	8,704	7,877	3,604	4,578	2,948	1,062	-	-	-	-
New investment	2,149	588	2,505	1,707	18,218	3,480	6,904	1,740	742	2,729	2,408	301	-	-	-	-
Re-investment	1,272	6,094	677	3,795	878	1,718	1,800	6,137	2,862	1,849	540	761	-	-	-	-
Base lending rate (%) <sup>1</sup>	6.53	6.53	6.53	6.53	6.53	6.53	6.78	6.79	6.79	6.79	6.79	6.79	6.79	6.79	6.79	-
Money supply (Annual % change) <sup>2</sup>																
M1	11.6	10.7	11.4	11.3	9.6	10.2	9.1	7.7	6.7	6.0	6.3	5.7	4.3	7.8	10.2	-
M3	6.4	5.9	5.9	6.0	5.5	5.6	5.7	4.8	5.2	5.4	7.1	7.0	6.1	6.9	7.9	-
Total Capital Ratio (%) <sup>3</sup>	14.5	14.5	14.5	14.6	14.6	15.3	15.3	15.5	15.5	15.6	15.3	15.9	15.4	15.3	15.2	-
Net impaired loans ratio (%)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.3	1.2	-
Banking System :																
Loans Approved by Sectors (RM million)	28,354	27,139	35,657	33,534	31,130	33,452	33,147	34,575	38,023	37,387	35,234	33,794	30,992	26,746	36,262	-
Primary agriculture	422	333	340	392	214	1,163	914	604	624	906	755	256	1,180	282	2,455	-
Mining and quarrying	650	1,537	127	182	299	392	179	167	101	1,239	1,081	282	332	1,016	158	-
Manufacturing (including agro-based)	1,579	1,682	2,172	1,257	1,587	1,622	2,195	2,399	2,373	1,646	1,521	1,654	2,144	1,261	2,417	-
Services	3,454	3,657	7,590	4,784	4,236	3,943	4,550	4,846	5,690	7,622	6,444	6,305	3,857	4,957	7,161	-
Construction	1,309	1,234	1,309	2,190	1,332	1,591	1,657	2,694	3,661	1,958	1,882	2,774	1,956	1,020	1,704	-
Real Estate	1,740	1,975	3,173	2,682	2,175	3,751	2,859	2,301	2,439	2,735	3,717	2,615	1,785	2,664	2,617	-
Household sector <sup>4</sup>	19,073	16,535	20,719	21,468	20,714	20,816	20,647	20,579	20,561	21,037	19,725	19,535	19,521	15,290	19,321	-
Other sector n.e.c.	127	186	227	579	573	175	145	985	2,575	245	110	373	217	257	428	-
Loans Disbursed by Sectors (RM million)	94,407	73,820	90,170	89,394	81,732	87,021	84,615	90,263	94,816	96,907	87,792	102,995	91,513	77,032	98,778	-
Primary agriculture	3,771	2,380	2,565	2,730	1,957	2,541	1,980	2,475	2,505	2,493	2,750	3,141	2,706	2,251	3,865	-
Mining and quarrying	599	1,397	1,515	1,601	707	1,563	608	567	670	647	708	1,582	3,892	1,968	1,179	-
Manufacturing (including agro-based)	19,357	16,291	18,741	18,404	17,267	17,101	16,776	16,536	18,217	19,592	16,292	18,790	16,915	14,441	19,075	-
Services	30,138	22,692	30,905	28,114	27,427	30,287	28,820	34,259	35,049	35,303	30,764	36,239	31,073	24,869	29,961	-
Construction	7,473	3,880	5,462	5,537	4,444	4,543	5,147	4,771	5,040	6,943	5,513	6,789	5,633	5,050	6,673	-
Real Estate	4,748	4,020	4,171	3,959	3,745	4,019	3,564	4,382	4,716	3,805	4,931	5,567	4,117	4,168	4,988	-
Household sector <sup>4</sup>	27,008	22,257	25,139	26,422	25,079	25,788	24,946	24,225	25,002	25,685	24,446	27,637	26,375	23,265	28,702	-
Other sector n.e.c.	1,312	903	1,670	2,628	1,106	1,179	2,785	3,048	3,616	2,440	2,388	3,250	801	1,021	4,334	-
Registration of new local companies (no.)	3,534	3,313	4,097	4,694	4,132	3,852	3,557	3,865	4,189	4,549	4,452	4,910	4,629	3,193	4,965	-
Companies dissolved / struck off (no.)	1,384	1,546	1,453	1,582	608	1,012	858	691	367	617	494	488	395	146	-	-
Property Overhang (end period) <sup>5</sup>																
Total (units)			17,776			16,643			14,585			16,366			-	-
% Change (preceeding)														-	-	
Total (RM million)														-	-	
% Change (preceeding)														-	-	

Note: <sup>1</sup> Commercial bank rate.  
<sup>2</sup> Figures for 2013 are based on data published in the Monthly Statistical Bulletin December 2013 by Bank Negara Malaysia.

