MONETARY AND FINANCIAL DEVELOPMENTS

Interest rates remained stable

The Monetary Policy Committee (MPC) maintained the Overnight Policy Rate (OPR) at 3.00% during the fourth quarter of 2016. At the prevailing level of the OPR, monetary conditions remained supportive of economic activity.

Reflecting the unchanged OPR, the overnight interbank rate was relatively stable during the quarter, moving within a range of 2.90%-3.00%. Interbank rates for tenures one month and shorter were also relatively stable. The 3-month interbank rate, while relatively steady, increased by four basis points from end-September to end-December given competition for stable funding amid net external outflows. Reflecting the steady interbank rates, the 3-month KLIBOR was stable during the quarter, increasing marginally by one basis point to 3.41%.

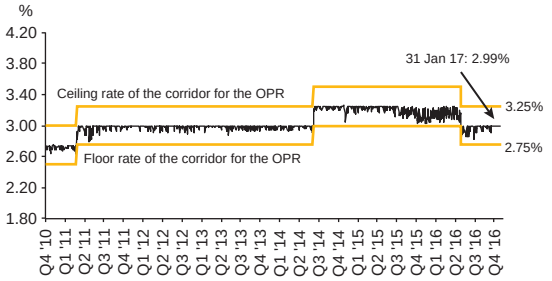
Correspondingly, retail lending rates were stable during this quarter. The weighted average base rate (BR) of commercial banks was unchanged at 3.61%. The weighted average lending rate (ALR) on outstanding loans was also relatively stable, declining by five basis points from end-September to end-December[2]. On average, fixed deposit (FD) rates remained unchanged for tenures of up to 1-year.

Interest Rates

	2015	2016	
	4Q	3Q	4Q
	At end-period (%)		
Overnight Policy Rate (OPR)	3.25	3.00	3.00
Interbank rates			
Overnight	3.05	2.99	3.00
1-month	3.45	3.08	3.10
Base lending rate (BLR)			
Commercial banks	6.79	6.65	6.65
Weighted average base rate (BR)			
Commercial banks	3.77	3.61	3.61
Weighted average lending rate (ALR)			
Commercial banks	5.40	5.27	5.21
Fixed deposit rates			
Commercial banks			
1-month	3.08	2.87	2.86
12-month	3.31	3.07	3.06

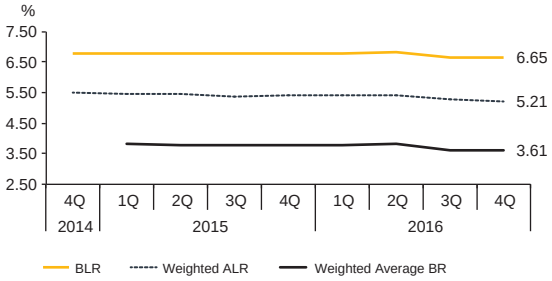
Source: Bank Negara Malaysia

Daily Weighted Average Overnight Interbank Rate



Source: Bank Negara Malaysia

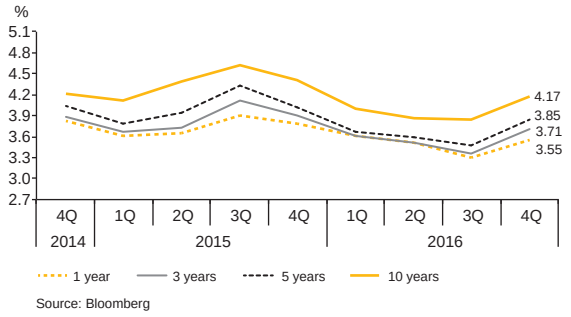
Lending Rates of Commercial Banks (At end-period)



Source: Bank Negara Malaysia

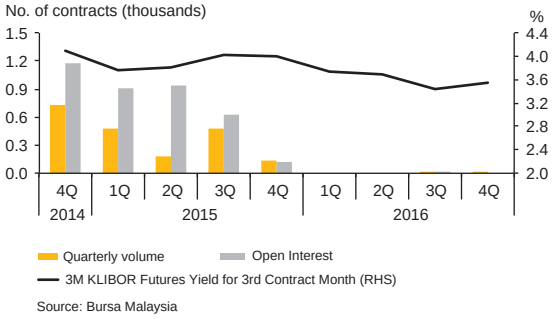
[2] In comparison, the weighted ALR declined by 16 basis points in the third quarter.

