BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2002

Economic recovery is underway …

Economic conditions improved further in the first quarter of 2002. The Malaysian economy expanded by 1.1% in the first quarter (4Q 2001: -0.5%). The recovery was mainly driven by strong consumption spending and supported by the improved external demand following the general overall recovery in the global economy. Reflecting the cumulative effects of expansionary monetary and fiscal policies and the recovery in exports, private consumption which accounts for almost half of GDP, increased by 2.5%. Public consumption continued to register a strong increase of 13.4%, reflecting the implementation of the fiscal stimulus during the quarter, including the 10% salary adjustment for civil servants and the higher expenditure on supplies and services. With excess capacity still prevailing, the recovery in gross fixed capital formation is only expected to take place in the second half of the year.

2. The short lag between increased export orders in the electronics sector and the overall better performance for Malaysian exports resulted in exports turning positive, increasing by 4% in March 2002, the first positive growth in a year. This recovery in the electronics industry has moderated the decline in exports for the first quarter. Similarly, imports also recorded, for the first time since March 2001, a positive growth of 0.5%, mainly to meet the higher demand of intermediate inputs for manufactured goods.

…. Services sector the main driver of growth

3. The sustained private consumption and increasingly improved consumer sentiment led to broad-based value added growth in the services sector of 4.6%. Strong growth was recorded in the finance, insurance, real estate and business services sub-sector by 8.8% (4Q 2001: 12.5%) reflected by the higher bank lending activity as well as higher insurance premium collections and the increased activity and stronger performance in the stock market. The transport, storage and communication sub-sector also recorded stronger growth, supported by expansion in transshipment activities and strong performance in the telecommunication industry. In line with higher demand from the manufacturing sector, further expansion was also seen in the utilities sub-sector. The increase in overall domestic economic activity resulted in further growth in the wholesale and retail trade, restaurants and hotels sub-sector.

4. Value added in the manufacturing sector recorded a significantly lower decline (-2.1%; 4Q 2001: -8.4%) following the improved external conditions and sustained domestic consumption. Output of the domestic-oriented industries as a group expanded further by 2.2% during the quarter. Industries producing transport equipment and food products continued to record double-digit expansion of 17.5% and 11.9% respectively. Reflecting the rapid inventory adjustment in both the global and domestic electronics industry, output of the export-oriented industries as a group declined more moderately by 5.5% (4Q 2001 : -15.3%). This corresponded with the smaller decline in exports of manufactured goods during the quarter (-4%;

4Q 2001 :-12.4%). Of significance is that exports of electronics goods turned around to grow by 1.1%. As manufacturers increased production to meet higher orders and to replenish depleted stocks, the decline in output levelled off during the quarter (-0.6%; 4Q 2001: -23.8%). A further indicator of the improved performance was the improvement in the capacity utilisation rate of the manufacturing sector from 78% in the fourth quarter of 2001 to 80% at the end of the first quarter in 2002 .

5. In the construction sector, growth was higher at 2.9%, supported by the fiscal stimulus programme and the low interest rate environment. Value added in the mining sector fell by 0.8% in the first quarter due mainly to the decline in natural gas production. The agriculture sector contracted due mainly to supply factors and to a lesser extent, lower external demand. Production of crude palm oil declined by 8.4% due to lower yields. The People's Republic of China increased its imports of palm oil in line with its higher import quota of palm oil for 2002. Imports of palm oil from India and EU, however, were lower due to increased domestic supplies. Driven primarily by lower global supplies, prices of palm oil and crude petroleum remained firm during the quarter.

Recovery with low inflation and strong external position

6. Inflation remained low with the Consumer Price Index (CPI) rising by 1.4%. In March, inflation edged up largely due to the one-off price adjustment in telephone service charges. Excluding these telephone charges, inflation would be lower at 1.1%.

7. Malaysia continued to operate under full employment. The number of retrenched workers was 10,083 persons in the first quarter, with retrenchment mainly in medium-sized manufacturing companies which produced low-end electronics and electrical products on a contract basis for the larger firms. Reflecting consumer expectations of better job market conditions, the MIER Employment Index rose by 20.2 points to 106.3 points from 86.1 points in the fourth quarter of 2001.

8. Malaysia's external position strengthened further in the first quarter. The trade surplus was larger, amounting to RM13.3 billion (4Q 2001: RM12.8 billion). There were continued inflows of funds for investment during the quarter. In an environment of modest global economic recovery and continued excess capacity, gross inflows of FDI moderated to RM2.5 billion in the first quarter. Investments were in both the manufacturing and services sectors. On a net basis, FDI recorded an outflow of RM0.3 billion due to repayment of loans as well as a reduction in the share capital of a foreign-owned bank in Malaysia arising from the merger exercise in the home country. Portfolio investment, on the other hand, turned around to record a net inflow of RM3.2 billion, as investor sentiment was buoyed by improved economic prospects and progress in restructuring of several large corporations. Several international rating agencies had also upgraded Malaysia's sovereign rating outlook to positive from stable.

9. The international reserves of Bank Negara Malaysia increased further to RM124.5 billion (US$32.8 billion) as at 15 May 2002, adequate to finance about 5.5 months of retained imports and is 5 times the short-term external debt.

