MONETARY AND FINANCIAL DEVELOPMENTS

Interest rates remained stable

The Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 3.25% during the second quarter of 2016. During the quarter, the average overnight interbank rate traded within the range of 3.05% and 3.24% while other short-term interbank market rates up to the 1-month tenure remained stable. The Kuala Lumpur Interbank Offered Rates (KLIBOR), as did the KLIBOR futures, continued to moderate following the easing in the long-term funding needs of interbank players. Interest rate swaps continued to trend lower during this quarter, reflecting the lower Malaysian Government Securities (MGS) yields. Both the weighted average base rate (BR) of commercial banks and weighted average lending rate (ALR) remained relatively stable during the quarter at 3.83% and 5.42%, respectively (1Q 2016: 3.79% and 5.41%, respectively).

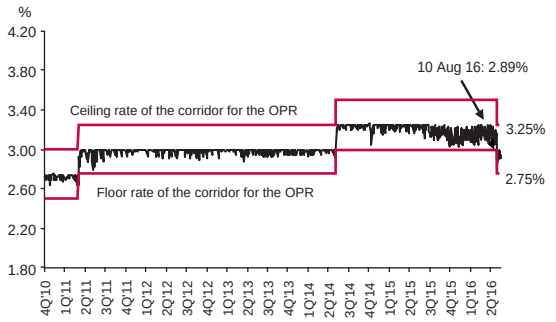
On 13 July 2016, the MPC decided to reduce the OPR by 25 basis points to 3.00%. The adjustment to the OPR was intended for the degree of monetary accommodativeness to remain consistent with the policy stance to ensure that the domestic economy continues on a steady growth path amid stable inflation, supported by continued healthy financial intermediation in the economy. This is against an environment of increased downside risks to global growth. Following the OPR reduction, the 3-month KLIBOR declined 25 basis points from 3.65% to 3.40%. As at end-July, the weighted average BR of commercial banks decreased by 21 basis points to 3.62% (end-June: 3.83%), with downward revisions of BR by most banks ranging from 20 to 25 basis points. Correspondingly, fixed deposit rates declined by an average of 18 basis points for tenures 1-year and below.

Interest Rates

	2015	2016	
	2Q	1Q	2Q
	At end-period (%)		
Overnight Policy Rate (OPR)	3.25	3.25	3.25
Interbank rates			
Overnight	3.24	3.04	3.13
1-month	3.48	3.25	3.44
Base lending rate (BLR)			
Commercial banks	6.79	6.80	6.82
Weighted average base rate (BR)			
Commercial banks	3.79	3.79	3.83
Weighted average lending rate (ALR)			
Commercial banks	5.44	5.41	5.42
Fixed deposit rates			
Commercial banks			
1-month	3.08	3.08	3.08
12-month	3.31	3.31	3.29

Source: Bank Negara Malaysia

Daily Weighted Average Overnight Interbank Rate



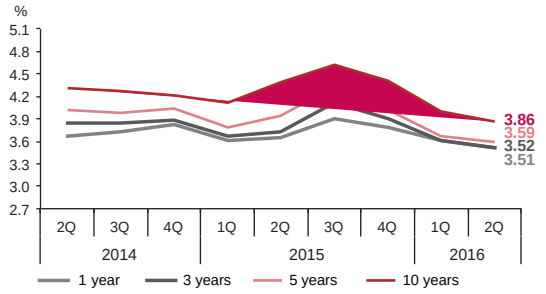
Source: Bank Negara Malaysia

Lending Rates of Commercial Banks (At end-period)



