BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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

Higher growth in the second quarter……

The Malaysian economy expanded at a stronger pace in the second quarter of 2002. Sustained strength in domestic demand and a recovery in exports raised real GDP growth to 3.8% on an annual basis, from 1.1% in the first quarter.

2. Consumption spending was broad-based across the country and gained momentum as an important source of growth in the quarter. Private consumption increased at a faster rate of 5.6% (1Q: 3%). Higher real incomes from the expansionary fiscal operations of the Government, the improvement in export volume and higher commodity prices, low interest rates and the easier access to financing provided a strong stimulus to private consumption. The important development in this quarter has been the significant income effect from improved export volume and prices. For the first time since the first quarter of 2001, exports recorded a positive annual growth of 5.3% due to the stronger growth in electronic exports and positive terms of trade from higher prices for palm oil, rubber, cocoa and saw logs.

The impact of higher commodity prices on rural income and consumption has been significant. Public consumption was also higher by 15.4% on account of the salary adjustment for government employees and added supplies and services associated with the fiscal stimulus.

3. On the investment front, the decline in total gross fixed capital formation moderated significantly to 2.1% in the second quarter (1Q 2002: -8.5%). In the private sector, companies continued to utilise the existing capacity to meet the increase in demand, resulting in a higher capacity utilisation. The low interest rate environment and the fiscal incentives have continued to provide support for investment in residential construction. Investment was also sustained in oil and gas; transportation; and retail and wholesale trade. Improvements were also seen in the imports of capital goods and capacity utilisation rates. Investment by the public sector was higher, based on the significant increase in development expenditure of 42.5% in the second quarter. About one-half of the expenditure was for financing the development of social services, such as education, health and housing.

Sustained growth in services sector and recovery in the manufacturing sector

4. The services sector continued to provide the main support for GDP expansion. In the second quarter, growth was further strengthened by a recovery in the manufacturing sector. Activity in the manufacturing sector rebounded in the second quarter of 2002 to take the lead, with value added increasing by 5.6% (1Q 2002: –2.3%), the first positive growth since the first quarter of 2001. The improved performance was attributed to a stronger expansion in output of the domestic-oriented industries, as well as a turnaround in production of the export-oriented industries, due primarily to an upturn in the electronics industry. With the improved performance, the overall capacity utilisation rate in the manufacturing sector increased to 82% in the second quarter (79% in the first quarter).

5. Growth in output of the domestic-oriented industries was higher at 8.4% in the second quarter (1Q 2002: 3.5%), with positive growth in all industries except petroleum products and the tobacco products industries. The construction-related materials industries, comprising non-metallic mineral products as well as iron and steel products registered a higher growth of 8.6% (1Q 2002: 2.6%), supported by higher demand for construction services. The other major industries, including those producing transport equipment and food products such as flour, rice and sugar continued to expand at 13% and 9% respectively. Consequently, capacity utilisation in the domestic-oriented industries increased to 83% during the quarter (1Q 2002: 80%).

6. The output of the export-oriented industries as a group rebounded to record a positive growth of 5.7% (1Q 2002: –5.5%), with capacity utilisation rate increasing to 82%. The turnaround was more pronounced in the electronics industry. Depleting inventories, improving orders, including higher demand for electronics in the Asia Pacific region saw electronics output and exports rising sharply by 23.5% and 16.5% respectively (1Q 2002: –0.8% and 1.1% respectively). The increase in output was strongest in the integrated circuits product segment. This was partly due to the transfer of production lines to Malaysia from the high cost production centres as MNCs undertook corporate consolidation as well as inventory rebuilding. With the significant increase in electronics output, the average capacity utilisation rate in the electronics industry exceeded the 80% level for the first time since the fourth quarter of 2000.

7. The construction sector registered a higher growth of 3.4% underpinned by underlying demand for affordable houses. Higher Government construction spending on public projects also contributed to higher activities in the sector.

8. Supported by the overall strengthening of demand conditions, growth in the services sector was sustained at 4.5% (1Q: 4.4%). Of significance, the finance, insurance, real estate and business services sub-sector expanded by 7.7% (1Q: 8.7%). The favourable growth in this sector was reflected in higher bank lending, especially for housing and consumer durables, higher demand for insurance products and improved performance in the Kuala Lumpur Stock Exchange. Growth in the utilities sub-sector was also strong, attributed largely to higher demand for electricity from the industrial and commercial users. Stronger growth was recorded in the wholesale and retail trade, hotels and restaurants sub-sector, supported largely by higher consumer spending.

9. Value added of the agriculture sector declined further by 1.3% due to lower seasonal yields for crude palm oil and cocoa, and lower output of saw logs following weaker external demand. Crude palm oil production declined during the quarter as the oil palm trees take a 'biological rest' after three years of good harvests. Households in the agriculture sector, however, contributed to overall growth in consumer demand as palm oil prices rose to average RM1,295 per tonne, rubber to 287 sen per kg. and cocoa to RM4,895 per tonne during the second quarter.

10. The contraction in the mining sector of 4.6% was due primarily to lower production of natural gas, following a gas plant shutdown for maintenance purposes and lower demand from major buyers during the quarter.

Inflation remained low

11. Despite the one-off price adjustment in telephone charges in March 2002, inflation as measured by the Consumer Price Index (CPI), remained low at 1.9% compared to the second quarter of 2001 (1.4% in the first quarter).

Labour market improved significantly

12. Malaysia continued to operate close to full employment. The number of workers retrenched declined by more than one-half to 4,579 in the second quarter.

External position strengthened further

13. Reflecting stronger economic activities and external demand, both exports and imports increased by 5.3% and 10% respectively. The overall trade surplus remained large at RM9.7 billion despite the stronger increase of imports. All broad categories of imports registered positive growth. The increased in imports of intermediate goods by 6.9% is indicative of orders beyond the second quarter. These imports were mainly for the export-oriented electronics industry, where imported inputs for this sub-sector increased by 23.5%.