10. Malaysia's total external debt position amounted to RM175.6 billion (US$46.2 billion) as at end-March, equivalent to 57% of GNP. The Federal Government's financing requirements are primarily met from domestic non-inflationary sources. Nevertheless, taking advantage of favourable market conditions, the Federal Government reopened its US$1 billion, 7.5% Notes due 2011 by an additional US$750 million in March 2002. Interest spreads on Malaysia's benchmark securities have tightened. The spread on Malaysia Notes due 2009 narrowed to 108 basis points, while the spread on the Notes due 2011 narrowed to 149 basis points at end-April. The Federal Government external debt continued to account for a small share (15.4%) of total external debt. Total short-term debt also remained low, at 15.3% of total external debt.

….Strong growth in revenue collection

11. While Government budgetary operations continued to support growth, the fiscal deficit was lower at RM1.3 billion in the first quarter, due to strong revenue growth. Recovery in economic activity and improved efficiency in tax collection contributed to higher revenue receipts.

…Favourable banking sector indicators

12. The health of the banking system remained sound in the first quarter. Capital ratios remained strong with RWCR sustained at 12.5% and the core capital ratio at 10.6%. The net non-performing loans (NPLs) ratio of the banking sector stabilised at 8.2%. This was achieved through the efforts of the banking institutions in restructuring a number of large loans and an increase in the amount of specific provisions made. The higher specific provisions contributed to a higher loan loss coverage of 59.6% of total NPL at the end of the first quarter.

13. Danaharta had restructured or approved for restructuring almost all of the NPLs under its purview. Capital injection by Danamodal into the banking institutions was maintained at RM2.1 billion as at end-March 2002. The Corporate Debt Restructuring Committee (CDRC) achieved considerable progress in resolving debt restructuring during the quarter and is on track to complete the debt restructuring plans for the remaining 8 cases outstanding by July 2002.

Monetary conditions supported economic recovery

14. The relative price stability, combined with the stability in the financial markets have created a conducive environment for sustaining business activity and consumer confidence. As inflation risks remained low, the accommodative monetary policy stance was maintained during the quarter. Low interest rates have been an important factor in facilitating further

expansion in bank lending to support economic growth. Total loans outstanding extended by the banking system increased by RM5.7 billion during the quarter. On an annual basis, loans outstanding rose by 4.6% at end-March 2002 (3.6% at end-December 2001). Nevertheless, overall financing through the banking system and PDS raised by the private sector was slightly lower at RM4.3 billion during the quarter (4Q 2001: RM6.5 billion) because of higher redemptions and conversions to equity in the PDS market. Financing through the equity market was significant in the first quarter. Improved investor confidence prompted 13 successful initial public offerings (IPOs), amounting to RM353 million in the property, industrial and technology sectors.

Near-term outlook remains favourable

15. Going forward, the outlook is for further strengthening of the Malaysian economy. On the external front, the outlook for the major industrial economies in general and the United States in particular has improved. Most indicators for the United States continue to remain positive despite some softening in selected data in April. The manufacturing sector has expanded for three straight months, preliminary data point to a pick up in consumer confidence in May supported by income growth and the effects from policy measures. The stronger impetus from productivity growth and its favourable impact on profits, and stable consumer spending are expected to support recovery in the near-term. Inventory and policy effects would continue to provide positive impulses to growth.

16. In Europe, there have also been signs of improvement in sentiment as well as production benefiting from the improved export performance. The regional economies are also showing signs of steady improvement, given the strong trade linkages with the industrial countries.

17. On the domestic front, indicators point to continued domestic driven growth. Capacity utilisation has improved and earlier expectations of a recovery in investments in the second half of 2002 remains unchanged. The index of leading indicators, which provides an early signal of the direction

that the economy is heading, increased further in February 2002. The positive growth of this index for eight consecutive months since July 2001 suggests that the Malaysian economy will continue to expand. Improved consumer and business confidence is also expected to strengthen domestic demand in the coming quarters. The MIER Consumer Sentiments Index gained 10.6 points to 104.4 points in the first quarter. The MIER Business Conditions Index gained 9.6 points. More importantly, for the first time since the fourth quarter of 2000 the index breached the threshold level of 50 points to reach 51.9 points, indicating that recovery is on track. Overall, improving external conditions, sustained domestic activities and sound fundamentals will be favourable for strengthening of the economic recovery in Malaysia.

Bank Negara Malaysia
22 May 2002

Chart 1 : Economic recovery is underway ... real GDP expanded by 1.1% in 1Q 2002

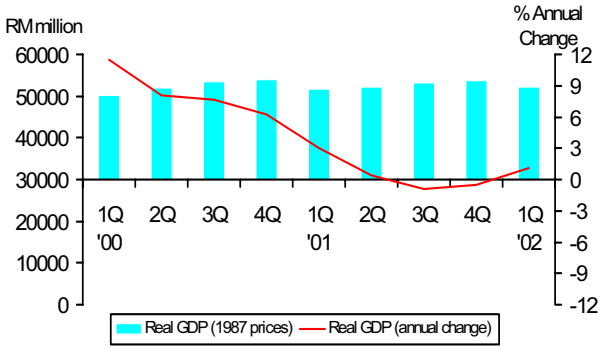


Chart 2 : Private consumption expanded further ...

