DEVELOPMENTS IN THE MALAYSIAN ECONOMY

Pace of recovery gathering momentum in the third quarter

The Malaysian economy registered an improvement in third quarter with a reduced contraction of 1.2% (2Q 09: -3.9%) amidst positive growth in domestic demand and stabilisation of external demand. The growth impetus emanated mainly from domestic demand as a result of stronger private consumption and higher public sector spending. Meanwhile, improvements in the global economy, particularly the regional economies, helped to stabilise the external sector. On the supply side, all economic sectors, except agriculture, recorded improved performance.

Domestic demand recorded positive growth

Domestic demand registered a positive growth of 0.4% in the third quarter (2Q 09: -2.2%), led by expansion in private consumption and stronger public sector spending.

Private consumption increased by 1.5% in the third quarter (2Q 09: 0.5%), as improved conditions in the labour market and lower price levels provided support to consumer spending. In addition, various promotions held during the festive season also encouraged household spending. The third quarter MIER Consumer Sentiments Index remained above the 100-point threshold (105.4 points; 2Q 09: 105.8 points), indicating that consumers' confidence continued to be positive. The recovery in private consumption spending was reflected in improvements recorded by major consumption indicators such as passenger car sales, bank lending to households and credit card spending.

Meanwhile, **public consumption** continued to expand, recording a growth of 10.9% in the third quarter due to higher expenditure on emoluments.

Gross fixed capital formation recorded a lower contraction of 7.9% in the third quarter (2Q 09: -9.6%), supported by continued strong public sector capital spending activity and slight improvement in private sector business spending. Although private sector capital spending generally remained weak, several investment indicators such as imports of capital goods, sales of commercial vehicles and production of construction-related products contracted at a slower pace in the third quarter. In addition, business conditions improved further, as reflected by the higher MIER Business Conditions Index (113.7 points; 2Q 09: 105.2 points). Meanwhile, public sector capital spending continued to provide support to the domestic economy during the quarter with the bulk of the development expenditure channeled into agriculture and rural development, education and the transportation sector.

GDP by Expenditure Components (at constant 2000 prices)

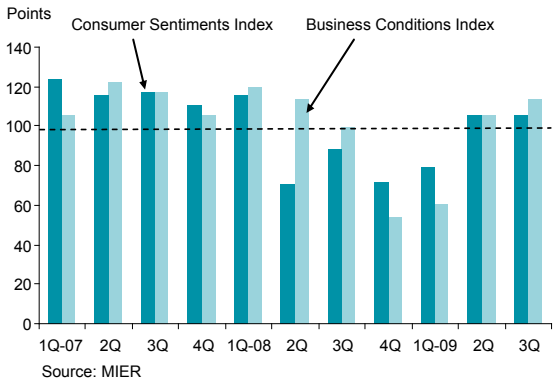
	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
Aggregate Domestic Demand (excluding stocks)	6.6	2.8	-2.9	-2.2	*0.4*
Consumption	7.9	7.1	-0.2	*0.6*	*3.3*
Private sector	*8.2*	*5.3*	*-0.7*	*0.5*	*1.5*
Public sector	*6.4*	*12.7*	*2.1*	*1.0*	*10.9*
Gross Fixed Capital Formation	3.1	-10.2	-10.8	-9.6	*-7.9*
Net Exports	-15.9	-39.5	39.1	-0.7	*-16.9*
Exports of Goods and Services	*4.5*	*-13.3*	*-15.2*	*-17.3*	*-13.4*
Imports of Goods and Services	*7.7*	*-10.2*	*-23.5*	*-19.7*	*-12.9*
GDP	**4.8**	**0.1**	**-6.2**	**-3.9**	**-1.2**

Source: Department of Statistics, Malaysia

Improvements across all sectors except agriculture

On the supply side, all economic sectors, except agriculture, recorded a better performance during the quarter. The services sector expanded further, supported mainly by improvements in the wholesale and retail trade, finance and insurance, and real estate and business services sub-sectors. Growth was higher in the construction sector, as implementation of construction projects under the stimulus packages picked up pace. In the manufacturing sector, value-added declined at a slower pace, where the contraction in export-oriented industries moderated further due to the stabilisation of external demand while the improvement in domestic-oriented industries was driven by higher activity in the construction-related and consumer-related clusters. The contraction in the mining sector also eased slightly. Meanwhile, value-added in the agriculture sector fell, due mainly to lower production of industrial crops.

