



MALAYSIAN ECONOMY: WHERE ARE WE?

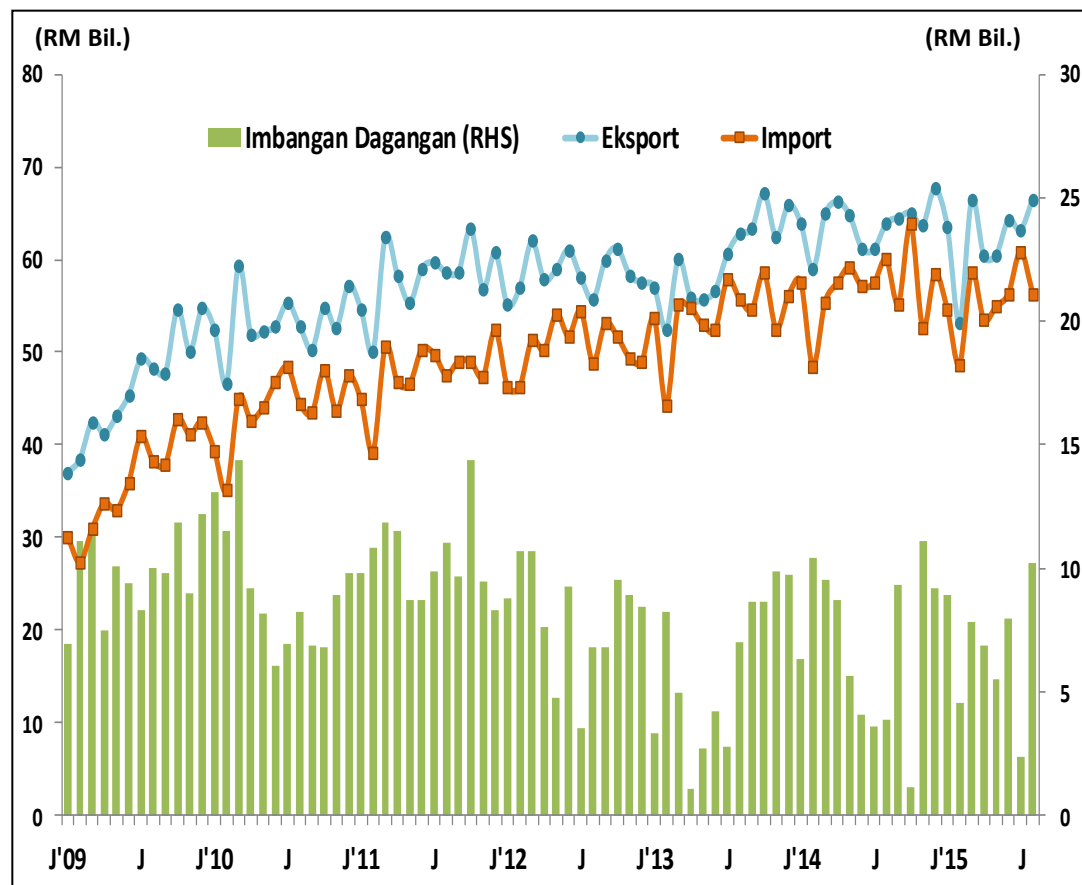
NORZALELAWATI BINTI AHMAD
PERANGKAWAN GRED E52

NAIZAN SYUHADA BIN REJAB
PERANGKAWAN GRED E48(M)

SITI NUR ALIFAH BINTI ZABIDI
PERANGKAWAN GRED E41

MINISTRY OF FINANCE MALAYSIA
FISCAL AND ECONOMICS DIVISION

Jan - Aug 2015: Trade Performance Affected by Low Commodity Prices



Q2 2015

- In line with global manufacturing activity slowed, exports moderated further by 3.7% (Q1 2015: -2.5%), as the result of lower commodity prices. Meanwhile, imports contracted 5.2% (Q1 2015: 0.2%).

Aug 2015

- **Export** increase by 4.1% supported by higher manufactured goods (E&E) and agriculture.
- Growth in exports to major trading partners, in particular China (32.4%), US (24.2%) and EU (13.5%).
- Exports recorded a **positive** growth since June 2015.
- **Import** decline by 6.1%, due to lower imports of intermediate and capital goods as well as the impact of the weaker ringgit. The trade surplus increased to RM10.2 billion.
- However, cumulative exports and imports declined in the last January – Aug 2015.

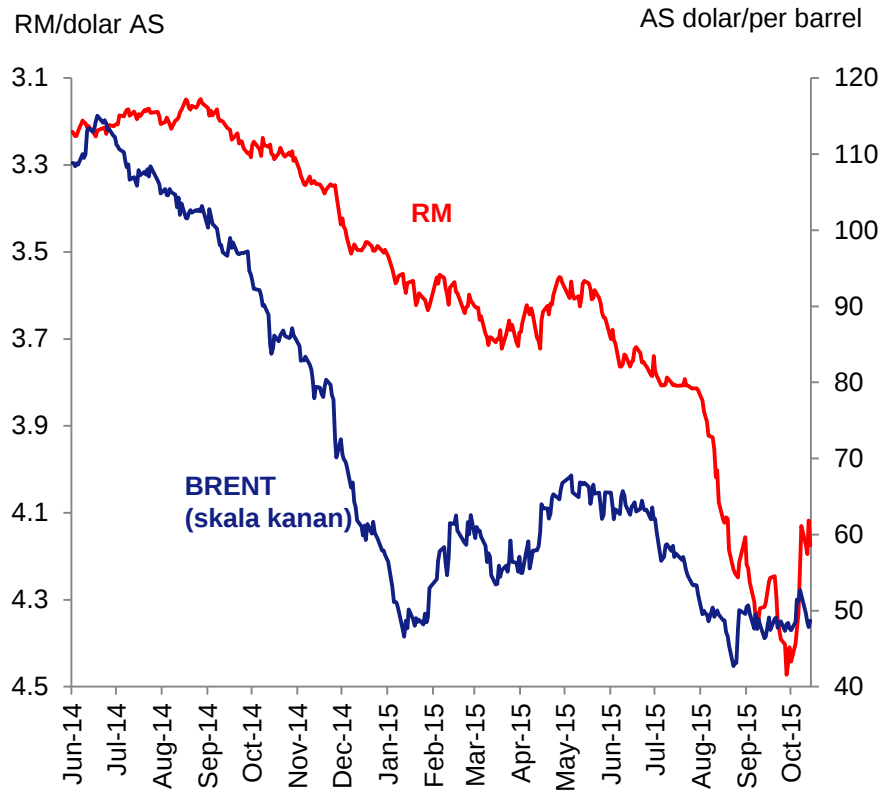
	2012	2013	2014	2014 (Jan-August)	2015 (Jan-August)
Export (RM Bil.)	702.6	720.0	766.1	505.0	498.1
(% y-o-y)	0.7	2.5	6.4	9.5	-1.4
Import (RM Bil.)	606.7	648.7	683.0	452.8	443.8
(% y-o-y)	5.8	6.9	5.3	6.1	-2.0