14. Inflows of funds for investment were higher during the quarter. The Cash BOP Reporting System of Bank Negara Malaysia indicated that the gross inflows of FDI in the form of direct equity and inter-company loans amounted to RM3.3 billion in the second quarter. The bulk of the funds were channelled into the oil and financial services sectors. Due to loan repayments by non-resident controlled companies, FDI on a net basis was RM0.5 billion. Net overseas investment by Malaysian companies amounted to RM2.4 billion, while portfolio investment recorded a net outflow of RM3.2 billion during the second quarter due to profit taking activities. This trend has, however, reversed in the following period.

15. The international reserves of Bank Negara Malaysia increased further to RM129.9 billion (US$34.2 billion) as at 15 August 2002, RM5.4 billion or US$1.4 billion higher than the level as at the end of the first quarter. Reserves growth has been primarily from repatriation of export income and long-term investment inflows, which have more adequately offset the periodic net short-term outflows. Since end-2001, reserves rose by RM12.6 billion or US$3.3 billion. The reserves of RM129.9 billion is adequate to finance 5.6 months of retained imports and is 5.1 times the short-term external debt.

16. Malaysia's external debt position improved in the second quarter. The total external debt declined to RM176.1 billion (US$46.4 billion) as at end-June compared with RM178.4 billion (US$46.9 billion) at end-March. External

debt to GNP ratio improved to 54.5%. The improvement was attributable to the decline in both short-term external debt as well as medium and long-term external debt of the private sector, reflecting mainly the prepayments and repayments of loans as part of corporate debt restructuring. The reduction in private sector debt exceeded new external loans of the Federal Government and the exchange revaluation loss incurred from the appreciation of yen and euro. As at end-June, the short-term external debt declined to RM24.1 billion or 13.7% of the total external debt compared with 15.3% of the total external debt as at end-March. The decline reflected mainly the repayment of bridging loans obtained in the fourth quarter of 2001 to finance the acquisition of controlling interests from non-resident partners.

Faster implementation of Government projects

17. The budgetary operations of the Federal Government were expansionary in the second quarter. This reflected largely the faster implementation of projects to support economic recovery. As a result, the Federal Government recorded a fiscal deficit of RM4 billion.

The banking system strengthened further …….

18. In the second quarter of 2002, the capital position of the banking system strengthened further with a higher RWCR of 12.8%. Core capital ratio was maintained at 10.5%. Net NPL ratio on a 6-months classification stabilised at 8.1%. Loan loss provision (LLP) was 59.2% (144.7% including collateral), following significant loan write-offs.

19. Since the last quarter, CDRC has completed an additional four restructuring cases, discharged two cases, whilst a case was withdrawn. Another case is still pending lenders' approval and would be monitored by Danaharta. The closure of CDRC was efffective on 15 August 2002, after successfully resolving 47 cases or 98% of the number of cases accepted with total debts amounting to RM43.97 billion. The recovery profile of the resolved cases has shown that 83% of the recovery proceeds were in the form of cash, redeemable instruments and rescheduled debts.

Monetary policy remains accommodative`

20. The current accommodative monetary policy continued to support economic expansion in the second quarter. Underpinned by low interest rates, ample liquidity and a strengthened banking system, total gross private sector financing (loan disbursed, gross PDS issues and funds raised from the equity market) raised during the quarter rose by 23% compared with the previous quarter or RM119.2 billion (RM97 billion in the previous quarter). The low and competitive interest rates continued to attract higher demand for bank credit by the household sector, mainly for mortgage and car loans. In the corporate sector, financing for businesses was also sustained, with continued high disbursements for the manufacturing; wholesale, retail, restaurants and hotels; and transport, storage and communication sectors. However, corporations continued to reduce their exposure to the banking sector as part of the debt restructuring exercise. As a result, loan repayments by businesses were higher during the period.

21. Improved economic prospects continued to generate interest for new bank borrowing by the private sector. Both loan applications and approvals rose during the second quarter. The private sector also raised more funds in the capital market with gross issuance in the private debt securities amounting to RM7.4 billion (RM2.4 billion in the first quarter). In the case of the equity market, there were 19 initial public offerings (IPOs), raising a total of RM5.6 billion, against 12 IPOs with RM0.6 billion raised in the previous quarter.

22. In line with the weakness of the US dollar in the international foreign exchange markets, the ringgit depreciated against both major and regional currencies in the second quarter of 2002.

The near-term outlook remains favourable

23. Prospects for the Malaysian economy remain favourable. In the second half-year, growth is expected to be supported by continued expansion in domestic and external demand. On the domestic front, the composite index of leading indicators registered the eleventh consecutive positive growth in May,

suggesting that the Malaysian economy is in its expansionary phase. The Coincident Index, an indicator of the current state of overall economic activities, showed a positive growth for the second straight month in May.

24. The MIER consumer and business sentiment surveys also pointed towards improved consumer and investor sentiment. The increase in the Consumer Sentiment Index reflects continued favourable view on incomes amidst stable labour market conditions. The strengthening of the Business Conditions Index in the second quarter by 5.6 points to 57.5 points, the highest level since the fourth quarter of 2000 and with improvements being broad-based across all eight of its components, suggests that the pace of economic expansion is likely to continue.

25. During the period March to April 2002, four international credit rating agencies, namely Standard and Poor's, Moody's Investors Service, Fitch Ratings and Rating and Investment Inc. revised Malaysia's sovereign ratings outlook from 'stable' to 'positive'. Overall, these agencies attributed the positive revision to the country's strengthening financial sector, accelerated corporate restructuring activity, continuing large current account surplus, robust international reserves and liquidity and broad economic soundness.

26. On 7 August 2002, Fitch Ratings upgraded Malaysia's long-term foreign and local currency ratings by single notches to 'BBB+' from 'BBB' and 'A' from 'A-', respectively, with a 'stable' ratings outlook. On 20 August 2002, S&P raised Malaysia's long-term foreign and local currency ratings by single notches to 'BBB+' from 'BBB' and 'A+' from 'A', respectively, with a 'stable' ratings outlook.

