BANK NEGARA MALAYSIA
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Key Highlights of Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2002

Momentum of Growth Sustained

In the fourth quarter of 2002, the momentum of growth in the Malaysian economy was sustained, with real GDP on an annual basis increasing by 5.6% (3Q 2002: 5.8%). The main impetus to growth emanated from stronger growth in private consumption and continued recovery in exports and investment. Growth was also broad-based and expansion was recorded in all sectors of the economy, with growth in the services and mining sectors accelerating, whilst output growth in the manufacturing sector remained favourable.

Higher Funding for the Economy, while Loans to Small Businesses Expanded

2. The monetary and banking environment was strongly supportive of sustaining growth during the quarter. Loans disbursed in the fourth quarter were the highest recorded since 1996, with rapid growth of 11%. In line with the recovery in investments, a higher share of loans was channeled to business-related activities (65.7% of total disbursements), particularly for manufacturing activities (25.2%) and the wholesale and retail trade (16.2%). At the same time, loan approvals rose strongly by 13.6%. Small businesses also saw greater access to loans, with loans to businesses of size below RM100,000 turning around to expand at a high double-digit level of 17.8% in

2002 (-15.7% in 2001). Small loans of size below RM100,000 rose strongly by 15%, while loans of sizes between RM100,000 to RM500,000 expanded by 12%, significantly higher than the overall loan growth of 4.3%.

Stronger Banking System with Greater Resilience

3. The banking system gained further strength with improved resilience, given high capitalisation and rising asset quality. Net NPLs (6-month classification) declined during the fourth quarter to RM31.7 billion or 7.5% of net total loans and the RWCR and core capital of the banking system remained high at 12.8% and 10.7%, respectively. The strong domestic banking system provides a stable foundation to support growth in an increasingly more challenging external environment.

Growth Sustainable into 2003

4. For the year 2002 as a whole, real GDP expanded by 4.2%, supported by strong domestic and improved external demand conditions. The improved economic performance was attained amidst a low inflation environment and stable labour market conditions. The external position remained strong, with the net international reserves increasing by RM2.4 billion or US$0.6 billion in the quarter to RM131.5 billion or US$34.6 billion as at end-2002. In 2003, growth is expected to be supported by a modest world economic growth, some recovery in the global electronics industry, firm commodity export prices and stronger expansion in intra-regional trade. The improved fundamentals would enable the private sector to resume the role in leading growth. Malaysia's strengthened fundamentals have enhanced the economy's resilience to any development emanating from the external sector.

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26 February 2003

PRESS RELEASE

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

Growth sustained in the fourth quarter

The momentum of growth in the Malaysian economy was sustained in the fourth quarter of 2002, with real GDP posting growth of 5.6% (3Q 2002: 5.8%). The favourable growth was attributable to the continued expansion in both domestic demand and exports and the strong underlying fundamentals in the economy.

2. The pick-up in growth in the second-half year led to real GDP expanding by 4.2% for the year 2002 as a whole. During the year, the main impetus to growth came from domestic demand, reinforced by the favourable export performance. Growth in domestic demand was driven by strong consumer spending, continued recovery in investment activity and the expansion in public sector expenditure.

3. Growth in private consumption was sustained at a favourable pace, supported by the positive and cumulative effects of lower interest rates, higher incomes, greater access to credit and favourable commodity prices. Growth in private consumption picked up during the fourth quarter and was broad-based. Disposable incomes of employees in both the public and private sectors were enhanced by year-end bonus payments, while rural consumption was supported by the sharp increase in agricultural commodity prices. Indicators of private consumption spending, including service tax, credit card spending and loans disbursed for consumption credit, recorded increases during the quarter. Meanwhile, growth in public consumption moderated as higher expenditure on emoluments was partially offset by lower expenditure on other components.

4. The second-half year also saw a recovery in investment activity. Gross fixed capital formation which turned around in the third quarter strengthened further by 9.8% (3Q 2002: 2.6%) in the fourth quarter. The improved performance was supported by higher development expenditure by the Federal Government on housing and public utilities, and reinforced by the continued recovery in private sector investment activity, mainly for the upgrading of equipment and some capacity expansion. Indicators reflecting the continued recovery in private investment

included the higher loan disbursements to the manufacturing and construction sectors and increases in imports of capital goods in November and December. Continued private investment activity was visible in the manufacturing and oil and gas as well as the services sectors.

Growth was broad based

5. Growth in the fourth quarter of 2002 was broad based and characterised by growth in all sectors of the economy. Growth in the services and mining sectors strengthened, while in the manufacturing sector, output growth remained favourable. The improved performance of the services sector was attributable to stronger domestic demand as well as continued expansion in trade and tourism-related activities. In the manufacturing sector, activity was sustained by both the export-oriented and domestic-oriented industries. Meanwhile, higher production of oil and natural gas resulted in a significant pick-up in growth of the mining sector. The agriculture and construction sectors continued to record positive growth.