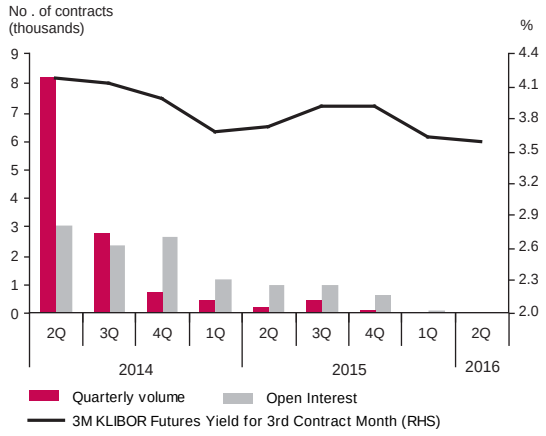
Source: Bank Negara Malaysia

Interest Rate Swap: Rates



Source: Bloomberg

3 Month KLIBOR Futures



Source: Bursa Malaysia

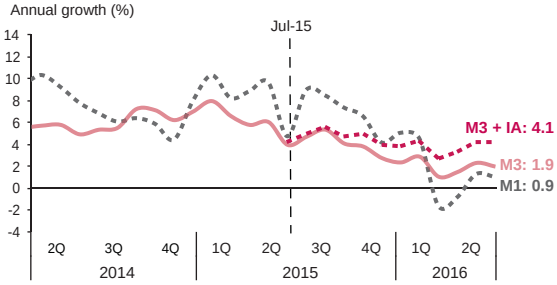
M3 expanded during the quarter

M1, or narrow money, increased by RM9.7 billion during the quarter. On an annual basis, M1 recorded a growth rate of 0.9% as at end-June (end-March: -1.7%). M3, or broad money, increased by RM7.0 billion on a quarter-on-quarter basis to record an annual growth rate of 1.9% as at end-June (end-March: 0.9%).

In terms of the broad money determinants, the increase in M3 during the quarter was driven mainly by the continued expansion of credit extended to the private sector by the banking system. The expansion, however, was partially offset by the continued issuance of equity by banks and the reclassification of Islamic Investment Accounts that took place in July 2015, both reflected in the *other influences* component.

In the banking system, liquidity remained ample at both the institutional and system-wide levels. The level of surplus liquidity placed with BNM remained relatively stable during the quarter.

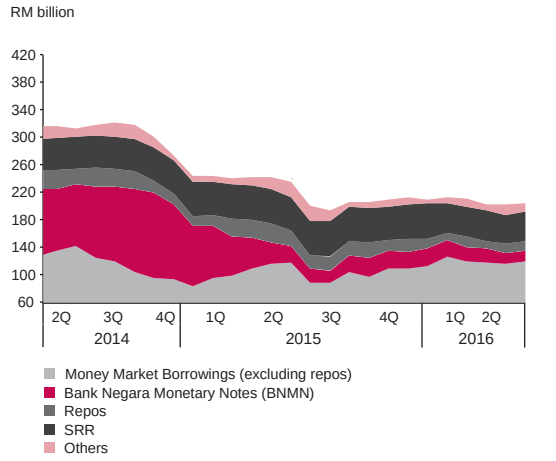
Monetary Aggregates



Note: From July 2015 onwards, the compilation of M3 is adjusted to exclude Islamic Investment Accounts (IA) due to a data reclassification exercise. This is reflected as a negative contribution through *'other influences'*. The dotted line represents M3 growth had this reclassification not taken place

Source: Bank Negara Malaysia

Outstanding Liquidity Placed with Bank Negara Malaysia (At end-period, RM billion)



Source: Bank Negara Malaysia

Determinants of Broad Money, M3

	Change during the period				
	2015		2016		
	2Q	1H	1Q	2Q	1H
	RM billion				
M3	**-7.5**	**27.9**	**9.4**	**7.0**	**16.5**
Net claims on Government	-20.4	-25.1	-0.9	-1.9	-2.8
Claims on private sector	23.2	51.6	11.2	22.3	33.5
Loans	*22.3*	*47.5*	*10.6*	*16.9*	*27.5*
Securities	*0.9*	*4.1*	*0.6*	*5.5*	*6.0*
Net foreign assets[1]	-3.5	2.6	-19.7	7.8	-11.9
BNM	*8.2*	*-9.0*	*-26.9*	*8.6*	*-18.3*
Banking System	*-11.7*	*11.7*	*7.2*	*-0.8*	*6.4*
Other influences	-6.7	-1.3	18.8	-21.2	-2.4

[1] Post-revaluation
Note: Numbers may not add up due to rounding

Source: Bank Negara Malaysia

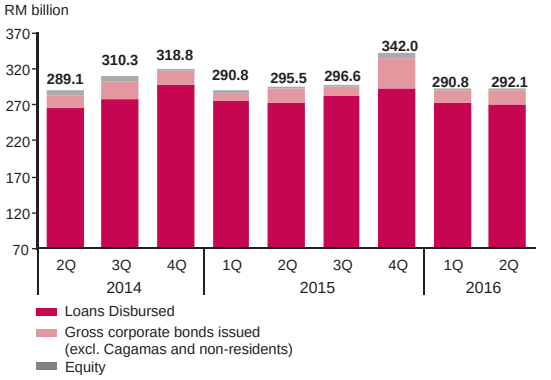
Private sector financing was sustained in the second quarter

In the second quarter, total gross financing raised by the private sector through the banking system, development financial institutions (DFIs), and the capital market amounted to RM292.1 billion (1Q 2016: RM290.8 billion). On a net basis, the growth of loans extended by the banking system, DFIs, and outstanding issuances of corporate bonds expanded by 6.9% as at end-June (end- March 2016: 7.5%).

