BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SIARAN AKHBAR

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ECONOMIC AND FINANCIAL DEVELOPMENTS IN MALAYSIA IN THE FIRST QUARTER OF 2017

The Malaysian economy expanded by 5.6% in the first quarter of 2017

Growth was lifted by stronger domestic demand, particularly private sector spending. From the supply side, the improvement was driven mainly by the turnaround in the agriculture sector and higher growth in manufacturing and services sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (4Q 2016: 1.3%). Headline inflation rose to 4.3% due to higher fuel prices.

Domestic financial stability was preserved

Domestic financial market conditions remained orderly. While the share of non-resident holdings of public debt securities declined to 24.7% (4Q 2016: 30.6%), domestic institutional investors were able to absorb the bonds sold by non-residents. Long-term investors continued to be the main holders of domestic securities. Growth in household debt slowed further to 5.2% (4Q 2016: 5.4%). Financing conditions were supportive of the economy with eligible borrowers continuing to have access to financing.

Going forward, the Malaysian economy is expected to be supported by domestic demand

The economy is on track to register higher growth in 2017. Domestic demand is projected to continue to expand. Exports are expected to benefit from the improvement in global growth. While inflation increased in the first quarter, it is expected to moderate from the second quarter onwards.

The Bank also wishes to feature two issues. The first – “Central Banking and Inequality: The Current State of the Conversation” – highlights the impact of inequality on the effectiveness of monetary policy. The second on “The Sharing Economy – Harnessing the Value of Idle Assets” explores the benefits, concerns and policy considerations in further developing the sharing economy in Malaysia.

Bank Negara Malaysia
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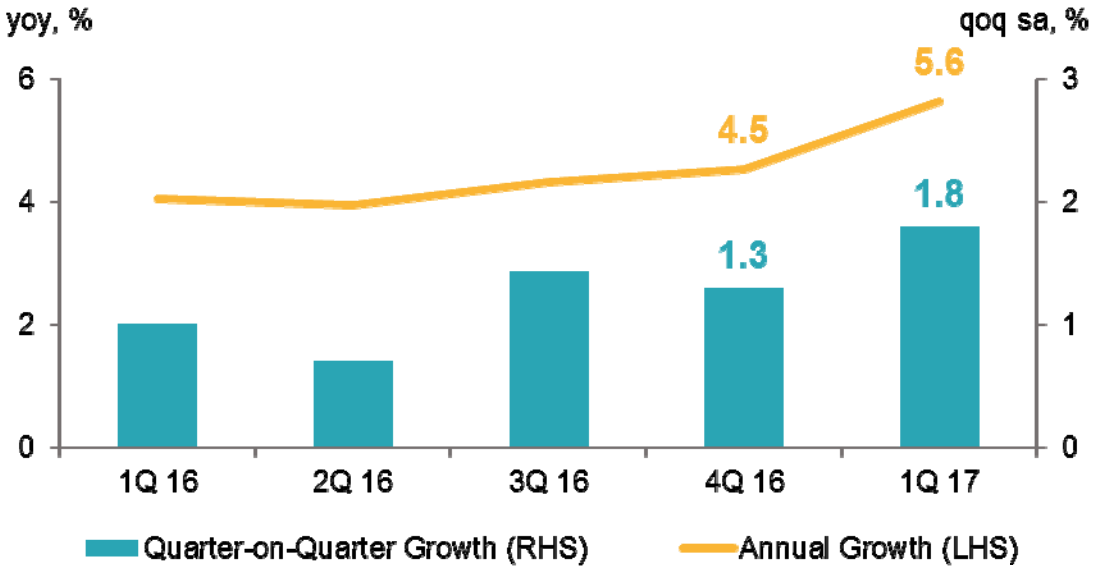
Chart: Malaysian GDP Growth



Source: Department of Statistics, Malaysia

Table: GDP by Economic Activity (at constant 2010 prices)

Annual growth (%)	Share 2016 (%)	2016			2017
		1Q	4Q	Year	1Q
Services	54.3	5.1	5.5	5.6	5.8
Manufacturing	23.0	4.6	4.7	4.4	5.6
Mining	8.8	-1.2	5.0	2.2	1.6
Agriculture	8.1	-3.8	-2.5	-5.1	8.3
Construction	4.5	8.0	5.1	7.4	6.5
Real GDP	**100.0**[1]	**4.1**	**4.5**	**4.2**	**5.6**

[1] Numbers do not add up due to rounding and exclusion of import duties component

Source: Department of Statistics, Malaysia

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