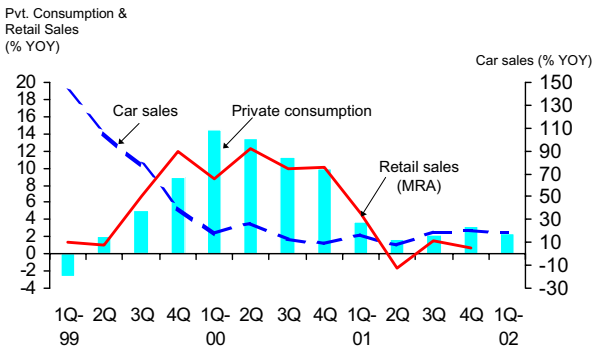


Chart 3 : Sustained Government spending

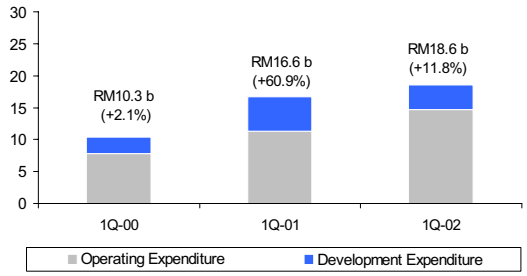


Chart 4 : Services sector : Main driver of growth

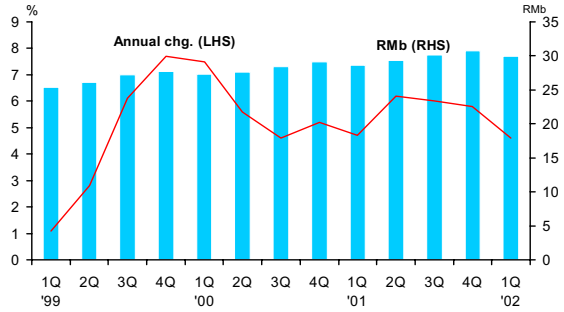
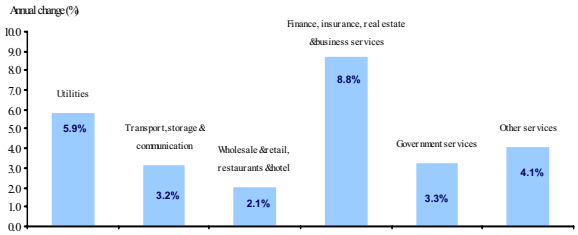


Chart 5 : Broad-based growth in services sector



Share to GDP (2001)	4.0	8.4	15.2	13.4	7.2	7.7

Chart 6 : Manufacturing production and exports improved further in 1Q 2002 ...