The decline in commodity prices has had an impact on the currencies of most emerging economies (*EME*)

Low crude oil prices since Jul '14 put pressure on the ringgit

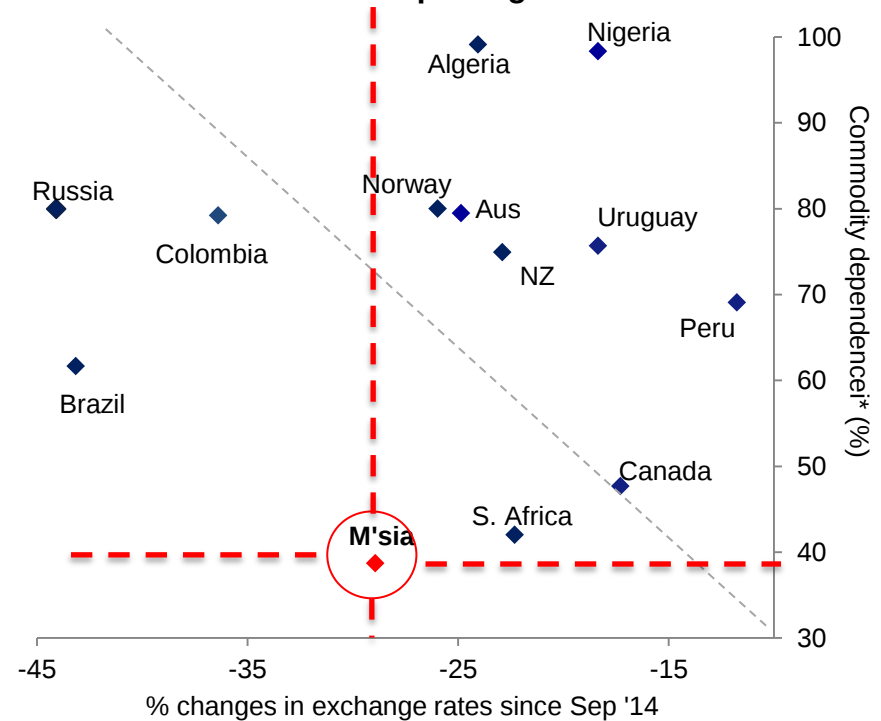
Dependence on commodity among the factors that contributed to the depreciation of the currency EME

RM/dolar performance as compared to Brent Crude



Source: Bloomberg, BNM

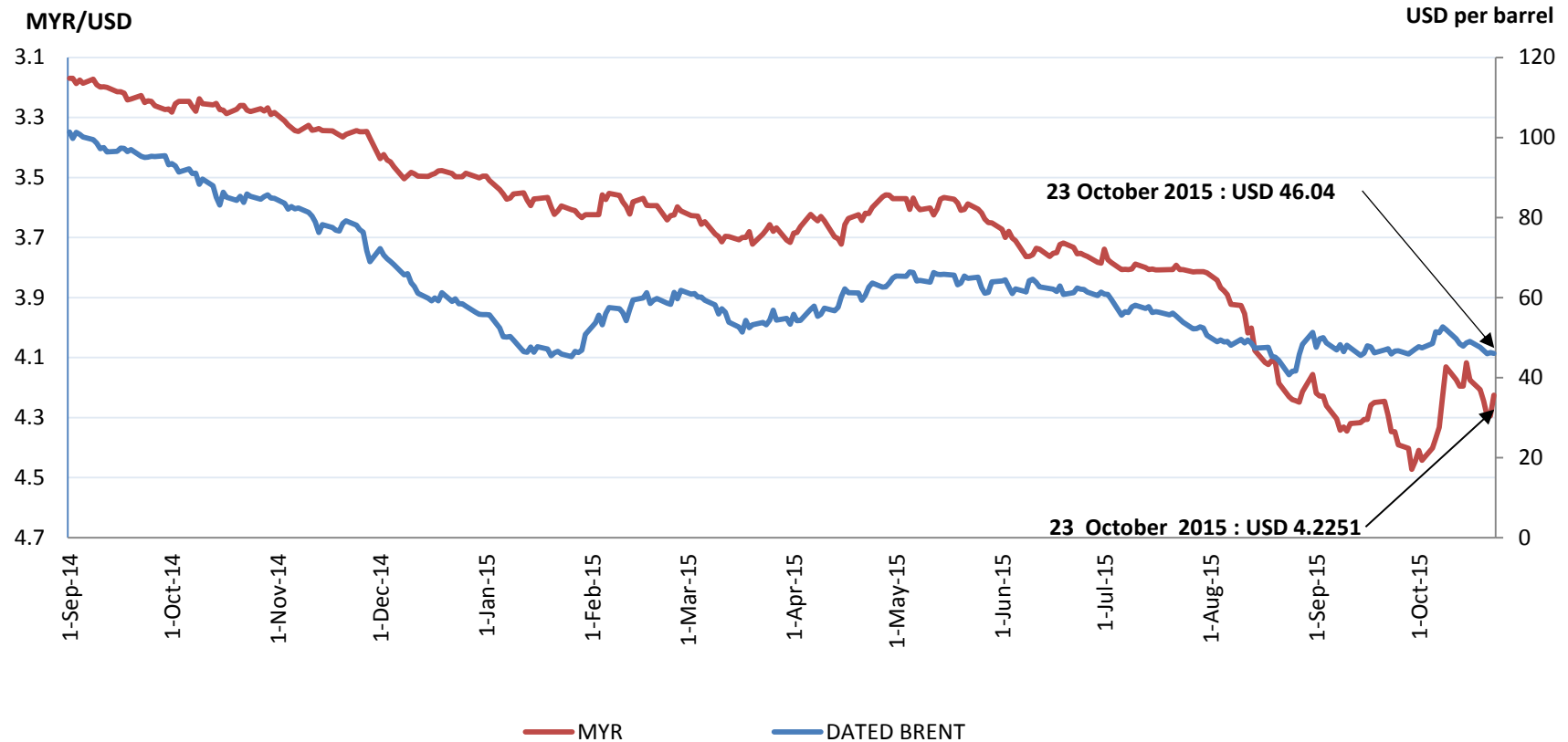
Currencies Performance of Selected Commodities Exporting Countries