27. While the recent weakness in the global financial markets amidst the US corporate problems has raised concerns, policy response across the globe has been biased towards supporting recovery. In the US, although risk has risen, the balance of indicators suggests continued growth, but at a slower pace than earlier expected. In Europe and Japan, the purchasing manager's index showed continued but moderate expansion in industrial activity.

28. Recent economic data in the Asian region indicate further strengthening in regional economic activity. Growth is becoming more balanced with strengthening domestic demand complemented by the turnaround in exports. In the second quarter of 2002, most of the regional countries have recorded positive export growth for the first time this year.

29. Domestic demand is playing a greater role in regional growth this year, aided by accommodative monetary policy and expansionary fiscal measures. The region is also benefiting from rising intra-regional trade, which is supported mainly from robust domestic demand. By enhancing these regional sources of growth, regional economies can be expected to balance the sources of growth and improve their resilience to developments in the global economy.

Bank Negara Malaysia
21 August 2002

Chart 1 : Higher growth of 3.8% in 2Q...

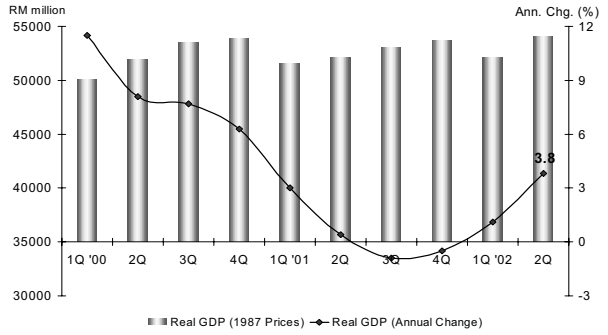


Chart 2 : Stronger and broad-based consumer spending in 2Q ...

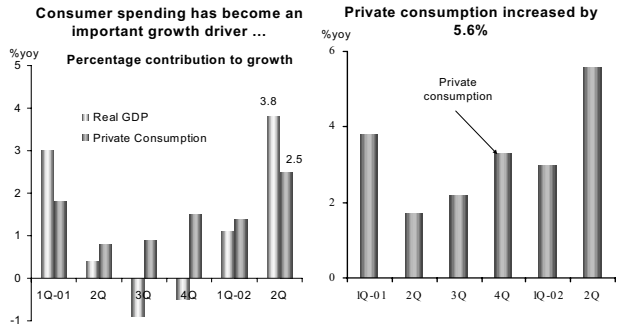


Chart 3 : More moderate decline in gross fixed capital formation...

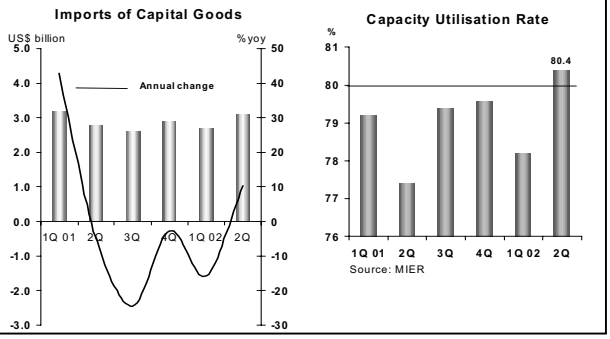


Chart 4 : Higher federal government spending ...

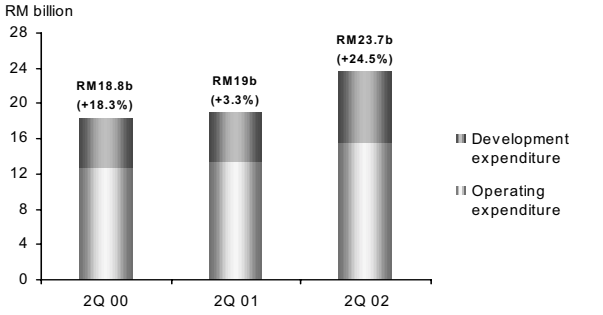


Chart 5 : Rebound in the manufacturing sector...

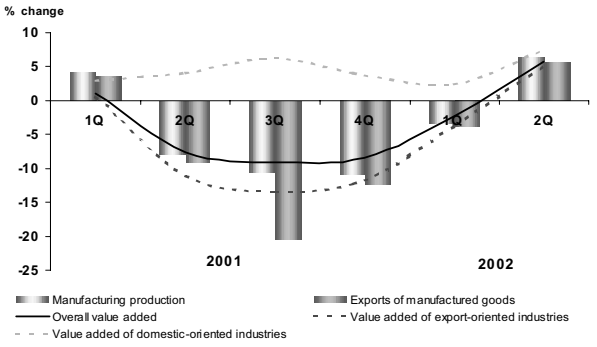


Chart 6 : Capacity utilisation in the manufacturing sector exceeded the 80% level ...

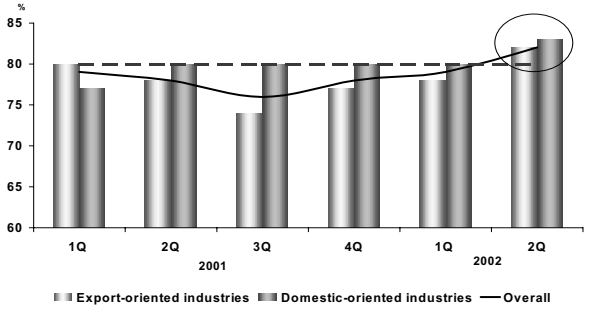


Chart 7 : Stronger growth in manufacturing, services and construction ...

