Artificial intelligence (AI)
A broad category of technologies that allows machines and software to simulate and perform cognitive tasks previously achievable only by humans. This includes pattern recognition, natural language processing, content generation, reasoning, problem solving and autonomous decision making.

Average overnight interbank rate (AOIR)
The AOIR is a volume-weighted average rate on overnight unsecured conventional transactions in the interbank market.

Backward linkages
A country's reliance on imported intermediate inputs for producing exports. It is typically measured using the foreign value-added content of exports (i.e. FVA).

Balance of payments
A statistical statement that summarises economic transactions between residents and non-residents during a specific time period. It consists of the goods and services account, the primary income account, the secondary income account, the capital account and the financial account.

Base effect
The effect whereby a year-on-year growth rate for a given period is influenced by unusually high or low figures in the base period (i.e. the same period in the previous year). For example, if electricity prices were particularly low in January last year, even a moderate rise in electricity prices in January this year could result in a relatively high year-on-year inflation rate for electricity.

Compensation of employees
Total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done during the accounting period.

Consumption credit
Borrowings related to consumption purposes such as loans for personal use, motor vehicle and credit card.

Core inflation
A measure of underlying inflation. One common method of calculation is by excluding items whose price fluctuations are deemed transitory from the Consumer Price Index (CPI) basket. These items include price-volatile and price-administered goods and services. Core inflation that is estimated by Bank Negara Malaysia also excludes the estimated direct impact of consumption tax policy changes.

Current account
Records the flows of goods, services, primary income (net earnings on cross-border investments), and secondary income (net income and transfer payments) between residents and non-residents.

Direct investment
A category of cross-border investment associated with a resident in one economy having control or a significant degree of influence (e.g. an ownership of at least 10% of the voting power) on the management of an enterprise that is resident in another economy.

Direct investment abroad (DIA)
A category of cross-border investment by a Malaysian resident investor associated with the objective of establishing a lasting interest in an enterprise abroad. A 'lasting interest' is when there is a long-term relationship in which the direct investor has a significant degree of influence on the management of the enterprise (e.g. an ownership of at least 10% of the voting power).

Domestic institutional investors
Resident financial institutions with large holdings of financial assets in domestic financial markets. These include banks, pension funds and insurance companies.

Economic complexity
Economic complexity reflects how diverse and technologically sophisticated a country's productive capabilities are, as revealed by the range and uniqueness of the products it can competitively make.

Effective Tariff Rate (ETR)
Actual tariff burden on imported goods which is calculated by expressing total import duties collected as a percentage of the total value of imports.

Error correction model
A model to estimate a short-run dynamic relationship between cointegrated variables and their rate of adjustment to the long-run equilibrium relationship.

Excess savings
Accumulated household deposit savings above the long-term trend. Deposits comprise demand deposits, savings deposits, fixed deposits, tawarruq fixed deposits, special investment accounts and general investment accounts.

Exchange rate valuation effect
The changes in ringgit equivalent value of Malaysia's foreign-currency denominated external assets and liabilities, and export and import values due to changes in the ringgit exchange rate.

Export-led industrialisation
A growth strategy characterised by producing goods for export to accelerate industrial development.

Financial account
Records of net acquisition and disposal of financial assets and liabilities involving residents and non-residents of a nation.

Financial conditions
Financial conditions reflect the ease of securing financing in the economy. It can be defined as the current state of financial variables that influence economic behaviour and therefore future economic activity. It is typically measured by an index, called the "Financial Conditions Index" that aggregates a wide range of financial variables, such as equity prices and bond yields.

Financial deepening
Expansion and increased use of financial services and products, including greater access to credit, insurance and investment products.

Financial wealth
Total financial assets owned by households, which includes households' accumulation of deposits, retirement balances, holdings of equities and unit trusts, as well as surrender value of insurance/ takaful policies.

First demographic dividend
A period when economic growth is accelerated due to a rising share of working-age population relative to dependents.