Interest Rate Swap: Rates



Source: Bloomberg

3 Month KLIBOR Futures



Source: Bursa Malaysia

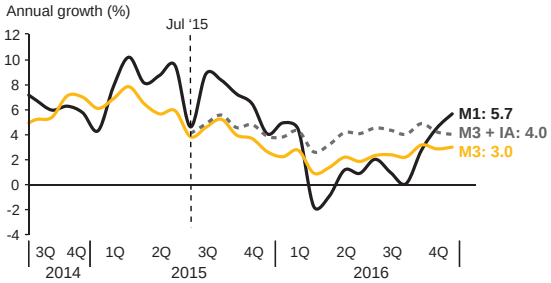
M3 expanded during the quarter

M1, or narrow money, decreased by RM22.6 billion during the quarter. On an annual basis, M1 recorded a growth rate of 5.7% as at end-December (end-September: 0.1%). M3, or broad money, increased by RM25.0 billion on a quarter-on-quarter basis to record an annual growth rate of 3% as at end-December (end-September: 2.2%).

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 *other influences*, reflecting foreign exchange revaluation effects and the continued growth of Islamic Investment Accounts.

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

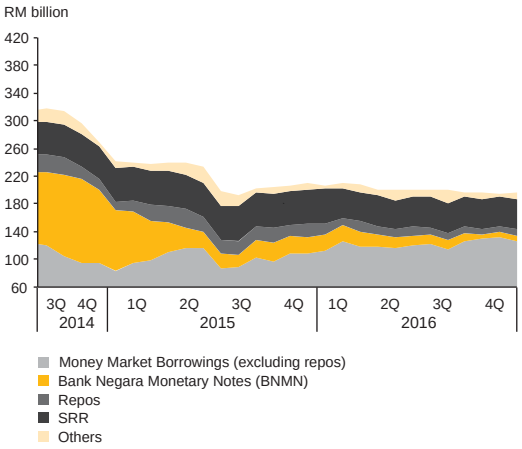
Monetary Aggregates



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		
	4Q	Year	3Q	4Q	Year
	RM billion				
M3	**12.1**	**40.8**	**6.4**	**25.0**	**47.9**
Net claims on Government	5.1	-8.9	2.0	18.9	18.1
Claims on private sector	31.6	120.3	23.5	31.6	88.7
Loans	*25.7*	*106.1*	*18.7*	*37.2*	*83.5*
Securities	*5.9*	*14.1*	*4.8*	*-5.6*	*5.2*
Net foreign assets[1]	-0.2	22.0	1.3	10.1	-5.8
BNM	*-5.7*	*1.0*	*14.4*	*18.8*	*14.9*
Banking System	*5.5*	*21.0*	*-13.1*	*-8.8*	*-20.7*
Other influences	-24.4	-92.6	-20.4	-35.5	-53.1

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

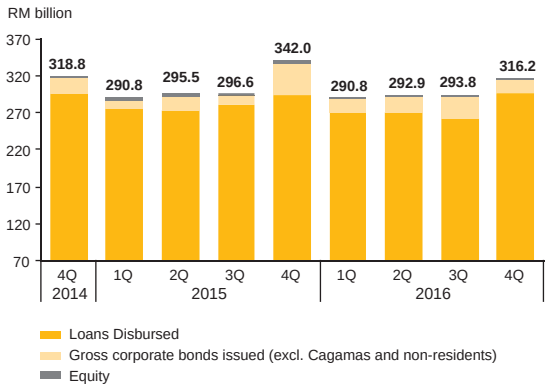
Source: Bank Negara Malaysia

Private sector financing was sustained in the fourth quarter

In the fourth quarter of 2016, total gross financing raised by the private sector through the banking system, development financial institutions (DFIs), and the capital market amounted to RM316.2 billion (3Q 2016: RM293.8 billion). On a net basis, the growth of outstanding banking system loans, DFIs, and corporate bonds moderated to 5.5% in the fourth quarter (3Q 2016: 6.5%), reflecting mainly the moderation in the growth of net outstanding corporate bonds amid higher growth of loans extended by the banking system and development financial institutions (DFIs) during the quarter. The moderation in the growth of outstanding corporate bonds was mainly due to the higher base recorded in December 2015 given large one-off issuances by a few companies.