Manufacturing: Turned positive due to higher domestic and export-oriented industries

Services: Sustained by expansion in both intermediate and final services

Construction: Supported by residential & public projects

Agriculture and mining: Lower production of CPO and natural gas

Chart 8 : Overall stronger GDP growth

Real GDP by Economic Activity

	2001		2002	
	Annual change in %			
	3Q	4Q	1Q	2Q
Manufacturing	-9.1	-8.4	-2.3	5.6
Services	6.0	5.8	4.4	4.5
Construction	2.6	2.5	2.9	3.4
Agriculture	-3.5	-4.2	-5.0	-1.3
Mining	2.2	1.3	1.4	-4.6
GDP (ann. chg.)	-0.9	-0.5	1.1	3.8
GDP (preceding chg.)	1.8	1.2	-2.9	3.9

Chart 9 : Leading index - Malaysia is in its expansionary phase…

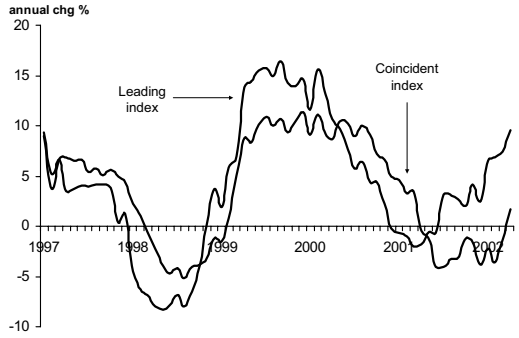


Chart 10 : Consumer and investor confidence continues to improve …

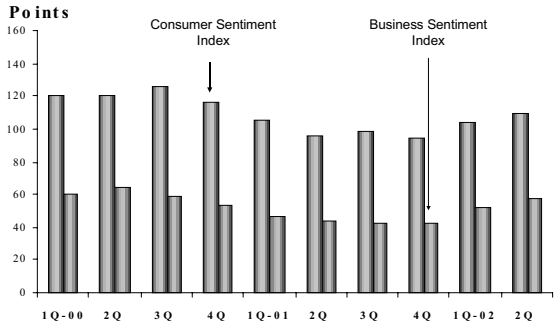


Chart 11 : Stronger external position…

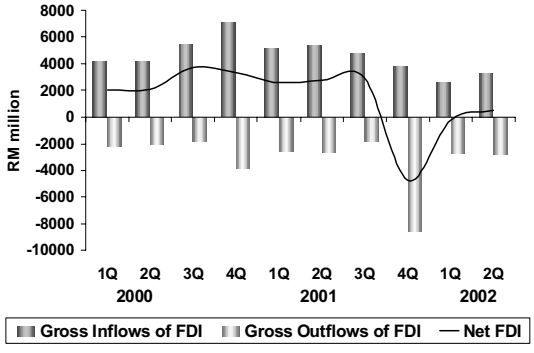
	2001	2002	
	4Q	1Q	2Q
	(% annual growth)		
Gross exports	-13.2	-4.7	5.3
Gross imports	-10.3	-5.0	10.0
Trade balance (RM billion)	12.8	13.0	9.7

- Higher foreign direct investments
- Higher reserves

Chart 12 : Positive growth in exports... mainly to ASEAN, China and the US

Export Markets	Annual change (%)			
	2000	2001	2002	
			1Q	2Q
ASEAN	29.7	-15.1	-1.2	12.1
China	30.6	26.2	24.7	48.4
Japan	30.8	-8.7	-19.0	-22.5
US	8.8	-11.6	-3.1	12.9
EU	1.0	-10.9	-11.4	-8.6

Chart 13: Higher inflows of foreign direct investment in Malaysia…



Source: Cash BOP Reporting System, BNM. Does not include retained earnings

Chart 14 : International reserves increased further…

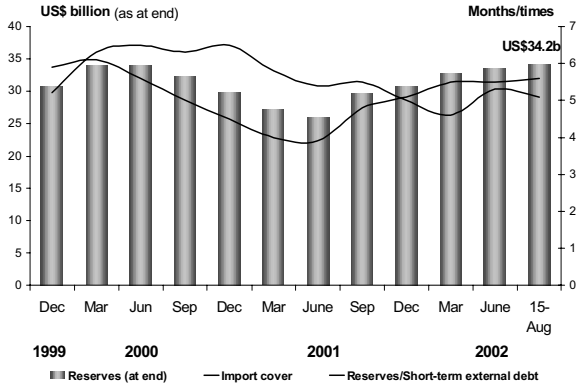


Chart 15 : External debt declined …

- Prepayments and repayments by the private sector
- Short-term debt declined
- Modest increase in public sector debt

Chart 16 : External debt declined …

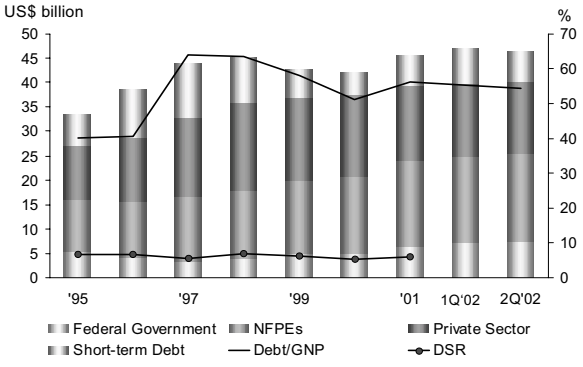
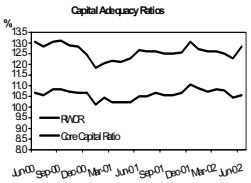
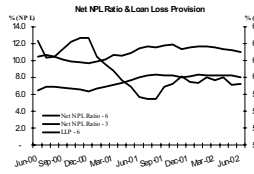


Chart 17 : Developments in the banking system...

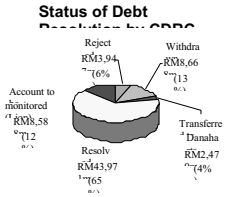


- RWCR strengthened to 12.8% (Q1 '02 : 12.5%)
- CCR maintained above 10.5% (Q1 '02 : 10.7%)

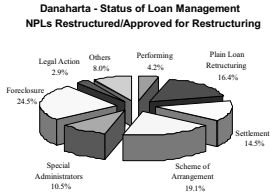


- Net NPL ratio stabilised and remained at manageable level of 8.1%
- New NPL declined by 25.8%
- LLP amounted to 59.2% of NPL

Chart 18 : Developments in the banking system...