6. Growth in the services sector strengthened to 4.9% in the fourth quarter (3Q: 3.7%), with improved performances experienced in most sub-sectors. Growth in the utilities sub-sector picked up due to increased electricity consumption, while higher consumer spending and a significant increase in tourist arrivals supported activities in the wholesale and retail trade, hotels and restaurants sub-sector. Similarly, the transport, storage and communication sub-sector recorded higher growth on account of improved performance in the air transportation industry as well as increased port activity, including transhipment. Supported by activity in the banking and insurance sub-sectors, the finance, insurance, real estate and business services sub-sector continued to expand during the quarter.

7. Value added in the manufacturing sector expanded by 5.8% in the fourth quarter (3Q: 7.3%), with growth supported by continued expansion in the export-oriented industries (9.2%; 3Q: 11.2%), while the performance of the domestic-oriented industries moderated (0.9%; 3Q: 1.5%). In the export-oriented industries, production of chemicals and chemical products was stronger at 13.1%, while output growth in the electronics industry moderated, but remained strong. Growth of semiconductor exports of 36.2% during the quarter was sustained by strong demand from the East Asian market (excluding Japan). The moderation in output growth of the domestic-oriented industries was due largely to lower output in the transport

equipment, fabricated metal and petroleum products industries. The transport equipment industry was affected by moderation in demand for passenger cars towards the end of the year. However, stronger expansion was recorded in the iron and steel products, food and paper products industries. The overall capacity utilisation rate in the manufacturing sector remained high at 82% (3Q: 84%), with export- and domestic-oriented industries operating at 84% and 80%, respectively (3Q: 85% and 82%, respectively).

8. Growth in the construction sector was slower at 0.5% in the fourth quarter (3Q: 2.6%). Although 360,000 work permits were approved to alleviate temporary labour shortages, there was a time lag for workers to return to construction sites, particularly in the residential sub-sector. The overhang in the non-residential sub-sector continued to remain large. Activity in the civil engineering sub-sector, however, was strong during the quarter, supported by increased spending on public projects.

9. Value added growth in the agriculture sector remained in expansionary mode and rose by 2.5% in the fourth quarter of 2002 despite the sharply slower increase in crude palm oil production (1.6%; 3Q: 13%). The less favourable crude palm oil production was due to lower yields as well as the high base effect in the corresponding period of 2001. Growth was also supported by the substantially improved performance of the rubber and cocoa sub-sectors. The increase in rubber was induced by higher prices, while cocoa production rose due to better weather conditions amidst higher prices. The sharp improvement in prices of major commodities had a significant impact for the year. Prices during the fourth quarter were 50 – 70% higher than a year ago, with crude palm oil, rubber and cocoa prices rising to RM1,543 per tonne, 314 sen per kilogramme and RM6,166 per tonne, respectively.

10. Value added growth in the mining sector strengthened to 9.5% on account of higher production of both crude oil and natural gas amidst favourable global prices. Crude oil production increased by 4.9% to 610,140 barrels per day, while natural gas production rose by 9.6% to meet the rise in demand.

Lower inflation

11. Inflation, as measured by the Consumer Price Index (CPI) was lower at 1.8% (2.1% in the third quarter). The softening in the CPI was accounted mainly by the effect of the one-off price adjustments on retail petrol prices and sales tax on tobacco products, which were implemented at end-October 2001.

Labour market conditions remained stable

12. The labour market conditions remained stable with the unemployment rate for 2002 remaining below 4%.

External position remained strong

13. Exports continued to expand in the fourth quarter, registering a strong annual growth of 9.6%. Exports of manufactured products increased by 5.1%, with strong growth in semiconductors, chemical products, wood products and household electrical appliances. Growth in agriculture and mining exports accelerated by 48.7% and 30.4%, respectively, reflecting mainly the significant terms of trade improvements for all major commodity exports and volume increases. Exports to China and the ASEAN countries continued to expand strongly by 34.4% and 10.5%, respectively.

14. During the quarter, import growth moderated to 9%, reflecting lower growth in imports of both intermediate and capital goods at 7% and 6.6%, respectively. Consequently, the trade surplus was larger at RM14.8 billion (3Q 2002: RM13.5 billion).

15. For the year 2002, exports expanded by 6%, while imports grew at the rate of 8.3%, in line with the stronger growth in domestic demand. The trade account maintained a sizeable surplus of RM50.9 billion (RM54.1 billion in 2001).

16. Services exports improved during the fourth quarter. Tourist arrivals continued to remain strong, with 3.3 million arrivals (3Q 2002: 3.3 million). Tourists from the East Asian region (excluding Japan) accounted for the majority (80%) of arrivals.

17. Inflows of funds for investment were higher during the quarter. Based on the Cash BOP Reporting System of Bank Negara Malaysia, gross inflows of FDI in the form of direct equity and inter-company loans amounted to RM3.9 billion in the fourth quarter. The inflows of FDI were distributed among a broader group of industries, in particular the oil and gas and manufacturing sectors as well as the services sector for new investments and acquisitions. After adjusting for outflows due mainly to loan repayment by related companies and to a lesser extent, liquidation of businesses in Malaysia by non-resident investors to residents, FDI recorded a net inflow of RM0.4 billion. Meanwhile, overseas investment recorded a net outflow of RM2.1 billion, led mainly by some large companies in the oil and gas, manufacturing and utilities sectors. Portfolio investment recorded a net outflow of RM3.7 billion during the quarter against a background of a more cautious global economic outlook and heightened geopolitical risks.

