



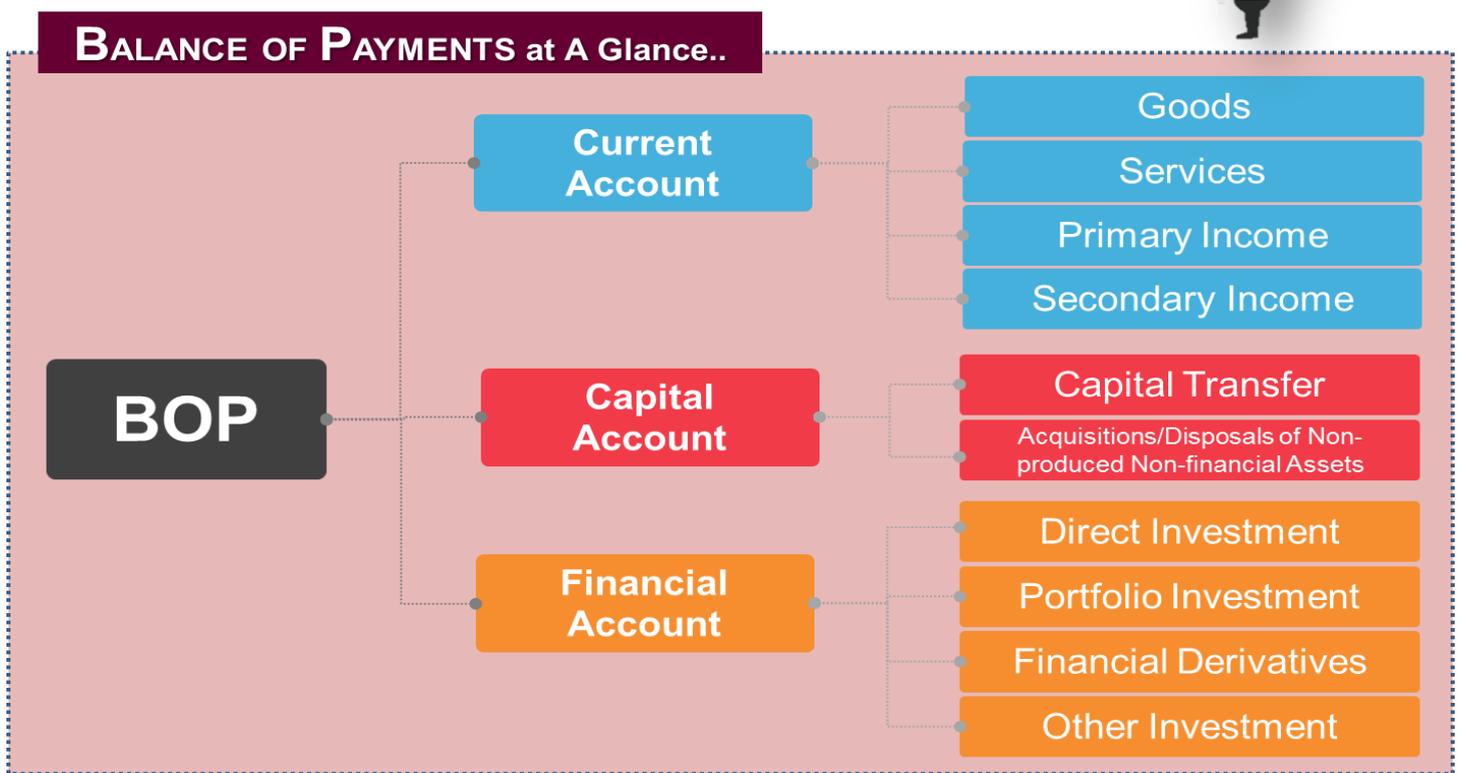
# Balance of Payments

**Balance of Payments (BOP) measures the international economic transactions between Malaysia and the rest of the world**

What is BOP?



## BALANCE OF PAYMENTS at A Glance..



## IMPORTANCE OF BOP

- ✓ To see movement of our trading between resident and non- resident.
- ✓ To gauge investment in the country.
- ✓ To analyse vulnerability to external shocks in a world of increasingly mobile financial flows.
- ✓ To understand the movements in the exchange rate through analysis of the supply and demand of foreign currencies.
- ✓ To provide an indicator of excess or under-spending and indicator for the determination of monetary policy.