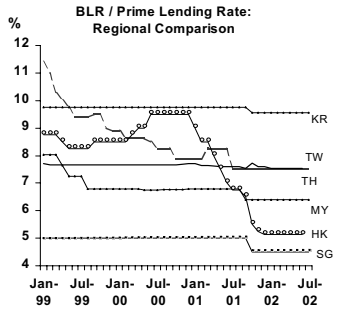
- CDRC has ceased operation
- Resolved 98% of cases accepted with debt value of RM44 billion



- Danaharta had restructured or approved 99.9% of NPLs under its purview

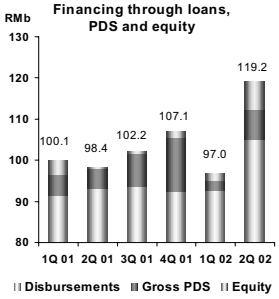
- Capital injection by Danamodal remained at RM2.1 billion

Chart 19 : MP remains accommodative
Bank lending increased further



- Ample liquidity led to competitive lending rates
- Mortgage & car loans, priced lower than BLR

Chart 20 : Gross private sector financing higher in tandem with economic recovery...



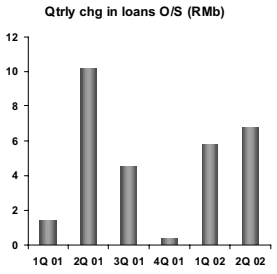
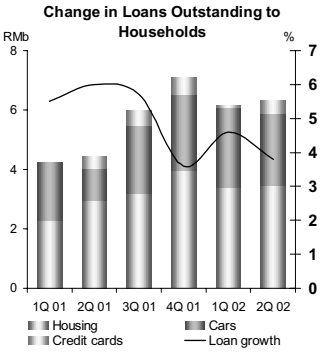


Chart 21 : Households responded positively to policies aimed at stimulating domestic consumption...



- Strong demand for mortgage and car loans
- However, default risks for these loans remained low

Chart 22 : Lending to businesses was also sustained...

- Higher disbursements across sectors
  - Manufacturing
  - Wholesale and retail

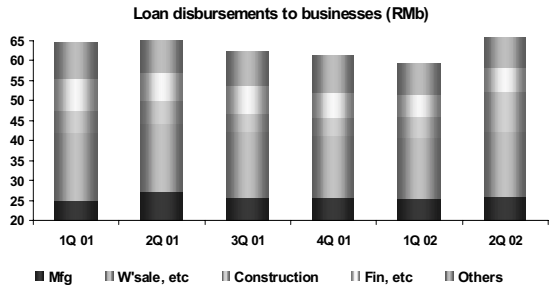
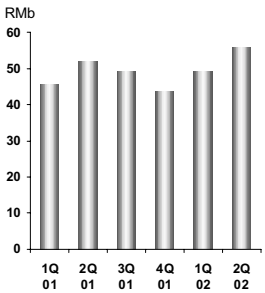


Chart 23 : Stronger demand continues to be financed by bank lending activities...

- Loan applications and approvals highest since 3Q 2000
- Loan rejection rate by banks trending downwards

Chart 24 :

Loans applications



Loans Approvals and Rejections

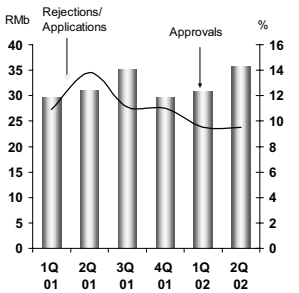


Chart 25 : Developments in the Ringgit exchange rate…

- International foreign exchange market experienced significant volatility in the April to July period
- Ringgit weakened against major and regional currencies in the second quarter
- In July, ringgit continued to depreciate against most major currencies while recording a mixed performance against regional currencies
- Ringgit remains close to its fair value and is consistent with fundamentals of the economy

Chart 26 : Developments in the Ringgit exchange rate…

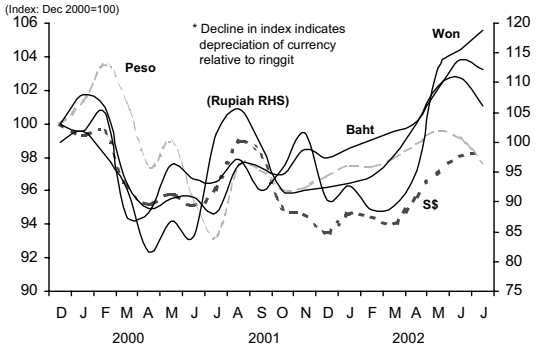


Chart 27 : Going forward, Malaysia's recovery momentum to be sustained...

- Recovery in global economy to continue, although likely to be at a more moderate pace:
  - Despite new risks, balance of indicators suggest continued growth in US
  - Continued but moderate expansion in industrial activity in both Europe and Japan
  - Pick-up in Asian economies supported by domestic demand and export recovery

Chart 28 : Regional economies to strengthen further...