18. The international reserves of Bank Negara Malaysia continued to rise in the fourth quarter of 2002. The net international reserves increased by RM2.4 billion or US$0.6 billion to RM131.5 billion or US$34.6 billion as at end- 2002, compared with the end-September level. The increase in reserves was due mainly to the sustained repatriation of export earnings, steady inflows of FDI as well as unrealised exchange revaluation gains following the appreciation of the euro and yen against the US dollar during the fourth quarter. The inflows were more than sufficient to finance payments for imports of goods and services, larger repatriation of profits and dividends, repayment of external debt, overseas investment by Malaysian corporations and portfolio outflows.

19. For 2002 as a whole, the net international reserves increased by RM14.3 billion or US$3.8 billion, after taking into account a total net exchange revaluation gain of RM6.6 billion or US$1.7 billion for the year. As at 14 February 2003, the outstanding net international reserves of RM131 billion or US$34.5 billion remained useable and unencumbered. This reserves position is adequate to finance 5.3 months of retained imports and is 4.3 times the short-term external debt.

20. Malaysia's external debt position remained at a manageable level in the fourth quarter. Total external debt amounted to RM185.3 billion (US$48.8 billion) as at end-December, equivalent to about 56% of GNP. The medium and long-term external debt increased marginally to RM153.8 billion or US$40.5 billion due mainly

to the net drawdown of external loans by the public sector. As at end-December, the short-term external debt increased by 21.2% to RM31.6 billion, reflecting mainly higher foreign currency borrowings by commercial banks. The short-term debt, equivalent to 17% of total external debt and 24% of the net international reserves of Bank Negara Malaysia, remained within prudential limits.

Lower fiscal deficit

21. The fiscal deficit of the Federal Government improved in the fourth quarter compared with the corresponding quarter in 2001. The lower deficit was mainly on account of better revenue performance (+6.3%) as well as lower expenditure (-9%). As faster disbursements during the course of the year have prevented the bunching of disbursements towards year-end, the impact of fiscal spending on the economy was felt throughout the year. The overall deficit of RM9.8 billion for the quarter under review was largely financed through domestic borrowings and some drawdown of the realisable assets of the Government.

Monetary conditions supported economic expansion

22. The improved economic and favourable monetary conditions of low and stable interest rates contributed towards the continued expansion in financing activities of the private sector in the fourth quarter. Reflecting underlying demand for finance and the low borrowing cost, gross financing raised by the private sector from the banking system and capital market increased significantly at an annual rate of 7.7% or RM9.6 billion during the quarter (+8.8% compared with the previous quarter). Loan disbursements in the fourth quarter were the highest recorded since 1996. Loans to households continued to increase at a strong pace (+8.9% on an annual basis). In line with the recovery in investments, a higher share of loans was channelled to business-related activities (65.7% of total disbursements), particularly for manufacturing activities (25.2%), wholesale and retail trade (16.2%), construction (6.6%) and finance, insurance and business services (6.5%). Gross PDS issuances during the quarter amounted to RM10.6 billion, an increase of 71%.

Loans to small businesses expanded

23. Outstanding loans extended by the banking system rose by RM3 billion or 0.6% in the fourth quarter (+RM4.3 billion in 3Q 2002), moderated by loan repayments of RM104.7 billion, loans written off and conversions of RM4.7 billion. Including loans written off and conversions, outstanding loans increased by RM7.7 billion or 1.5% during the period.

24. An analysis of loans by size showed that outstanding loans to small borrowers of below RM100,000, and between RM100,000 and RM500,000 expanded more rapidly by 15% and 12%, respectively, in 2002 (12% and 11%, respectively in 2001), significantly higher than the overall loan growth of 4.3%. As a result, this raised the share of small loans of size below RM100,000, and between RM100,000 and RM500,000 to 30% and 23% of total outstanding loans respectively (27% and 21% of total loans respectively as at end-2001). Of significance, the allocation of credit during the year favoured the small businesses. Loans to businesses of size below RM100,000 expanded sharply by 17.8% in 2002 (-15.7% in 2001).

Pegged ringgit exchange rate remains sustainable

25. In line with the movements of the US dollar, the ringgit depreciated against major currencies and most regional currencies in the fourth quarter of 2002. On a trade weighted basis, the ringgit remained close to its fair value and the ringgit peg continued to accord certainty and stability for businesses in an environment of greater volatility in global exchange rates and financial markets. The ringgit peg is sustainable and remains consistent with the strong fundamentals of the economy, the low inflation, the continued surplus in the current account, the high level of international reserves, low level of external debt and a resilient and well-capitalised banking sector.

Banking System: high capitalisation

26. The resilience of the banking system was further enhanced with improved asset quality combined with high capitalisation during the fourth quarter of 2002. The net NPLs (6-month classification) declined during the fourth quarter to RM31.7 billion or 7.5% of net total loans on account of high recoveries, while provisions remained ample with the loan loss coverage (including collateral) at 161.6% as at end-

December 2002. The capital position remained strong with RWCR of 12.8% and core capital of 10.7%. The marginal decline in the RWCR from the previous quarter was attributable to a reduction in the capital base of RM0.9 billion arising from an increase in investment in subsidiary companies following the merger conclusion of two commercial banks.