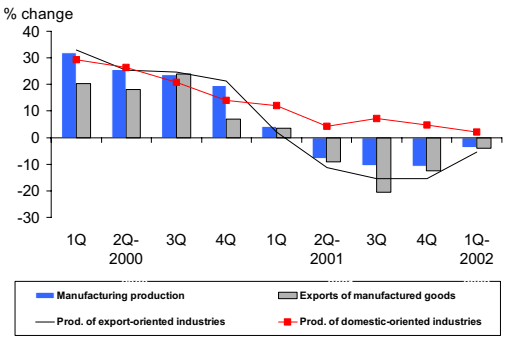


Chart 7 : Capacity utilisation improved to 80%

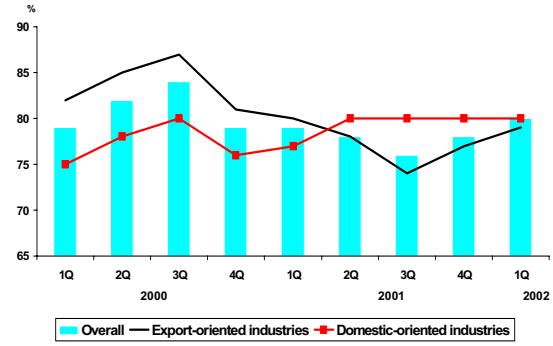


Chart 8 : Mining sector – lower natural gas production

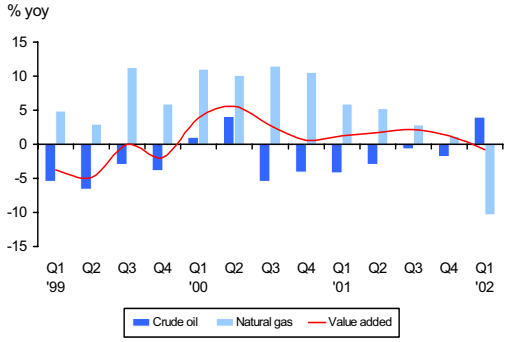


Chart 9 : Agriculture : Lower CPO output

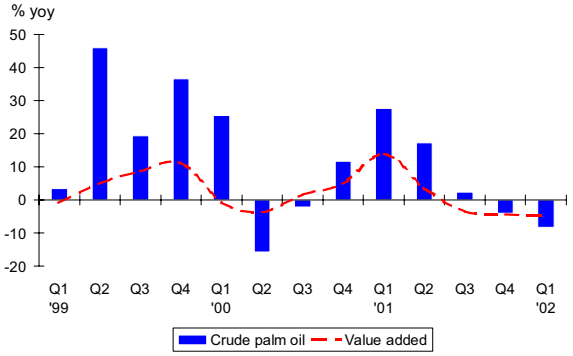


Chart 10 : Trade surplus remained large

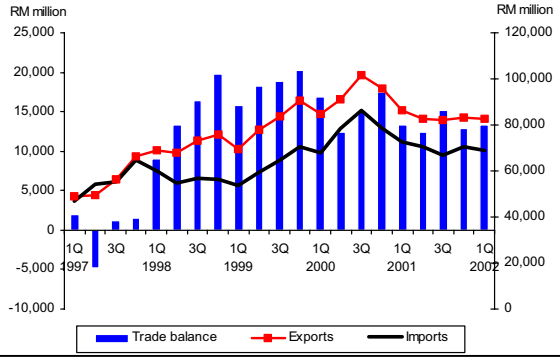


Chart 11 : Inflows of FDI into Malaysia mainly reflected ...

- Expansion of existing investment in manufacturing & services sectors
- Although China has drawn strong inflows, MNCs still adopt a "China Plus" investment strategy
- Malaysia offers opportunities in several niche areas
- Therefore, on going measures to place Malaysia as an attractive investment destination, providing a cost-competitive business environment

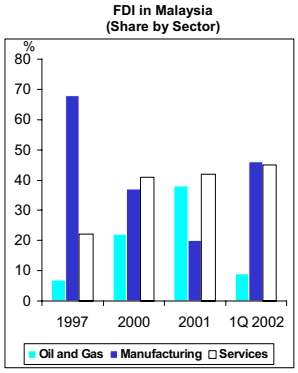


Chart 12 : International reserves increased further (as at end)

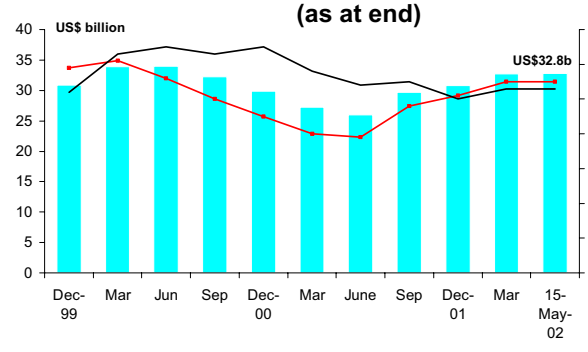
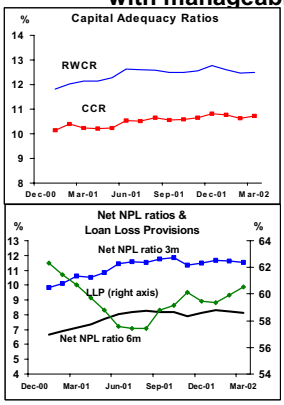
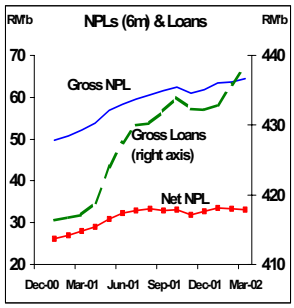


Chart 13 : Banking system remained resilient with manageable level of NPLs



- **Strong capital ratios and higher profitability**
- **RWCR sustained at > or = 12.5% and CCR at > or = 10.6% during 1Q 2002**
- **Net NPL stabilized at 8.2%:**
  - **increase in specific provisions; and**
  - **successful restructuring**
- **Loan loss provisions at 59.6% of NPLs**
- **Unaudited pre-tax profit for 1Q 2002 amounted to RM2.4b**

Chart 14 : Developments in the Banking System



- **NPL expected to decline upon implementation of restructuring schemes and stronger economic growth**
- **CDRC completed 6 cases with total debt value of RM3.3 billion**
- **CDRC on track to complete debt restructuring schemes by July 2002**

Chart 15 : Financing activity remained high…

- Banking system outstanding loans increased by RM5.7b
- Loan disbursements were also higher and broad-based
- However, overall financing through loans and PDS was slightly lower due to net redemptions in the PDS market

	Chg. (RM b)	Annual growth (%)
Total financing	**4.3**	**6.8**
Banking system	**4.6**	**5.8**
Loan	**5.7**	**4.6**
PDS held	**-1.1**	**36.0**
PDS	**-1.4**	**17.1**

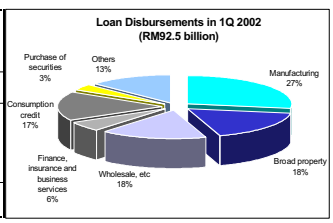


Chart 16 : Monetary policy remains accommodative to support economic recovery…

- Low inflation risks (April 1.9%)
- Interest rates remain low and stable
- Ample liquidity to support lending activity