Real GDP Growth (annual change in %)

	1Q '02	2Q '02	2002 f
China	7.6	8.0	7.0
Korea	5.7	n.a.	6.5
Taiwan	1.2	4.0	3.1
Singapore	-1.5	3.9	3.0~4.0
Hong Kong	-0.5	n.a.	1.0
Indonesia	2.5	3.5	3.5~4.0
Thailand	3.9	n.a.	3.0~4.0
Philippines	3.8	n.a.	4.0~4.5

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

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	Annual change in %						
Agriculture	14.0	3.7	-3.5	-4.2	1.8	-5.0	-1.3
Mining	1.3	1.7	2.2	1.3	1.6	1.4	-4.6
Manufacturing	1.0	-7.6	-9.1	-8.4	-6.2	-2.3	5.6
Construction	0.8	3.2	2.6	2.5	2.3	2.9	3.4
Services	4.7	6.2	6.0	5.8	5.7	4.4	4.5
Real GDP (Ann.Chg.)	**3.0**	**0.4**	**-0.9**	**-0.5**	**0.4**	**1.1**	**3.8**
Real GDP (Prececeding Chg.)	**-4.4**	**1.1**	**1.8**	**1.2**	**-**	**-2.9**	**3.9**

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

	2001				2002	
	Q1	Q2	Q3	Q4	Q1	Q2
	(Annual change in %)					
Consumption	5.5	4.1	5.6	7.6	4.8	7.8
Private sector	*3.8*	*1.7*	*2.2*	*3.3*	*3.0*	*5.6*
Public sector	*15.3*	*13.3*	*18.3*	*21.8*	*13.4*	*15.4*
Gross Fixed Capital Formation	8.3	0.2	-10.2	-8.1	-8.5	-2.1
Exports of Goods & Services	6.4	-6.0	-16.3	-12.0	-6.5	3.1
Imports of Goods & Services	7.5	-8.1	-20.1	-10.5	-4.8	6.7
Gross Domestic Product	**3.0**	**0.4**	**-0.9**	**-0.5**	**1.1**	**3.8**

Table 3 : Performance in the Services Sector
(Value added in RM million at 1987 prices)

	2001				2002	
	1Q	2Q	3Q	4Q	1Q	2Q
	Annual change in %					
Intermediate Services	**6.3**	**10.1**	**9.8**	**8.7**	**6.0**	**5.6**
Transport, storage & communication	10.0	10.8	6.7	2.9	1.9	2.4
Finance, insurance, real estate & business services	4.0	9.6	11.9	12.5	8.7	7.7
Final Services	**3.7**	**3.8**	**3.7**	**3.9**	**3.4**	**3.7**
Electricity, gas & water	10.2	7.7	6.4	3.7	8.2	7.7
Wholesale & retail trade, hotels & restaurants	3.5	2.8	3.2	2.7	2.0	2.8
Government services	2.1	5.7	4.5	6.0	3.3	2.6
Other services	2.1	2.2	2.8	4.6	3.6	4.2
Total Services	**4.7**	**6.2**	**6.0**	**5.8**	**4.4**	**4.5**

Table 4 : Performance of the Manufacturing Sector

	2001					2002	
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q/e
	Annual change %						
Value-added (constant prices)	**1.0**	**-7.6**	**-9.1**	**-8.4**	**-6.2**	**-2.3**	**5.6**
Overall Production	**4.2**	**-7.9**	**-10.5**	**-10.9**	**-6.6**	**-3.4**	**6.4**
Export-oriented industries	2.0	-11.4	-15.5	-15.3	-10.4	-5.5	5.7
of which:							
Non-resource based							
* *Electronics*	*-1.2*	*-25.3*	*-27.5*	*-23.8*	*-20.2*	*-0.8*	*23.5*
* *Electrical*	*8.6*	*3.4*	*-10.4*	*-9.4*	*-2.8*	*-9.3*	*-8.2*
* *Textiles & wearing apparel*	*3.0*	*-9.7*	*-11.4*	*-14.2*	*-8.3*	*-14.9*	*-6.7*
Resource-based							
* *Chemicals and chemical products*	*-1.6*	*-7.2*	*-8.2*	*-13.7*	*-7.7*	*-8.8*	*-2.0*
* *Off-estate processing*	*10.4*	*13.5*	*4.0*	*3.7*	*7.7*	*1.0*	-2.9
* *Rubber products*	*10.8*	*4.2*	*-0.7*	*-0.3*	*3.3*	*-4.5*	*-0.7*
* *Wood and wood products* [1/]	*12.4*	*1.3*	*-2.0*	*-5.5*	*1.2*	*-15.4*	*-6.2*
Domestic-oriented industries	12.1	4.3	7.2	4.8	7.0	3.5	*8.4*
of which:							
Non-resource based							
* *Transport equipment*	*18.9*	*18.4*	*23.2*	*15.3*	*19.0*	*18.0*	*13.0*
* *Fabricated metal products*	*10.6*	*6.4*	*4.7*	*-4.8*	*3.9*	*-4.9*	*11.2*
* *Iron & steel and non-ferrous metal*	*9.6*	*-7.3*	*-2.4*	*-0.9*	*-0.7*	*-3.3*	*11.1*
Resource-based							
* *Non-metallic mineral products*	*15.4*	*9.7*	*6.6*	*7.6*	*9.6*	*8.0*	*6.5*
* *Petroleum products*	*21.0*	*8.7*	*18.6*	*30.0*	*19.3*	*3.4*	*-7.5*
* *Food*	*8.6*	*0.0*	*3.1*	*6.1*	*4.3*	*12.4*	*9.0*
Total Manufactured Exports	**3.5**	**-9.1**	**-20.4**	**-12.4**	**-10.3**	**-4.0**	**5.5**
* Electronics	-2.1	-18.5	-26.5	-16.0	-16.3	1.1	16.5
- *Semiconductors*	*15.1*	*-15.1*	*-30.4*	*-22.8*	*-14.9*	*-13.2*	*15.6*
- *Electronic equipment and parts*	*-13.6*	*-21.0*	*-23.6*	*-10.5*	*-17.3*	*13.8*	*17.3*
* Electrical products	9.4	6.2	-16.8	-12.6	-4.7	-13.9	-12.5
* Wood products	-0.5	-9.1	-17.7	-17.4	-11.5	-12.6	-7.3
* Furniture & parts	-9.9	-16.2	-16.9	-10.5	-13.5	3.2	9.7
* Textiles, clothing & footwear	-5.1	-8.3	-18.7	-19.6	-13.2	-17.0	-14.0
* Optical & scientific equipment	29.9	23.4	3.2	7.2	14.3	5.6	-1.9
* Chemicals and chemical products	21.9	-1.8	-15.9	-2.5	-0.9	-6.1	14.7
* Petroleum products	39.5	-2.5	-8.3	-8.0	3.4	-35.6	-16.2

