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Sidang Akhbar

Prestasi Ekonomi pada Suku Pertama Tahun 2015

Gabenor
Bank Negara Malaysia

15 Mei 2015

Sidang akhbar akan meliputi:

- **Prestasi ekonomi pada suku pertama tahun 2015**
- **Perkembangan monetari dan kewangan**

Moderate global economic expansion in 1Q 2015

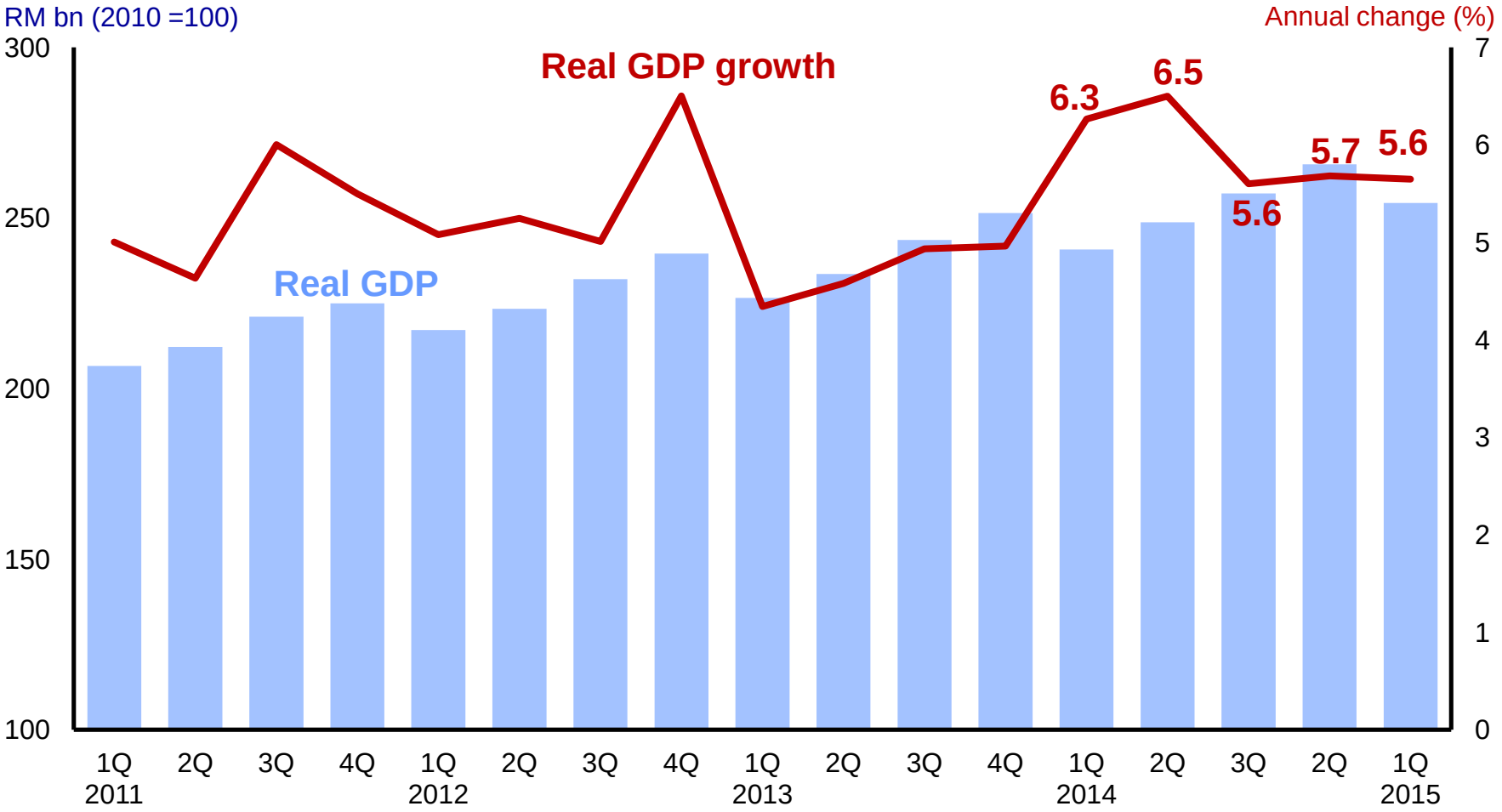
Global Growth

Real GDP (Annual change, %)	2014			2015
	1Q	4Q	Year	1Q
Advanced economies				
US	1.9	2.4	2.4	3.0[a]
UK	2.7[r]	3.0[r]	2.8[r]	2.4[p]
Euro area	1.1	0.9	0.9	1.0[p]
Asian economies				
PR China	7.4	7.3	7.4	7.0
Chinese Taipei	3.4	3.3[r]	3.7[r]	3.5[a]
Indonesia	5.1	5.0	5.0	4.7
Korea	3.9	2.7	3.3	2.4[a]
Singapore	4.6	2.1[r]	2.9[r]	2.1[a]

[p] Preliminary estimate [a] Advance estimate [r] Revised
Source: National authorities

- Divergence of growth momentum across major economies
- Sustained economic recovery in the US and UK
- Subdued growth in the euro area and Japan
- Growth in Asia continues to be sustained by the expansion of domestic demand

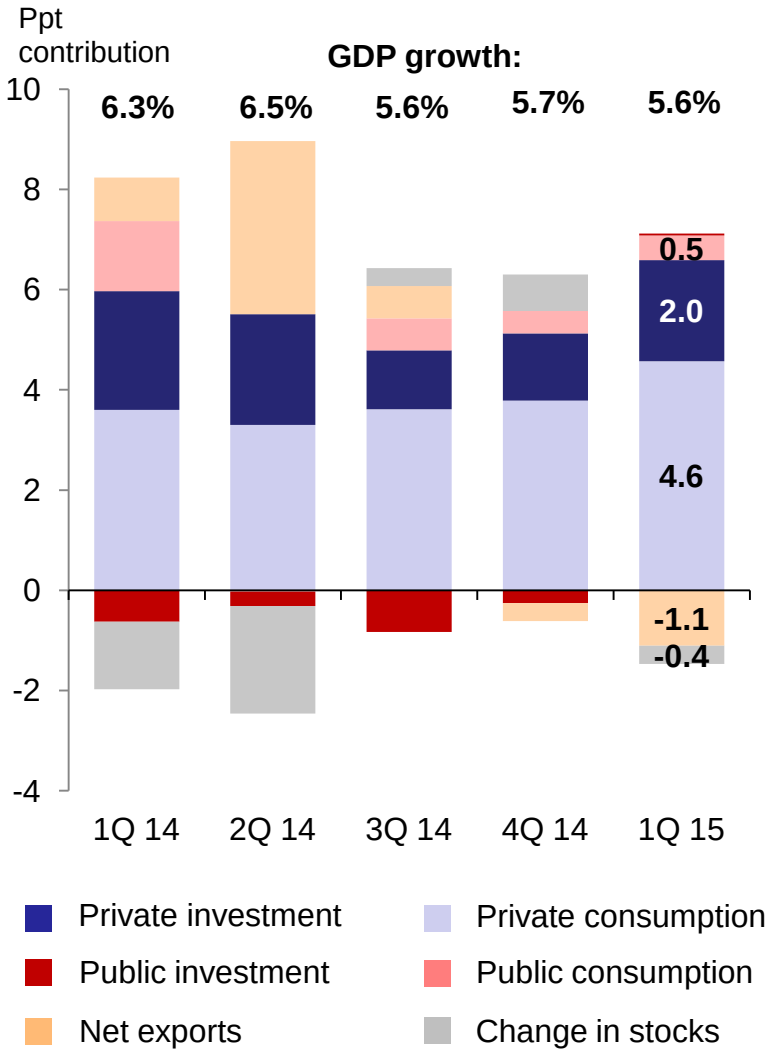
The Malaysian economy expanded by 5.6% in 1Q 2015