Net lending to businesses by the banking system and DFIs increased by RM3.1 billion during the quarter (1Q 2016: -RM4.8 billion). On an annual basis, outstanding business loans grew at a slower pace of 3.8% as at end-June (end-March 2016: 4.9%) due to the stronger growth in loan repayments relative to disbursements. Although the growth in the level of loans disbursed by the banking system and DFIs to businesses slowed down to 0.1% on an annual basis, the level of loans disbursed to SMEs increased to RM66.4 billion during the quarter (2Q 2015: RM65.4 billion) with loans extended mainly to the *construction, real estate,* and *agriculture* sectors.

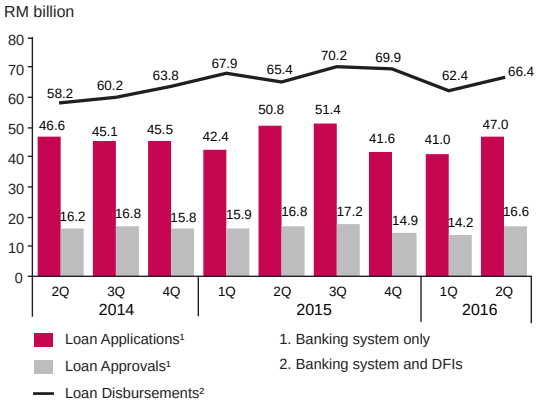
Net financing to the household sector expanded by RM12.4 billion during the quarter (1Q 2016: RM8.5 billion). On an annual basis, the growth of outstanding household loans moderated to 6.2% as at end-June (end-March 2016: 6.5%), reflecting mainly the moderation in outstanding loans for the *purchase of non-residential property, purchase of passenger cars,* and *purchase of residential property*.

Gross Private Sector Financing through the Banking System, Development Financial Institution (DFIs) and Capital Market



Source: Bank Negara Malaysia

Lending to SMEs



Source: Bank Negara Malaysia

Financing of the Private Sector through the Banking System, DFIs and Capital Market

	2015		2016			2015		2016		
	2Q	1H	1Q	2Q	1H	2Q	1H	1Q	2Q	1H
	During the period (RM billion)					Annual growth (%)				
Gross total financing	**295.5**	**586.2**	**290.8**	**292.1**	**582.9**	**2.2**	**1.2**	**0.0**	**-1.1**	**-0.6**
Loans disbursed	272.1	547.2	271.8	269.9	541.7	2.2	2.8	-1.2	-0.8	-1.0
Gross Corporate bond (CB)[1]	20.1	31.1	17.9	20.1	38.0	13.5	-17.7	63.0	0.1	22.3
Equity	3.3	8.0	1.1	2.1	3.1	-36.4	-15.0	-76.8	-37.4	-60.5
Net total financing	**34.3**	**61.5**	**11.5**	**24.9**	**36.5**	**8.1**	**8.1**	**7.5**	**6.9**	**6.9**
Outstanding loans (Banking system* and Development Financial Institution (DFIs)	27.8	51.2	4.6	17.2	21.8	8.7	8.7	6.3	5.5	5.5
Outstanding CB	6.4	10.2	7.0	7.7	14.7	6.1	6.1	11.4	11.5	11.5
Memorandum item										
Gross CB[2]	20.5	31.9	18.4	20.1	38.5	10.8	-18.2	60.5	-1.9	20.4

* Include loans sold to Cagamas
[1] Excluding Cagamas and foreign issuances
[2] Including Cagamas and foreign issuances
Note: Numbers may not add up due to rounding

