BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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Press Release

Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2001

Overview

Economic conditions generally improved in the fourth quarter of 2001. Real GDP rose by 1.4% over the third quarter. Compared with a year ago, GDP contracted marginally by 0.5%, compared with –1.2% in the third quarter. The improved performance was driven by the strong fiscal stimulus expenditure and the strengthened domestic demand against a gradual recovery in external demand. Other positive developments in the fourth quarter include the moderation in the pace of decline in exports, imports and manufacturing production.

2. Consequently, real GDP for year 2001 has remained positive, expanding by 0.4%. Indications going forward are that the economy is in the early stages of recovery. The economy is expected to strengthen during the course of 2002 in tandem with sustained domestic demand and the improved global economic conditions. The leading indicator, which provides an early signal on the direction that the economy is heading, rose by 5.2% in November 2001. The positive growth rate of the index for five consecutive months since July 2001 supports the prospect for a recovery in the economy.

3. Overall, the external developments abroad since December have been generally more positive on global growth. The prompt policy response across the globe in the aftermath of September 11 and the resolution to the West Asian

conflict have aided in the recovery of consumer and business confidence. In the United States, consumer spending has rebounded strongly. Consumers responded strongly to sales incentives as increased disposable income through tax cuts were supported by lower interest rates and lower energy prices. The stock markets also recovered to contain loss in wealth. This revival in confidence has abated fears of the risk being biased towards further weakness in the external environment. The global electronics industry has also begun the recovery cycle seen in stronger pick-up in demand in the fourth quarter of 2001. Consequently, manufacturing output recovered and employment indicators have improved. Nevertheless, there are still risks to the US recovery in view of the weakness in the corporate sector in terms of profitability and credit conditions.

4. These improvements in external conditions have been reinforced by positive developments on the domestic front. The cumulative effects of the series of fiscal measures announced both before and after the September 11 as well as the accelerated disbursement process of Government expenditure had a positive impact on both the corporate and household sectors. Development expenditure (in nominal value) increased by 29.1% and public consumption by 16.2% (3Q: 12.9%). These trends have moderated the decline in gross fixed capital formation in the fourth quarter. Expansionary Government operations and the festive seasons in the fourth quarter as well as the recovery in external demand contributed to the stronger growth of 3.5% in consumer spending (3Q: 2.1%). The recovery in global demand for electronics and the higher palm oil prices led to moderation in decline in both manufactured and agriculture exports.

5. The improved economic performance was attained amidst a low inflation environment and improved labour market conditions. The CPI moderated to 1.2% while the PPI declined further by 6.4%. In the labour market, the number of retrenched workers declined to 8,279 persons during the quarter (3Q: 13,737 persons) and job vacancies remained high. Overall, unemployment has been contained at below 4% for 2001.

Chart 1: Malaysian economy improved in 4Q 2001 ...

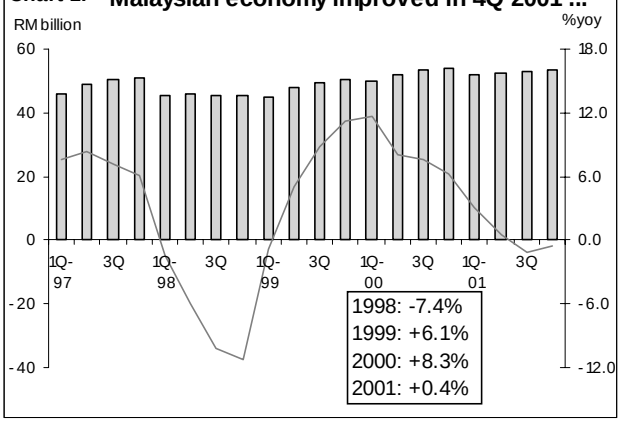


Chart 2: Real output rose by 1.4% on preceding growth basis ...

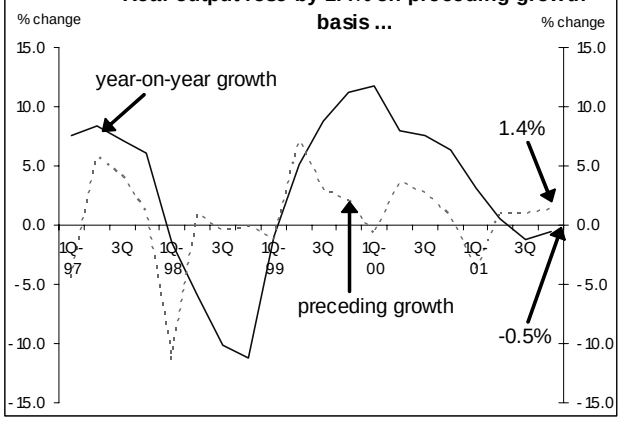


Chart 3: In the US, real GDP and private consumption strengthened ...