Source: Department of Statistics, Malaysia

Private sector remains the anchor of growth

Real GDP (Annual change, %)	Share, % (2014)	2014			2015
		1Q	4Q	Year	1Q
Domestic demand (excluding stocks)	**91.5**	**7.6**	**5.7**	**5.9**	**7.9**
Private Sector	**68.5**	**8.9**	**8.3**	**7.9**	**9.6**
Consumption	*51.8*	*7.0*	*7.6*	*7.0*	*8.8*
Investment	*16.6*	*14.9*	*11.1*	*11.0*	*11.7*
Public Sector	**23.0**	**3.6**	**0.6**	**0.4**	**2.5**
Consumption	*13.6*	*12.2*	*2.5*	*4.4*	*4.1*
Investment	*9.5*	*-6.3*	*-1.9*	*-4.7*	*0.5*
Net exports of goods and services	**9.3**	**8.2**	**-4.0**	**12.8**	**-10.2**
Exports	*76.1*	*7.9*	*1.9*	*5.1*	*-0.6*
Imports	*66.8*	*7.8*	*2.6*	*4.2*	*1.0*
Change in stocks (RM billion)	**-0.8**	**-1.6**	**-2.7**	**-8.5**	**-2.5**
GDP (y-o-y)	**100.0**	**6.3**	**5.7**	**6.0**	**5.6**
GDP (q-o-q growth, seasonally adjusted)	**-**	**1.4**	**1.8**	**-**	**1.2**