Source: Bank Negara Malaysia

Loan Indicators

	During the period (RM billion)					Annual growth (%)				
	2015		2016			2015		2016		
	2Q	1H	1Q	2Q	1H	2Q	1H	1Q	2Q	1H
Total										
Loan applications[1]	208.2	386.8	187.7	212.6	400.3	0.5	-1.6	5.1	2.1	3.5
Loan approvals[1]	102.5	196.5	76.7	89.5	166.2	4.5	3.8	-18.4	-12.7	-15.4
Loan disbursements[2]	272.1	547.2	271.8	269.9	541.7	2.2	2.8	-1.2	-0.8	-1.0
Loan repayments[2]	252.0	518.7	275.8	264.7	540.5	2.1	3.6	3.4	5.0	4.2
Change in outstanding loans*[,2]	27.8	51.2	4.6	17.2	21.8	8.7	8.7	6.3	5.5	5.5
Of which:										
Business enterprises[3]										
Loan applications	97.8	176.3	87.8	102.7	190.5	7.2	-0.7	12.0	5.0	8.1
Loan approvals	47.0	86.9	35.7	43.6	79.3	33.8	24.2	-10.4	-7.2	-8.7
Loan disbursements	194.2	387.3	195.9	194.4	390.3	5.0	3.8	1.4	0.1	0.8
Loan repayments	182.2	377.0	201.0	192.5	393.5	1.8	3.9	3.2	5.6	4.4
Change in outstanding loans*	9.1	18.9	-4.8	3.1	-1.6	8.0	8.0	4.9	3.8	3.8
SMEs										
Loan applications	50.8	93.2	41.0	47.0	87.9	9.0	3.5	-3.3	-7.5	-5.6
Loan approvals	16.8	32.7	14.2	16.6	30.7	3.7	4.6	-10.9	-1.5	-6.1
Loan disbursements	65.4	133.2	62.4	66.4	128.8	12.4	16.0	-8.1	1.6	-3.3
Loan repayments	62.4	123.7	61.8	67.5	129.3	13.8	13.9	0.9	8.1	4.5
Change in outstanding loans*	7.0	22.0	2.9	8.1	11.0	16.7	16.7	9.0	9.2	9.2
Large corporations[3]										
Loan applications	47.0	83.1	46.8	55.7	102.6	5.4	-5.0	29.9	18.5	23.4
Loan approvals	30.2	54.2	21.6	27.1	48.6	59.7	40.1	-10.0	-10.4	-10.2
Loan disbursements	128.9	254.1	133.5	128.0	261.5	1.6	-1.7	6.6	-0.7	2.9
Loan repayments	119.8	253.3	139.2	125.0	264.2	-3.5	-0.5	4.3	4.3	4.3
Change in outstanding loans*	2.1	-3.1	-7.7	-5.0	-12.7	1.5	1.5	1.5	-0.9	-0.9
Households										
Loan applications	110.4	210.5	99.9	109.9	209.7	-4.8	-2.3	-0.2	-0.5	-0.4
Loan approvals	55.0	108.6	40.6	45.9	86.0	-11.9	-8.1	-24.3	-17.3	-20.8
Loan disbursements	77.9	159.8	75.9	75.6	151.5	-4.2	0.4	-7.4	-3.0	-5.2
Loan repayments	69.8	141.8	74.8	72.2	147.0	2.8	2.9	3.9	3.5	3.7
Change in outstanding loans*	14.1	31.6	8.5	12.4	21.0	8.6	8.6	6.5	6.2	6.2

* The annual growth is for end-period
[1] Loan applications and approvals for all segments include only banking system loans
[2] Loan disbursements, repayments and change in outstanding loan for all segments includes banking system and develpoment financial institutions (DFIs)
[3] Includes domestic financial institutions, government, domestic other entities and foreign entities, except for loan outstanding which refers to businesses only
Note: Numbers do not add up due to rounding

Source: Bank Negara Malaysia

Loans by Sector (Banking System and DFIs)