<sup>3</sup> Figures for January 2013. Capital components are reported based on Base II Capital Adequacy Framework.  
<sup>4</sup> Household sector = total loans by purpose to households.  
<sup>5</sup> Quarterly data.

n.e.c. - not elsewhere classified.

### III. PRODUCTION INDICATORS

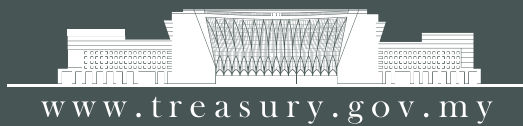
Indicator / Month	2014												2015			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Agriculture Sector</b>																
Palm Oil ('000 tonnes)	1,509	1,276	1,497	1,556	1,657	1,570	1,666	2,032	1,897	1,893	1,751	1,365	1,161	1,122	1,495	1,693
Price (RM/tonne)	2,528.50	2,632.00	2,855.00	2,689.50	2,593.00	2,434.50	2,400.00	2,173.50	2,055.50	2,172.00	2,219.00	2,144.00	2,294.00	2,264.50	2,240.00	2,160.00
Rubber (tonnes)	92,217	73,428	41,734	36,261	43,757	55,384	60,111	50,529	60,187	47,788	52,733	53,198	81,754	74,469	60,918	-
Price (sen/kg)	703.16	623.32	623.32	578.21	544.13	543.88	534.35	523.26	485.65	485.74	503.55	505.27	503.64	499.80	512.93	-
Cocoa, export unit value (RM/tonne)	9,457	9,987	9,938	10,008	9,675	10,007	10,475	10,743	10,381	10,828	10,859	11,254	11,201	10,254	11,398	-
Fish landing ('000 tonnes)	100	110	122	133	129	121	132	141	141	142	114	99	106	107	124	-
Livestock <sup>1</sup> :																
Poultry ('000)	16,974	12,959	15,437	15,947	15,939	15,018	13,556	18,567	15,099	34,565	14,710	16,480	16,374	14,294	16,369	16,845
Cattle	3,059	1,558	1,743	2,017	1,905	3,460	4,340	4,545	3,349	3,834	2,532	3,188	1,621	1,785	1,798	1,623
Goats	1,197	1,621	1,683	1,876	1,813	2,759	2,842	2,667	2,627	7,005	1,631	1,824	1,155	1,470	1,659	1,709
<b>Construction Sector</b>																
No. of houses approved	11,258	15,769	15,540	18,119	18,327	22,096	18,857	13,633	11,812	13,981	11,805	14,024	11,511	-	-	-
New advertising & sales permits (no.)	105	82	95	131	111	91	145	123	99	101	106	83	61	-	-	-
<b>Transport Sector</b>																
Highway (no. of vehicles '000)	137,709	127,704	145,058	140,892	145,883	146,192	141,374	149,882	145,369	147,329	145,818	151,247	149,534	135,304	159,399	-
Urban Rail (no. of passengers '000)																
Ampanj Line	5,006	4,793	5,573	5,461	5,387	5,336	5,508	5,253	5,088	5,239	5,129	5,498	5,265	4,490	5,446	-
Kelana Jaya Line	6,338	6,102	6,938	6,965	6,839	6,790	6,978	7,030	6,766	7,066	6,925	7,234	6,978	5,915	7,149	-
KTM Komuter	3,916	3,379	3,984	3,890	3,871	3,969	3,855	3,757	3,904	4,103	3,996	4,333	4,109	3,891	4,376	-
KL Monorail	2,160	1,875	2,152	1,871	2,085	2,085	1,408	2,058	2,021	2,132	2,086	2,371	2,202	1,934	2,152	-
KLIA Ekspres & Transit	552	530	629	596	833	859	791	869	860	897	878	945	787	731	869	-
KTM Intercity Train (no. of passengers)	204,451	195,554	233,233	185,546	174,893	184,668	159,731	173,057	171,835	184,779	172,023	182,893	139,805	118,495	141,169	-
Electric Train Service (no. of passengers)	125,972	118,295	142,293	131,988	144,166	157,603	141,328	139,672	138,857	145,671	139,048	166,864	119,219	108,051	148,210	-
KTM Cargo Tonnage ('000)	460	463	554	697	670	789	585	611	562	549	599	597	550	472	505	-
Air (MAHB and Senai)																
No. of passengers ('000)	7,159	6,694	7,350	6,856	6,924	7,454	6,560	7,088	6,775	7,030	7,230	8,548	6,825	6,677	7,524	-
Cargo (tonnes)	77,244	63,516	90,649	84,036	85,217	83,575	83,124	86,362	86,244	88,160	93,702	90,568	81,690	73,749	82,965	-
Port - Container TEUs ('000) <sup>2</sup>	1,728	1,571	1,837	1,780	1,876	1,862	1,876	1,899	1,885	1,899	1,973	1,969	1,983	1,767	1,976	-
<b>Tourism Sector</b>																
Tourist arrivals ('000)	2,447	2,119	2,525	2,175	2,266	2,342	2,230	2,273	2,234	2,248	2,130	2,448	-	-	-	-
<b>Communication Sector (subscribers '000)<sup>3</sup></b>																
Fixed Line			3,701			3,671			3,597			3,564				-
Cellular			42,248			43,878			43,789			44,972				-
Broadband (includes wireless LAN)			6,412			6,893			7,544			9,599				-
<b>Industrial Production Index - Annual change (%)</b>	3.1	6.7	4.3	4.7	5.9	7.0	0.6	6.5	5.4	5.1	4.8	7.4	7.0	5.2	6.9	-
<b>Mining Sector</b>																
Production Index - Annual change (%)	-0.6	-1.6	-0.8	3.9	0.4	1.4	-7.8	3.6	7.1	11.5	7.6	6.9	8.3	9.2	9.2	-
Crude Oil & Condensates ('000 bpd) <sup>4</sup>	583	580	590	590	587	586	560	562	577	613	670	671	680	693	697	-
Tapis Blend (USD/barrel)	115.24	114.41	113.40	114.21	116.42	116.42	110.68	106.03	101.81	91.07	82.27	65.91	50.66	60.73	58.13	61.18
Dated Brent (USD/barrel)	107.57	108.81	107.41	107.88	109.68	111.87	106.98	101.92	97.34	87.27	78.44	62.16	48.42	57.93	55.79	58.90
Natural Gas (mmscfd) <sup>5</sup>	6,567	6,562	6,529	6,310	6,289	6,615	5,095	6,294	6,360	6,489	6,648	6,553	6,493	6,423	-	-
Tin (tonnes)	288	286	319	274	320	345	314	327	348	296	305	335	-	-	-	-
<b>Electricity Sector</b>																
Production Index - Annual change (%)	0.2	8.7	4.6	3.9	4.6	5.8	4.9	8.4	6.2	3.4	3.3	3.0	6.3	1.9	3.8	-
Maximum demand (MW)	15,416	15,937	16,294	16,354	16,583	16,901	16,443	15,998	16,299	16,260	16,194	15,793	15,772	16,220	16,719	-
Sales (GW hour)	8,400	8,393	8,003	8,711	8,746	8,869	8,963	8,792	8,581	8,638	8,806	8,548	8,492	8,627	8,034	-
<b>Manufacturing Sector</b>																
Production Index - Annual change (%)	4.9	9.9	6.4	5.0	8.0	9.2	3.2	7.4	4.7	3.2	3.9	7.9	6.6	4.0	6.3	-
Sales - Annual change (%)	11.4	16.1	8.9	7.8	5.5	3.8	1.6	5.0	4.2	2.5	2.6	2.2	2.8	-2.6	4.4	-