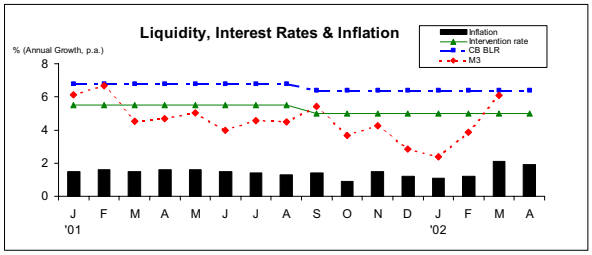


Chart 17 : Near term outlook remains favourable

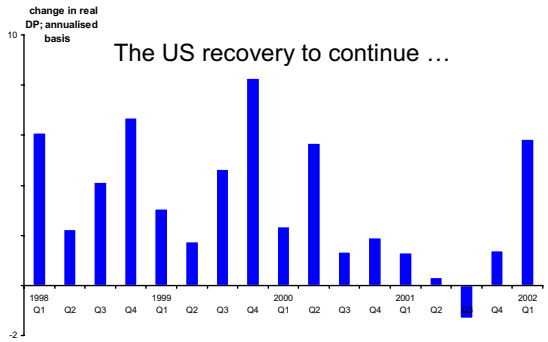


Chart 18 :Improving Performance of Regional Economies

Real GDP Growth (%)

	4Q 2001	1Q 2002	2002 f
China	6.6	7.6	7.0
Korea	3.7	5.7	5.7
Taiwan	-1.9	0.9	2.6
Singapore	-6.6	-1.7	2.0~4.0
Hong Kong	-1.6	n.a.	1.0
Indonesia	1.6	2.5	3.5~4.0
Thailand	2.1	3.0 p/	2.5~3.5
Philippines	3.8	n.a.	4.0~4.5
Malaysia	-0.5	1.1	3.5

Chart 19 : External and domestic indicators support growth momentum

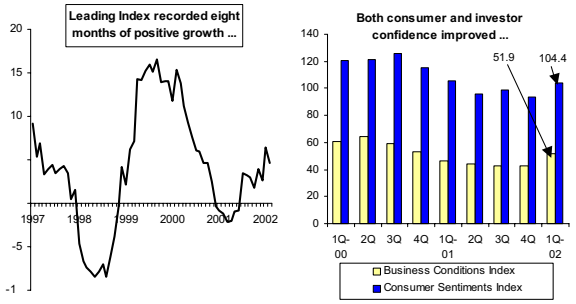


Table 1 : Quarterly GDP by Kind of Economic Activity at 1987 Prices

	2001					2002
	1Q	2Q	3Q	4Q	Year	1Q
	Annual change in %					
Agriculture	14.0	3.7	-3.5	-4.2	1.8	-4.9
Mining	1.3	1.7	2.2	1.3	1.6	-0.8
Manufacturing	1.0	-7.6	-9.1	-8.4	-6.2	-2.1
Construction	0.9	3.2	2.6	2.5	2.3	2.9
Services	4.7	6.2	6.0	5.8	5.7	4.6
Real GDP (Ann. Chg.)	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.1**
Real GDP (Preceding Chg.)	**-4.4**	**1.1**	**1.8**	**1.2**	**-**	**-2.9**

Table 2: GDP by Expenditure Components (at Constant 1987 prices)

	2001					2002
	Q1	Q2	Q3	Q4	Year	Q1
	Annual change in %					
Consumption	5.5	4.1	5.6	7.6	5.8	4.4
Private sector	*3.8*	*1.7*	*2.2*	*3.3*	*2.8*	*2.5*
Public sector	*15.3*	*13.3*	*18.3*	*21.8*	*17.6*	*13.4*
Gross Fixed Capital Formation	8.3	0.2	-10.2	-8.1	-2.8	-8.5
Exports of Goods & Services	6.4	-6.0	-16.3	-12.0	-7.5	-6.5
Imports of Goods & Services	7.5	-8.1	-20.1	-10.5	-8.6	-5.5
Gross Domestic Product	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.1**

Table 3 : Performance in the Services Sector
(Value added in RM million at 1987 prices)

	2001					2002
	1Q	2Q	3Q	4Q	Year	1Q
	Annual change in %					
Intermediate Services	**6.3**	**10.1**	**9.8**	**8.7**	**8.7**	**6.6**
Transport, storage & communication	10.0	10.8	6.8	2.9	7.5	3.2
Finance, insurance, real estates & business services	4.0	9.6	11.9	12.5	9.5	8.8
Final Services	**3.7**	**3.8**	**3.7**	**3.9**	**3.8**	**3.3**
Electricity, gas & water	10.2	7.7	6.3	3.7	6.9	5.9
Wholesale & retail trade, hotels & restaurants	3.5	2.8	3.2	2.8	3.0	2.1
Government services	2.1	5.7	4.4	6.0	4.6	3.3
Other services	2.1	2.2	2.8	4.6	2.9	4.1
Total Services	**4.7**	**6.2**	**6.0**	**5.8**	**5.7**	**4.6**