	Loans disbursed						Outstanding Loans
	During the period (RM billion)					Share of total	Share of total
						(%)	
	2Q 2015	1H 2015	1Q 2016	2Q 2016	1H 2016		
Business enterprises[1,*]	**194.2**	**387.3**	**195.9**	**194.4**	**390.3**	**72.0**	**42.5**
Large corporations[1]	*128.9*	*254.1*	*133.5*	*128.0*	*261.5*	*48.3*	*24.6*
*SMEs**	*65.4*	*133.2*	*62.4*	*66.4*	*128.8*	*23.8*	*17.8*
Selected sectors[1]							
Agriculture, hunting, forestry and fishing	11.5	21.1	12.0	12.4	24.4	4.5	2.8
Mining and quarrying	4.3	11.4	1.8	2.1	3.9	0.7	0.7
Manufacturing	52.3	103.2	49.9	49.5	99.3	18.3	6.4
Construction	15.7	33.5	17.2	16.6	33.8	6.2	4.6
Real estate	12.1	25.3	12.6	14.7	27.4	5.0	6.4
Electricity, gas and water supply	2.6	5.0	2.4	2.7	5.1	0.9	0.8
Wholesale, retail, restaurants and hotels	50.0	97.7	49.1	51.1	100.2	18.5	6.9
Transport, storage and communication	6.8	13.5	5.6	8.3	13.9	2.6	2.5
Finance, insurance and business services	23.4	48.5	28.7	26.5	55.1	10.2	3.2
Households	**77.9**	**159.8**	**75.9**	**75.6**	**151.5**	**28.0**	**57.5**
Purchase of residential properties	21.8	43.1	20.3	19.7	40.0	7.4	27.5
Consumption credit	45.1	92.8	45.9	46.8	92.7	17.1	19.8
Of which:							
Credit cards	*24.3*	*50.9*	*26.3*	*26.2*	*52.5*	*9.7*	*2.2*
Purchase of passenger cars	*9.5*	*20.4*	*8.7*	*8.6*	*17.3*	*3.2*	*9.2*
Others	11.0	24.0	9.7	9.1	18.8	3.5	10.2
Total	**272.1**	**547.2**	**271.8**	**269.9**	**541.7**	**100.0**	**100.0**

* Include loans to individual businesses.
[1] Include domestic financial institutions, government, domestic other entities and foreign entities.
Note: Numbers do not add up due to rounding

Source: Bank Negara Malaysia

Higher net financing from the capital market

Net funds raised in the capital market were higher at RM33.4 billion in the second quarter of 2016 (1Q 2016: RM25.4 billion). The bulk of the funds were raised by the public sector (RM23.6 billion) through new issuances of 5-year and 10-year Malaysian Government Securities (MGS), as well as the re-opening of 7-year, 20-year, and 30-year MGS and 7-year, 10-year and 15-year Government Investment Issues (GII). Government debt redemptions were lower at RM2.2 billion (1Q 2016: RM7.0 billion) during the period, contributing to the increase in net funds raised by the public sector.

In the private sector, net funds raised were also higher at RM9.8 billion (1Q 2016: RM6.7 billion) due mainly to higher net issuances of corporate bonds. Funds raised in the private bond market were primarily from the *Finance, Insurance, Real Estate and Business Services* and *Agriculture, Forest and Fishing* sectors, and were mainly used for the purpose of financing infrastructure projects, working capital and general business activities.

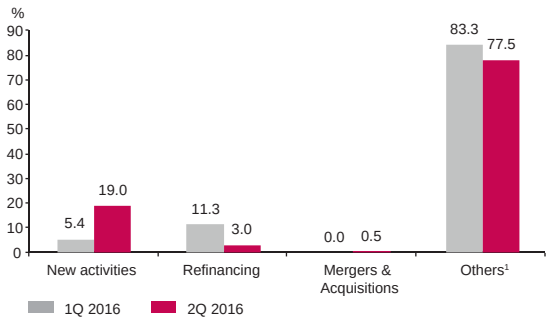
Net Funds Raised in the Capital Market

	2015		2016		
	2Q	1H	1Q	2Q	1H
	RM billion				
By Public Sector	**30.1**	**43.3**	**18.7**	**23.6**	**42.3**
Government Securities, Gross	30.1	57.1	25.7	25.8	51.5
Malaysian Government Securities	12.5	26.0	12.1	16.2	28.3
Government Investment Issues	14.1	23.6	13.6	9.6	23.2
Sukuk Pinjaman Perumahan Kerajaan	3.5	7.5	-	-	-
Less: Redemptions	-	13.8	7.0	2.2	9.2
Malaysian Government Securities	-	11.8	-	2.2	2.2
Government Investment Issues	-	2.0	7.0	-	7.0
Sukuk Pinjaman Perumahan Kerajaan	-	-	-	-	-
By Private Sector	**9.1**	**17.4**	6.7	**9.8**	**16.5**
Shares	3.3	8.0	1.1	2.1	3.1
Corporate bonds, Net	5.8	9.4	5.6	7.7	13.3
Corporate bonds, Gross	*20.5*	*31.9*	*18.4*	*20.1*	*38.5*
Less: Redemptions	*14.7*	*22.5*	*12.7*	*12.4*	*25.1*
Total	**39.3**	**60.7**	**25.4**	**33.4**	**58.8**