*Commodity Dependence = Total Export Commodities Primary Commodities ° / Total Exports (%)
2013 ° Beverages and tobacco, crude materials, food, fuel, oil, grease and metals

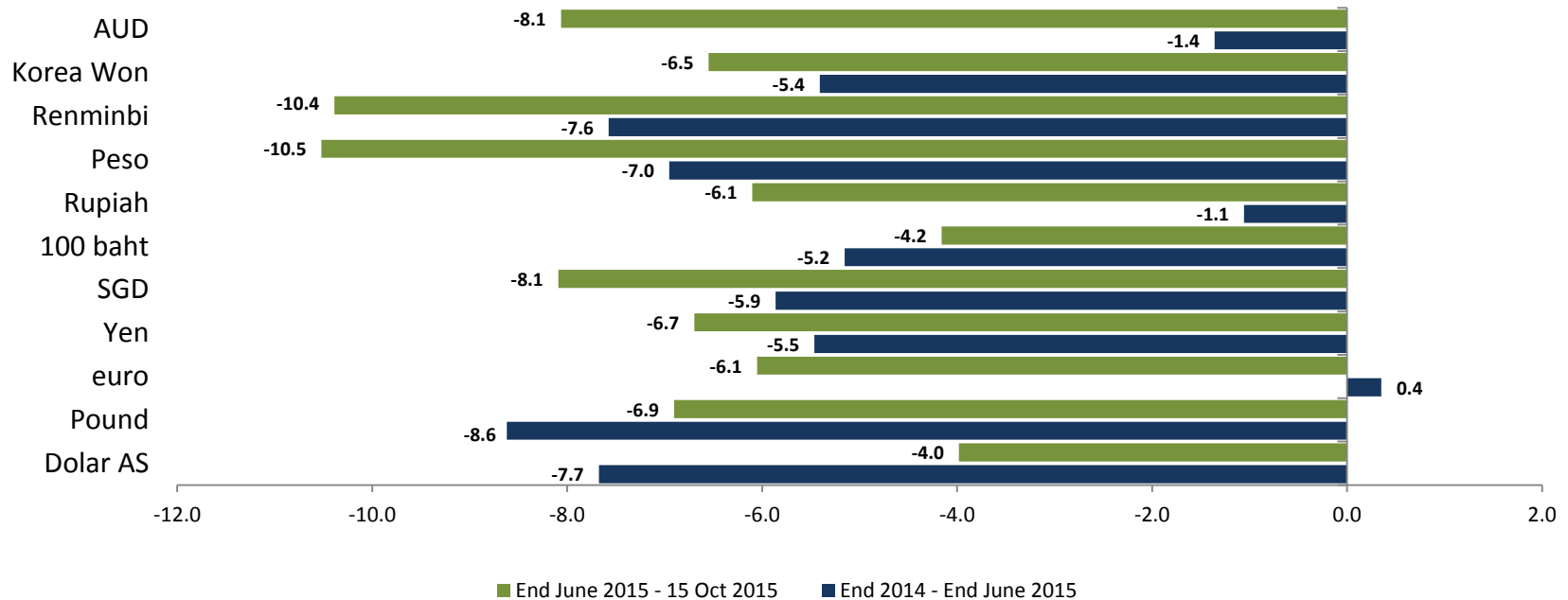
Source: Bloomberg, BNM, UN Conference on Trade and Development

Performance of Ringgit vs Dated Brent crude oil prices



Note: 1 Sept 2014 – 23 October 2015
Source : Bloomberg and BNM

Performance of Ringgit against Selected Currencies



Ringgit Performance

Ringgit experienced a depreciation against US dollar (-7.7 %) in Q2 2015. The ringgit was traded lower -1.1% and 8.6% against major currencies and other regional , except the euro by 0.4%.