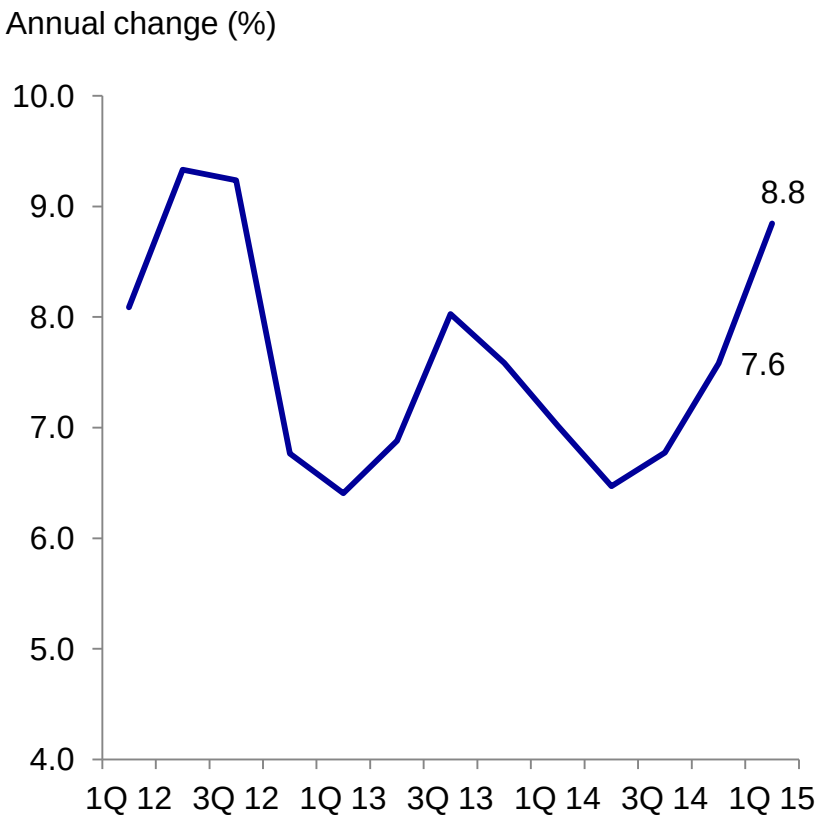


Source: Department of Statistics, Malaysia

Private consumption expanded at a stronger pace of 8.8%

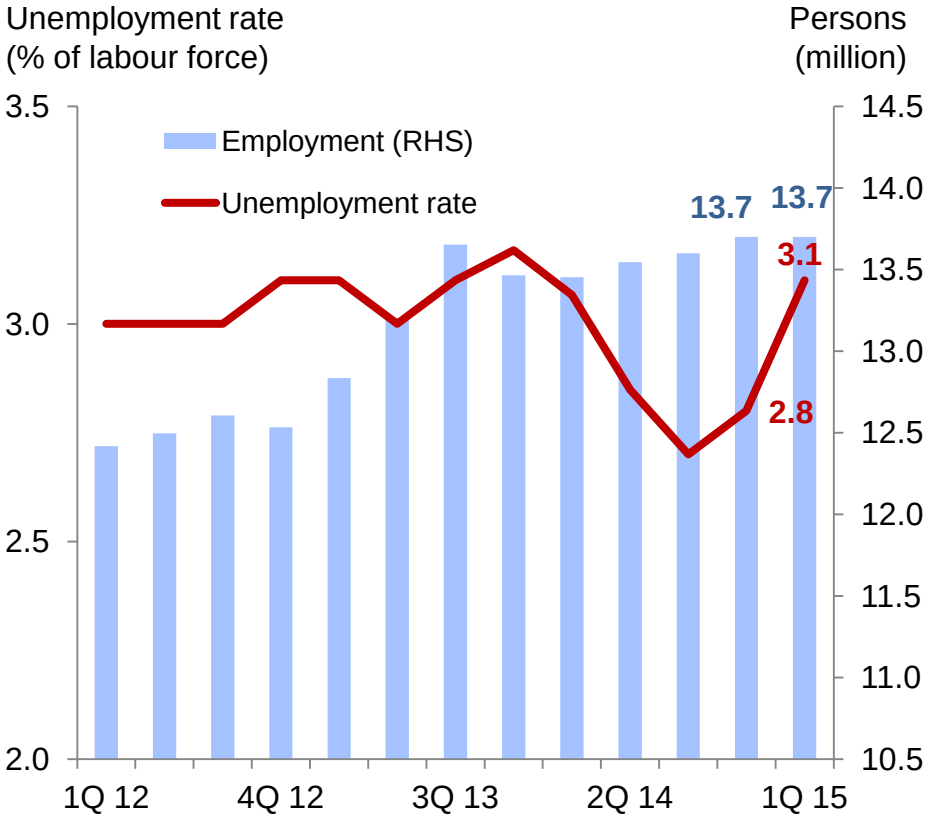
Stronger pace of private consumption

Real Private Consumption Growth



Spending remained supported by stable employment conditions

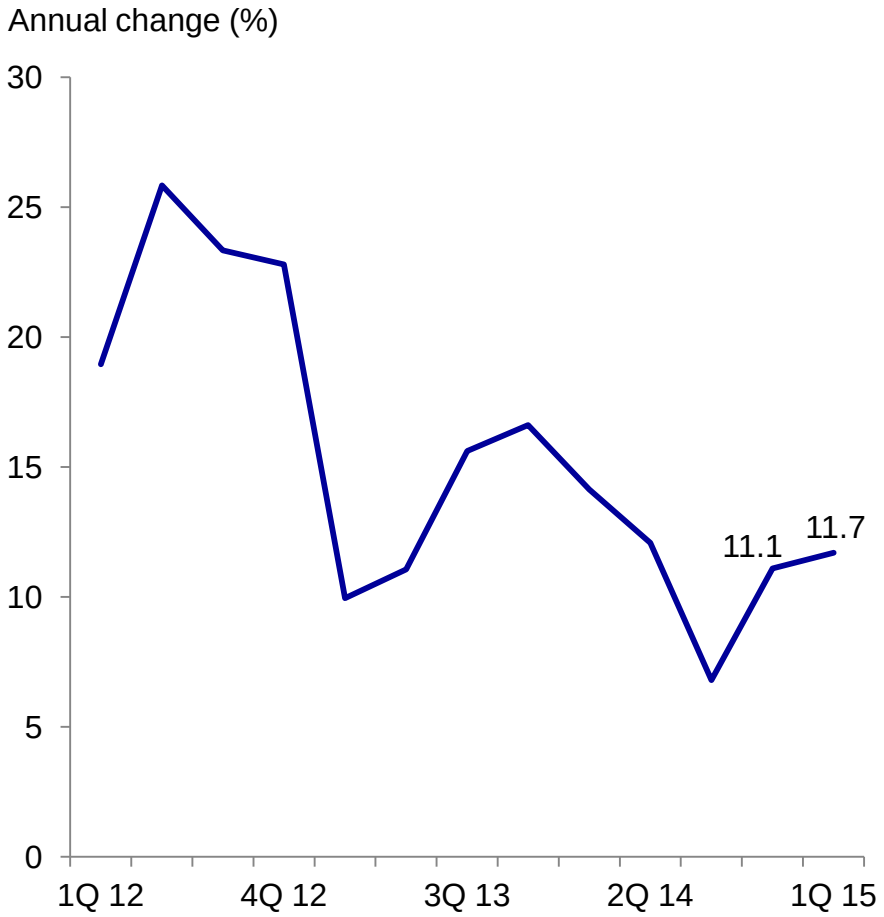
Unemployment Rate and Employment



Source: Department of Statistics, Malaysia; Ministry of Human Resources

Private investment advanced by 11.7%

Real Private Investment Growth



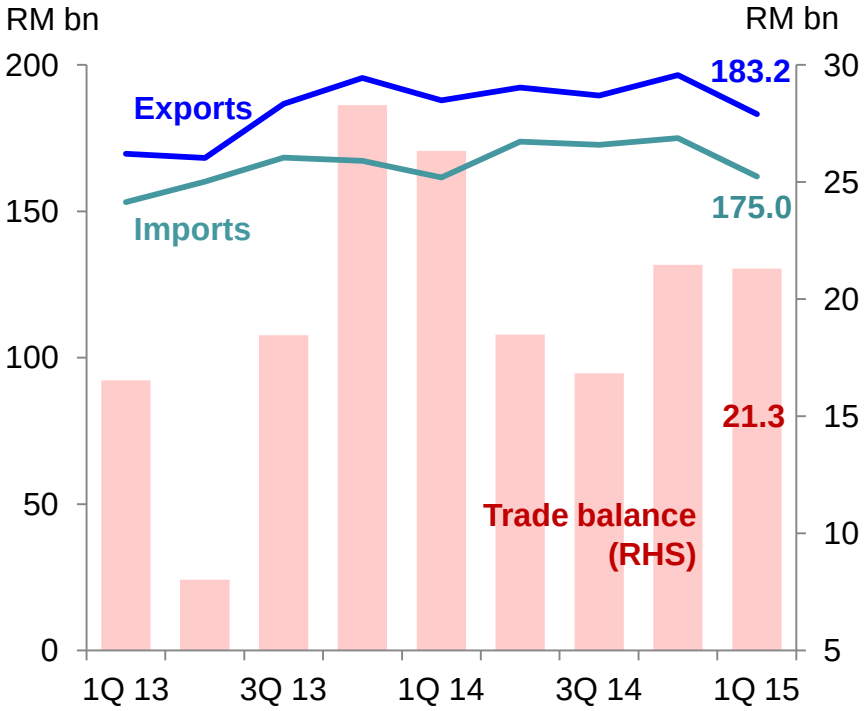
Private investment driven by:

- Capital spending in the export-oriented manufacturing industries and the services sector
- On-going multi-year investment projects

Source: Department of Statistics, Malaysia

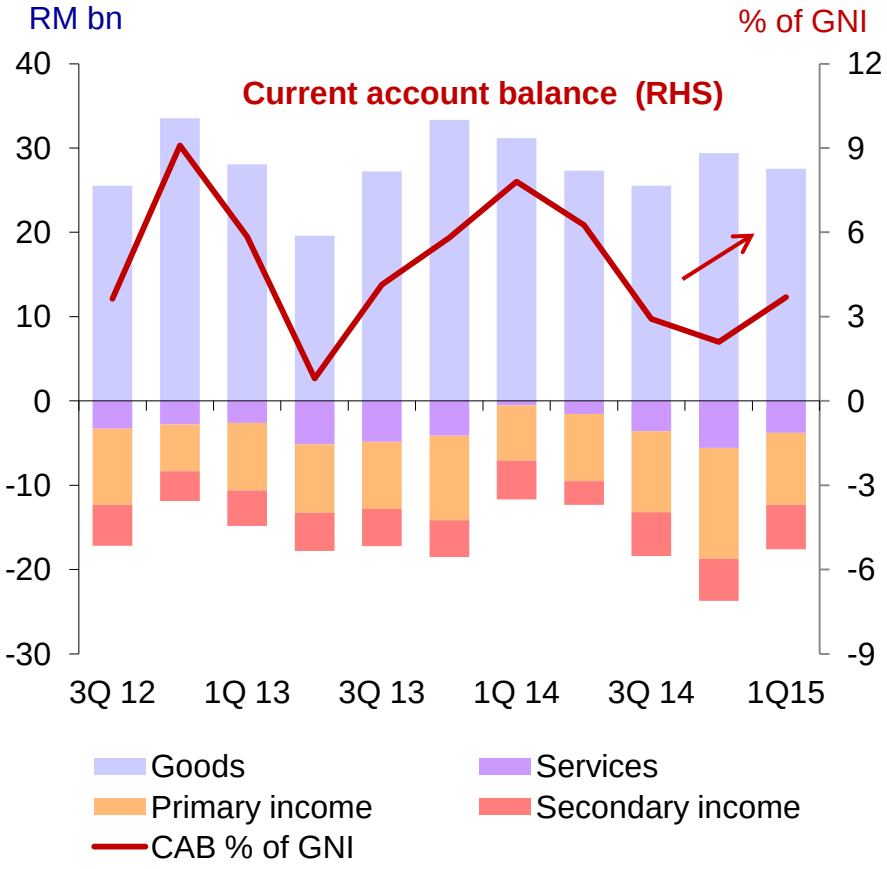
Trade balance remained sizeable and current account surplus improved