Note: Numbers may not add up to total due to rounding

Source: Bank Negara Malaysia and Bursa Malaysia

Corporate Bond Issued by Purpose (% of total)



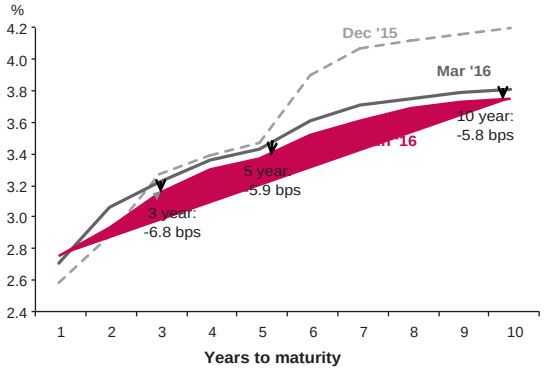
[1] Includes issuance for the purpose of working capital and general business activities as well as issuance by non-residents and Cagamas

Source: Bank Negara Malaysia

Bond yields declined further in the second quarter

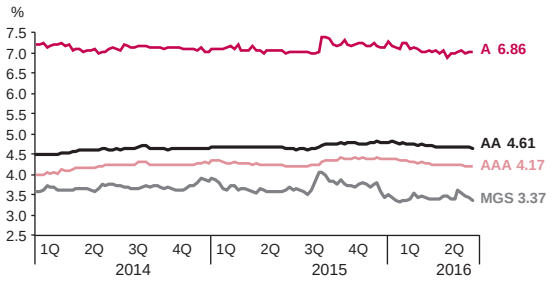
MGS yields remained on a downward trend for most of the quarter, especially for the medium- to longer-tenured papers, due to non-resident purchases. This mainly reflected the search for higher yields among non-resident investors in emerging sovereign bond markets, including Malaysia, following increased market expectations for a delay in US policy rate increases. Non-resident investors increased MGS holdings by RM10.5 billion during the quarter. As at end-June 2016, the share of non-resident holdings of MGS reached a historical high of 49.8% of total MGS outstanding (May 2013: 49.5%). As a result, the 3-year, 5-year and 10-year MGS yields declined by 6.8, 5.9 and 5.8 basis points, respectively. In the private bond market, yields remained stable on account of sustained demand by domestic investors.

Trend in MGS Yields



Source: Bank Negara Malaysia

5 year MGS and 5 year Corporate Bond Yields

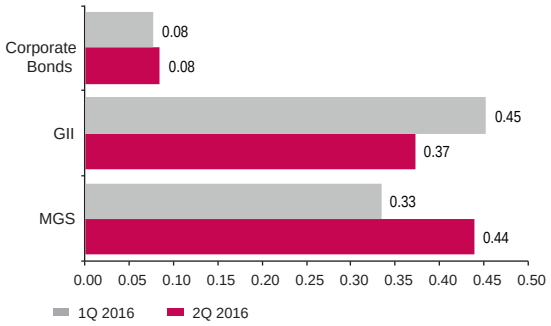


Source: Bank Negara Malaysia

Higher trading in the bond market

Trading in the secondary market was higher at RM286.9 billion during the quarter (1Q 2016: RM254.1 billion) reflecting increased trading by non-residents and financial institutions. The increase in turnover was mainly concentrated in the trading of MGS which registered a higher liquidity ratio of 0.44. The corporate bond segment remained relatively unchanged at 0.08 while GII registered a lower liquidity ratio of 0.37.

Liquidity Ratio: Value of Bonds Traded / Outstanding



Source: Bank Negara Malaysia

FBM KLCI declined during the quarter

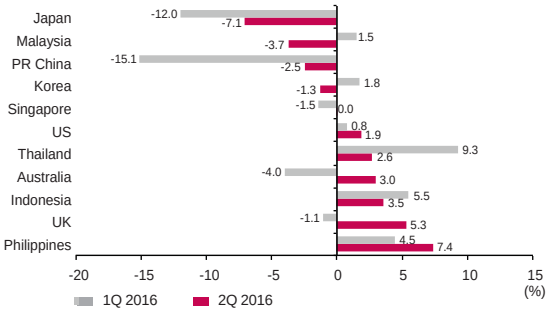
During the second quarter of 2016, the FBM (FTSE Bursa Malaysia) KLCI declined by 3.7% to close at 1,654.1 points at end-June (end-March 2016: 1,717.6 points).