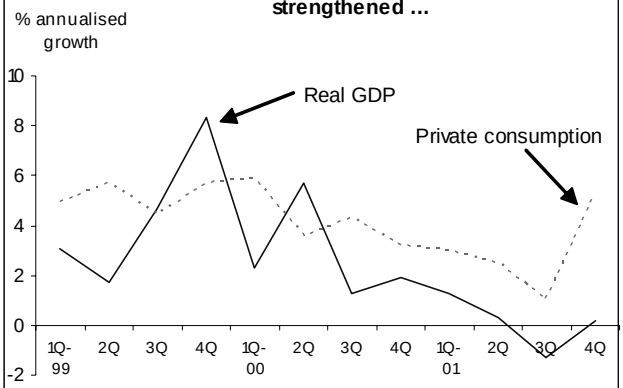


Chart 4: On domestic front, domestic demand supported by higher Federal Gorvernment expenditure

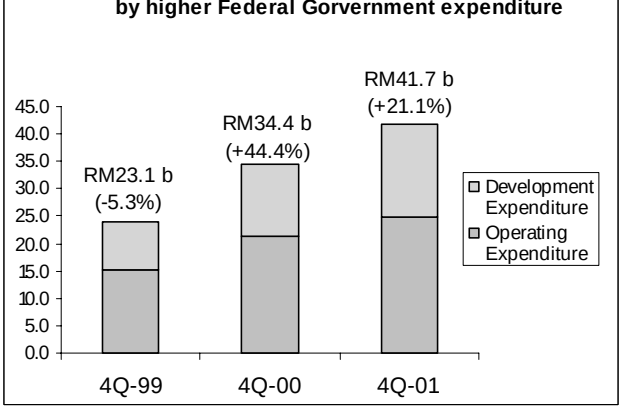


Chart 5:... combined with low interest rates, contributed to stronger consumer spending

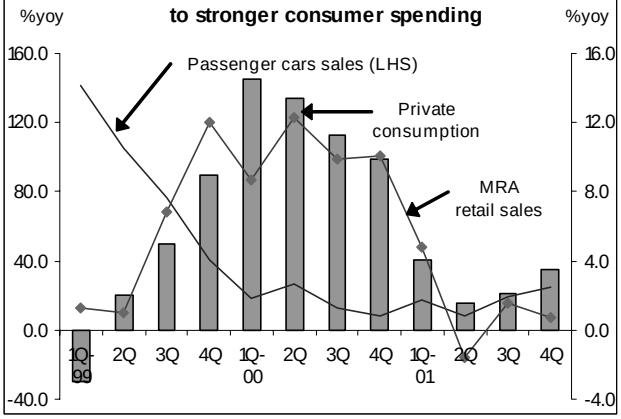


Chart 6: In the external sector, decline in manufactured exports moderated ...

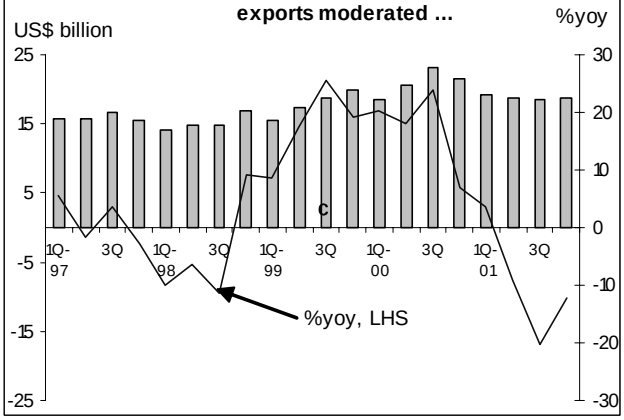


Chart 7: Strengthening demand also reflected in moderating decline in intermediate imports

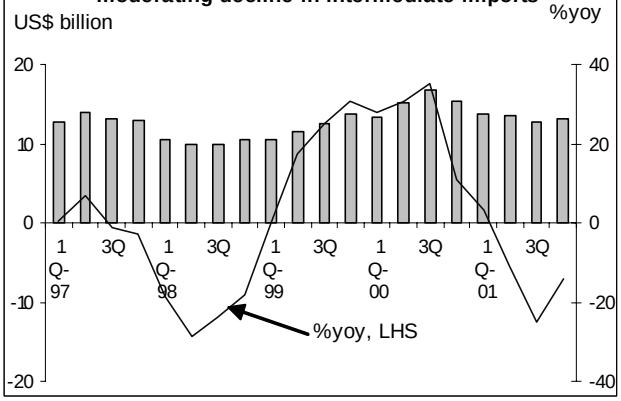
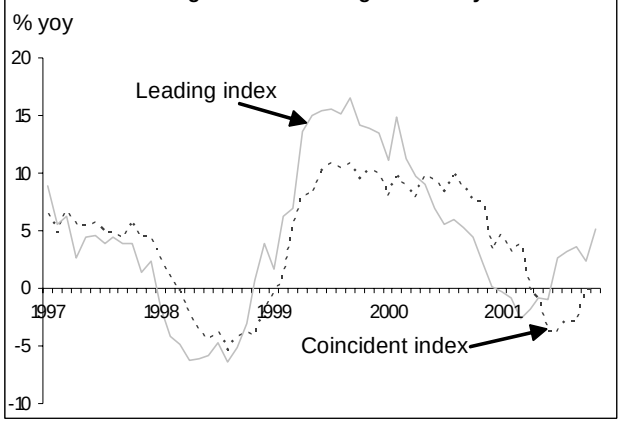


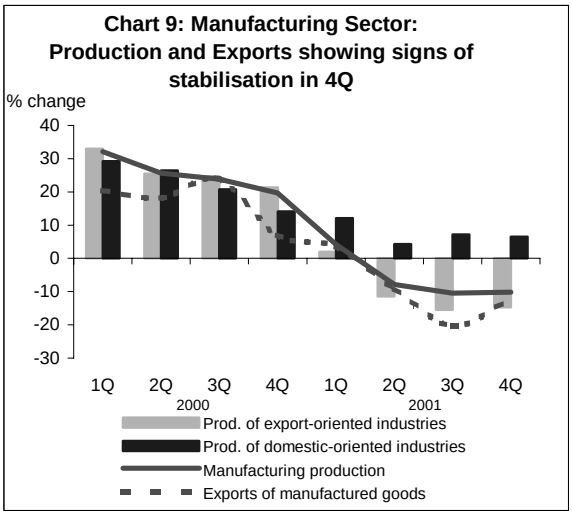
Chart 8: Leading index indicating a recovery in 2002 ...