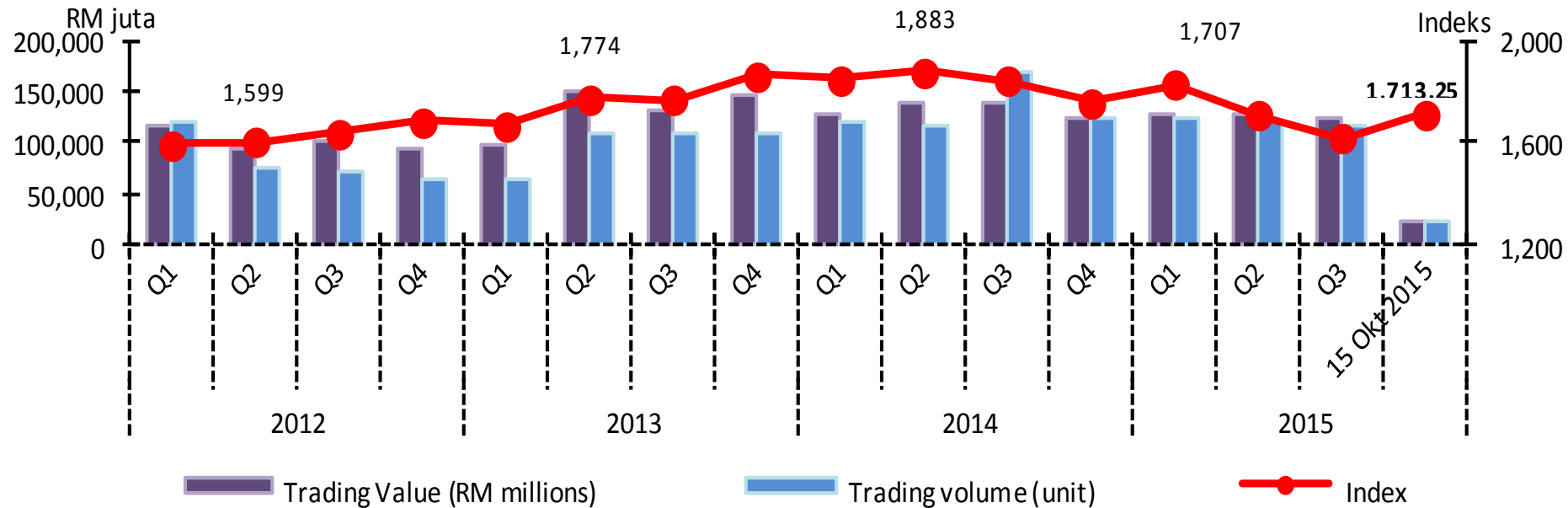
End June 2015 to 15 October 2015:

Ringgit depreciate between 4% and 10.5% against major and regional currencies.

Since the beginning of 2015 to 15 October 2015:

- The value of ringgit depreciated by 15.1% against US dollar due to the strengthening of US dollar as the US economy improves. But the US Federal Reserve has decided the interest rate to almost zero and this has led to the strengthening of the ringgit since the second week of September 2015. However, the ringgit has started to improve in October 2015.

FBM KLCI Influenced by Market Sentiment



Prestasi Pasaran Saham (Jun – September 2015)

FBM KLCI recorded a decline in the Q2 2015 by 6.8 % compared Q1 2015 to 1,706.64 points at the end of June 2015. The market remained low during the period in line with **major and regional markets** due to **increased uncertainty in the global economy**. External factors such as **the slowdown of the China's economy**, the **fall in global crude oil prices**, the **weakening ringgit** and the **outflow of foreign funds** continue to affect the performance of the local market in July and August 2015. The FBM KLCI improved in the second week of September 2015, supported by positive external sentiment, appreciation of the ringgit against the US dollar and the **reactivation ValueCap**. Meanwhile, the recent decision by the **US Federal Reserve to maintain** its benchmark **short-term rates** near zero continues to **increase investors' confidence** in the local stock market.

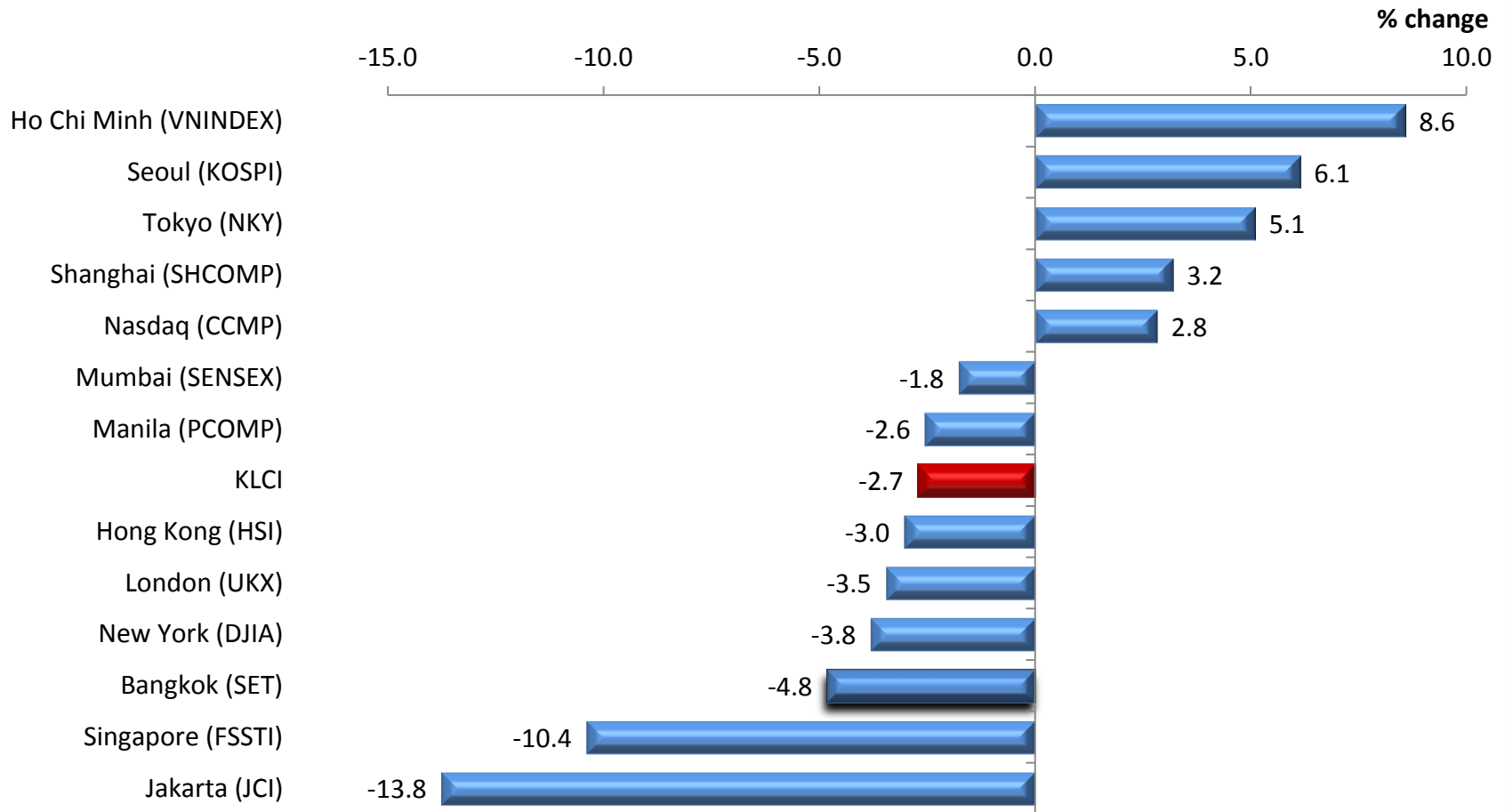
Until 15 October 2015:

FBM KLCI recorded 1,713.25 points

Market value capital stood at RM1,672.93 bilion

Selected Index Performance

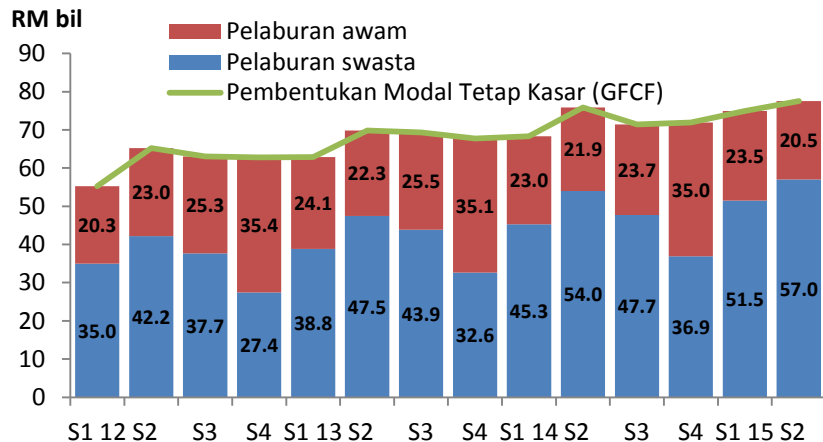
End December 2014 – 15 October 2015



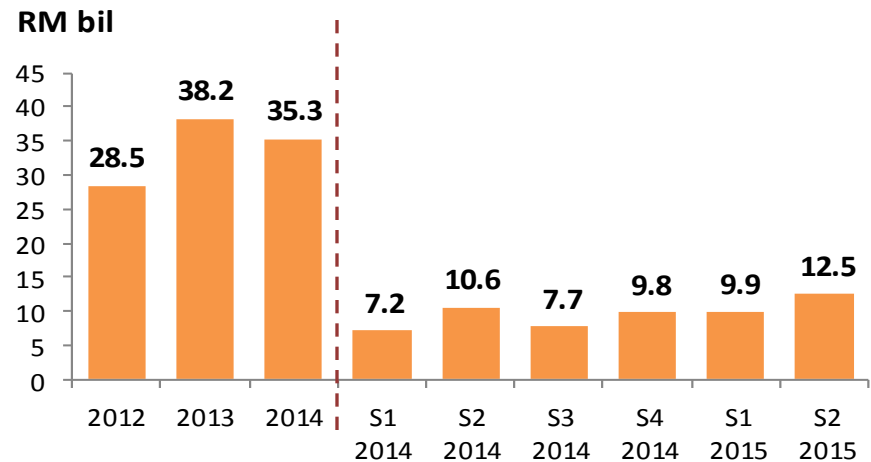
Gross Fixed Capital Formation (GFCF) maintain positive