Business and consumer sentiments improved



Source: MIER

Quarterly GDP by Economic Activity (at constant 2000 Prices)

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
Agriculture	3.3	0.5	-4.3	0.3	-0.5
Mining	-0.3	-5.7	-5.2	-3.6	-3.5
Manufacturing	1.8	-8.8	-17.9	-14.5	-8.6
Construction	1.2	-1.6	1.1	4.5	7.9
Services	7.1	5.7	-0.2	1.6	3.4
Real GDP (Annual Change)	**4.8**	**0.1**	**-6.2**	**-3.9**	**-1.2**
Real GDP (Preceding Change)	**2.8**	**-3.4**	**-7.8**	**4.8**	**5.7**

Source: Department of Statistics, Malaysia

Higher growth in the services sector

The **services sector** registered a higher growth of 3.4%, encouraged by increased consumer spending and business sentiments during the quarter. A broad-based improvement was evident particularly in the wholesale and retail trade, finance and insurance, and real estate and business services sub-sectors.

The **wholesale & retail trade** sub-sector expanded for the second consecutive quarter, registering a growth of 2.2%, in line with improved consumer spending and higher tourist arrivals. Similarly, the **finance and insurance** sub-sector grew by 3.5%, supported mainly by higher net interest income and insurance premium collected. The **real estate and business services** sub-sector also improved further amidst strong capital market-related activities. After three consecutive quarters of decline, the **utilities** sub-sector registered a positive growth of 1.4% as a result of higher electricity demand by commercial and industrial users. In the **transport and storage** sub-sector, the decline in value-added was smaller, due to improvements in both passenger and cargo-related segments in line with the stabilisation in international trade activity.

Performance of the Services Sector (value added at constant 2000 prices)

	Share 2008 (%)	2008		2009		
		3Q	4Q	1Q	2Q	3Q
		Annual change (%)				
Intermediate Services	**43.3**	**6.2**	**2.6**	**-0.7**	**2.2**	**3.1**
Finance & insurance	20.0	10.0	3.5	1.2	3.3	3.5
Real estate & business services	9.4	-2.0	-0.6	-6.7	3.3	4.9
Transport & storage	7.0	5.9	1.0	-4.0	-6.4	-3.5
Communication	7.0	7.4	6.3	4.9	5.8	6.1
Final Services	**56.7**	**7.8**	**7.9**	**0.3**	**1.2**	**3.7**
Utilities	5.3	2.5	-2.6	-8.1	-1.1	1.4
Wholesale & retail trade	23.2	9.4	5.9	-1.7	0.4	2.2
Accommodation & restaurant	4.4	4.7	7.4	2.1	2.9	3.8
Government services	13.4	10.5	18.2	2.8	0.5	7.4
Other services	10.4	5.3	5.3	5.2	4.5	3.8
Total Services	**100.0**	**7.1**	**5.7**	**-0.2**	**1.6**	**3.4**

Source: Department of Statistics, Malaysia

Selected Quarterly Indicators in the Services Sector

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Index				
MIER Consumer Sentiment Index	88.9	71.4	78.9	105.8	105.4
MIER Retail Trade Index	116.5	52.7	52.3	76.3	100.7
MIER Tourism Market Index	109.2	94.0	78.1	75.8	88.7
	Annual change (%)				
Tourist arrivals	8.2	7.5	2.2	4.7	12.4
Total passenger traffic at all airports	2.7	2.1	-4.6	5.2	10.4
Total consumption credit outstanding	9.7	8.9	8.5	6.8	6.6
Loans outstanding to the wholesale & retail trade, hotels & restaurants	14.0	9.0	3.5	-1.8	-4.1
Imports of consumption goods	16.2	4.5	-4.3	-8.3	-4.3
Total sales of motor vehicles	10.5	-8.3	-9.2	-11.5	-3.6
Container cargo handled (Port Klang and PTP)	16.4	-3.9	-10.6	-6.4	-1.7