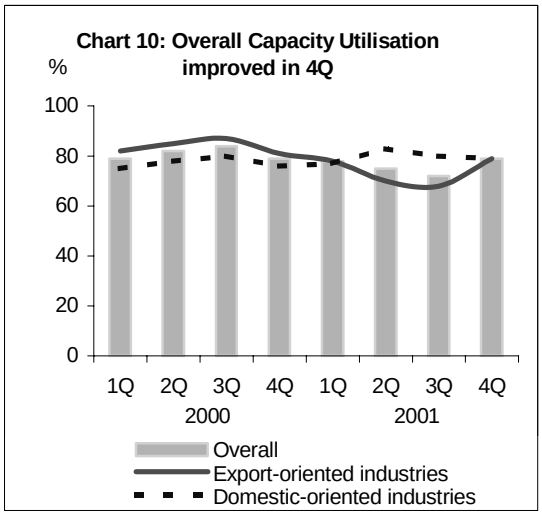


Sectoral Developments

6. In the fourth quarter of 2001, activity in the **manufacturing sector** showed signs of stabilising while growth in output of the domestic-oriented industries was sustained. Reflecting the favourable trends in the export sector, the decline in production of industries in the export-oriented sector was lower at 14.7%, (3Q 2001: -15.5%) while capacity utilisation of the export-oriented industries improved to 79% (3Q 2001: 68%). The improved domestic and external environment contained the decline in value added in the manufacturing sector which stabilised at 8.5% in the fourth quarter (3Q 2001: –8.4%), while the decline in exports of manufactured goods moderated to 12.4% (–20.4% in the third quarter).

7. The improvement in manufactured exports was felt in all major sub-sectors. With the adjustment in electronics inventory and improving orders from abroad, the decline in Malaysia's exports of electronic products moderated to 16% from 26.5% in the third quarter, supported by strengthening demand from niche market segments for products such as video games and new computer models. In the non-electronics sector, exports of electrical products also saw a moderation in decline (–12.6%; 3Q 2001: –16.8%), due mainly to increased demand from abroad for higher-end consumer durables. Exports of furniture and rubber products also declined at a slower pace during the quarter, while exports of optical and scientific equipment expanded at a stronger rate of 7.2%.



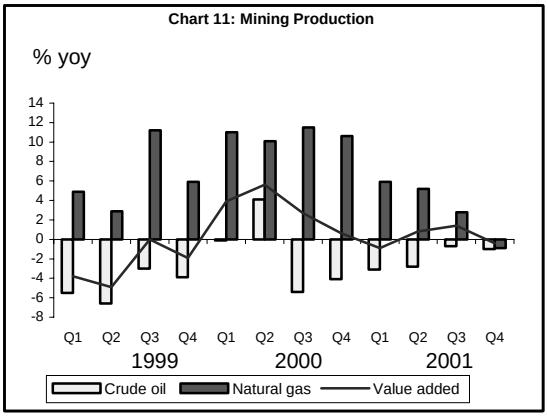


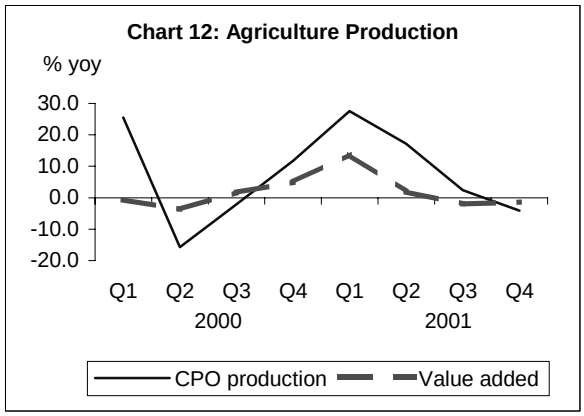
8. Despite the closure of plants for festive holidays in December, output growth of the domestic-oriented industries was sustained at 6.5% during the fourth quarter (3Q 2001: 7.2%). The industries producing transport equipment and petroleum products continued to register strong double-digit expansion. Output of construction-related materials also expanded further to meet demand from sustained activities in the construction sector. The overall capacity utilisation in the domestic-oriented sector continued to remain high at 79% in the fourth quarter (3Q 2001: 80%).

9. Reflecting the positive impact of the fiscal stimulus and strengthening demand conditions, value added in the **services sector** rose strongly to 5.5% (3Q: 4.7%). Growth was broad-based with finance, insurance, real estate and business services; and wholesale and retail trade, restaurant and hotel sub-sectors recording stronger growth. The **construction sector** also benefited from the accelerated disbursement for project under the fiscal stimulus programme. Value added growth in this sector was sustained at 2.5% (3Q 2001: 2.6%).