Going forward, continued economic expansion ……

27. Despite greater uncertainties in the global environment, the growth prospects for Malaysia remain positive. While growth will continue to depend on the performance of the global economy, it will benefit from sustained domestic demand and the expansion in intra-regional trade. Growth in 2003 is expected to be supported by a modest world economic growth, some pick-up in the global electronics industry, firm commodity export prices and stronger expansion in intra-regional trade. The continued increase in imports of intermediate goods is indicative of sustained export orders into first-half 2003. Importantly, Malaysia's strengthened fundamentals have also enhanced the economy's resilience to manage the greater volatilities that may emanate from the external sector. Domestic demand and, in particular, consumer demand continues to remain resilient, enabling the private sector to resume the role in leading growth. Also, the strong banking sector provides the stable foundation to absorb any instability in financial markets that might result due to heightened geopolitical risks.

28. Other factors supporting further economic expansion include improving consumer confidence, as reflected by the Malaysian Institute of Economic Research Consumer Sentiment Index which rose further to 112.8 points in the fourth quarter, positive growth in imports of capital goods, higher value of investment applications in the second-half year and higher value of investments approved in the fourth quarter of 2002 by the Ministry of International Trade and Industry for the manufacturing sector. In the Asian region, prospects for growth in 2003 remain sound, supported by domestic demand and continued strengthening of intra-regional trade.

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

	2001					2002				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
	Annual change in %									
Agriculture	14.0	3.7	-3.5	-4.2	1.8	-5.0	-1.6	5.0	2.5	0.3
Mining	1.3	1.7	2.2	1.3	1.6	1.4	-1.4	8.3	9.5	4.5
Manufacturing	1.0	-7.6	-9.1	-8.4	-6.2	-2.3	5.6	7.3	5.8	4.1
Construction	0.8	3.2	2.6	2.5	2.3	2.9	3.4	2.6	0.5	2.3
Services	4.7	6.2	6.0	5.8	5.7	4.9	4.5	3.7	4.9	4.5
Real GDP (Ann. Chg.)	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.3**	**4.1**	**5.8**	**5.6**	**4.2**
Real GDP (Preceding Chg.)	**-4.4**	**1.1**	**1.8**	**1.2**	**-**	**-2.7**	**3.8**	**3.5**	**0.9**	**-**

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

	2001					2002				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
	Annual change in %									
Consumption	5.5	4.1	5.6	7.6	5.8	4.7	7.4	8.1	5.3	6.4
Private sector	*3.8*	*1.7*	*2.2*	*3.3*	*2.8*	*3.0*	*5.4*	*4.0*	*4.5*	*4.2*
Public sector	*15.3*	*13.3*	*18.3*	*21.8*	*17.6*	*12.9*	*14.6*	*21.2*	*7.5*	*13.8*
Gross Fixed Capital Formation	8.3	0.2	-10.2	-8.1	-2.8	-8.5	-2.1	2.6	9.8	0.2
Exports of Goods & Services	6.4	-6.0	-16.3	-12.0	-7.5	-6.5	3.1	11.2	7.2	3.6
Imports of Goods & Services	7.5	-8.1	-20.1	-10.5	-8.6	-4.8	6.6	15.6	8.1	6.2
Gross Domestic Product	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.3**	**4.1**	**5.8**	**5.6**	**4.2**

Table 3: Contribution of Demand Components (in real terms)

	2001					2002				
	Q1	**Q2**	**Q3**	**Q4**	**Year**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
	Percentage point									
Consumption	3.1	2.3	3.1	4.6	3.3	2.7	4.3	4.8	3.4	3.8
Private sector	*1.8*	*0.8*	*0.9*	*1.5*	*1.2*	*1.4*	*2.4*	*1.8*	*2.2*	*1.9*
Public sector	*1.3*	*1.5*	*2.2*	*3.0*	*2.0*	*1.3*	*1.9*	*3.0*	*1.3*	*1.9*
Gross Fixed Capital Formation	2.4	0.1	-3.3	-2.4	-0.9	-2.6	-0.7	0.7	2.7	0.0
Change in stocks	-2.3	-3.7	-3.6	0.3	-2.3	3.8	3.6	3.0	-0.4	2.5
Net exports	-0.2	1.7	2.9	-2.9	0.3	-2.6	-3.1	-2.7	-0.2	-2.1
Exports of Goods & Services	7.1	-7.0	-20.2	-14.0	-8.8	-7.5	3.4	11.7	7.6	3.9
Imports of Goods & Services	7.3	-8.7	-23.1	-11.1	-9.2	-4.9	6.5	14.5	7.7	6.0
Gross Domestic Product	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.3**	**4.1**	**5.8**	**5.6**	**4.2**

Table 4: Performance in the Services Sector (Value added in RM million at 1987 prices)