Trade balance remained sizeable



% yoy	1Q14	4Q14	2014	1Q15
Exports	10.7	0.5	6.4	-2.5
Imports	5.5	4.6	5.3	0.2

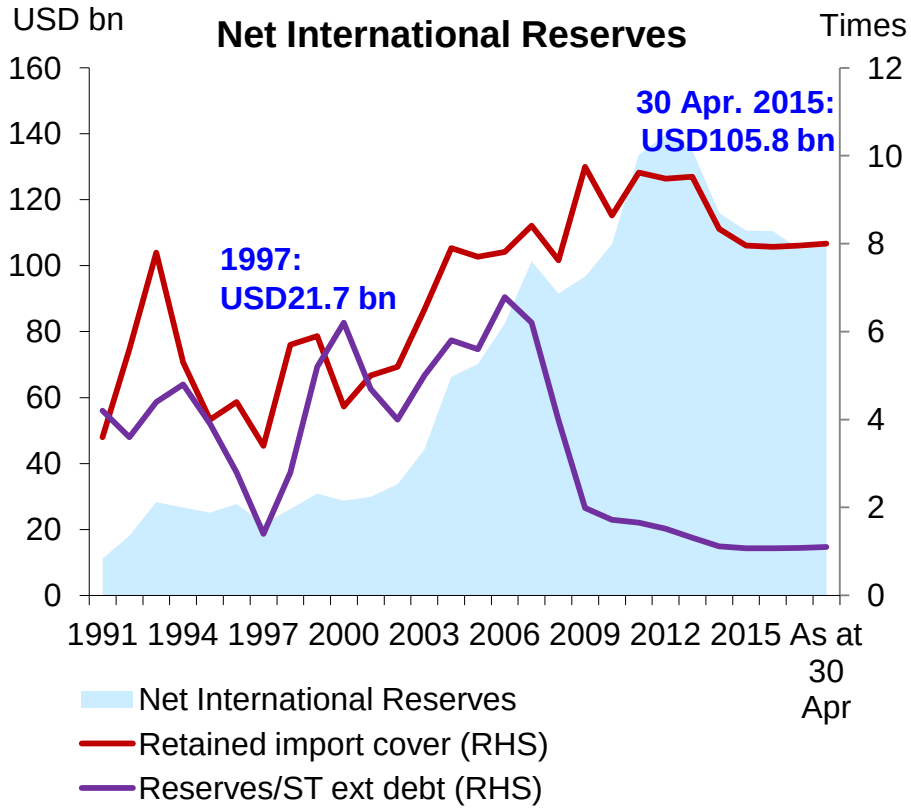
Higher current account surplus in 1Q15



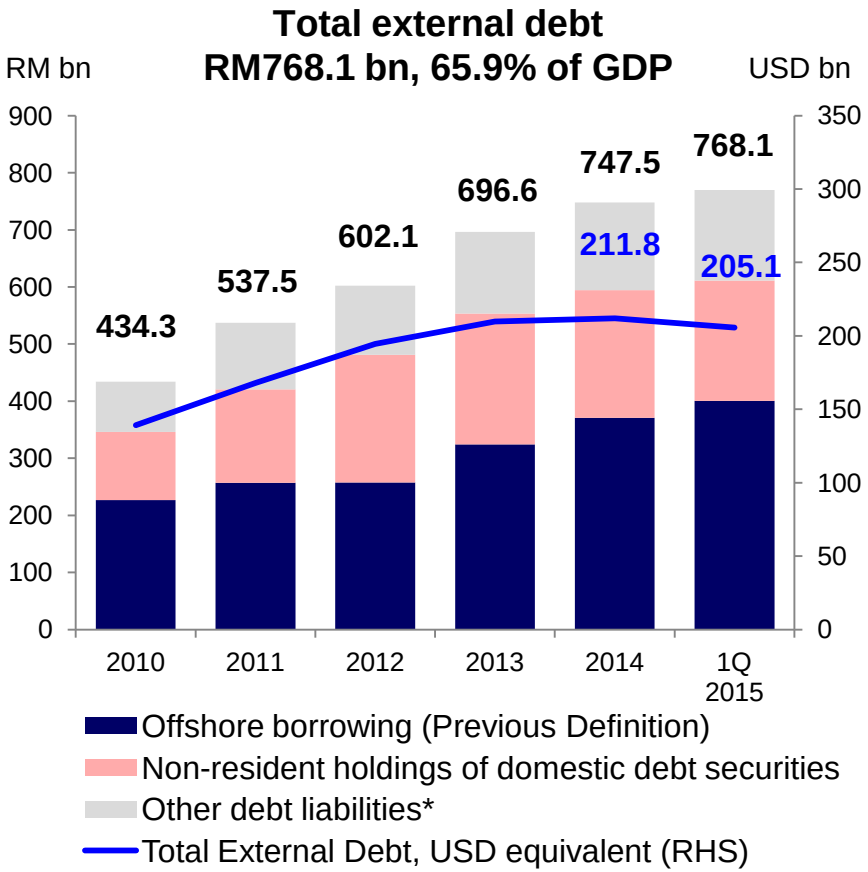
Source: Department of Statistics, Malaysia

Ample reserves to meet external obligations while external debt affected by valuation effect

Reserves position remained at about five-times the level during Asian Financial Crisis



In 1Q 2015, higher external debt in ringgit terms due to valuation effect



Source: Bank Negara Malaysia, Department of Statistics, Malaysia

*Include trade credits, SDR allocation and miscellaneous

Growth supported by the major economic sectors

Real GDP (Annual change, %)	Share, % (2014)	2014			2015
		1Q	4Q	Year	1Q
Services	53.5	6.7	6.6	6.5	6.4
Manufacturing	23.0	7.0	5.4	6.2	5.6
Mining	9.0	-0.1	9.5	3.3	9.6
Agriculture	9.2	2.6	-3.7	2.1	-4.7
Construction	4.3	19.3	8.8	11.8	9.7
GDP	**100.0**[1]	**6.3**	**5.7**	**6.0**	**5.6**

- **Services:** Expansion in all sub-sectors, particularly in consumption-related sub-sectors
- **Manufacturing:** Strong production in the E&E cluster
- **Construction:** Supported by non-residential and residential subsectors
- **Mining:** Strong growth amid higher crude oil production
- **Agriculture:** Contraction due to lower palm oil output

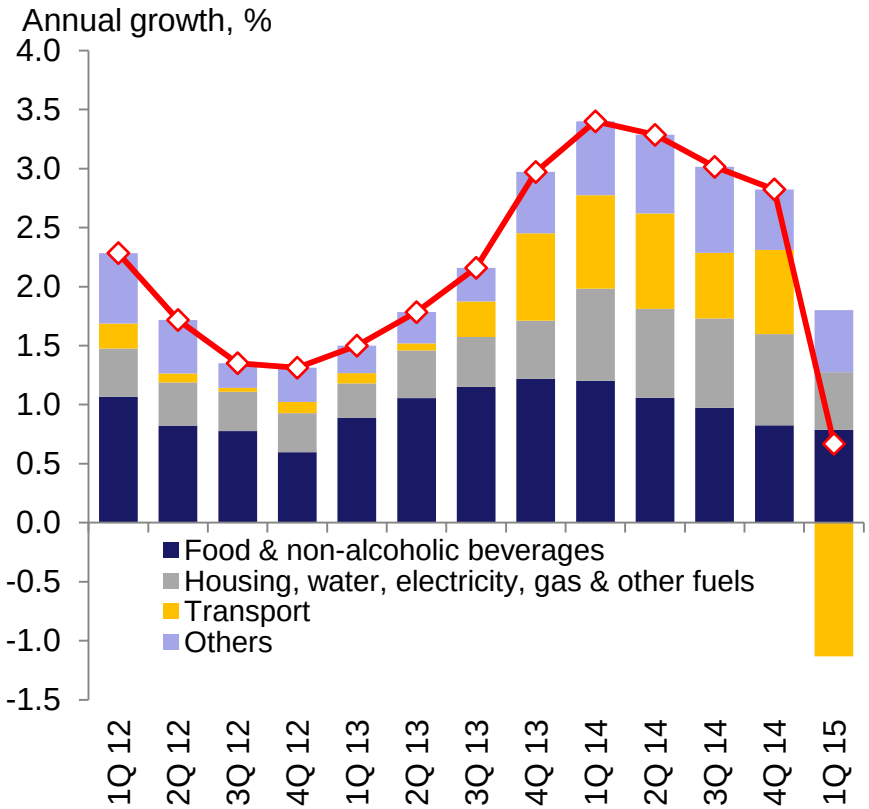
[1] Numbers do not add up due to rounding and exclusion of import duties component

Source: Department of Statistics, Malaysia

Headline inflation was lower at 0.7% in 1Q

- The decline in inflation was due mainly to the *transport* category following the downward revisions to domestic fuel prices