Source: Various sources

Performance in the Manufacturing Sector

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual Change (%)				
Value Added (at constant 2000 prices)	**1.8**	**-8.8**	**-17.9**	**-14.5**	**-8.6**
Overall Production[1]	**1.7**	**-11.1**	**-18.8**	**-14.9**	**-9.0**
Export-oriented industries	**-0.4**	**-13.4**	**-20.4**	**-16.4**	**-10.0**
Electronics and electrical cluster	**-0.8**	**-22.5**	**-35.4**	**-31.0**	**-22.9**
Of which:					
Electronics	-4.1	-27.8	-36.3	-34.9	-23.2
Electrical	6.7	-8.2	-33.2	-21.5	-22.2
Primary-related industry cluster	**0.0**	**-6.8**	**-10.8**	**-6.6**	**-1.0**
Of which:					
Chemicals and chemical products	-0.9	-15.0	-17.6	-2.7	-1.3
Petroleum products	1.0	2.0	2.9	-5.4	6.5
Rubber products	2.0	2.1	-21.2	-7.5	2.4
Off-estate processing	3.0	-0.2	-8.0	-4.5	-5.1
Domestic-oriented industries	**9.7**	**-2.0**	**-12.4**	**-9.4**	**-5.3**
Construction-related cluster	**4.7**	**-8.3**	**-21.3**	**-16.5**	**-8.3**
Of which:					
Construction-related materials	2.4	-10.7	-29.3	-22.9	-15.2
Fabricated metal products	8.2	-4.4	-7.6	-6.8	1.8
Consumer-related cluster	**14.0**	**3.1**	**-5.4**	**-3.5**	**-2.9**
Of which:					
Transport equipment	30.3	18.4	-10.7	-13.5	-15.8
Food, beverage & tobacco products	8.4	-2.3	-4.8	-0.3	0.6

[1] Industrial Production Index (2005=100)

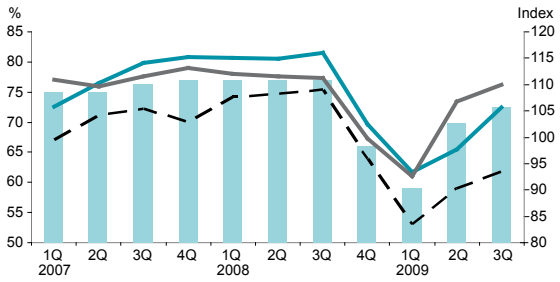
Source: Department of Statistics, Malaysia

Continued improvement in the manufacturing sector

Value-added in the **manufacturing sector** declined at a slower rate during the quarter (-8.6%; 2Q 09: -14.5%), reflecting stabilisation in external demand and improved domestic environment.

Performance of **export-oriented industries** stabilised, with contraction in production of both E&E and primary-related clusters moderating. The improved performance of the **E&E cluster** was supported by an improvement in external demand, particularly from the region, as well as continued inventory replenishment activity, while the increase in demand for petroleum and rubber products contributed to the smaller contraction of output in the **primary-related cluster**.

Capacity utilisation rate in the manufacturing sector*



* Beginning 2009, the capacity utilisation rate in the manufacturing sector has been rebased from value-add in year 2004 to value-add in year 2006

Source: Department of Statistics, Malaysia and Bank Negara Malaysia

The improvement in **domestic-oriented industries** was due to the better performance of the **construction-related cluster**, driven by higher domestic construction activity. Output of the **consumer-related cluster** also improved, due to the positive growth in the food, beverage and tobacco products industry.

Overall capacity utilisation rate in the manufacturing sector increased to 73% in the third quarter (2Q 09: 70%), reflecting the pick-up in production. Export- and domestic-oriented industries were operating at 76% and 62% of total capacity respectively (2Q 09: 73% and 59% respectively).