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

Table 5
Manufacturing : Quarterly Average Capacity Utilisation [1/]

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

e estimates

Source : Quarterly Manufacturing Capacity Utilisation Survey

[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 6: Performance of the Mining Sector

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	Annual change in %						
Value Added (RM million at 1987 prices)	**1.3**	**1.7**	**2.2**	**1.3**	**1.6**	**1.4**	**-4.6**
Production							
Of which:							
Crude oil and condensates							
('000 barrels)	-4.2	-2.9	-0.7	-1.8	-2.4	4.0	-1.4
Natural gas (net)							
(million standard cubic feet)	5.9	5.2	2.8	1.1	3.7	-1.6	-13.5
Exports (RM million)	**1.5**	**-3.7**	**-14.9**	**-30.6**	**-12.6**	**-26.5**	**-13.4**
Of which:							
Crude oil							
('000 tonnes)	-1.7	-4.6	-13.4	-18.0	-9.6	-2.4	7.0
(US$/barrel)	3.7	-0.8	-16.4	-36.7	-13.7	-26.2	-12.0
(RM million)	2.0	-5.3	-27.7	-48.1	-21.9	-28.0	-5.8
Liquefied natural gas							
('000 tonnes)	-4.8	5.0	5.4	-1.9	0.4	-2.8	-19.7
(RM/tonne)	5.7	1.1	-2.0	-8.8	-1.1	-17.2	-16.1
(RM million)	0.6	6.2	3.3	-10.5	-0.7	-19.5	-32.6

Table 7: Performance of the Agriculture Sector

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	Annual change in %						
Value Added (RM million at 1987 prices)	**14.0**	**3.7**	**-3.5**	**-4.2**	**1.8**	**-5.0**	**-1.3**
Production [1/]							
Of which:							
Crude palm oil	27.6	17.2	2.4	-4.1	8.9	-8.4	-3.5
Rubber	-11.7	-21.8	-6.3	-5.1	-11.1	1.2	7.0
Saw logs	-15.7	-13.9	-15.9	-12.1	-14.5	-16.0	-11.7
Cocoa	-6.7	-14.6	-11.2	-37.5	-17.9	-44.7	-14.2
Exports (RM million)	**-16.9**	**-17.6**	**-13.3**	**-4.8**	**-13.2**	**7.0**	**25.5**
Of which:							
Palm oil							
('000 tonnes)	24.4	36.8	13.5	3.0	18.1	-11.8	3.0
(RM/tonne)	-34.0	-29.8	-6.3	10.8	-15.9	41.0	45.4
(RM million)	-17.9	-4.0	6.3	14.1	-0.7	24.4	49.8
Rubber							
('000 tonnes)	-6.5	-18.7	-21.6	-16.5	-16.0	-10.5	18.8
(Sen/kg)	-12.0	-15.1	-10.3	-14.5	-12.7	-11.6	11.1
(RM million)	-17.7	-31.0	-29.7	-28.6	-26.6	-21.0	32.0
Saw logs							
('000 cu. metres)	-26.9	-31.7	-24.4	-18.2	-25.5	-7.5	-6.4
(RM/cu. metre)	-7.6	-17.5	-23.8	-20.4	-17.9	-10.2	6.8
(RM million)	-32.4	-43.6	-42.4	-34.9	-38.8	-17.0	0.0

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

Table 8 : Trade Account

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	Annual change in %						
Gross Exports	1.7	-8.9	-19.2	-13.2	-10.4	-4.7	5.3
Manufacturing	*3.5*	*-9.1*	*-20.4*	*-12.4*	*-10.3*	*-4.0*	*5.5*
Agriculture	*-16.9*	*-17.6*	*-13.3*	*-4.8*	*-13.2*	*7.0*	*25.5*
Minerals	*1.5*	*-3.7*	*-14.9*	*-30.6*	*-12.6*	*-26.5*	*-13.4*
Gross Imports	7.3	-10.3	-22.5	-10.3	-9.9	-5.0	10.0
Capital goods	*42.8*	*-5.0`*	*-24.4*	*-2.6*	*-1.1*	*-15.7*	*15.4*
Intermediate goods	*2.2*	*-11.7*	*-25.6*	*-14.7*	*-13.3*	*-4.8*	*6.9*
Consumption goods	*2.7*	*-1.1*	*-5.8*	*11.4*	*2.3*	*7.6*	*10.1*
Trade balance (RM bn)	**13.3**	**12.4**	**15.2**	**12.8**	**53.7**	**13.0**	**9.7**

Table 9: Balance of Payments

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	RM billion						
Gross exports (f.o.b.)	86.2	82.8	82.2	83.3	334.4	82.1	87.2
Gross imports (c.i.f.)	72.8	70.4	67.0	70.5	280.7	69.2	77.5
Trade balance	**13.3**	**12.4**	**15.2**	**12.8**	**53.7**	**13.0**	**9.7**
Net International Reserves (end-period)	103.3	98.8	112.9	117.2	117.2	124.4	127.7
-US$ billion equivalent	27.2	26.0	29.7	30.8	30.8	32.7	33.6

Table 10: External Debt Outstanding

	2001			2002	
	2Q	3Q	4Q	1Q	2Q
	RM billion				
Medium & Long-term debt	142.1	146.9	149.2	151.1	152.1
Public sector	87.5	92.6	91.7	94.4	96.2
Private sector	54.6	54.3	57.5	56.7	55.9
Short-term debt	18.1	20.2	24.0	27.4	24.1
Total external debt	160.2	167.1	173.2	178.4	176.1
- US$ equivalent	42.2	44.0	45.6	46.9	46.4

Table 11: Federal Government Finance [p/]