Contribution to Inflation

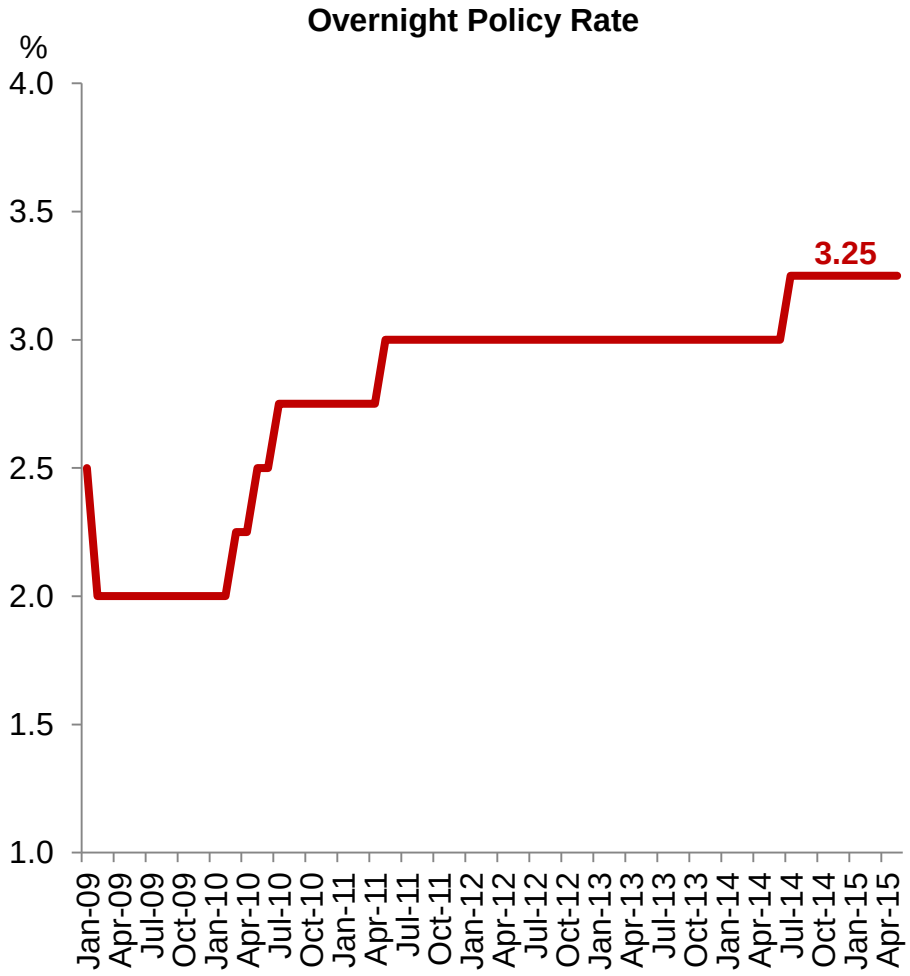


Category	Weight	4Q '14	1Q '15
		Annual growth, %	
Headline inflation	**100.0**	**2.8**	**0.7**
Food and non-alcoholic beverages	30.3	2.7	2.5
Housing, water, electricity, gas and other fuels	22.6	3.4	2.1
Transport	14.9	4.8	-7.6
Others	32.2	1.5	1.6

Others include *alcoholic beverages and tobacco; restaurants & hotels; recreation services & culture; education; health; furnishings, household equipment & routine household maintenance; communication; clothing and footwear;* and *miscellaneous goods and services.*

Source: Department of Statistics, Malaysia

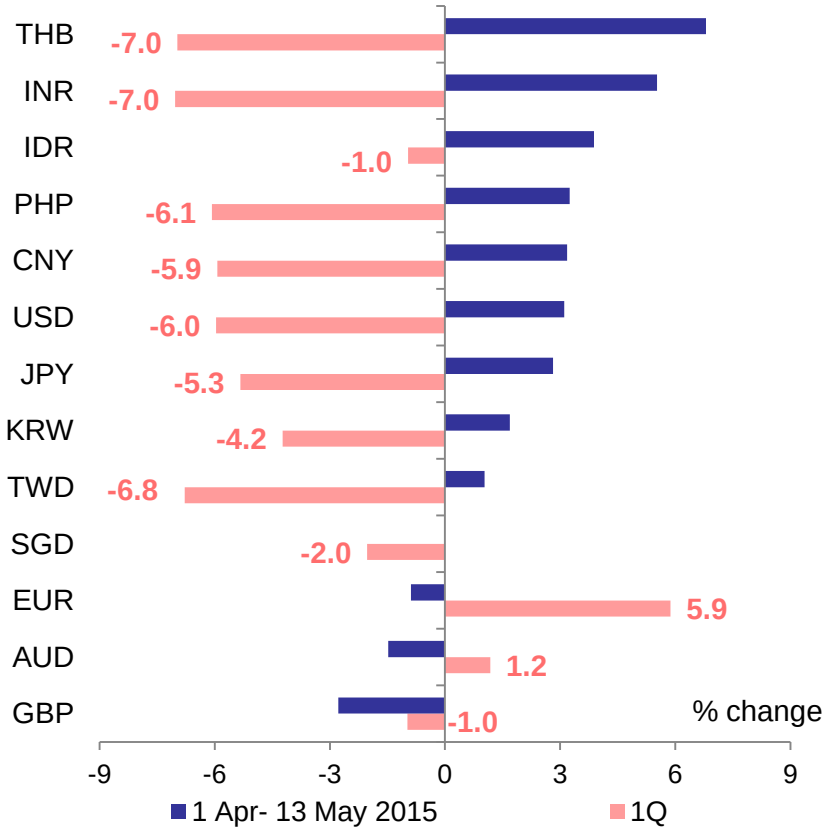
OPR maintained at 3.25% amid steady growth prospects and contained underlying inflation



- The Malaysian economy is expected to remain on a steady growth path with domestic demand remaining as the key driver of growth
- Inflation is expected to trend higher in 2015 following the implementation of GST. Underlying inflation is expected to remain contained
- The stance of monetary policy remains supportive of economic activity
- Risks to destabilising financial imbalances are contained

Ringgit movements driven by both domestic and external factors

MYR performance against selected currencies



Note: +ve corresponds to ringgit appreciation

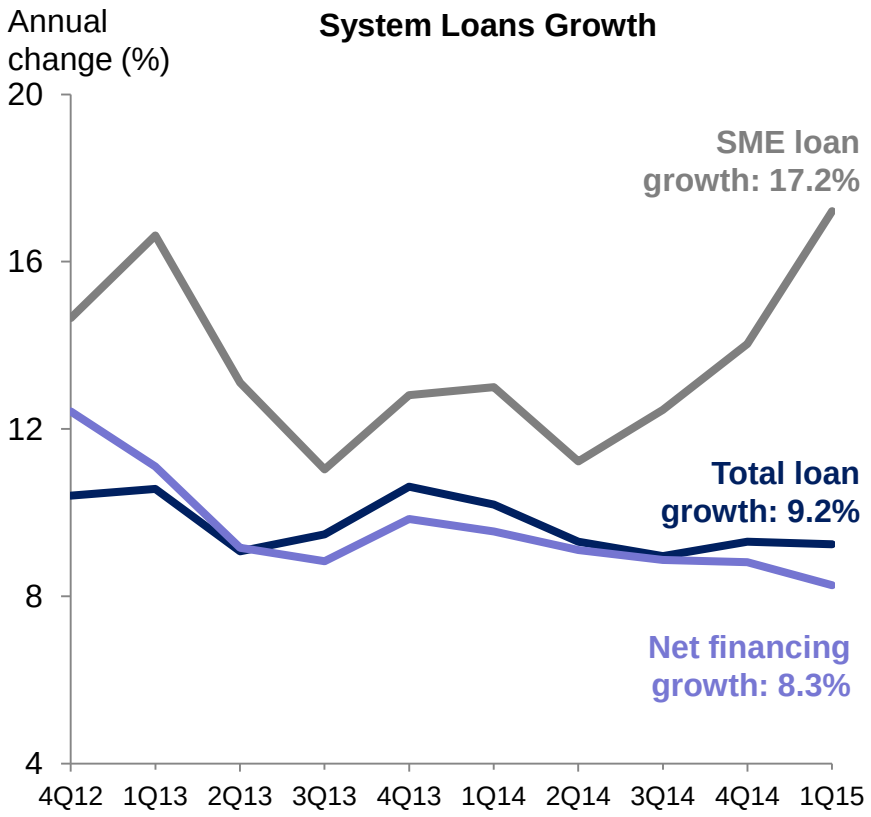
Source: Bank Negara Malaysia

- Regional currencies continued to face volatility during the first quarter:
  - Uncertainty surrounding global monetary conditions
  - Concerns on the global economic outlook
- The ringgit also faced adjustments due to ongoing concerns on impact of low global crude oil prices
- The ringgit, however, has appreciated in April following some recovery and stabilisation in the global crude oil prices