10. The **mining** and **agriculture sectors** contracted by 0.4% and 1.4% respectively in the fourth quarter of 2001. The decline in the mining sector was due to both lower crude oil (-1%) and natural gas (-0.9%) production. The lower gas production was due to lower demand from the power generation sub-sector and the decline in demand for gas from Japan, which accounts for the bulk of Malaysian LNG exports.

11. Within the agriculture sector, production of rubber and saw logs registered more moderate declines during the fourth quarter. However, crude palm oil production declined by 4.1%, the first decline since the third quarter of 2000, following the onset of the tree stress cycle. This together with favourable external demand has resulted in palm oil stocks closing lower at 1.2 million tonnes as at end-2001 (end-2000: 1.4 million tonnes).





External Sector Developments

12. While a revival in economic activity has generally resulted in a narrowing of the trade surplus, the **trade account** has registered a significant surplus of RM12.8 billion in the fourth quarter (3Q 2001: RM15.2 billion). With the exception of mineral exports, the recovery in the global demand for electronics and the upward trend in palm oil prices led to a moderation in the rate of decline in the manufactured and agriculture exports. All three broad categories of imports continued to record an increase compared with the preceding quarter.

13. In the capital account, Malaysia continued to receive inflows of foreign direct investment (FDI) and portfolio investments. The BNM Cash BOP Reporting System indicated that the **gross inflows of FDI** amounted to RM3.8 billion in the fourth quarter. In addition to inflows for expansion activities, the inflows also reflected new equity for strategic alliances with Malaysian partners, including equity in the automotive industry. On a net basis, FDI recorded an outflow of RM4.8 billion during the quarter due mainly to one large transaction involving the acquisition of controlling interests by a resident holding company from non-resident partners, as part of its corporate restructuring exercise. The purchase was financed by the issuance of long-term debt securities to the non-resident investors and an offshore loan. As a consequence, it had no impact on reserves or on the total investment activities in Malaysia.

14. While portfolio inflows were recorded in the third quarter, the uncertainty after September 11 led to profit taking activities in the month of October. Subsequently, inflows increased due to improved sentiment on the outlook. Profit taking towards year-end resulted in a net outflow for the fourth quarter as a whole. This trend has again reversed in the first two months of 2002, as the portfolio account strengthened to record net inflows.

External Reserves

15. The rising trend in reserves continued in the fourth quarter of 2001. The net international reserves of Bank Negara Malaysia increased by RM4.3 billion or US$1.1 billion to RM117.2 billion or US$30.8 billion as at end-December 2001, compared to the end-September level. The increase in reserves was generated mainly from trade inflows and drawdown of long-term external borrowings. The depreciation of yen and the euro against the US dollar, however, resulted in an unrealised foreign exchange revaluation loss of US$0.6 billion following the quarterly revaluation of reserves outstanding as at 31 December 2001.

16. For 2001 as a whole, the net international reserves increased by RM3.7 billion or US$964 million from the level at end-2000, after taking into account a total net revaluation loss of about RM4.1 billion or US$1.1 billion for the year. The net international reserves increased further to RM118.6 billion or US$31.2 billion as at 15 February 2002. This level of reserves is adequate to cover 5.1 times the short-term external debt and finance 5.2 months of retained imports.

External Debt

17. Malaysia's external debt position remained at a manageable level in the fourth quarter. Within the public sector, the Federal Government raised a syndicated loan amounting to US$540 million, while the external borrowings by NFPEs were used mainly to refinance some of the more expensive existing offshore loans. Meanwhile, the increase in private sector debt was due mainly to one large transaction involving the acquisition by a Malaysian company from nonresident investors through issue of debt securities to the nonresident. The

short-term debts continue to remain low, equivalent to 13.7% of total external debt and 19.9% of international reserves of Bank Negara Malaysia.

Exchange Rates

18. In the fourth quarter of 2001, the ringgit appreciated against major and most regional currencies in line with the strength of the US dollar. The ringgit appreciated against the euro by 3.3%, the pound sterling by 1.4% and the Japanese yen by 10.1%. The ringgit appreciated against most regional currencies in the range of 0.5% to 7.7% while depreciating against the Thai baht by 0.6%. The ringgit exchange rate continues to be well supported by strong economic fundamentals and the absence of weaknesses that could undermine the ringgit peg. The exchange rate is supported by the strong current account position, higher level of international reserves, low inflation, low external indebtedness, as well as the strong and well-capitalised banking system.

Fiscal Developments

19. The budgetary operations of the Federal Government were significantly more expansionary in the fourth quarter as Government intensified efforts to increase efficiency for the disbursements of funds. Total expenditure rose by 21.1% to RM41.7 billion, with development expenditure increasing strongly by 29.1% in the fourth quarter. As a result, the shortfall in Government's expenditure in 2001 was contained at less than 5% of the revised allocation. Of this total, 41% was disbursed in the fourth quarter.

20. The higher fiscal deficit estimated at RM15.6 billion was financed through borrowings and drawdown of the Government's realisable assets. While the total debt was RM145.8 billion or 43.8% of GDP as at end-2001 (36.9% of GDP in 2000), the level has remained low.

Monetary and Financial Conditions

21. Improved economic conditions were also reflected in higher loan disbursements, and issuance of PDS as well as equities. Loan disbursements recorded the highest quarterly increase in 2001 by RM94 billion. With significantly higher PDS issues, total financing of the private sector through bank lending and PDS rose by RM5.8 billion. Financing through the equity market also rose significantly. All the six initial public offerings (IPOs) raised during the quarter were oversubscribed and traded at a premium over their offer price at the end of their first day of trading.