	2001					2002				
	1Q	**2Q**	**3Q**	**4Q**	**Year**	**1Q**	**2Q**	**3Q**	**4Q**	**Year**
	Annual change in %									
Intermediate services	**6.3**	**10.1**	**9.8**	**8.7**	**8.7**	**6.0**	**5.4**	**3.6**	**4.8**	**4.9**
Transport, storage & communication	10.0	10.8	6.7	2.9	7.5	1.9	2.4	3.1	4.3	2.9
Finance, insurance, real estate & business services	4.0	9.6	11.9	12.5	9.5	8.7	7.3	3.8	5.1	6.2
Final Services	**3.7**	**3.8**	**3.7**	**3.9**	**3.8**	**4.1**	**3.9**	**3.8**	**4.9**	**4.2**
Electricity, gas & water	10.2	7.7	6.4	3.7	6.9	8.2	8.1	4.4	6.4	6.7
Wholesale & retail trade, hotels & restaurants	3.5	2.8	3.2	2.7	3.0	2.0	2.5	2.9	2.6	2.5
Government services	2.1	5.7	4.5	6.0	4.6	6.9	4.1	5.5	8.8	6.3
Other services	2.1	2.2	2.8	4.6	2.9	3.6	4.0	3.8	5.1	4.1
Total Services	**4.7**	**6.2**	**6.0**	**5.8**	**5.7**	**4.9**	**4.5**	**3.7**	**4.9**	**4.5**

Source: Department of Statistics

Table 5: Performance of the Manufacturing Sector

	2001					2002				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
	Annual change %									
Value-added (constant prices)	**1.0**	**-7.6**	**-9.1**	**-8.4**	**-6.2**	**-2.3**	**5.6**	**7.3**	**5.8**	**4.1**
Overall Production	**4.2**	**-7.9**	**-10.5**	**-10.9**	**-6.6**	**-3.4**	**6.5**	**8.5**	**6.9**	**4.6**
Export-oriented industries	**2.0**	**-11.4**	**-15.5**	**-15.3**	**-10.4**	**-5.5**	**6.0**	**11.2**	**9.2**	**5.1**
of which:										
* *Electronics*	*-1.2*	*-25.3*	*-27.5*	*-23.8*	*-20.2*	*-0.8*	*23.6*	*20.5*	*12.2*	*13.3*
* *Electrical*	*8.6*	*3.4*	*-10.4*	*-9.4*	*-2.8*	*-9.3*	*-7.1*	*0.1*	*-1.6*	*-4.5*
* *Textiles & wearing apparel*	*3.0*	*-9.7*	*-11.4*	*-14.2*	*-8.3*	*-14.9*	*-6.5*	*-7.1*	*1.8*	*-6.8*
* *Chemicals and chemical products*	*-1.6*	*-7.2*	*-8.2*	*-13.7*	*-7.7*	*-8.8*	*-2.0*	*9.8*	*13.1*	*2.7*
* *Off-estate processing*	*10.4*	*13.5*	*4.0*	*3.7*	*7.7*	*1.0*	*-2.8*	*17.8*	*12.0*	*7.1*
* *Rubber products*	*10.8*	*4.2*	*-0.7*	*-0.3*	*3.3*	*-4.5*	*-0.1*	*7.1*	*5.1*	*1.8*
* *Wood and wood products* [1/]	*12.4*	*1.3*	*-2.0*	*-5.5*	*1.2*	*-15.4*	*-6.3*	*-3.1*	*3.8*	*-5.4*
Domestic-oriented industries	**12.1**	**4.3**	**7.2**	**4.8**	**7.0**	**3.5**	**8.2**	**1.5**	**0.9**	**3.5**
of which:										
* *Transport equipment*	*18.9*	*18.4*	*23.2*	*15.3*	*19.0*	*18.0*	*13.0*	*3.2*	*-7.4*	*6.4*
* *Fabricated metal products*	*10.6*	*6.4*	*4.7*	*-4.8*	*3.9*	*-4.9*	*11.6*	*-1.3*	*-0.3*	*1.2*
* *Iron & steel and non-ferrous metal*	*9.6*	*-7.3*	*-2.4*	*-0.9*	*-0.7*	*-3.3*	*10.1*	*-2.0*	*5.0*	*2.4*
* *Non-metallic mineral products*	*15.4*	*9.7*	*6.6*	*7.6*	*9.6*	*8.0*	*7.1*	*4.3*	*2.0*	*5.3*
* *Petroleum products*	*21.0*	*8.7*	*18.6*	*30.0*	*19.3*	*3.4*	*-11.6*	*-1.7*	*-6.5*	*-4.2*
* *Food*	*8.6*	*0.0*	*3.1*	*6.1*	*4.3*	*12.4*	*8.9*	*3.5*	*8.3*	*8.2*
Total Manufactured Exports	**3.5**	**-9.1**	**-20.4**	**-12.4**	**-10.3**	**-4.0**	**5.5**	**12.7**	**5.1**	**4.7**
* Electronics	-2.1	-18.5	-26.5	-16.0	-16.3	1.1	16.6	21.7	4.4	10.5
- *Semiconductors*	*15.1*	*-15.1*	*-30.4*	*-22.8*	*-14.9*	*-13.2*	*15.7*	*48.6*	*36.2*	*19.7*
- *Electronic equipment and parts*	*-13.6*	*-21.0*	*-23.6*	*-10.5*	*-17.3*	*13.8*	*17.3*	*3.3*	*-18.0*	*3.5*
* Electrical products	9.4	6.2	-16.8	-12.6	-4.7	-13.9	-12.5	-4.1	-8.5	-9.8
- *Consumer electrical*	*-0.2*	*2.5*	*-20.8*	*-19.8*	*-10.9*	*-11.7*	*-11.5*	*-9.7*	*-9.4*	*-10.6*
- *Industrial & commercial electrical*	*26.4*	*8.2*	*-18.5*	*-8.2*	*-0.6*	*-18.8*	*-21.8*	*-6.5*	*-20.6*	*-17.1*
- *Electrical industrial machinery & equipment*	*0.9*	*8.3*	*-7.4*	*-6.1*	*-1.0*	*-10.4*	*0.3*	*10.4*	*12.0*	*2.3*
- *Household electrical appliances*	*15.0*	*30.9*	*33.5*	*8.0*	*22.3*	*7.0*	*11.1*	*12.1*	*82.0*	*26.1*
* Wood and wood products	-0.5	-9.1	-17.7	-17.4	-11.5	-12.6	-7.4	23.3	19.1	4.9
* Furniture & parts	-9.9	-16.2	-16.9	-10.5	-13.5	3.2	9.6	10.1	7.5	7.7
* Textiles, clothing & footwear	-5.1	-8.3	-18.7	-19.6	-13.2	-17.0	-12.6	4.6	4.6	-5.3
* Optical & scientific equipment	29.9	23.4	3.2	7.2	14.3	5.6	-1.9	10.0	4.8	4.6
* Chemicals and chemical products	21.9	-1.8	-15.9	-2.5	-0.9	-6.1	14.5	24.6	35.6	16.4
* Petroleum products	39.5	-2.5	-8.3	-8.0	3.4	-35.6	-15.8	-4.0	28.7	-9.2