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	RM billion						
Revenue	14.6	20.7	18.5	25.7	79.6	17.1	19.6
Operating expenditure	11.3	13.4	14.3	24.8	63.8	14.7	15.6
Current account	**3.3**	**7.4**	**4.2**	**1.0**	**15.8**	**2.4**	**4.0**
Gross development expenditure	5.3	5.7	7.3	16.9	35.2	3.9	8.1
Loan recoveries	0.4	0.1	0.2	0.3	1.0	0.2	0.1
Overall balance	**-1.6**	**1.8**	**-3.0**	**-15.6**	**-18.4**	**-1.3**	**-4.0**
Memo item:							
Total Federal Government debt (as at end period)	128.9	129.3	138.4	145.7		146.0	149.6
	Annual change in %						
Revenue	30.4	24.3	19.8	38.7	28.6	17.1	-5.5
Operating expenditure	44.8	4.8	-2.3	16.1	12.8	30.2	16.9
Gross development expenditure	110.1	-0.1	10.4	29.1	26.1	-27.1	42.5

[P/] Preliminary

Table 12: Monetary Indicators

	2001					2002	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
	Annual Growth (% at end period)						
M1	5.2	4.4	11.6	3.2	3.2	12.3	14.2
M2	3.6	3.0	5.0	2.2	2.2	6.1	6.3
M3	4.5	4.0	5.4	2.9	2.9	6.1	6.5
Loans[1/]	5.5	6.0	5.7	3.6	3.6	4.6	3.8
Deposits	2.8	3.6	4.0	1.8	1.8	4.5	3.2
	During the period (RM billion)						
Approvals	29.7	31.1	35.3	29.6	125.6	30.9	35.9
Disbursements	91.2	93.1	93.6	92.3	370.2	92.6	104.8
Repayments	89.3	86.2	91.8	95.1	362.3	88.4	100.1
	At end period (%)						
Interbank rates							
1 month	2.99	2.99	2.81	2.97	2.97	2.74	2.97
3 month	3.04	3.00	3.28	3.27	3.27	3.24	3.21
Fixed deposits of commercial banks							
1 month	3.44	3.44	3.20	3.20	3.20	3.20	3.20
3 month	3.46	3.45	3.21	3.21	3.21	3.21	3.21
BLR of commercial banks	6.79	6.79	6.39	6.39	6.39	6.39	6.39
	Average Annual Growth % for the period						
Consumer Price Index (IHP) (2000=100)	1.5	1.6	1.4	1.2	1.4	1.4	1.9
Producer Price Index (IHPR) (1989=100)	-4.7	-4.7	-4.3	-6.4	-5.0	-0.9	2.7

1/ Including loans sold to Cagamas and Danaharta

Table 13 : Banking System Health Indicators

	2000				2001				2002	
	Mar.	**Jun.**	**Sep.**	**Dec.**	**Mar.**	**Jun.**	**Sep.**	**Dec.**	**Mar.**	**Jun.**
Capital										
Core-capital ratio (%)	10.6	10.7	10.8	10.7	10.2	10.5	10.5	10.8	10.7	10.5
RWCR (%)	13.0	13.0	13.1	12.5	12.1	12.6	12.5	12.8	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	8.2	8.1
Banking system (RM mil)	23,553	24,574	25,858	24,700	27,989	32,292	32,995	32,775	33,535	33,616
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

* Beginning June 1999 onwards, the figures include Islamic banks

Table 14 : Danaharta

	2000			2001				2002
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Jun.
Total Loan Rights Acquired (RM b)	46.8	46.8	47.5	48.0	48.0	48.1	47.7	47.7
- Acquired	*20.5*	*20.5*	*20.4*	*20.4*	*20.1*	*20.1*	19.8	19.8
- Under Management	*26.3*	*26.3*	*27.1*	*27.6*	*27.9*	*28.0*	27.9	27.9
Total Loan Rights Acquired (RM b)	46.8	46.8	47.5	48.0	48.0	48.1	47.7	47.7
- Restructured / Approved for Restructuring	31.5	33.7	35.1	38.7	39.1	40.1	47.7	47.7
- Yet to be Restructured	15.3	13.1	12.4	9.3	8.9	8.0	**	**
Expected Average Recovery Rates (%)	73	74	66	60	57	57	56	57

**Negligible

Source: Pengurusan Danaharta Nasional Berhad

Table 15: Corporate Debt Restructuring Committee

		2000		2001				2002	
		Jun.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Aug.
Applications Received	No.	71	75	75	75	84	86	87	87
	RM'm	39,643	47,210	47,210	47,379	65,899	66,813	67,644	67,644
Withdrawn/ Rejected Cases	No.	16	21	21	21	22	23	25	28
	RM'm	3,823	7,826	7,826	7,826	9,516	10,069	10,606	12,615
Transferred to Danaharta	No.	9	9	9	9	11	11	11	11
	RM'm	1,814	1,814	1,814	1,814	2,470	2,470	2,470	2,470
Cases Accepted	No.	46	45	45	45	51	52	51	50
	RM'm	34,006	37,570	37,570	37,739	53,913	54,274	54,568	54,438
Resolved	No.	25	33	35	37	31	37	43	47
	RM'm	18,346	26,431	26,771	28,531	27,264	34,489	37,771	43,971
Outstanding	No.	21	12	10	8	20	15	8	1*
	RM'm	15,660	11,139	10,799	9,208	26,649	19,785	16,797	8,588

Note : To be monitored, pending lender approvals

Table 16 : KLSE – Selected Market Indicators

	As at end					
	2001				2002	
	1Q	2Q	3Q	4Q	1Q	2Q
Price Indices						
- Composite	647.48	592.99	615.34	696.09	756.10	725.44
- EMAS	149.15	142.29	145.84	165.23	181.72	176.5
- Second Board	107.64	106.93	109.61	134.13	132.29	119.84
Average daily turnover						
- Volume (million units)	107.3	121.5	306.8	276.4	304.9	299.3
- Value (RM million)	255.2	225.6	485.3	427.6	636.1	643.8
Market Capitalisation (RM billion)	418.23	403.49	411.35	464.98	517.63	505.89
No. of Companies Listed	802	809	807	812	826	843