22. During the fourth quarter, the Corporate Debt Restructuring Committee (CDRC) resolved another seven debt restructuring cases with debts amounting to RM7.8 billion which included the resolution of the three large debt restructuring cases. The debt restructuring exercise of the corporate sector was further enhanced by the operational restructuring undertaken in the form of disposal of non-core assets and the separation of ownership and management.

23. In the fourth quarter, RM7.7 billion of NPLs (in terms of loan rights acquired) held by Danaharta were restructured or approved for restructuring. The cumulative amount of NPLs restructured or approved for restructuring amounted to RM47.69 billion or 99.9% of the RM47.72 billion of NPLs under Danaharta's portfolio as at end-December 2001. Danaharta is expected to now focus on implementing approved recovery strategies until its targeted closure date of 2005. Danaharta expects an average recovery rate of 56%, assuming a zero recovery rate on defaulted cases. A significant development during the quarter was the completion of Danaharta's first securitisation exercise of its performing loans through a special purpose vehicle, Securita ABS One Berhad (Securita). The securitisation exercise involved Securita issuing RM310 million AAA-rated Senior Notes backed by approximately RM595 million worth of performing loans that have been sold to Securita by the Danaharta Group of companies. The funds raised from the securitisation exercise will be in part used to redeem Danaharta's bonds.

24. The amount of NPLs in the banking system continue to remain at manageable levels. The amount of net NPLs and net NPL ratio amounted to RM32.8 billion and 8.1% respectively as at end-December 2001. As at the end of January 2002, the net NPL ratio of the banking system increased to 8.4%, largely due to the reclassification of loans that were under the restructuring scheme that could not be implemented. During the quarter, increases in the capital of several banking institutions to meet minimum capital requirements contributed to the improvement in the risk-weighted capital ratio (RWCR) and core capital ratio (CCR) of the banking system. RWCR and CCR rose to 12.8% and 10.8% respectively as at end-December 2001.

25. Reflecting the improvement in banking system soundness, the amount of capital injected by Danamodal into the banking system declined to RM2.1billion as at end-December 2001, following the takeover of Danamodal's equity interest in a finance company in conjunction with the merger exercise.

Bank Negara Malaysia
27 February 2002

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

	2001				
	1Q	**2Q**	**3Q**	**4Q**	**Year**
	Annual change (%)				
Agriculture	13.8	1.9	-2.0	-1.4	2.5
Mining	-0.9	0.8	1.4	-0.4	0.2
Manufacturing	3.7	-6.7	-8.4	-8.5	-5.1
Construction	0.9	3.2	2.6	2.5	2.3
Services	3.4	6.0	4.7	5.5	4.9
Real GDP (Ann. Chg.)	**3.1**	**0.5**	**-1.2**	**-0.5**	**0.4**
Real GDP (Preceding. Chg.)	**-3.8**	**1.0**	**1.0**	**1.4**	**-**

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

	2000				2001			
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
	Annual change in %							
Consumption	12.7	13.4	6.6	7.8	5.2	2.5	4.4	6.4
Private sector	*14.5*	*13.4*	*11.3*	*9.9*	*4.1*	*1.6*	*2.1*	*3.5*
Public sector	*3.8*	*13.2*	*-8.0*	*1.3*	*11.5*	*5.9*	*12.9*	*16.2*
Gross fixed capital formation	21.0	32.6	32.6	11.3	9.1	0.2	-9.3	-7.2
Exports of goods & services	21.0	16.8	19.9	8.3	6.7	-5.9	-16.8	-11.9
Imports of goods & services	25.7	27.7	32.0	12.8	7.5	-8.2	-20.1	-10.4
GDP	**11.7**	**8.0**	**7.6**	**6.3**	**3.1**	**0.5**	**-1.2**	**-0.5**