Table 4 : Performance in the Manufacturing Sector

	2001					2002
	1Q	2Q	3Q	4Q	YEAR	1Q
	Annual change in %					
Value-added (constant prices)	**1.0**	**-7.6**	**-9.1**	**-8.4**	**-6.2**	**-2.1**
Overall Production	**4.2**	**-7.9**	**-10.5**	**-10.9**	**-6.6**	**-3.7**
Export-oriented industries	2.0	-11.4	-15.5	-15.3	-10.4	-5.5
of which:						
Non-resource based						
* *Electronics*	*-1.2*	*-25.3*	*-27.5*	*-23.8*	*-20.2*	*-0.6*
* *Electrical*	*8.6*	*3.4*	*-10.4*	*-9.4*	*-2.8*	*-8.2*
* *Textiles & wearing apparel*	*3.0*	*-9.7*	*-11.4*	*-14.2*	*-8.3*	*-15.0*
Resource-based						
* *Chemicals and chemical products*	*-1.6*	*-7.2*	*-8.2*	*-13.7*	*-7.7*	*-9.3*
* *Off-estate processing*	*10.4*	*13.5*	*4.0*	*3.7*	*7.7*	*0.6*
* *Rubber products*	*10.8*	*4.2*	*-0.7*	*-0.3*	*3.3*	*-5.1*
* *Wood and wood products* [1/]	*12.4*	*1.3*	*-2.0*	*-5.5*	*1.2*	*-15.6*
Domestic-oriented industries	12.1	4.3	7.2	4.8	7.0	2.2
of which:						
Non-resource based						
* *Transport equipment*	*18.9*	*18.4*	*23.2*	*15.3*	*19.0*	*17.5*
* *Fabricated metal products*	*10.6*	*6.4*	*4.7*	*-4.8*	*3.9*	*-6.4*
* *Iron & steel and non-ferrous metal*	*9.6*	*-7.3*	*-2.4*	*-0.9*	*-0.7*	*-8.6*
Resource-based						
* *Non-metallic mineral products*	*15.4*	*9.7*	*6.6*	*7.6*	*9.6*	*7.8*
* *Petroleum products*	*21.0*	*8.7*	*18.6*	*30.0*	*19.3*	*3.4*
Total Manufactured Exports	**3.5**	**-9.1**	**-20.4**	**-12.4**	**-10.3**	**-4.0**
* Electronics	-2.1	-18.5	-26.5	-16.0	-16.3	1.1
- *Semiconductors*	*15.1*	*-15.1*	*-30.4*	*-22.8*	*-14.9*	*-13.2*
- *Electronic equipment and parts*	*-13.6*	*-21.0*	*-23.6*	*-10.5*	*-17.3*	*13.8*
* Electrical products	9.4	6.2	-16.8	-12.6	-4.7	-13.9
* Wood and wood products	-0.5	-9.1	-17.7	-17.4	-11.5	-12.6
* Furniture & parts	-9.9	-16.2	-16.9	-10.5	-13.5	3.2
* Textiles, clothing & footwear	-5.1	-8.3	-18.7	-19.6	-13.2	-16.8
* Optical & scientific equipment	29.9	23.4	3.2	7.2	14.3	5.6
* Chemicals and chemical products	21.9	-1.8	-15.9	-2.5	-0.9	-6.2
* Petroleum products	39.5	-2.5	-8.3	-8.0	3.4	-35.8

[1/] *Output of furniture and parts are not captured in the wood production data.*

Table 5
Manufacturing : Quarterly Capacity Utilisation [1/]

Industry	2001					2002 e
	1Q	2Q	3Q	4Q	YEAR	1Q
Overall	**79**	**78**	**76**	**78**	**78**	**80**
Export-oriented of which:	**80**	**78**	**74**	**77**	**77**	**79**
Electronics	73	75	70	78	74	78
- MNCs	*62 - 88*	*68 - 100*	*61 - 103*	*70 - 99*	*62 - 97*	*64 - 100*
- Malaysian companies [2/]	-	-	-	-	-	*30 - 50*
Electrical products	83	80	75	82	80	82
Chemicals and chemical products	97	81	82	84	86	85
Textiles and apparel	80	76	79	75	77	84
Domestic-oriented of which:	**77**	**80**	**80**	**80**	**79**	**80**
Petroleum products	79	82	85	85	83	85
Non-metallic mineral products	67	68	66	65	66	69
Transport equipment	91	92	96	95	93	100
Food, beverages and tobacco	83	84	78	82	82	74

e estimates

Source : Quarterly Manufacturing Capacity Utilisation Survey

[1/] Results are different from the BNM Annual Survey of Companies (ASC) due to differences in sample size. The ASC covers more companies (240) while the Quarterly Survey covers only 90 companies.

[2/] Malaysian electronics companies are only included in the Quarterly Survey beginning 2002.