Supported by private investments in the second quarter of 2015

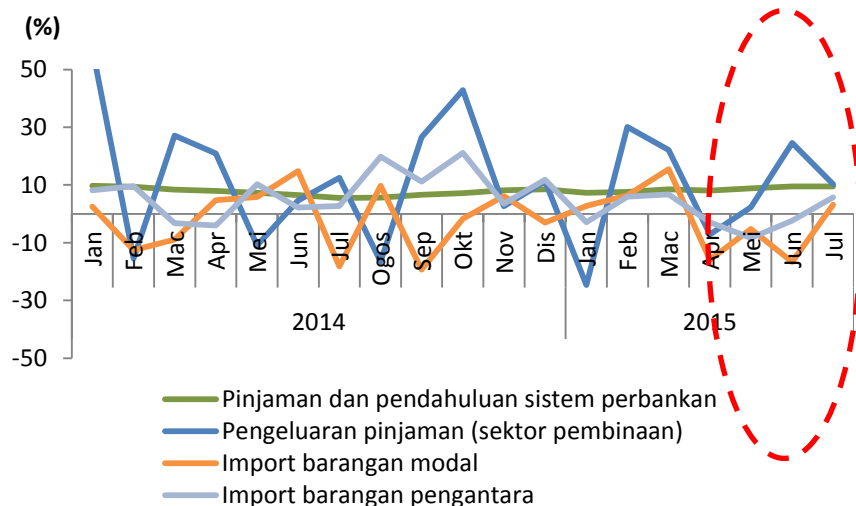
A steady increase in private investment



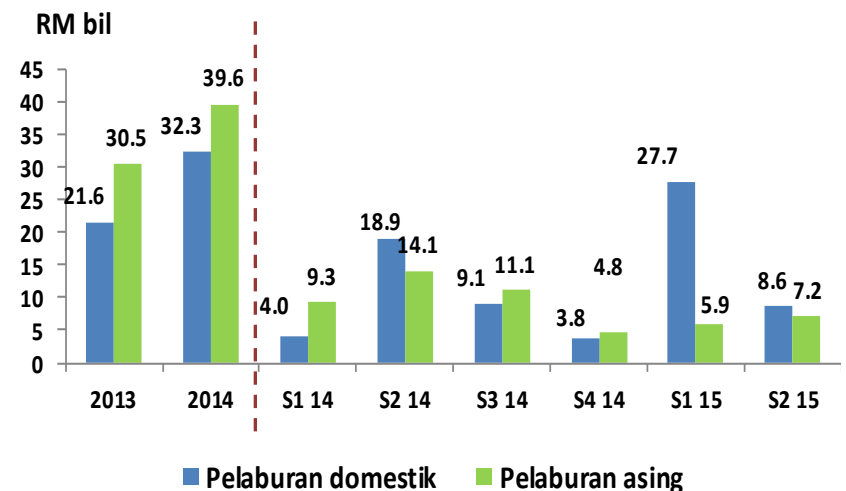
The inflow of foreign direct investment in sustainable