Table 3: Performance in the Manufacturing Sector

	2000				2001			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Annual change (%)							
Value-added (RM million at 1987 prices)	**27.3**	**20.9**	**20.3**	**16.4**	**3.7**	**-6.7**	**-8.4**	**-8.5**
Overall Production	**32.1**	**25.7**	**23.8**	**19.7**	**4.2**	**-7.9**	**-10.5**	**-10.2**
Export-oriented industries	33.0	25.5	24.7	21.3	2.0	-11.4	-15.5	-14.7
of which:								
Non-resource based								
* *Electronics*	*49.8*	*46.9*	*46.4*	*37.8*	*-1.2*	*-25.3*	*-27.5*	*-23.6*
* *Electrical*	*32.4*	*28.9*	*32.5*	*22.2*	*8.6*	*3.4*	*-10.4*	*-6.3*
* *Textiles & wearing apparel*	*12.3*	*5.0*	*13.0*	*5.3*	*3.0*	*-9.7*	*-11.4*	*-14.8*
Resource-based								
* *Chemicals and chemical products*	*25.6*	*17.1*	*10.2*	*9.2*	*-1.6*	*-7.2*	*-8.2*	*-13.3*
* *Off-estate processing*	*46.5*	*0.5*	*-2.2*	*15.0*	*10.4*	*13.5*	*4.0*	*3.7*
* *Rubber products*	*7.0*	*0.8*	*3.8*	*4.7*	*10.8*	*4.2*	*-0.7*	*-0.4*
* *Wood and wood products*	*2.7*	*1.4*	*6.2*	*5.8*	*12.4*	*1.3*	*-2.0*	*-5.3*
Domestic-oriented industries	29.2	26.4	20.7	14.1	12.1	4.3	7.2	6.5
of which:								
Non-resource based								
* *Transport equipment*	*33.8*	*22.8*	*13.2*	*10.9*	*18.9*	*18.4*	*23.2*	*21.5*
* *Fabricated metal products*	*41.8*	*35.8*	*38.2*	*22.6*	*10.6*	*6.4*	*4.7*	*-4.3*
* *Iron & steel and non-ferrous metal*	*30.8*	*24.7*	*15.6*	*0.3*	*9.6*	*-7.3*	*-2.4*	*1.8*
Resource-based								
* *Non-metallic mineral products*	*27.4*	*20.7*	*22.2*	*13.7*	*15.4*	*9.7*	*6.6*	*8.1*
* *Petroleum products*	*15.1*	*39.3*	*15.2*	*12.1*	*21.0*	*8.7*	*18.6*	*30.4*
Total Manufactured Exports	**20.4**	**18.1**	**23.9**	**7.0**	**3.5**	**-9.1**	**-20.4**	**-12.4**
* Electronics	18.2	15.1	21.2	7.0	-2.1	-18.5	-26.5	-16.0
- *Semiconductors*	*9.7*	*4.6*	*9.3*	*10.7*	*15.1*	*-15.1*	*-30.4*	*-22.8*
- *Electronic equipment and parts*	*24.6*	*24.4*	*31.9*	*4.2*	*-13.6*	*-21.0*	*-23.6*	*-10.5*
* Electrical products	34.7	28.8	33.3	13.8	9.4	6.2	-16.8	-12.6
* Wood and wood products	-5.3	0.4	-2.7	-3.1	-0.5	-9.1	-17.7	-17.4
* Furniture & parts	34.5	24.3	13.1	-5.0	-9.9	-16.2	-16.9	-10.5
* Textiles, clothing & footwear	19.0	7.3	13.2	3.1	-5.1	-8.3	-18.7	-19.6
* Optical & scientific equipment	27.9	40.9	53.5	39.9	29.9	23.4	3.2	7.2
* Chemicals and chemical products	39.4	46.4	46.6	12.3	21.9	-1.8	-15.9	-2.5
* Petroleum products	147.0	126.5	85.1	19.0	39.5	-2.5	-8.3	-8.0
* Rubber products	-6.8	-11.7	-0.2	-10.1	-4.0	0.1	-12.4	-2.4

Table 4
Manufacturing : Capacity Utilisation

Industry	Average capacity utilisation			
	2001			
	1Q	2Q	3Q	4Q [P]
Overall	**78**	**75**	**72**	**79**
Export-oriented	**78**	**70**	**68**	**79**
of which:				
Electronics	*68*	*67*	*62*	*78*
Electrical products	*87*	*82*	*75*	*82*
Chemicals and chemical products	*96*	*81*	*84*	*83*
Domestic-oriented	**77**	**83**	**80**	**79**
of which:				
Petroleum products	*78*	*77*	*85*	*85*
Non-metallic mineral products	*66*	*85*	*64*	*65*
Transport equipment	*91*	*97*	*96*	*95*

[P] Preliminary

Source : Quarterly Manufacturing Capacity Utilisation Survey

Table 5: Performance in the Services Sector
(Value added in RM million at 1987 prices)

	2001				
	1Q	2Q	3Q	4Q	Year
	Annual change in %				
Intermediate services	**4.3**	**10.1**	**5.6**	**6.0**	**6.5**
Transport, storage & communication	6.5	7.8	4.5	2.4	5.2
Finance, insurance, real estate & business services	2.9	11.6	6.4	8.3	7.3
Final Services	**2.8**	**3.5**	**4.1**	**5.2**	**3.9**
Electricity, gas & water	5.1	5.8	7.1	4.5	5.6
Wholesale & retail trade, hotels & restaurants	1.7	1.8	3.2	6.2	3.3
Government services	3.1	7.1	6.1	5.4	5.4
Other services	3.5	2.3	2.5	3.4	2.9
Total Services	**3.4**	**6.0**	**4.7**	**5.5**	**4.9**

Source: Department of Statistics

Table 6: Performance in the Mining Sector

	2000				2001			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Annual change in %							
Value Added (RM million at 1987 prices)	**3.9**	**5.6**	**2.7**	**0.6**	**-0.9**	**0.8**	**1.4**	**-0.4**
Production								
Of which:								
Crude oil and condensates ('000 barrels)	1.0	4.1	-5.4	-4.1	-4.2	-2.8	-0.7	-1.0
Natural gas (million standard cubic feet)	11.0	10.1	11.5	10.6	5.9	5.2	2.8	-0.9
Exports (RM million)	**111.6**	**65.2**	**42.5**	**28.8**	**1.5**	**-3.7**	**-14.9**	**-30.6**
Of which:								
Crude oil								
('000 tonnes)	0.1	-10.9	-8.7	-4.1	-1.7	-4.6	-13.4	-18.0
(US$/barrel)	118.6	78.5	56.2	33.3	3.7	-0.8	-16.4	-36.7
(RM million)	118.8	59.0	42.6	27.9	2.0	-5.3	-27.7	-48.1
Liquefied natural gas								
('000 tonnes)	4.8	-1.0	4.7	-0.1	-4.8	5.0	5.4	-1.9
(RM/tonne)	109.5	99.9	59.3	51.8	5.7	1.1	-2.0	-8.8
(RM million)	119.5	98.0	66.7	51.7	0.6	6.2	3.3	-10.5