Weak performance in the agriculture sector

The **agriculture sector** recorded a contraction of 0.5% during the quarter due mainly to lower production of industrial crops such as palm oil and rubber. The lower production of palm oil was partly due to replanting exercises, while that of rubber was due to adverse weather during the quarter. Meanwhile, the **mining sector** contracted by 3.5%, due to lower oil and natural gas production as several oil and gas fields were shut down for maintenance.

Performance of the Agriculture Sector

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
Value Added (at constant 2000 prices)	**3.3**	**0.5**	**-4.3**	**0.3**	**-0.5**
Industrial Crops	**0.4**	**-3.1**	**-13.9**	**-5.1**	**-5.1**
Food Crops	**7.5**	**5.8**	**9.2**	**7.9**	**5.5**
Production					
Of which:					
Crude palm oil	4.9	3.6	-3.9	-3.0	-4.1
Rubber	-4.4	-29.7	-39.3	-21.7	-24.8
Fish	10.7	7.1	13.2	14.4	0.5
Livestock	9.9	3.0	-4.6	-0.4	2.1[1]

[1] July-August 2009

Source: Malaysian Palm Oil Board (MPOB)
Malaysian Rubber Board (MRB)
Fisheries Department, Malaysia
Department of Veterinary Services, Malaysia
Department of Statistics, Malaysia

Performance of the Mining Sector

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
Value Added (at constant 2000 prices)	**-0.3**	**-5.7**	**-5.2**	**-3.6**	**-3.5**
Production					
Of which:					
Crude oil and condensates	1.9	-5.9	-5.6	-1.8	-4.8
Natural gas	4.0	-1.5	-7.2	-6.5	-2.6

Source: PETRONAS
Department of Statistics, Malaysia

Higher growth in the construction sector

Growth in the **construction sector** strengthened to 7.9% during the quarter, driven by the non-residential segment, due to the implementation of projects under the stimulus packages such as construction of schools and hospitals, as well as on-going construction of purpose-built office space. Further support also came from the civil engineering segment reflecting additional progress in the implementation of infrastructure projects. The residential segment was supported mainly by construction of low-cost houses by the Government.

Indicators for the Construction Sector

	2008		2009		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
New sales and advertising permits	-30.1	-47.8	-25.5	-9.1	28.4
Housing approvals	-51.5	-53.8	-30.2	-17.4	29.3
Production[1] of construction-related materials	4.7	-8.3	-21.3	-16.5	-8.3
Loans approved for construction	-13.4	-25.2	-48.2	-26.1	-6.2
Imports of construction materials and mineral products	5.2	-10.0	-17.1	-5.0	-0.4[2]

[1] Industrial Production Index (2005=100)
[2] July-August 2009

Source: Ministry of Housing and Local Government and Department of Statistics, Malaysia