Private investment indicators

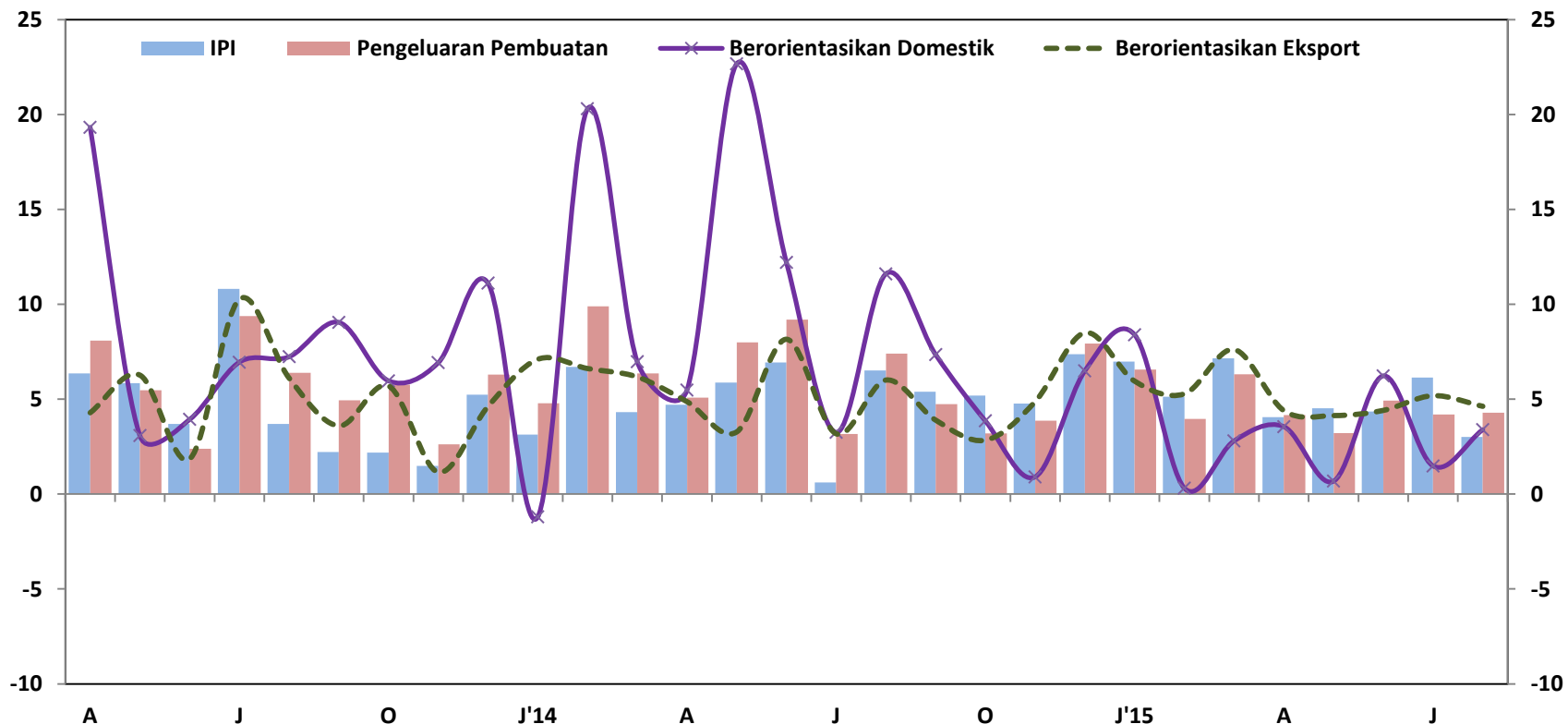


Manufacturing investments approved by MIDA



Industrial Production Index (IPI) continues to grow

Growth was supported by increased domestic and export-oriented industries



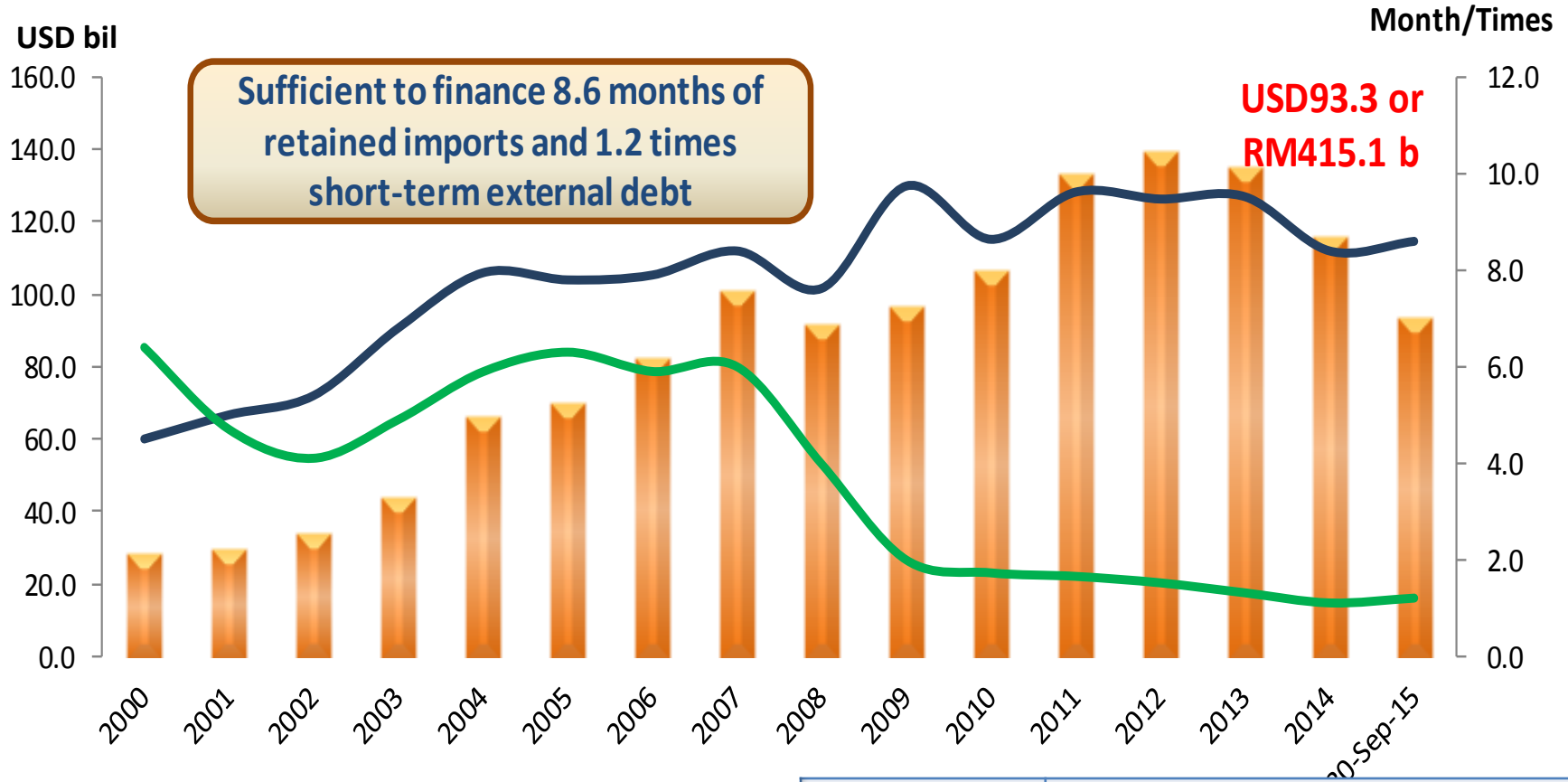
Growth August '15 IPI : 3% (y.o.y); -1% (m.o.m)

Production of Manufacturing Sector: 4.3 % (July'15: 4.2%)

Exports Oriented Industrial production : 4.6% (July'15: 5.3%)

Domestic Oriented Industrial production : 3.4% (July'15: 1.5%)