The downward trend in the FBM KLCI was particularly evident between end-April and May 2016. The decline during this period was in line with most regional equity markets as global market sentiments continued to be weighed down by uncertainties surrounding US monetary policy and volatility in global crude oil prices. The decline also reflected liquidation by non-resident investors due to the lowering of Malaysia's weightage in the MSCI Emerging Markets Index, a global benchmark for emerging market equities. Domestic developments that led to weaker investor sentiments also added to the downward pressure on the index. In June, the FBM KLCI recovered slightly as market expected a delay in US policy rate increases, while global oil prices improved.

Overall, market capitalisation declined to RM1.66 trillion as at end-June 2016 (end-March 2016: RM1.71 trillion) while the daily average turnover moderated to 1.77 billion units (1Q 2016: 1.88 billion units) during the quarter.

On 10 August 2016, the KLCI ended higher at 1673.0 points (since end-June 2016: 1.1%), with a market capitalisation of RM1.69 trillion (since end-June 2016: 2.0%).

Performance of Selected Global and Regional Equity Markets in 2016 (% growth QoQ)



Source: Bloomberg and Bank Negara Malaysia calculations

Bursa Malaysia: Selected Market Indicators

	2015	2016	
	As at end		
	June	Mar	June
Price Indices			
Composite	1,706.6	1,717.6	1,654.1
FBMEMAS[1]	11,771.9	11,920.8	11,530.2
ACE Market[2]	6,220.3	5,637.0	5,145.1
Market capitalisation (RM billion)	1,659.0	1,707.4	1,660.3
No. of companies listed	905	904	905
	During the period		
	2Q	1Q	2Q
Average daily turnover			
Volume (million units)	1,918.0	1,875.8	1,770.6
Value (RM million)	2,002.1	2,052.2	1,996.4

[1] FBMEMAS stands for FTSE Bursa Malaysia EMAS Index
[2] From 3 August 2009, MESDAQ market was replaced with ACE Market

Source: Bursa Malaysia

Bursa Malaysia: Market Turnover

	2015				2016					
	2Q		1H		1Q		2Q		1H	
	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion
Turnover	120.8	126.1	245.2	254.6	112.5	124.1	111.5	125.8	224.1	249.9
Of which:										
Main Board	72.7	114.1	148.5	231.8	76.3	117.0	75.3	118.9	151.5	235.9
Of which										
Consumer Products	6.2	6.2	13.7	12.6	8.8	7.3	8.1	6.9	16.9	14.2
Industrial Products	14.3	12.4	27.0	23.4	14.6	19.3	14.2	15.7	28.8	35.0
Construction	4.6	7.0	8.3	12.9	4.1	5.3	3.9	5.2	8.0	10.6
Trading/Services	31.2	52.1	63.9	107.6	30.7	48.0	30.9	51.5	61.6	99.5
Finance	3.0	18.3	6.4	39.6	3.1	20.1	3.6	23.6	6.7	43.7
Properties	5.3	4.9	10.7	9.7	6.4	3.4	5.6	3.3	11.9	6.7
Plantations	1.0	3.4	2.0	6.9	1.6	5.9	1.5	5.6	3.1	11.5
Infrastructure	1.1	5.3	2.1	9.7	0.8	3.2	0.7	2.8	1.5	6.0
ACE Market[1]	40.3	9.9	81.5	18.7	20.5	4.1	23.2	4.5	43.8	8.6

[1]From 3 August 2009, MESDAQ market was replaced with ACE Market

Source: Bursa Malaysia

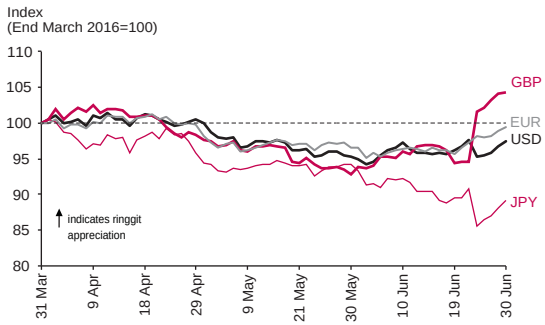
Ringgit weakness driven primarily by external factors

The ringgit and most regional currencies depreciated against the US dollar during the quarter due to uncertainties surrounding US monetary policy. The ringgit, however, faced stronger depreciation pressure due to continued volatility in global crude oil prices and the lower weightage of certain Malaysian stocks during the rebalancing of the MSCI Emerging Markets Index. The depreciation was, however, partially offset in June as expectations of a delay in a US interest rate increase resurfaced amid the release of weaker-than-expected US labour market data.