## HIGHLIGHTS

**Q1 2018**  
 Current Account  
 Balance (CAB)  
**RM15.0 billion**  
 Financial Account  
**RM15.2 billion**



## Current Account in Brief..

### Current Account Balance

- ◆ The **current account** measures a country's imports and exports of goods and services, earnings from cross-border investments, and transfer payments.
- ◆ Exports, earnings on investments abroad, and incoming transfer payments (aid and remittances) are recorded as **credit**.
- ◆ Imports, foreign investors' earnings on investments in the country, and outgoing transfer payments are recorded as **debit**.
- ◆ **Current account balance** is the sum of the balance of trade (goods and services exports minus imports), net income from abroad and net current transfers.
- ◆ When credit exceeds debit, the country enjoys a **current account surplus**. Malaysia recorded a **surplus of RM15.0 billion** in current account for the first quarter 2018. It means that Malaysia is a net lender to the rest of the world. A current account surplus increases Malaysia's net foreign assets.

### 1 Goods Account

- ◆ Transaction of imports and exports of goods which economic ownership is changed between resident and non-resident.
- ◆ Malaysia has consistently registered current account surplus mainly driven by **Malaysia's strength as a net exporter of merchandise goods** especially in electrical & electronics products and commodities such as petroleum and palm oil products.



### 2 Services Account

Malaysia services account recorded a **deficit of RM5.8 billion** in the first quarter 2018.

It means Malaysians purchased more services from foreigners than foreigners purchased services from Malaysians especially in transport, construction, insurance and charges for the use of intellectual property segments.





## Current Account in Brief (cont'd)..

**3 Primary Income**

Represents the return that accrues to institutional units for their contribution to the production process, or for the provision of financial assets or from renting natural resources to other institutional units. It comprises compensation of employees and investment income. For the first quarter 2018, primary income recorded a **deficit of RM10.2 billion** mainly contributed by direct investment income.

A deficit in direct investment income implies that return on investment in Malaysia by foreign companies is greater than investment abroad.



**4 Secondary Income**

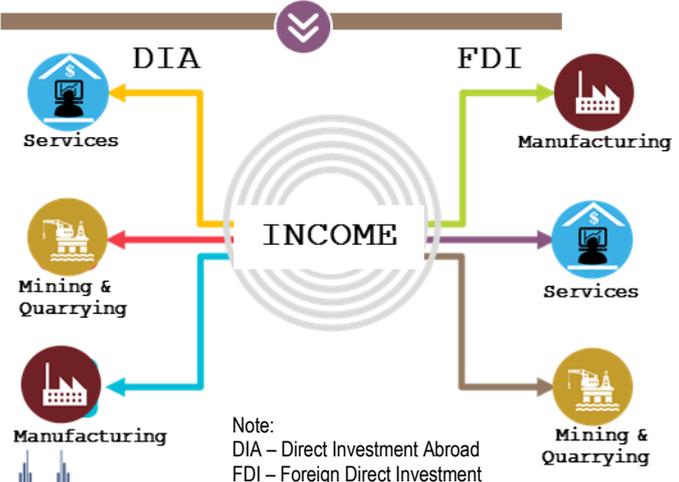
Covers current transfers between residents and non-residents that directly affect the level of gross national disposable income. Secondary income recorded a **deficit of RM4.7 billion** in the first quarter 2018.

It was mainly due to payments sent by foreigners working in Malaysia to their home countries exceed the receipts received by residents of Malaysia working abroad.

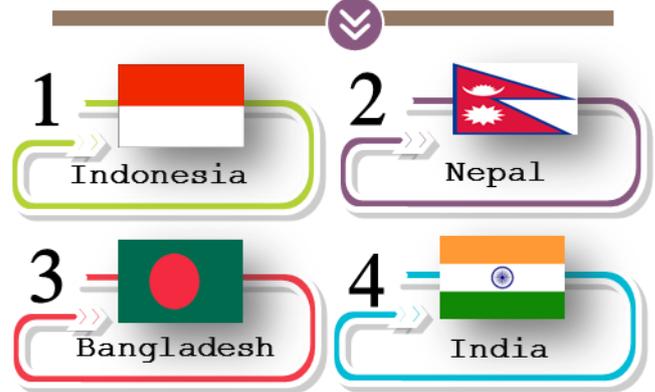


### Info

#### TOP INCOME BY SECTOR Q1 2018



#### TOP COUNTRIES FOR FOREIGN WORKERS Q1 2018



Source: Ministry of Home Affairs