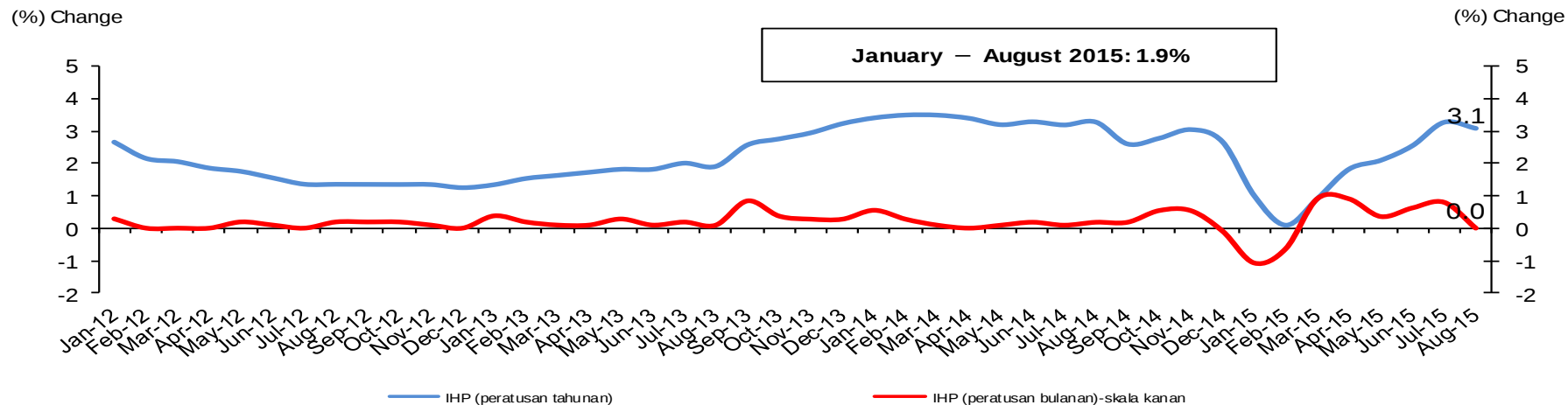
International Reserves



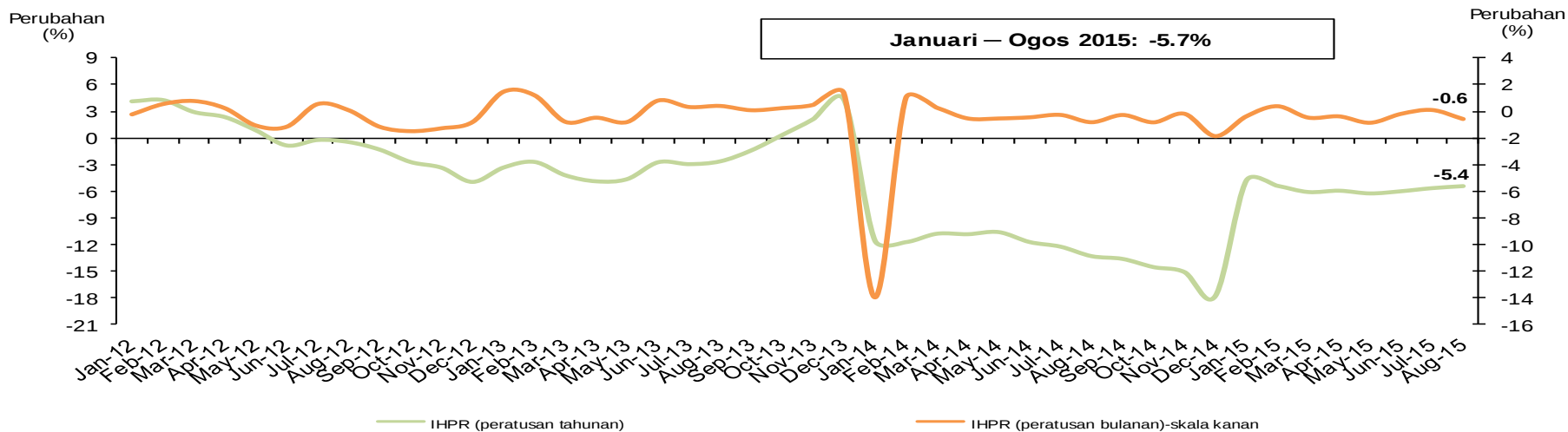
Year	International Reserves	
	RM bil	USD bil
1997	59.1	15.7
2008	317.5	91.5
2014	405.4	115.9

Inflation Remains Stable

Annual and monthly percentage change in the CPI (%)



Annual and monthly percentage change in the PPI (%)



World Economic Outlook (WEO)

International Monetary Fund (IMF)

Growth (%)	2014	2015 ^f (Apr)	2015 ^f (Jul)	2015 ^f (Okt)	2016 ^f (Jul)	2016 ^f (Okt)
Perdagangan Dunia	3.3	3.7	4.1	3.2	4.4	4.1
KDNK Dunia	3.4	3.5	3.3	3.1	3.8	3.6
AS	2.4	3.1	2.5	2.6	3.0	2.8
Kawasan Euro	0.9	1.5	1.5	1.5	1.7	1.6
UK	2.6	2.7	2.4	2.5	2.2	2.2
Jepun	-0.1	1.0	0.8	0.6	1.2	1.0
China	7.4	6.8	6.8	6.8	6.3	6.3
India	7.2	7.5	7.5	7.3	7.5	7.5
Korea Selatan	3.3	3.3	2.9	2.6	3.6	3.2
Taiwan	3.7	3.8	3.8	2.2	4.1	2.6
Singapura	2.9	3.0	2.9	2.9	3.1	3.1
ASEAN-5	4.6	5.2	4.7	4.6	5.1	4.9
Thailand	0.7	3.7	3.3	2.5	4.0	3.2
Indonesia	5.0	5.2	4.7	4.7	5.1	5.1
Filipina	6.1	6.7	6.2	6.0	6.5	6.3
Vietnam	6.0	6.0	6.0	6.5	5.8	6.4
Malaysia	6.0	4.8	4.7	4.7	4.9	4.5

Sumber: IMF World Economic Outlook Apr'15 , Jul'15 & Oct '15.

^f Unjuran

MALAYSIA: GDP Forecast 2015 - 2016

Growth is expected to be driven by domestic demand

		Growth (%)			
		2014	H1 2015	2015 ^u	2016 ^u
Real GDP		6.0	5.3	4.5 - 5.5	4.0 - 5.0
Supply					
Agriculture		2.1	0.0	1.3	1.3
Mining		3.3	7.8	3.5	4.0
Manufacturing		6.2	4.9	4.5	4.3
Construction		11.8	7.7	8.8	8.4
Services		6.5	5.7	5.7	5.4
Demand					
Public Sector					
Public Consumption		4.4	5.5	3.6	3.0
Public Investment		-4.7	-3.7	1.6	2.3
Private Sector					
Private Consumption		7.0	7.6	6.8	6.4
Private Investment		11.0	7.5	7.3	6.7
Export		5.1	-2.2	-0.8	0.9
Import		4.2	-0.9	0.8	1.5

Malaysia: Private Analysts' View

GDP	Date	2015	2016
IMF	Okt 2015	4.7	4.5
Bank Dunia	Okt 2015	4.7	4.7
Standard & Poor's Rating Services	27/7	4.6	4.9
Barclays	25/9	5.0	5.3
Standard Chartered	25/9	5.0	5.3
Goldman Sachs	29/9	4.9	4.6
Nomura Securities	25/9	5.0	4.3
Moody's	2/9	4.8	4.5
Morgan Stanley	24/9	4.5	4.5
HSBC Holdings	20/8	4.8	5.1
Fitch Ratings Ltd	20/8	4.7	4.7
Bank Pembangunan Asia (ADB)	22/9	4.7	4.9
Average		4.8	4.8

Source: IMF, World Bank, Private Analyst.

- Thank You