Notes: Total slaughtered.  
<sup>1</sup> Covers only Klang, Penang, Johor, Kuantan, Tanjung Pelepas, Bintulu and Kuching (TEUs: Twenty-foot equivalent units).  
<sup>2</sup> End of period.  
<sup>3</sup> Barrels per day.  
<sup>4</sup> Million standard cubic foot per day.

## IV. EXTERNAL SECTOR

Indicator / Month	2014												2015			
	Jan	Feb	Mac	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mac	Apr
<b>RM (million)</b>																
Gross exports	63,974	58,912	64,964	66,240	64,818	61,226	61,118	63,882	64,524	65,052	63,727	67,692	63,605	53,169	66,467	-
Gross imports	57,619	48,476	55,435	57,497	59,172	57,121	57,480	60,020	55,194	63,904	52,600	58,465	54,648	48,614	58,645	-
Trade balance	6,355	10,437	9,529	8,742	5,645	4,105	3,639	3,862	9,330	1,148	11,127	9,227	8,957	4,555	7,822	-
Total trade	121,593	107,388	120,399	123,737	123,990	118,346	118,598	123,902	119,718	128,956	116,328	126,158	118,253	101,782	125,111	-
<b>USD (million)</b>																
Gross exports	19,360	17,808	19,788	20,332	20,077	19,024	19,194	20,098	20,050	19,901	19,057	19,450	17,749	14,800	18,057	-
Gross imports	17,437	14,653	16,885	17,649	18,328	17,748	18,051	18,883	17,151	19,550	15,730	16,799	15,250	13,532	15,932	-
Trade balance	1,923	3,155	2,903	2,683	1,749	1,276	1,143	1,215	2,899	351	3,327	2,651	2,500	1,268	2,125	-
Total trade	36,797	32,461	36,674	37,981	38,405	36,772	37,245	38,982	37,201	39,451	34,787	36,249	32,999	28,331	33,989	-
<b>Gross International Reserves (end of period)</b>																
RM billion	436.0	427.6	424.6	427.8	427.0	423.6	423.5	424.2	416.9	419.7	411.7	405.3	386.5	386.0	389.7	392.4
USD billion	133.1	130.6	130.2	131.2	130.9	131.9	131.8	132.0	127.3	128.1	125.7	115.9	110.6	110.5	105.1	105.8
Months of retained imports	9.4	9.1	9.1	9.2	9.1	9.0	9.0	9.0	8.7	8.8	8.4	8.4	7.9	7.9	8.1	8.0
Short-term External debt (Times)	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1

WJD005493—FNM.B., K.L.



[www.treasury.gov.my](http://www.treasury.gov.my)