Foreign direct investment (FDI)
A category of cross-border investment by a non-resident investor associated with the objective of establishing a lasting interest in an enterprise in Malaysia. A 'lasting interest' is when there is a long-term relationship in which the non-resident direct investor has a significant degree of influence on the management of the enterprise (e.g. an ownership of at least 10% of the voting power).

Foreign value added (FVA)
Portion of a country's gross exports that reflects value created in other economies. It measures the foreign content embedded in exported goods and services.

Forward linkages
Forward linkages in trade, also known as forward global value chain (GVC) participation, occurs when domestic value added is embodied in other countries' exports—i.e., domestic inputs used by foreign producers who then export the final or intermediate goods.

Frontloading
Frontloading in the context of trade activities refers to the acceleration of imports ahead of schedule resulting in a temporary rise in import activity (or export activity for trade partner).

Gini coefficient
A measure of income inequality ranging from 0 (perfect equality) to 1 (perfect inequality).

Global value chain
A global value chain refers to the cross-border organisation of production in which services, raw materials, parts and components cross borders multiple times before final assembly.

Headline inflation
The annual price increase for a basket of items that are commonly consumed by an average household. For Malaysia, headline inflation is computed based on the Consumer Price Index (CPI) basket.

High-value-added sectors
Economic sectors that generate higher output per unit of input through skills and technology.

Import substitution
Import substitution is an economic strategy where a country replaces imported goods with domestically produced goods, developing local industries via tariffs, quotas, and industrial policies.

Intermediate goods
Goods used as inputs in the production of other goods (both intermediate and final goods).

International investment position (IIP)
A statistical statement (or a balance sheet) that shows at a point in time the value of: financial assets of residents of an economy that are claims on non-residents or are gold bullion held as reserve assets; and the liabilities of residents of an economy to non-residents.

Labour productivity
Labour productivity refers to the efficiency and effectiveness of each employee to generate output or value added. It is expressed as a ratio of value added to total hours worked or to employment.

Lifelong learning
A continuous process of learning throughout all stages of life, across all levels of education and learning modalities for diverse purposes. It integrates learning with daily living across families, communities, workplaces and other life-wide contexts.

Marginal propensity to consume
The amount spent for each additional unit of income earned.

Minimum wage
Minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.

In Malaysia's case, this is a basic wage determined under a minimum wage order issued pursuant to the National Wages Consultative Council Act 2011.

Mixed income
Income earned by self-employed individuals and household enterprises where it is not possible to separate compensation to labour for the owner's work from returns to capital from the use of assets in the business. Examples include earning from small businesses, farms or freelance work.

Monetary Policy Committee (MPC)
The body responsible for formulating monetary policy and the policies for the conduct of monetary policy operations, as stipulated in the Central Bank of Malaysia Act 2009.

National income
The aggregate of earnings from a nation's current production including compensation of employees, interest, rental income and profits of business after taxes.

Net errors and omissions (E&O)
Balancing or residual item which occurs when the current, capital and financial accounts do not mirror the change in international reserves due to imperfections in data source and compilation (e.g. incomplete data sources, difference in timing of recording and valuation factors).

Net housing wealth
A measure of housing asset, calculated as the number of owned residential units multiplied by the average house price, minus total outstanding housing loans.

Nominal wages
Nominal wages are wages expressed in a monetary form and is not adjusted for inflation.

Non-resident entity
An institutional unit which engages in economic activities and transactions for a period of one year or longer from a location outside of Malaysia.

Other investment
A residual category under the financial account of the balance of payments that includes positions and transactions other than those included in direct investment, portfolio investment, financial derivatives and employee stock options, and reserve assets.

Out-out transaction
Cross-border financial transactions conducted between entities, where both the payer and recipient are ultimately non-residents. In this case, the external funds originated from a non-resident entity are ultimately placed or lent out to another non-resident counterparty through a resident intermediary.

Overcapacity or excess capacity
Overcapacity is a situation where an industry's or firm's production capacity exceeds market demand, resulting in under-utilised resources, lower prices and margins compression.