Table 6: Performance in the Mining Sector

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	
	Annual change in %					Annual change in %	Preceding change in %
Value Added (RM million at 1987 prices)	**1.3**	**1.7**	**2.2**	**1.3**	**1.6**	**-0.8**	**-0.5**
Production							
Of which:							
Crude oil and condensates ('000 barrels)	-4.2	-2.9	-0.7	-1.8	-2.4	4.0	3.5
Natural gas (net) (million standard cubic feet)	5.9	5.2	2.8	1.1	3.7	-10.3	-7.7
Exports (RM million)	**1.5**	**-3.7**	**-14.9**	**-30.6**	**-12.6**	**-20.7**	**9.3**
Of which:							
Crude oil							
('000 tonnes)	-1.7	-4.6	-13.4	-18.0	-9.6	-2.5	9.6
(US$/barrel)	3.7	-0.8	-16.4	-36.7	-13.7	-26.2	-1.2
(RM million)	2.0	-5.3	-27.7	-48.1	-21.9	-28.0	8.2
Liquefied natural gas							
('000 tonnes)	-4.8	5.0	5.4	-1.9	0.4	-1.7	12.4
(RM/tonne)	5.7	1.1	-2.0	-8.8	-1.1	-7.6	-3.5
(RM million)	0.6	6.2	3.3	-10.5	-0.7	-9.1	8.4

Table 7: Performance in the Agriculture Sector

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	
	Annual change in %					Annual change in %	Preceding change in %
Value Added (RM million at 1987 prices)	**14.0**	**3.7**	**-3.5**	**-4.2**	**1.8**	**-4.9**	**-10.8**
Production [1/]							
Of which:							
Crude palm oil	27.6	17.2	2.4	-4.1	8.9	-8.4	-17.5
Rubber	-11.7	-21.8	-6.3	-5.1	-11.1	2.0	7.0
Saw logs	-16.3	-14.2	-16.8	-13.5	-15.3	-15.3	-16.7
Cocoa	-6.7	-14.6	-11.2	-37.5	-17.9	-51.5	-29.4
Exports (RM million)	**-16.9**	**-17.6**	**-13.3**	**-4.8**	**-13.2**	**5.3**	**-4.6**
Of which:							
Palm oil							
('000 tonnes)	24.4	36.8	13.5	3.0	18.1	-11.5	-14.7
(RM/tonne)	-34.0	-29.8	-6.3	10.8	-15.9	41.3	13.0
(RM million)	-17.9	-4.0	6.3	14.1	-0.7	25.2	-3.6
Rubber							
('000 tonnes)	-6.5	-18.7	-21.6	-16.5	-16.0	-10.5	-2.1
(Sen/kg)	-12.0	-15.1	-10.3	-14.5	-12.7	-11.6	3.7
(RM million)	-17.7	-31.0	-29.7	-28.6	-26.6	-21.0	1.6
Saw logs							
('000 cu. metres)	-26.9	-31.7	-24.4	-18.2	-25.5	-7.5	-23.3
(RM/cu. metre)	-7.6	-17.5	-23.8	-20.4	-17.9	-10.2	7.1
(RM million)	-32.4	-43.6	-42.4	-34.9	-38.8	-17.0	-17.9

1/ In '000 tonnes, except for saw logs in '000 cubic metres

Table 8 : Trade Account

	2001					2002
	1Q	2Q	3Q	4Q	Year	1Q
	Annual change in %					
Gross Exports	1.7	-8.9	-19.2	-13.2	-10.4	-4.3
Manufacturing	*3.5*	*-9.1*	*-20.4*	*-12.4*	*-10.3*	*-4.0*
Agriculture	*-16.9*	*-17.6*	*-13.3*	*-4.8*	*-13.2*	*5.3*
Minerals	*1.5*	*-3.7*	*-14.9*	*-30.6*	*-12.6*	*-20.7*
Gross Imports	7.3	-10.3	-22.5	-10.3	-9.9	-5.0
Capital goods	*42.8*	*-5.2*	*-24.4*	*-2.6*	*-1.1*	*-15.3*
Intermediate goods	*2.2*	*-11.9*	*-25.6*	*-14.7*	*-13.3*	*-4.9*
Consumption goods	*2.7*	*1.5*	*-5.8*	*11.4*	*3.0*	*7.6*
Trade balance (RM bn)	**13.3**	**12.4**	**15.2**	**12.8**	**53.7**	**13.3**

Source: Department of Statistics, Malaysia

Table 9: Balance of Payments

	2001					2002
	1Q	2Q	3Q	4Q	Year	1Q
	RM million					
Gross exports (f.o.b.)	86,152	82,826	82,163	83,280	334,421	82,488
Gross imports (c.i.f.)	72,806	70,432	66,987	70,467	280,692	69,160
Trade balance	**13,346**	**12,394**	**15,176**	**12,813**	**53,729**	**13,328**
Net International Reserves (end-period)	103,279	98,836	112,934	117,203	117,203	124,388
-US$ million equivalent	27,179	26,010	29,720	30,843	30,843	32,734

Table 10: External Debt Outstanding

	2001				2002
	1Q	2Q	3Q	4Q	1Q
	RM billion				
Medium & Long-term debt	138.5	139.8	144.4	146.5	148.6
Short-term debt	17.8	18.4	20.4	23.9	26.9
Total external debt	156.3	158.2	164.9	170.4	175.6
- US$ billion equivalent	41.1	41.6	43.4	44.8	46.2