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

Table 6: Manufacturing – Quarterly Average Capacity Utilisation [1/]

Industry	2001					2002				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q e/	YEAR
Overall	**79**	**78**	**76**	**78**	**78**	**79**	**82**	**84**	**82**	**82**
Export-oriented	**80**	**78**	**74**	**77**	**77**	**78**	**82**	**85**	**84**	**82**
of which:										
Electronics	73	75	70	78	74	79	85	86	83	83
- MNCs	*62 - 88*	*68 - 100*	*61 - 103*	*70 - 99*	*62 - 97*	*64 - 100*	*71 - 100*	*60 - 100*	*58 - 100*	*58 - 100*
- Malaysian companies 2/	*-*	*-*	*-*	*-*	*-*	*30 - 50*	*45 - 73*	*30 - 90*	*37 - 75*	*30 - 90*
Electrical products	83	80	75	82	80	70	77	84	82	78
Chemicals and chemical products	97	81	82	84	86	85	81	89	88	86
Textiles and apparel	80	76	79	75	77	85	87	89	88	87
Domestic-oriented	**77**	**80**	**80**	**80**	**79**	**80**	**83**	**82**	**80**	**81**
of which:										
Petroleum products	79	82	85	85	83	87	82	88	86	86
Non-metallic mineral products	67	68	66	65	66	71	70	71	70	71
Transport equipment	91	92	96	95	93	99	102	96	92	97
Food, beverages and tobacco	83	84	78	82	82	74	75	71	67	72

Source: Quarterly Manufacturing Capacity Utilisation Survey

e/ estimates

[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 7: Performance of the Agriculture Sector

	2001					2002				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
	Annual change in %									
Value Added (RM million at 1987 prices)	**14.0**	**3.7**	**-3.5**	**-4.2**	**1.8**	**-5.0**	**-1.6**	**5.0**	**2.5**	**0.3**
Production [1/]										
Of which:										
Crude palm oil	27.6	17.2	2.4	-4.1	8.9	-8.4	-3.5	13.0	1.6	0.9
Rubber	-11.7	-21.8	-6.3	-5.1	-11.1	1.2	7.5	5.1	17.2	7.6
Saw logs	-14.6	-14.5	-24.8	-17.3	-18.0	-7.5	-6.5	14.7	18.5	4.2
Cocoa	-6.7	-14.6	-11.2	-37.5	-17.9	-37.2	-25.6	-28.2	39.1	-16.6
Exports (RM million)	**-16.9**	**-17.6**	**-13.3**	**-4.8**	**-13.2**	**7.0**	**26.9**	**42.2**	**48.7**	**31.8**
Of which:										
Palm oil										
('000 tonnes)	24.4	36.8	13.5	3.0	18.1	-11.8	2.9	12.4	12.3	3.9
(RM/tonne)	-34.0	-29.8	-6.3	10.8	-15.9	41.0	45.3	39.7	47.0	44.8
(RM million)	-17.9	-4.0	6.3	14.1	-0.7	24.4	49.5	57.0	65.1	50.4
Rubber										
('000 tonnes)	-6.5	-18.7	-21.6	-16.5	-16.0	-10.5	18.8	28.9	6.4	10.2
(Sen/kg)	-12.0	-15.1	-10.3	-14.5	-12.7	-11.6	11.1	26.5	57.8	19.8
(RM million)	-17.7	-31.0	-29.7	-28.6	-26.6	-21.0	32.0	63.0	67.9	32.1
Saw logs										
('000 cu. metres)	-26.9	-31.7	-24.4	-18.2	-25.5	-7.5	-6.4	2.4	12.9	0.8
(RM/cu. metre)	-7.6	-17.5	-23.8	-20.4	-17.9	-10.2	6.8	33.8	31.8	16.6
(RM million)	-32.4	-43.6	-42.4	-34.9	-38.8	-17.0	0.0	37.0	48.8	17.5