Overnight Policy Rate (OPR)
The indicator of the monetary policy stance for Malaysia. The level of the OPR is decided by the MPC. It also serves as the target rate for the day-to-day liquidity operations of the Bank, which will influence other interest rates in the economy.

Own account worker
A person who operates his own farm, business or trade without employing any paid workers in the conduct of his farm, trade or business.

Portfolio investment
A category of cross-border transactions and positions involving debt or equity securities in the capital markets, other than those categorised as foreign direct investments, direct investments abroad, or reserve asset transactions.

Price controls
Government regulations which establish a fixed maximum price for specified goods and services.

Primary income
Income earned from the contribution to production processes, provision of financial assets and renting of natural resources. These include compensation of employees (e.g. wages, salaries), investment income (e.g. dividends), interest income and rental transactions between residents and non-residents.

Producer price inflation
The annual change in Producer Price Index for local production, which is an output-based index that measures the price of goods sold to the domestic market charged by producers at the ex-factory price.

Real wages
Wages expressed in a monetary form, adjusted for inflation. It measures the actual purchasing power that workers have from their earnings.

Resident entity
An institutional unit which engages in economic activities and transactions for a period of one year or longer from a location in Malaysia.

Risk assets
Financial assets whose prices and returns are more sensitive to changes in economic conditions, financial market sentiment and investor risk appetite. These assets, such as equities and lower rated debt securities, tend to exhibit higher volatility during periods of heightened uncertainty or risk aversion.

Safe-haven assets
Financial assets that are expected to retain or increase in value during heightened stress in financial markets and economic uncertainty.

Sales and Service Tax (SST)
Sales tax is a single-stage tax levied on taxable goods imported into Malaysia and those locally manufactured in Malaysia by a taxable person, subject to the Sales Tax Act 2018. Service tax is a tax charged on taxable services provided by any taxable person in Malaysia in the course and furtherance of business, subject to the Service Tax Act 2018.

Secondary income
Current transfers (provision of goods, services, or financial assets) between residents and non-residents with no corresponding economic returns. These include transfers by the general government, personal transfers (e.g. remittance by foreign workers) and other transfers in cash or kind.

Semiconductor
An integrated set of electronic circuits consisting of various components (e.g. transistors, resistors, diodes and capacitors) that are embedded into a piece of semiconductor material (typically silicon) used to perform various functions in electronic devices. These chips are like tiny 'brains' that can process information, store data and manage electrical signals. They are essential components in gadgets like computers, smartphones and many other modern technologies, enabling them to perform complex tasks efficiently.

Short position
A financial position when an institutional unit sells securities (such as shares or foreign-currency) for which it is not the economic owner. This borrowed security is typically bought back in the open market, to be returned to its economic owner at an agreed upon price and date.

Skills mismatch
Discrepancy between the skills that are sought by employers and the skills that are possessed by individuals.

Statutory Reserve Requirement (SRR)
The SRR is a liquidity management instrument available to the Bank. It is used by the Bank to withdraw or release liquidity to the banking system on a more permanent or long-term basis. The SRR is not a signal on the stance of monetary policy as the Overnight Policy Rate (OPR) is the sole indicator used to signal the stance of monetary policy.

Strait of Hormuz
A narrow maritime passage connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea. It is one of the world's most critical oil and gas transit chokepoints, with a large share of global seaborne energy shipments passing through it. Given limited alternative export routes for several Gulf producers, disruptions to shipping through the Strait can have immediate and material effects on global energy markets.

Total Dependency Ratio
A demographic measure that represents the combined number of children (under the age of 15) and seniors (aged 65 or older) relative to the number of working-age adults (aged 15-64).

Underlying inflation
The persistent trend component of inflation. It is typically constructed by removing the transitory and seasonal components from headline inflation.

US tariff measures
Taxes levied on imports to the United States which aim to protect domestic industries and reduce the current account deficit. In 2025, these measures include product and country-specific tariffs.