Overall, the ringgit depreciated by 2.5% against the US dollar during the quarter. The ringgit also depreciated against the euro (-0.6%) and the Japanese yen (-10.9%), but appreciated against the pound sterling (4.3%) and the Australian dollar (0.4%). The ringgit also depreciated against most regional currencies, by between 0.4% and 3.2%.

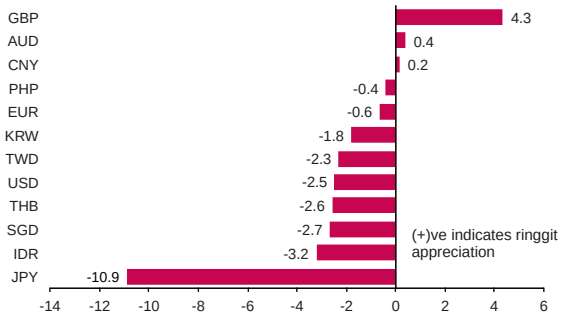
Between 1 July and 10 August 2016, the ringgit appreciated against the US dollar (0.7%). The ringgit also appreciated against the pound sterling (3.2%), and the euro (0.2%), but depreciated against the Japanese yen (-0.7%) and the Australian dollar (-2.7%). The ringgit exhibited a mixed performance against regional currencies.

Ringgit Performance against Major Currencies



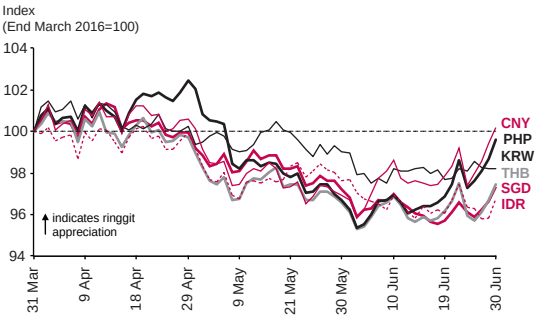
Source: Bank Negara Malaysia

Summary of Ringgit Performance against Selected Currencies Percent Change (1 April - 30 June 2016)



Source: Bank Negara Malaysia

Ringgit Performance against Regional Currencies



Source: Bank Negara Malaysia

Performance of Ringgit against Selected Currencies

RM per foreign currency	As at end			% change since*	
	2Q 2015	1Q 2016	2Q 2016	2Q 2015	1Q 2016
US dollar	3.7855	3.9220	4.0225	-5.9	-2.5
Euro	4.2364	4.4377	4.4664	-5.2	-0.6
Pound sterling	5.9527	5.6234	5.3910	10.4	4.3
Australian dollar	2.9059	3.0009	2.9899	-2.8	0.4
100 Japanese yen	3.0946	3.4892	3.9145	-20.9	-10.9
Singapore dollar	2.8096	2.9023	2.9816	-5.8	-2.7
100 Thai baht	11.205	11.134	11.428	-2.0	-2.6
100 Philippine peso	8.3899	8.5233	8.5599	-2.0	-0.4
100 Indonesian rupiah	0.0284	0.0295	0.0305	-6.9	-3.2
100 Korean won	0.3384	0.3427	0.3489	-3.0	-1.8
100 New Taiwan dollar	12.257	12.180	12.472	-1.7	-2.3
Chinese renminbi	0.6099	0.6064	0.6054	0.7	0.2

* (+) indicates appreciation of ringgit against respective currency and (-) indicates depreciation.

Source: Bank Negara Malaysia

Greater volatility in the financial markets saw greater demand for foreign exchange derivatives

Foreign exchange derivatives volume grew by 20.2% on a quarter-on-quarter basis in the second quarter of 2016 (1Q 2016: -8.9%). The rise was mainly attributed to the higher volume of cross currency swaps and foreign exchange swaps, by 42.7% and 9.6% from the previous quarter, respectively. Hedging demand increased during the period as the market saw greater global volatility emerging from the UK's EU referendum, the uncertainties on the timing of the Federal Reserve's interest rates hike, and global growth concerns amid weak economic data across major economies.

During the quarter, the 5-year USD/RM cross-currency swap widened to 88 bps from the previous quarter closing of 73 bps. The highest spread was recorded in June, in the immediate aftermath of the UK's EU referendum following heightened risk aversion. Residents recorded higher selling as exporters took advantage to hedge their foreign currency exposure.