Financing remained supportive of economic activity

Relatively stable total loans growth amidst continued strong growth in SME loans …

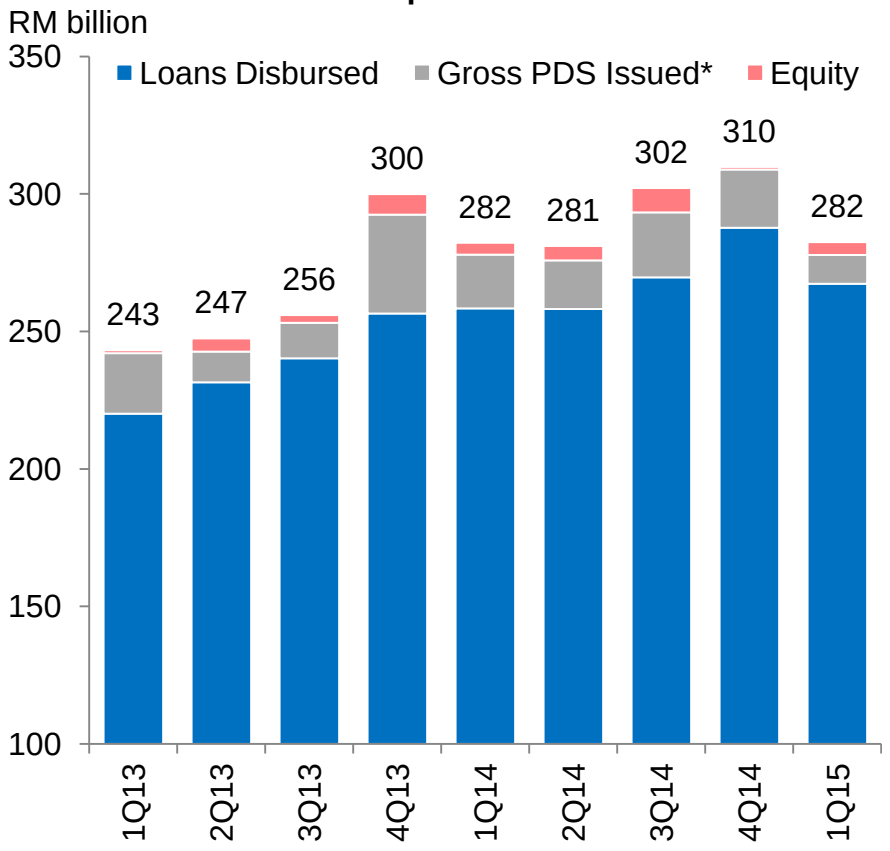
Net Financing[1] and Outstanding Banking System Loans Growth



[1]Outstanding loans of the banking system and PDS outstanding

… with sustained gross financing to the private sector

Gross Financing through the Banking System and Capital Market



*Excludes issuances by Cagamas

Source: Bank Negara Malaysia

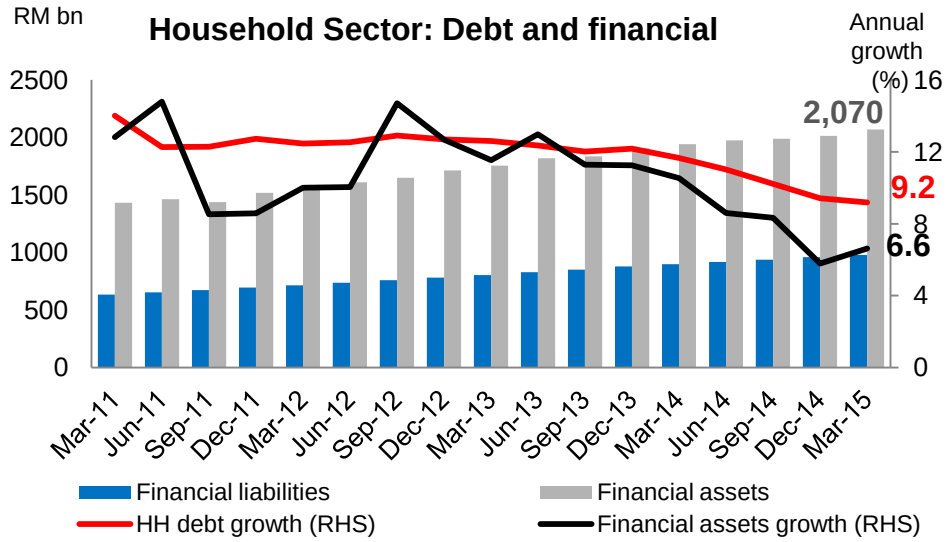
Domestic financial stability continued to be preserved

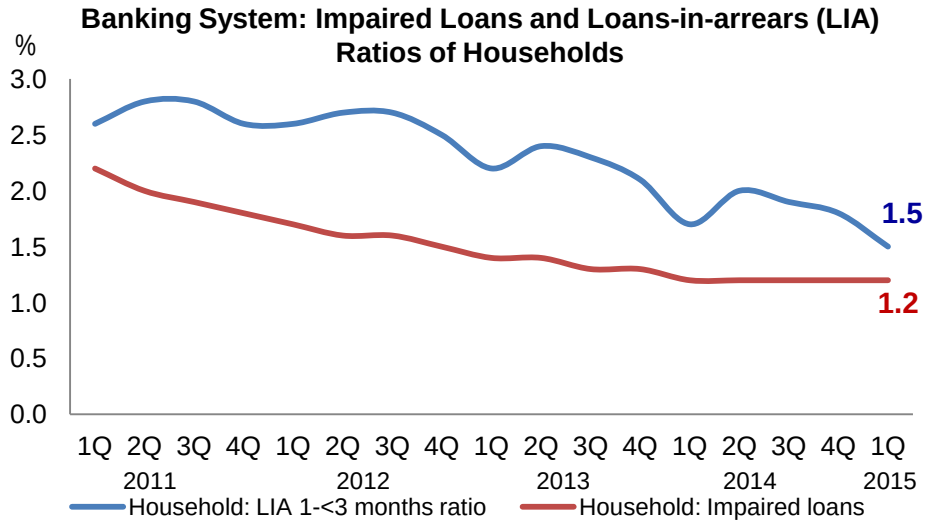
Banking sector	4Q 14	1Q 15
Common equity tier 1 (CET1) capital ratio (%)	13.3	12.5
Tier 1 capital ratio (%)	14.0	13.2
Total capital ratio (%)	15.9	15.2
Capital buffer (RM bn)	107	99
Net impaired loans ratio (%)	1.2	1.2
ROE (annualised)	15.2	12.4
Liquidity buffer (<1 mth) (% of deposits)	15.8	16.0
Insurance/Takaful sector	**4Q 14**	**1Q 15**
Capital adequacy ratio (%) - Insurance	252.1	246.5
Capital adequacy ratio (%) - Takaful	189.6	187.5
Capital buffer (RM bn)	32.9	33.1
Profit YTD (RM bn)	16.9	6.2

Source: Bank Negara Malaysia

- Financial intermediation continued to be supported by:
  - Sound financial institutions;
  - Orderly conditions in financial markets; and
  - Ample liquidity
- Banks and insurers to remain resilient under stress scenarios
- Public confidence in the financial system remained intact
- Banking system liquidity remained ample