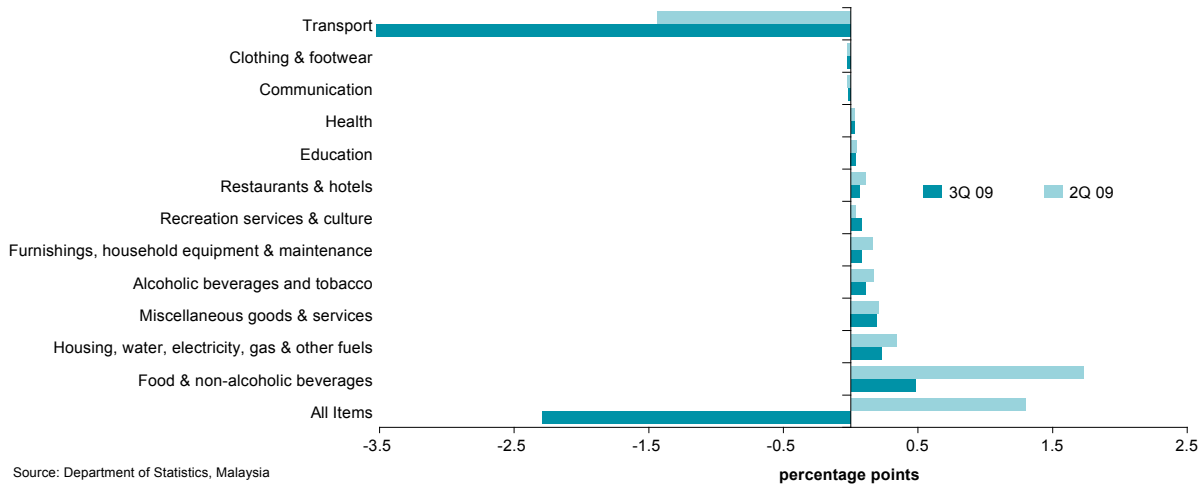
Prices declined on an annual basis

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), declined to -2.3% on an annual basis in the third quarter of 2009 (2Q 09: 1.3%). The decline in consumer prices was largely explained by the effect of the cumulative downward adjustment to retail fuel prices since the June 2008 price increase. Prices in the *transport* category fell by 18.5% on a yearly basis (2Q 09: -8.2%), which lowered headline inflation by approximately 3.5 percentage points. Elsewhere, consumer price pressures continued to moderate across the board. With the exception of the *recreation services and culture* category, all other CPI categories registered lower inflation rates compared to the previous quarter. Inflation in the food and non-alcoholic beverages category moderated to 1.5% this quarter (2Q 09: 5.3%), due to the base effect of high food prices in 2008.

Producer prices, as measured by the Producer Price Index (PPI), decreased at a slightly slower pace of 10.8% on an annual basis in the third quarter (2Q 09: -11%). This reflected the waning of base effects arising from the high commodity prices in the first half of 2008. The rate of price decline in the commodity-related components of the PPI stabilised at 26.4% (2Q 09: -28.3%). On the other hand, prices in the non commodity-related components of the PPI declined at a faster rate of 2.9% (2Q 09: -2.1%).

In terms of composition, both local and imported components of the PPI registered a slower rate of price declines. Prices in the local component of the PPI declined by 14.4% (2Q 09: -14.5%), while prices in the imported component of the PPI fell by 2.9% (2Q 09: -3.1%).

Contribution to Consumer Price Inflation



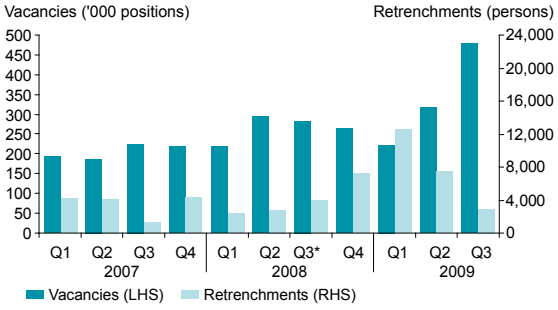
Source: Department of Statistics, Malaysia

Improvement in labour market conditions

Conditions in the labour market improved in the third quarter as total retrenchments declined sharply and job openings increased substantially. Retrenchments dropped to 2,879 persons (2Q 09: 7,470 persons), reflecting fewer layoffs across all sectors. In particular, retrenchments in the manufacturing sector declined by 73% from the previous quarter to 1,411 persons, due to lower retrenchments especially in the E&E industry (664 persons; 2Q 09: 2,630 persons).

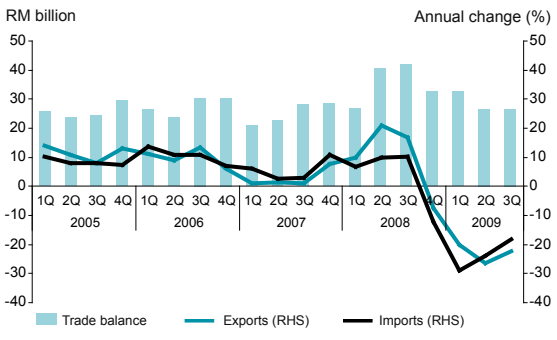
The quarter also saw an improvement in vacancies posted in the Electronic Labour Exchange (474,781 positions; 2Q 09: 317,996 positions) with higher openings in all sectors except agriculture. Available positions in the manufacturing sector increased sharply, accounting for almost half of total vacancies available. Meanwhile, real wage per worker in the manufacturing sector increased by 7.2% (2Q 09: 0.6%), following an increase in total working hours.