Source: Department of Statistics

Table 7: Performance in the Agriculture Sector

	2000				2001			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Annual change in %							
Value Added (RM million at 1987 prices)	**-0.7**	**-3.7**	**1.7**	**5.0**	**13.8**	**1.9**	**-2.0**	**-1.4**
Production [1/]								
Of which:								
Crude palm oil	25.5	-15.7	-2.1	11.8	27.6	17.2	2.4	-4.1
Rubber	-29.1	-14.6	-15.5	-18.3	-11.7	-21.8	-6.3	-5.7
Saw logs	24.8	5.6	1.5	-3.5	-16.3	-14.2	-16.8	-14.8
Cocoa	-14.4	-17.5	-34.8	9.5	-6.7	-14.6	-11.2	-37.5
Exports (RM million)	**-7.0**	**-19.0**	**-17.3**	**-22.7**	**-16.9**	**-17.6**	**-13.3**	**-4.8**
Of which:								
Palm oil								
('000 tonnes)	30.5	-11.9	-16.1	3.1	24.4	36.8	13.5	3.0
(RM/tonne)	-42.2	-30.8	-19.5	-30.3	-34.0	-29.8	-6.3	10.8
(RM million)	-24.5	-39.0	-32.4	-28.1	-17.9	-4.0	6.3	14.1
Rubber								
('000 tonnes)	4.1	-3.0	-0.8	-2.3	-6.5	-18.7	-21.6	-16.5
(Sen/kg)	15.3	18.5	12.5	-3.4	-12.0	-15.1	-10.3	-14.5
(RM million)	20.1	14.9	11.5	-5.6	-17.7	-31.0	-29.7	-28.6
Saw logs								
('000 cu. metres)	10.4	4.1	-8.5	-16.0	-26.9	-31.7	-24.4	-18.2
(RM/cu. metre)	0.8	-3.3	-2.5	-5.6	-7.6	-17.5	-23.8	-20.4
(RM million)	11.3	0.7	-10.8	-20.7	-32.4	-43.6	-42.4	-34.9

1/ In '000 tonnes, except for saw logs in '000 cubic metres
Source: Department of Statistics

Table 8: Trade Account

	2000				2001			
	1Q	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**
	Annual change in %							
Gross Exports	22.0	16.8	21.6	5.8	1.7	-8.9	-19.2	-13.2
Manufacturing	*20.4*	*18.1*	*23.9*	*7.0*	*3.5*	*-9.1*	-20.4	-12.4
Agriculture	*-7.0*	*-19.0*	*-17.3*	*-22.7*	*-16.9*	*-17.6*	-13.3	-4.8
Minerals	*111.6*	*65.2*	*42.5*	*28.8*	*1.5*	*-3.7*	-14.9	-30.6
Gross Imports	26.7	31.7	33.4	11.5	7.3	-10.3	-22.5	-10.3
Capital goods	*28.2*	*58.1*	*39.8*	*28.9*	*42.4*	*-5.2*	-24.4	-2.6
Intermediate goods	*29.1*	*32.0*	*36.3*	*11.8*	*2.1*	*-11.9*	-25.6	-14.7
Consumption goods	*25.1*	*22.0*	*13.7*	*2.8*	*5.0*	*1.5*	-5.8	11.4
Trade balance (RM bn)	**16.8**	**12.4**	**15.2**	**17.4**	**13.3**	**12.4**	**15.2**	**12.8**

Source: Department of Statistics, Malaysia

Table 9: Balance of Payments

	2000	2001			
	4th. Qtr.	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	4th. Qtr.
	RM million				
Gross exports (f.o.b.)	95,979	86,152	82,826	82,163	83,280
Gross imports (c.i.f.)	78,569	72,806	70,432	66,987	70,467
Trade balance	**17,410**	**13,346**	**12,394**	**15,176**	**12,813**
International Reserves (end-period)	113,541	103,279	98,836	112,934	117,203
- US$ million equivalent	29,879	27,179	26,010	29,720	30,843

Table 10: External Debt Outstanding

	2001			
	1Q	**2Q**	**3Q**	**4Q**
	RM billion			
Medium & Long-term debt	138.3	139.7	144.4	146.4
Short-term debt	17.8	18.4	20.4	23.3
Total external debt	156.1	158.1	164.8	169.8
-US$ billion equivalent	41.1	41.6	43.4	44.7

Table 11: Federal Government Finance

	2001p									
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
	RM billion					Annual change in %				
Revenue	14.6	20.7	18.5	25.7	79.6	30.4	24.3	19.8	38.7	28.6
Operating expenditure	11.3	13.4	14.3	24.8	63.8	44.8	4.8	-2.3	16.1	12.7
Current account	**3.3**	**7.4**	**4.2**	**1.0**	**15.8**					
Gross development expenditure	5.3	5.7	7.3	16.9	35.2	110.1	-0.1	10.4	29.1	26.1
Loan recoveries	0.4	0.1	0.2	0.3	1.0					
Overall balance	**-1.6**	**1.8**	**-3.0**	**-15.6**	**-18.4**					
Memo item:										
Total Federal Government debt (as at end period)	128.9	129.3	138.4	145.8						