Table 11: Federal Government Finance

	2001p					2002	2001p					2002
	1Q	2Q	3Q	4Q	Year	1Q	1Q	2Q	3Q	4Q	Year	1Q
	RM billion						Annual change in %					
Revenue	14.6	20.7	18.5	25.7	79.6	17.1	30.4	24.3	19.8	38.7	28.6	17.1
Operating expenditure	11.3	13.4	14.3	24.8	63.8	14.7	44.8	4.8	-2.3	16.1	12.7	30.2
Current account	**3.3**	**7.4**	**4.2**	**1.0**	**15.8**	**2.4**						
Gross development expenditure	5.3	5.7	7.3	16.9	35.2	3.9	110.1	-0.1	10.4	29.1	26.1	-27.1
Loan recoveries	0.4	0.1	0.2	0.3	1.0	0.2						
Overall balance	**-1.6**	**1.8**	**-3.0**	**-15.6**	**-18.4**	**-1.3**						
Memo item: Total Federal Government debt (as at end period)	128.9	129.3	138.4	145.7		146.0						

Table 12: Monetary Indicators

	2001					2002
	Q1	Q2	Q3	Q4	Year	Q1
	Annual Growth (% at end period)					
M1	5.2	4.4	11.6	3.2	3.2	12.3
M2	3.6	3.0	5.0	2.2	2.2	6.1
M3	4.5	4.0	5.4	2.9	2.9	6.1
Loans[1/]	5.5	6.0	5.7	3.6	3.6	4.6
Deposits	2.8	3.6	4.0	1.8	1.8	4.5
	During the period (RM billion)					
Approvals	29.7	31.1	35.3	29.6	125.6	30.9
Disbursements	91.2	93.1	93.6	92.3	370.2	92.5
Repayments	89.3	86.2	91.8	95.1	362.3	88.4
	At end period (%)					
Interbank rates						
1-month	2.99	2.99	2.81	2.97	2.97	2.74
3-month	3.04	3.00	3.28	3.27	3.27	3.24
Fixed deposits of commercial banks						
1-month	3.44	3.44	3.20	3.20	3.20	3.20
3-month	3.46	3.45	3.21	3.21	3.21	3.21
BLR of commercial banks	6.79	6.79	6.39	6.39	6.39	6.39
	Average Annual Growth % for the period					
Consumer Price Index (CPI) (2000=100)	1.5	1.6	1.4	1.2	1.4	1.4
Producer Price Index (PPI) (1989=100)	-4.7	-4.7	-4.3	-6.4	-5.0	-0.9

1/ Including loans sold to Cagamas and Danaharta.

Table 13: Banking System Health Indicators

	2001				2002
	Mar.	**Jun.**	**Sep.**	**Dec.**	**Mar.**
Capital					
Core-capital ratio (%)	10.2	10.5	10.5	10.8	10.7
RWCR (%)	12.1	12.6	12.5	12.8	12.5
Net NPL (6-month classification)					
Banking system (%)	7.1	8.0	8.2	8.1	8.2
Banking system (RM mil)	27,989	32,292	32,995	32,775	33,535
GP/Net total loans (6-month, %)	1.9	1.9	1.9	1.9	1.9

Table 14: Danaharta

	2001			
	Mar.	**Jun.**	**Sep.**	**Dec.**
Total Loan Rights Acquired (RM b)	48.0	48.0	48.1	47.7
- Acquired	*20.4*	*20.1*	*20.1*	19.8
- Under Management	*27.6*	*27.9*	*28.0*	27.9
Total Loan Rights Acquired (RM b)	48.0	48.0	48.1	47.7
- Restructured / Approved for Restructuring	38.7	39.1	40.1	47.7
- Yet to be Restructured	9.3	8.9	8.0	**
Expected Average Recovery Rates (%)	60	57	57	56

**Negligible

Source: Pengurusan Danaharta Nasional Berhad

Table 15: Corporate Debt Restructuring Committee

		2001				2002
		Mar.	**Jun.**	**Sep.**	**Dec.**	**Mar.**
Applications Received	No.	75	75	84	86	87
	RM'm	47,210	47,379	65,899	66,813	67,644
Withdrawn/ Rejected Cases	No.	21	21	22	23	25
	RM'm	7,826	7,826	9,516	10,069	10,606
Transferred to Danaharta	No.	9	9	11	11	11
	RM'm	1,814	1,814	2,470	2,470	2,470
Cases Accepted	No.	45	45	51	52	51
	RM'm	37,570	37,739	53,913	54,274	54,568
Resolved	No.	35	37	31	37	43
	RM'm	26,771	28,531	27,264	34,489	37,771
Outstanding	No.	10	8	20	15	8
	RM'm	10,799	9,208	26,649	19,785	16,797

Table 16: KLSE - Selected Market Indicators

	As at end					
	2001					2002
	1Q	2Q	3Q	4Q	Year	1Q
Price Indices						
Composite	647.48	592.99	615.34	696.09	-	756.10
EMAS	149.15	142.29	145.84	165.23	-	181.72
Second Board	107.64	106.93	109.61	134.13	-	132.29
Average daily turnover						
Volume (million units)	107.3	121.5	306.8	276.4	85,012.0	304.9
Value (RM million)	255.2	225.6	485.3	427.6	49,663.5	636.1
Market Capitalisation (RM b)	418.23	403.49	411.35	464.98	-	517.63
No. of Companies Listed	802	809	807	812	-	770