Household debt expansion continued to moderate

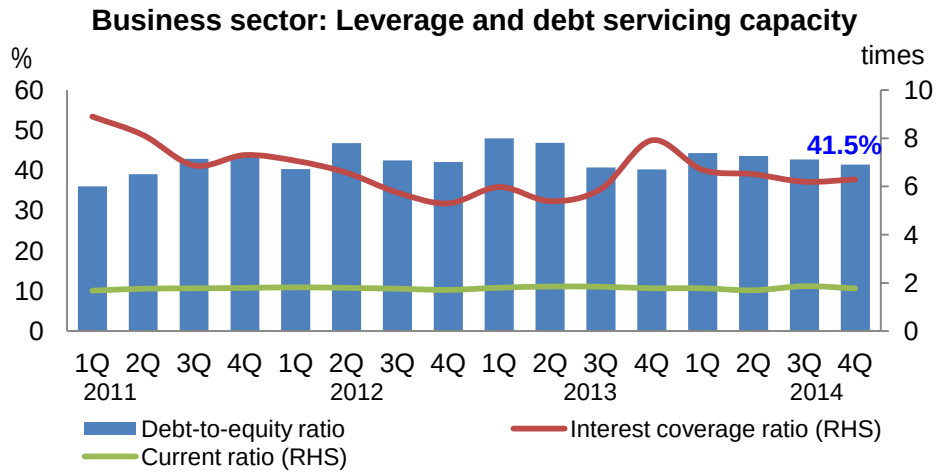


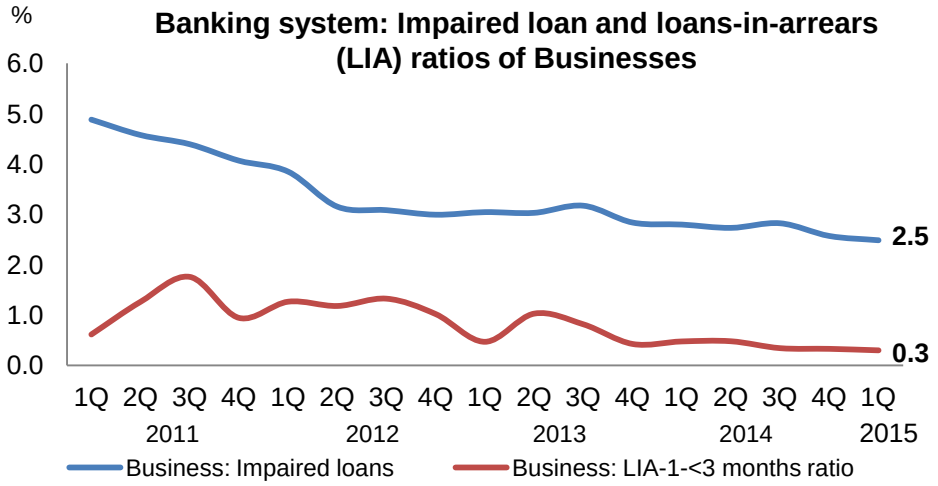


- Household debt grew by 9.2%
- Aggregate financial assets remained above 2 times of household debt
- Risk of delinquency remains low in near term
  - Continued income growth and favourable employment conditions
  - Prudent debt servicing ratios (DSR) associated with new household debt
  - Sustained debt servicing capacity

Source: Bank Negara Malaysia

Sustained debt servicing capacity amid improved leverage position of businesses





- Growth in domestic borrowings (loans, private debt securities and sukuk) by businesses moderated to 7.4% (Dec 2014: +8.5%)

- Quality of banking sector credit exposure to businesses remained healthy
  - Low impairment and arrears
  - Supported by sustained financial performance and strong financial buffers of businesses

Source: Bank Negara Malaysia

Looking ahead, the Malaysian economy is expected to remain on a steady growth path

- **The global economy to improve although at a moderate pace**
  - Pace of recovery of the advanced economies to remain modest and uneven
  - While growth in the regional economies is slower, it will continue to remain an important growth center in the global economy
  - Downsides risks remain, with the international financial markets affected by shifts in global liquidity and investor sentiments.

- **Domestic demand to remain as the key driver of growth of Malaysian economy**
  - Private consumption is expected to be affected by the introduction of GST, but will continue to be supported by the steady rise in income and employment
  - Investment activity to be led by capital spending in export-oriented industries, services sector and infrastructure projects
  - The recovery in global growth, although moderate, will provide support to manufactured exports

Announcement on Rebase of Malaysia's GDP to Base Year 2010

Malaysia's GDP rebased to the 2010 base year

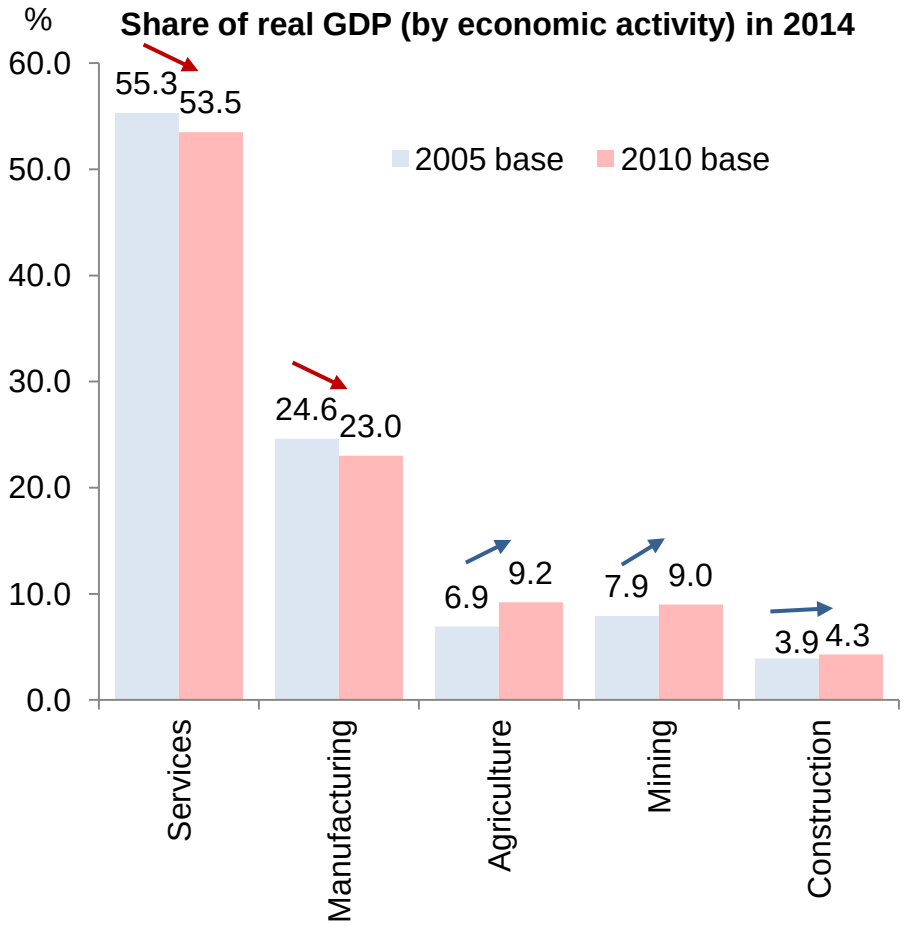
1. **GDP rebasing is a planned periodic exercise and is in line with international best practices**

2. **Rebasing of Malaysia's GDP ensures the continued relevance and improves the quality of GDP estimates**
   - Reflects latest structure of the Malaysian economy
   - Adopts international best practices in statistical compilation
   - Incorporates latest comprehensive surveys, censuses and data sources