Labour Market Conditions



* Reflects adjusted retrenchments for 3Q 2008
Source: Ministry of Human Resources

External Trade Performance



Source: Department of Statistics, Malaysia

Decline in external trade moderated

Gross exports registered a smaller contraction of 22.3% in the third quarter, attributed to the stabilisation in external demand and improvement in crude oil prices. The pick-up in exports, continued inventory replenishment and improved domestic demand conditions resulted in imports declining at a more moderate rate of 18.3%. Consequently, the trade surplus stood at RM26.7 billion.

The pace of contraction in **manufactured exports** eased, reflecting a slower decline in export of both electronics and electrical products (E&E) and non-E&E products. The smaller contraction in E&E exports was due to the recovery in demand from major markets, particularly PR China, which recorded a positive growth. Improved demand for end-products such as personal computers and mobile phones supported export of electronics to East Asia. Nevertheless, lower demand for consumer electronics and telecommunication products resulted in a larger contraction in electrical exports. Meanwhile, the improvement in non-E&E exports was led by higher demand for chemical products and machinery from Japan and the region. Similarly, the contraction in **commodity exports** moderated, as higher exports of minerals more than offset the bigger decline in agriculture exports. The former was due to higher crude oil prices and better LNG export volume, while the latter was affected by lower unit shipments of palm oil, reflecting the build-up in stocks of edible oils in consuming countries.

Trade Account

	2008[1]		2009[1]		
	3Q	4Q	1Q	2Q	3Q
	Annual change (%)				
Gross Exports	**16.8**	**-7.5**	**-20.0**	**-26.3**	**-22.3**
Manufactured	8.5	-11.2	-18.0	-20.5	-16.0
E&E	*4.5*	*-16.2*	*-19.0*	*-22.9*	*-16.1*
Non-E&E	*14.2*	*-4.3*	*-16.9*	*-17.3*	*-15.9*
Commodites	48.1	6.1	-23.8	-40.6	-37.5
Agriculture	*37.5*	*-10.6*	*-28.1*	*-29.6*	*-31.6*
Minerals	*55.8*	*16.9*	*-21.1*	*-47.5*	*-41.3*
Gross Imports	**10.1**	**-12.2**	**-29.0**	**-23.8**	**-18.3**
Capital goods	-2.3	-13.4	-7.8	-18.4	-12.5
Intermediate goods	17.2	-12.2	-34.9	-27.0	-22.7
Consumption goods	16.2	4.5	-4.3	-8.3	-4.3
Trade balance (RM billion)	**41.8**	**32.7**	**32.7**	**26.5**	**26.7**

[1] Malaysia's trade classification has been revised in April 2008 to reflect the revisions of the international trade codes i.e. Harmonised System (HS), ASEAN Harmonized Tariff Nomenclature (AHTN) and Standard International Trade Classification (SITC)