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

Table 8: Performance of the Mining Sector

	2001					2002				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
	Annual change in %									
Value Added (RM million at 1987 prices)	**1.3**	**1.7**	**2.2**	**1.3**	**1.6**	**1.4**	**-1.4**	**8.3**	**9.5**	**4.5**
Production										
Of which:										
Crude oil and condensates ('000 barrels)	-4.2	-2.9	-0.7	-1.8	-2.4	4.0	-1.1	10.0	9.7	5.7
Natural gas (net) (million standard cubic feet)	5.9	5.2	2.8	1.1	3.7	-1.6	-1.9	8.0	9.6	3.5
Exports (RM million)	**1.5**	**-3.7**	**-14.9**	**-30.6**	**-12.6**	**-29.4**	**-13.9**	**5.8**	**30.4**	**-4.2**
Of which:										
Crude oil										
('000 tonnes)	-1.7	-4.6	-13.4	-18.0	-9.6	-0.8	8.6	18.3	5.4	7.4
(US$/barrel)	3.7	-0.8	-16.4	-36.7	-13.7	-26.1	-11.9	1.3	37.2	-2.9
(RM million)	2.0	-5.3	-27.7	-48.1	-21.9	-26.7	-4.3	19.8	44.7	4.3
Liquefied natural gas										
('000 tonnes)	-4.8	5.0	5.4	-1.9	0.4	-3.2	-21.1	1.0	8.3	-3.2
(RM/tonne)	5.7	1.1	-2.0	-8.8	-1.1	-23.2	-11.6	-11.7	8.5	-9.3
(RM million)	0.6	6.2	3.3	-10.5	-0.7	-25.7	-30.2	-10.8	17.5	-12.2

Table 9: Trade Account

	2001					2002				
	1Q	**2Q**	**3Q**	**4Q**	**Year**	**1Q**	**2Q**	3Q	4Q	Year
	Annual change in %									
Gross Exports	**1.7**	**-8.9**	**-19.4**	**-13.1**	**-10.4**	**-4.9**	**5.4**	**14.5**	**9.6**	**6.0**
Manufacturing	3.5	-9.1	-20.4	-12.4	-10.3	-4.0	5.5	12.7	5.1	4.7
Agriculture	-16.9	-17.6	-13.3	-4.8	-13.2	7.0	26.9	42.2	48.7	31.8
Minerals	1.5	-3.7	-14.9	-30.6	-12.6	-29.4	-13.9	5.8	30.4	-4.2
Gross imports	**7.0**	**-10.5**	**-22.5**	**-10.5**	**-10.0**	**-4.8**	**10.1**	**19.8**	**9.0**	**8.3**
Capital goods	33.4	-13.2	-27.9	-5.2	-6.5	-9.9	24.4	25.2	6.6	10.6
Intermediate goods	3.5	-11.7	-24.8	-13.4	-12.4	-5.8	6.7	18.1	7.0	6.2
Consumption goods	2.7	-3.2	-5.6	-3.2	-2.5	6.7	12.2	22.4	22.1	15.9
Trade balance (RMbn)	**13.5**	**12.6**	**14.9**	**13.1**	**54.1**	**12.8**	**9.9**	**13.5**	**14.8**	**50.9**

Table 10: Balance of Payments

	2001					2002				
	1Q	**2Q**	**3Q**	**4Q**	**Year**	**1Q**	**2Q**	3Q	4Q	Year
	RM billion									
Gross Exports (f.o.b.)	86.2	82.8	81.9	83.4	334.3	81.9	87.3	93.8	91.4	354.4
Gross imports (c.i.f.)	72.6	70.3	67.0	70.3	280.2	69.2	77.4	80.3	76.7	303.5
Trade balance	**13.5**	**12.6**	**14.9**	**13.1**	**54.1**	**12.8**	**9.9**	**13.5**	**14.8**	**50.9**
Net International Reserves (end-period)	103.3	98.8	112.9	117.2	117.2	124.4	127.7	129.0	131.5	131.5
-US$ billion equivalent	27.2	26.0	29.7	30.8	30.8	32.7	33.6	34.0	34.6	34.6