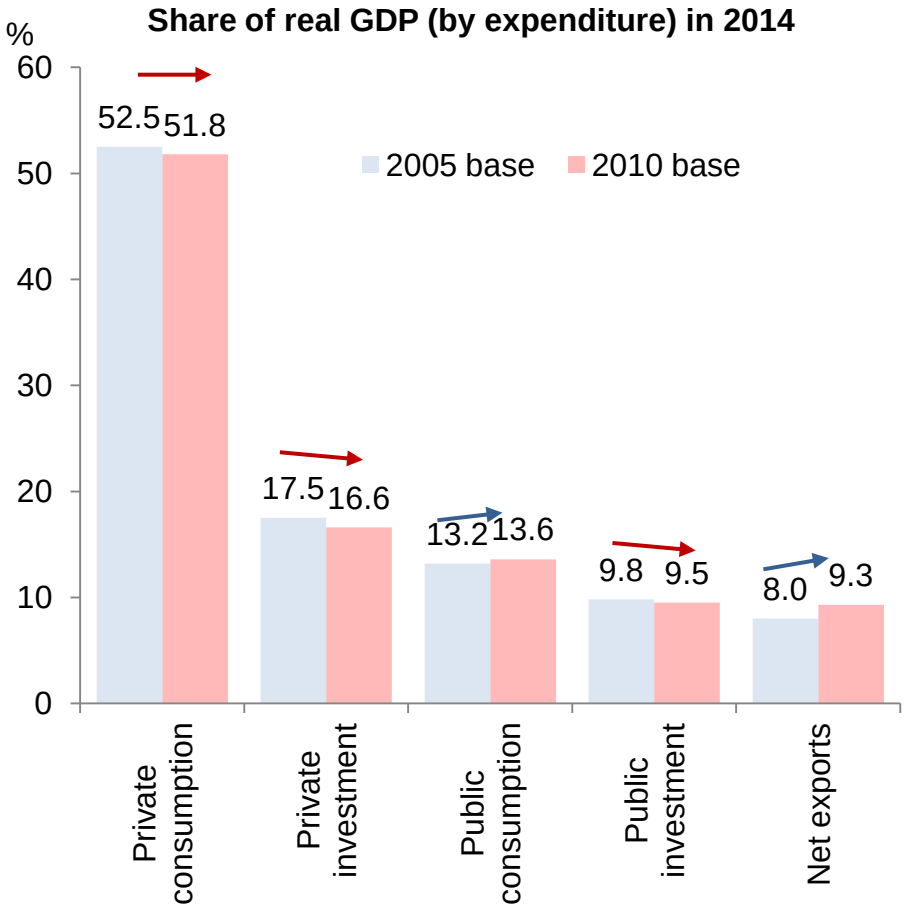
3. **The rebasing exercise has minimal implications on Malaysia's economic profile**
   - Modest increase in nominal GDP
   - Minimal changes to the structure and underlying drivers of growth in the economy
   - Unchanged GDP growth and underlying momentum

Structure of the economy broadly unchanged

Services and manufacturing remain the largest sectors



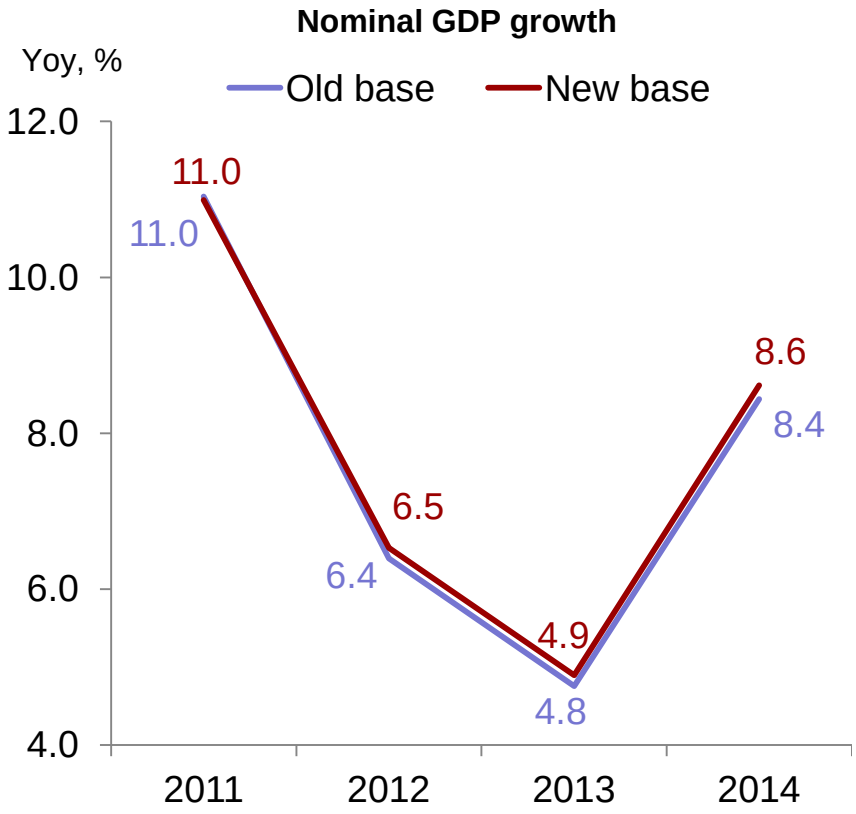
Private sector domestic demand remains the key driver of growth

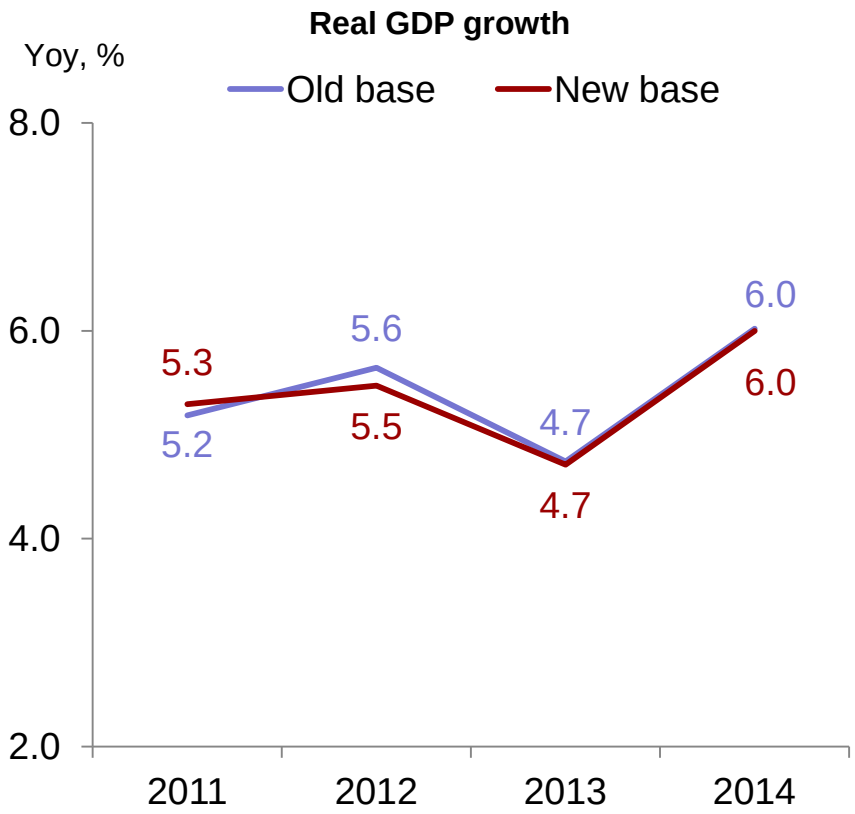


Source: Department of Statistics, Malaysia

Nominal and real GDP growth relatively unchanged

Underlying growth momentum of the economy remains relatively the same





Source: Department of Statistics, Malaysia

Questions