Source: MATRADE and Department of Statistics, Malaysia

Malaysia: Direction of Exports

	2008		2009			2008		2009		
	3Q	4Q	1Q	2Q	3Q	3Q	4Q	1Q	2Q	3Q
	Annual change (%)					Share of total exports (%)				
United States	**-9.9**	**-23.1**	**-31.0**	**-35.1**	**-30.4**	**11.9**	**11.9**	**11.1**	**11.5**	**10.7**
European Union (EU)	**1.0**	**-14.2**	**-28.0**	**-26.4**	**-24.8**	**11.1**	**11.6**	**10.7**	**10.7**	**10.7**
Selected ASEAN countries[1]	**20.7**	**-15.0**	**-26.8**	**-24.1**	**-23.5**	**25.8**	**24.2**	**24.4**	**26.2**	**25.4**
North East Asia	**26.7**	**-18.3**	**-5.9**	**-22.1**	**-9.0**	**21.2**	**18.1**	**22.3**	**23.0**	**24.9**
People's Republic of China	*35.4*	*-18.4*	*-1.8*	*-16.1*	*-2.8*	*10.7*	*8.4*	*10.2*	*11.8*	*13.3*
Hong Kong SAR	*9.3*	*-22.7*	*3.5*	*-23.8*	*2.2*	*4.3*	*4.0*	*4.7*	*5.2*	*5.7*
Chinese Taipei	*14.2*	*-22.1*	*-18.4*	*-29.6*	*-12.5*	*2.6*	*2.2*	*2.4*	*2.5*	*2.9*
Korea	*38.1*	*-9.9*	*-14.2*	*-31.2*	*-38.2*	*3.6*	*3.6*	*5.0*	*3.5*	*2.9*
West Asia	**54.6**	**29.3**	**-12.7**	**-14.7**	**-29.4**	**4.5**	**4.0**	**3.7**	**4.4**	**4.1**
India	**19.1**	**9.8**	**-14.9**	**-38.9**	**-39.9**	**3.7**	**4.0**	**3.7**	**3.1**	**2.8**
Total exports	**16.8**	**-7.5**	**-20.0**	**-26.3**	**-22.3**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

[1]Singapore, Thailand, Indonesia, Philippines, Brunei Darussalam and Vietnam

Source: Department of Statistics, Malaysia

Gross imports declined at a slower pace across all categories where the movement in intermediate imports was in line with the recovery in manufactured exports. Likewise, higher import of final goods reflected improved domestic private consumption.

Portfolio investment turned around to register net inflows while inflows of FDI moderated

On a cash basis, gross inflows of **foreign direct investment (FDI)**[3] moderated to RM6.2 billion in the third quarter (2Q 09: RM9.1 billion). Taking into account of outflows, which were due largely to loan repayment to parent companies, net FDI amounted to RM2.1 billion (2Q 09: RM6.5 billion). During the quarter, FDI was channelled mainly into the manufacturing and services sectors, particularly the E&E industry; wholesale and retail trade; and real estate and business services sub-sectors.

Net direct investment abroad by Malaysian companies increased to RM3.4 billion in the third quarter (2Q 09: -RM2.1 billion), where the bulk of these investments was in the services sector. **Portfolio investment** turned around to register a net inflow of RM8.8 billion in the third quarter (2Q 09: -RM13.6 billion). The inflow of portfolio funds mainly reflected the strong foreign participation in bonds issued abroad by a non-financial public enterprise (NFPE) in the oil and gas sector.

External debt remained manageable

As at end-September 2009, Malaysia's total external debt amounted to RM241 billion or USD68.5 billion (end-June 2009: RM233.2 billion or USD65.5 billion), equivalent to 35.4% of GNI. The **medium- and long-term external debt** increased to RM159.9 billion due mainly to a large net drawdown by an NFPE in the oil and gas sector. Meanwhile, the Federal Government and the private sector each registered net repayments of RM0.6 billion, following the maturity of bonds and scheduled principal repayment of loans.

The total **short-term external debt** declined further to RM81.1 billion or USD23.1 billion as inter-bank borrowing activity moderated. As at end-September 2009, the short-term debt accounted for 33.7% of total external debt and was 24.3% of the net international reserves.

External Debt Outstanding

	2008	2009	
	end-Sep	end-Jun	end-Sep[p]
	RM billion		
Medium- and long-term debt	149.1	146.9	159.9
Public sector	77.8	72.9	87.1
Private sector	71.3	74.0	72.8
Short-term debt[1]	102.2	86.3	81.1
Total external debt	251.4	233.2	241.0
USD billion equivalent	72.0	65.5	68.5

[1] Excludes currency and deposits held by non-residents with resident banking institutions
[p] Preliminary

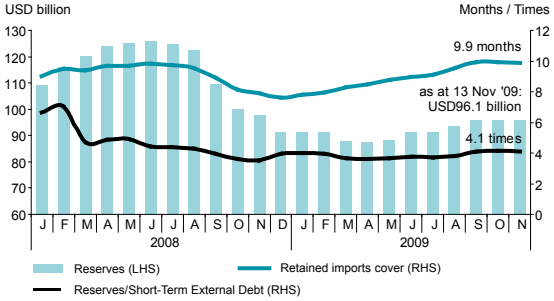
Source: Ministry of Finance, Malaysia and Bank Negara Malaysia

[3] The statistics for FDI on a cash basis does not include retained earnings and investment in the form of imported machinery and equipment.