Table 11: External Debt Outstanding

	2001				2002			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	RM billion							
Medium & Long-term debt	141.2	142.6	147.4	149.6	151.5	152.3	151.1	153.8
Public sector	86.1	87.5	92.6	91.7	94.4	96.2	97.1	100.6
Private sector	55.1	55.1	54.8	57.9	57.2	56.1	54.1	53.2
Short-term debt	17.9	17.8	20.3	24.2	27.3	24.0	26.1	31.6
Total external debt	159.1	160.4	167.7	173.8	178.9	176.2	177.2	185.3
- US$ billion equivalent	41.9	42.2	44.1	45.7	47.1	46.4	46.6	48.8

Table 12: Federal Government Finance

	2001					2002 [P]				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
	RM billion									
Revenue	14.6	20.7	18.5	25.7	79.6	17.1	19.6	19.4	27.3	83.5
Operating expenditure	11.3	13.4	14.3	24.8	63.8	14.7	15.6	15.8	22.5	68.7
Current account	**3.3**	**7.4**	**4.2**	**1.0**	**15.8**	**2.4**	**4.0**	**3.6**	**4.8**	**14.8**
Gross development expenditure	5.3	5.7	7.3	16.9	35.2	3.9	8.1	8.9	15.2	36.0
Loan recoveries	0.4	0.1	0.2	0.3	1.0	0.2	0.1	0.1	0.5	0.9
Overall balance	**-1.6**	**1.8**	**-3.0**	**-15.6**	**-18.4**	**-1.3**	**-4.0**	**-5.1**	**-9.8**	**-20.3**
Memo item:										
Total Federal Government debt (as at end period)	128.9	129.3	138.4	145.7		146.0	149.6	156.7	162.7	
	Annual change in %									
Revenue	30.4	24.3	19.8	38.7	28.6	17.1	-5.5	5.1	6.3	5.0
Operating expenditure	44.8	4.8	-2.3	16.1	12.8	30.2	16.9	10.4	-9.0	7.8
Gross development expenditure	110.1	-0.1	10.4	29.1	26.1	-27.1	42.5	20.8	-10.3	2.1

[P] preliminary

Table 13: Monetary Indicators

	2001				2002			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Annual growth (%-end period)							
M1	5.2	4.4	11.6	3.2	12.3	14.2	9.0	10.3
M2	3.6	3.0	5.0	2.2	6.1	6.1	4.6	5.8
M3	4.5	4.0	5.4	2.9	6.1	6.3	5.5	6.7
Loans[1/]	5.5	6.0	5.7	3.6	4.6	3.8	3.7	4.3
Deposits	2.8	3.6	4.0	1.8	4.5	3.2	3.0	5.3
	During the quarter (RM billion)							
Approvals	29.7	31.1	35.3	29.6	30.9	35.9	37.4	33.5
Disbursements	91.2	93.1	93.6	95.6	99.9	104.8	101.1	106.2
Repayments	89.3	86.2	91.8	98.1	96.7	100.1	101.1	104.8
	At end period (%)							
Interbank rates								
1-month	2.99	2.99	2.81	2.97	2.74	2.97	2.98	2.99
3-month	3.04	3.00	3.28	3.27	3.24	3.21	2.83	3.13
Fixed deposits of commercial banks								
1-month	3.44	3.44	3.20	3.20	3.20	3.20	3.20	3.20
3-month	3.46	3.45	3.21	3.21	3.21	3.21	3.20	3.20
BLR of commercial banks	6.79	6.79	6.39	6.39	6.39	6.39	6.39	6.39
	Average annual growth (%)							
Consumer Price Index (CPI) (2000=100)	1.5	1.6	1.4	1.2	1.4	1.9	2.1	1.8
Producer Price Index (PPI) (1989=100)	-4.7	-4.7	-4.3	-6.4	-0.9	2.7	5.0	11.2

1/ Including loans sold to Cagamas and Danaharta.

Table 14: Banking System Health Indicators

	2000				2001				2002			
	Mar.	Jun.	Sep.	Dec.	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	11.1	10.8	10.9	11.0	10.7
RWCR (%)	13.0	13.0	13.1	12.5	12.1	12.6	12.5	13.0	12.6	13.2	13.3	12.8
Asset Quality (6-month classification)												
Net NPL ratio (%)	6.3	6.5	6.7	6.3	7.1	8.0	8.2	8.1	8.2	8.2	7.7	7.5
Net NPLs (RM m)	23,553	24,574	25,858	24,700	27,989	32,291	32,995	32,775	33,535	33,924	32,472	31,703
GP/Net total loans (6-month, %)	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8

* Beginning June 1999 onwards, the figures include Islamic banks

Table 15: KLSE - Selected Market Indicators

	As at end					
	2001		2002			
	3Q	4Q	1Q	2Q	3Q	4Q
Price Indices						
- Composite	615.34	696.09	756.1	725.44	638.01	646.32
- EMAS	145.84	165.23	181.72	176.50	155.39	157.25
- Second Board	109.61	134.13	132.29	119.84	102.89	98.24
Average daily turnover						
- Volume (million units)	306.8	276.4	304.9	299.3	159.1	143.4
- Value (RM million)	485.3	427.6	636.1	643.8	349.2	275.8
Market Capitalisation (RM b)	411.35	464.98	517.63	505.89	476.35	481.62
No. of Companies Listed	807	812	826	843	859	865

BANK NEGARA MALAYSIA
26 February 2003