Key Highlights on
Economic and Financial Developments in 2Q 2018

Slower economic growth of 4.5% due to commodity-specific shocks

Continued expansion in private sector activity and across major economic sectors

Real GDP Growth



Stronger domestic demand supported by higher private sector activity

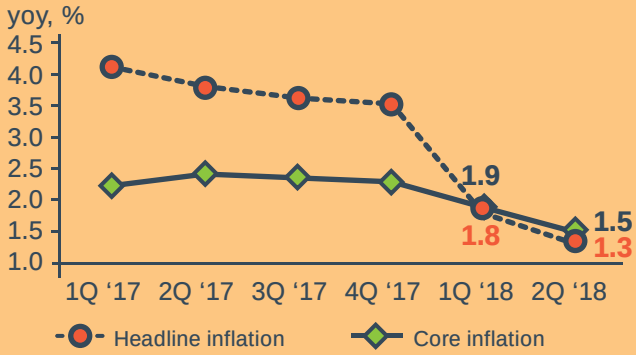
Services and manufacturing sectors remained the key drivers

Supply disruptions in the agriculture and mining sectors

Headline inflation declined

Lower inflation during the quarter mainly reflected the zerorisation of the GST rate

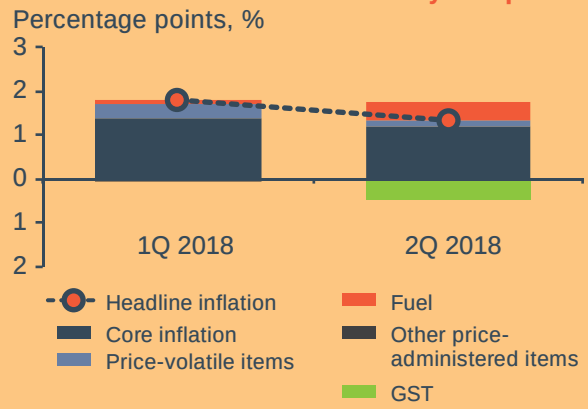
Headline and Core Inflation[1]



[1] Core inflation excludes the estimated direct impact of GST zerorisation.

The impact of GST zerorisation was offset by higher transport inflation

Contribution to Headline Inflation by Component



Box and Feature Articles

Divergence of Economic Performance and Public Sentiments

5 issues affecting the economic well-being of Malaysians

- **Low and uneven income distribution**
- **Rising cost of living**
- **Deteriorating housing affordability**
- **Elevated household debt**
- **Perceptions of corruption**

Transforming Mobile Phones into E-Wallets in Malaysia

All customer accounts made reachable
Interconnected network between banks and non-banks

More innovative value-added services
Establishment of a shared payment infrastructure to spur competition at the product level

Superior user experience
Availability of seamless payments via simple identifiers (e.g. mobile phone number, identity card number, business registration number and a common QR code)

Source: Department of Statistics Malaysia, Bank Negara Malaysia unless stated otherwise
For more information, visit www.bnm.gov.my