International reserves

The international reserves of Bank Negara Malaysia amounted to RM334.3 billion (equivalent to USD96 billion) as at 30 September 2009. The reserves level as at 30 September 2009 has taken account of the quarterly adjustment in foreign exchange revaluation gains, following the strengthening of some major currencies against the ringgit during the quarter. As at 13 November 2009, the reserves remained largely unchanged at RM334.8 billion (equivalent to USD96.1 billion) and are sufficient to finance 9.9 months of retained imports and are 4.1 times the short-term external debt.

Net International Reserves (as at end-period)



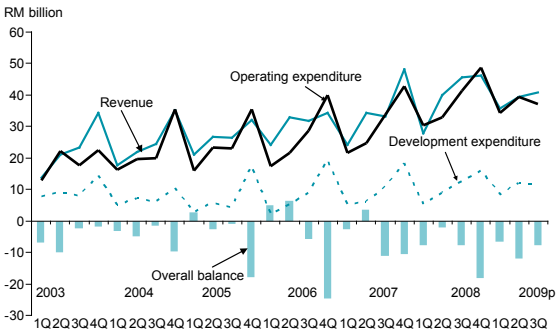
Note: With effect from end-March 2008, the short-term external debt refers to the external debt under the new definition, with offshore entities in Labuan IBFC being treated as residents

Source: Bank Negara Malaysia

Smaller fiscal deficit

The Federal Government recorded a smaller fiscal deficit of RM7.8 billion or 4.5% of GDP in the third quarter (2Q 09: -7.5% of GDP). Total expenditure declined by 5.4% during the quarter to RM48.7 billion compared with RM51.5 billion in the preceding quarter. The decline was due mainly to lower grants and transfers to statutory bodies. Meanwhile, revenue increased moderately due to higher oil-related revenue collection. The fiscal deficit was financed from domestic borrowings. As at end-September 2009, total outstanding debt of the Federal Government amounted to RM354.3 billion or 51.2% of the estimated 2009 GDP.

Federal Government Finance



[p] Preliminary

Source: Ministry of Finance

Federal Government Finance

	2008		2009[p]		
	3Q	4Q	1Q	2Q	3Q
	RM billion				
Revenue	45.7	46.3	35.9	39.4	40.8
% growth	37.3	-3.9	28.3	-1.2	-10.6
Operating expenditure	41.4	48.9	34.4	39.4	37.1
% growth	22.7	13.8	12.9	19.8	-10.2
Current account	**4.3**	**-2.6**	**1.5**	**0.0**	**3.7**
% of GDP	***2.2***	***-1.4***	***1.0***	***0.0***	***2.1***
Gross development expenditure	12.5	16.0	8.2	12.1	11.6
% growth	16.2	-12.0	55.4	34.9	-7.4
Overall balance	**-7.8**	**-18.2**	**-6.7**	**-12.1**	**-7.8**
% of GDP	***-3.9***	***-10.3***	***-4.3***	***-7.5***	***-4.5***
Memo item:					
Total gross expenditure	53.9	64.9	42.6	51.5	48.7
% growth	*21.1*	*6.2*	*19.2*	*23.0*	*-9.6*
Total Federal Government debt (as at end-period)	288.1	306.4	317.1	335.7	354.3
% of GDP	*39.0*	*41.5*	*45.8*	*48.5*	*51.2*
Domestic debt	268.7	286.1	297.0	321.5	340.4
% of GDP	*36.4*	*38.7*	*42.9*	*46.5*	*49.2*
External debt	19.4	20.3	20.2	14.3	13.9
% of GDP	*2.6*	*2.8*	*2.9*	*2.1*	*2.0*

[p] Preliminary

Source: Ministry of Finance