P/ Preliminary

Table 12: Monetary Indicators

	2000				2001			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Annual growth (%-end period)							
M1	28.4	13.7	8.3	6.5	5.2	4.4	11.6	3.2
M2	10.1	6.8	4.9	5.2	3.6	3.0	5.0	2.2
M3	6.0	4.1	5.1	5.0	4.5	4.0	5.4	2.8
Loans[1/]	0.6	2.1	3.6	5.5	5.5	6.0	5.7	3.6
Deposits	3.3	2.3	3.5	3.2	2.8	3.6	4.0	1.8
	During the quarter (RM billion)							
Approvals	28.9	34.8	36.8	34.4	29.7	31.1	35.3	29.6
Disbursements	84.1	86.1	91.8	98.8	91.2	93.1	93.6	94.0
Repayments	87.0	78.8	89.8	91.5	89.3	86.2	91.8	96.7
	At end period (%)							
Interbank rates								
1-month	2.75	2.69	3.00	3.05	2.99	2.99	2.81	2.97
3-month	3.19	3.19	3.29	3.25	3.04	3.00	3.28	3.27
Fixed deposits of commercial banks								
1-month	3.22	3.20	3.44	3.44	3.44	3.44	3.20	3.20
3-month	3.28	3.26	3.48	3.47	3.46	3.45	3.21	3.21
BLR of commercial banks	6.79	6.75	6.76	6.78	6.79	6.79	6.39	6.39
	Average annual growth (%)							
Consumer Price Index (CPI) (2000=100)	1.5	1.4	1.5	1.8	1.5	1.6	1.4	1.2
Producer Price Index (PPI) (1989=100)	3.9	5.6	4.1	-1.0	-4.7	-4.7	-4.3	-6.4

1/ Including loans sold to Cagamas and Danaharta.

Table 13: KLSE: Selected Market Indicators

	As at end			
	2000	2001		
	4th qtr	2nd qtr	3rd qtr	4th qtr
Price Indices				
- Composite	679.64	592.99	615.34	696.09
- EMAS	159.77	142.29	145.84	165.23
- Second Board	132.98	106.93	109.61	134.13
Average daily turnover				
- Volume (million units)	125.8	121.5	306.8	276.4
- Value (RM million)	352.9	225.6	485.3	427.4
Market Capitalisation (RM b)	444.35	403.49	411.35	464.98
No. of Companies Listed	795	809	807	812

Table 14: Corporate Debt Restructuring Committee

		2000				2001			
		Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Applications Received	No.	68	71	75	75	75	75	84	86
	(RM mil.)	36,519	39,643	45,939	47,210	47,210	47,379	65,899	66,813
Withdrawn/Rejected Cases	No.	13	16	18	21	21	21	22	23
	(RM mil.)	2,760	3,823	4,073	7,826	7,826	7,826	9,516	10,069
Cases Accepted	No.	55	55	57	54	54	54	62	63
	(RM mil.)	33,759	35,820	41,866	39,384	39,384	39,553	56,383	56,744
Resolved*	No.	19	25	30	33	35	37	36	42
	(RM mil.)	14,061	18,346	24,039	26,431	26,771	28,531	28,161	35,386
Outstanding**	No.	36	30	27	21	19	17	26	21
	(RM mil.)	19,698	17,474	17,827	12,953	12,613	11,022	28,222	21,358

* Includes cases transferred to Danaharta which have been resolved
**Includes cases transferred to Danaharta which are still outstanding

Table 15: Danaharta

	2000			2001			
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Total Loan Rights Acquired (RM b)	46.8	46.8	47.5	48.0	48.0	48.1	47.7
- Acquired	*20.5*	*20.5*	*20.4*	*20.4*	*20.1*	*20.1*	19.8
- Under Management	*26.3*	*26.3*	*27.1*	*27.6*	*27.9*	*28.0*	27.9
Total Loan Rights Acquired (RM b)	46.8	46.8	47.5	48.0	48.0	48.1	47.7
- Restructured / Approved for Restructuring	31.5	33.7	35.1	38.7	39.1	40.1	47.7
- Yet to be Restructured	15.3	13.1	12.4	9.3	8.9	8.0	**
Expected Average Recovery Rates (%) [1]	73	74	66	60	57	57	56

**Negligible

[1] The average recovery rates have been on a general declining trend because the easier loans (i.e. those with greater potential for recovery) were dealt with first.

Source: Pengurusan Danaharta Nasional Berhad

Table 16: Banking System Health Indicators

	2000				**2001**			
	Mar.	**Jun.**	**Sep.**	**Dec.**	**Mar.**	**Jun.**	**Sep.**	**Dec.**
Capital								
Core-capital ratio (%)	10.6	10.7	10.8	10.7	10.2	10.5	10.5	10.8
RWCR (%)	13.0	13.0	13.1	12.5	12.1	12.6	12.5	12.8
Net NPL (6-month classification)								
Banking system (%)	6.3	6.5	6.7	6.3	7.1	8.0	8.2	8.1
Banking system (RM mil)	23,553	24,574	25,858	24,700	27,989	32,292	32,995	32,775
GP/Net total loans (6-month, %)	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9

* Beginning June 1999 onwards, the figures include Islamic banks