Wage differential
A difference in pay between different groups of people or for different jobs.

Working-age population
Individuals aged 15-64, forming the main labour force of the economy.

AI
Artificial Intelligence

AKPK
Credit Counselling and Debt Management Agency

ALR
Average Lending Rate

AOIR
Average Overnight Interbank Rate

ASEAN
The Association of Southeast Asian Nations

B40
Bottom 40%

BLR
Base Lending Rate

BNM
Bank Negara Malaysia

BoE
Bank of England

BOP
Balance of Payments

BPM6
Balance of Payments and International Investment Position Manual, Sixth Edition by the IMF

BSH
Bantuan Sara Hidup

BUDI95
BUDI MADANI RON95

CAGR
Compound Annual Growth Rate

COE
Compensation of Employees

CPI
Consumer Price Index

CPO
Crude Palm Oil

CCS
Carbon Capture and Storage

CSSR
Civil Servant Salary Revision

DIA
Direct Investment Abroad

DOSM
Department of Statistics, Malaysia

DVA
Domestic Value Added

E&E
Electrical and Electronic

E&O
Errors and Omissions

ECB
European Central Bank

ECM
Error Correction Model

ECRL
East Coast Rail Link

EIS
Employment Insurance System

EPF
Employees Provident Fund

EU
European Union

EV
Electric Vehicles

F&B
Food and Beverage

FBM KLCI
FTSE Bursa Malaysia Kuala Lumpur Composite Index

FCY
Foreign Currency

FD
Fixed Deposit

FDI
Foreign Direct Investment

Fed
US Federal Reserve

FEP
Foreign Exchange Policy

FFR
Federal Fund Rate

FVA
Foreign Value Added

FX
Foreign Exchange

GDP
Gross Domestic Product

GFCF
Gross Fixed Capital Formation

GVCs
Global Value Chains

HHFS
Hybrid Hydro-Floating Solar

HIES
Household Income and Expenditure Survey

ICT
Information and Communication Technology

IIP
International Investment Position

IMF
International Monetary Fund

KLIBOR
Kuala Lumpur Interbank Offered Rate

KRI
Khazanah Research Institute

LFPR
Labour Force Participation Rate

LIBFC
Labuan International Business and Financial Centre

LNG
Liquefied Natural Gas

LRT
Light Rail Transit Line

M&E
Machinery and Equipment

MGS
Malaysian Government Securities

MIDA
Malaysia Investment Development Authority

MLNG
Malaysia Liquefied Natural Gas

MNC
Multinational Companies

MPC
Marginal Propensity to Consume

MPGN
Majlis Perundingan Gaji Negara

MPC
Monetary Policy Committee

NAIRU
Non-Accelerating Inflation Rate of Unemployment

NAPIC
National Property Information Centre

NBFI
Non-Bank Financial Institutions
NEER
Nominal Effective Exchange Rate

NETR
National Energy Transition Roadmap

NIA
National Investment Aspirations

NIMP 2030
New Industrial Master Plan 2030

NR
Non-residents

NSS
National Semiconductor Strategy

O&G
Oil and Gas

OPR
Overnight Policy Rate

PPI
Producer Price Index

QRI
Qualified Resident Investor

RBA
Reserve Bank of Australia

RMK-13
Thirteenth Malaysia Plan

RTS Link
Rapid Transit System Link

R&D
Research & Development

SARA
Sumbangan Asas Rahmah

SBR
Standardised Base Rate

SDR
Special Drawing Rights

SME
Small- and medium-sized enterprises

SRR
Statutory Reserve Requirement

SSPA
Public Service Remuneration System (Sistem Saraan Perkhidmatan Awam)

SSLR
Sarawak-Sabah Link Road

STEM
Science, Technology, Engineering and Mathematics

STR
Sumbangan Tunai Rahmah

TDR
Total Dependency Ratio

TFP
Total Factor Productivity

TVET
Technical and Vocational Education and Training

US
United States

WSTS
World Semiconductor Trade Statistics