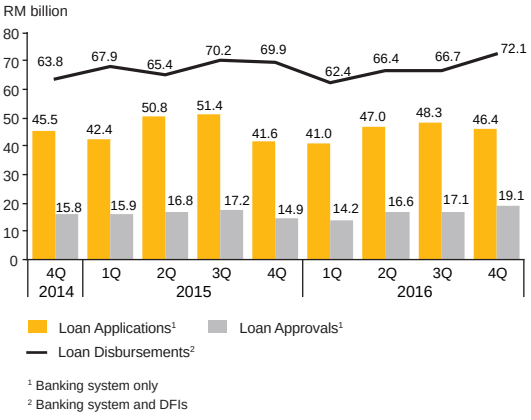
Net lending to businesses by the banking system and DFIs expanded by RM21.8 billion during the quarter (3Q 2016: RM7.8 billion). On an annual basis, outstanding business loans extended by the banking system and DFIs also grew strongly at 4.8% (3Q 2016: 2%). In addition, the amount of loans disbursed to businesses increased during the quarter with a higher level of credit extended mainly to the *finance, insurance, and business services; transport, storage and communication* and *real estate* sectors. Financing provided to SMEs also remained high, with outstanding SME loans recording an annual growth rate of 9% in 4Q 2016 (3Q 2016: 8.2%).

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



Source: Bank Negara Malaysia

Lending to SMEs



[1] Banking system only
[2] Banking system and DFIs

Source: Bank Negara Malaysia

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

	2015		2016			2015		2016		
	4Q	Year	3Q	4Q	Year	4Q	Year	3Q	4Q	Year
	During the period (RM billion)					Annual growth (%)				
Gross total financing	**342.0**	**1,224.8**	**293.8**	**316.2**	**1,193.7**	**7.3**	**1.3**	**-0.9**	**-7.5**	**-2.5**
Loans disbursed	293.9	1,123.4	263.6	296.2	1,102.3	-0.9	1.5	-6.6	0.8	-1.9
Gross Corporate bond (CB)[1]	40.6	83.5	27.0	19.2	84.3	91.4	1.2	128.0	-52.5	1.0
Equity	7.5	17.9	3.2	0.8	7.1	681.5	-6.5	28.0	-89.5	-60.4
Net total financing	**55.2**	**159.9**	**39.9**	**37.7**	**114.0**	**8.4**	**8.4**	**6.5**	**5.5**	**5.5**
Outstanding loans (Banking system* and Development Financial Institution (DFIs))	23.0	112.6	21.9	40.4	84.1	7.7	7.7	4.3	5.3	5.3
Outstanding CB	32.2	47.4	17.9	-2.7	29.9	10.7	10.7	14.2	6.1	6.1
Memorandum item										
Gross CB[2]	40.6	85.6	27.6	19.2	85.3	87.9	0.2	109.8	-52.5	-0.4

* 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		
	4Q	Year	3Q	4Q	Year	4Q	Year	3Q	4Q	Year
Total										
Loan applications[1]	215.6	827.2	204.0	198.6	802.8	2.6	0.6	-9.3	-7.9	-3.0
Loan approvals[1]	100.2	393.2	87.6	93.1	346.9	-5.8	-2.0	-9.2	-7.1	-11.8
Loan disbursements[2]	293.9	1,123.4	263.6	296.2	1,102.3	-0.9	1.5	-6.6	0.8	-1.9
Loan repayments[2]	276.6	1,060.2	257.9	279.2	1,078.4	3.4	3.1	-2.6	0.9	1.7
Change in outstanding loans*.[2]	23.0	112.6	21.9	40.4	84.1	7.7	7.7	4.3	5.3	5.3
Of which:										
Business enterprises[3]										
Loan applications	107.6	396.8	93.9	92.4	376.8	7.2	2.7	-16.9	-14.1	-5.0
Loan approvals	49.0	179.9	40.0	46.4	165.9	6.2	12.4	-9.1	-5.3	-7.8
Loan disbursements	212.1	804.8	187.1	217.8	796.0	-1.2	2.2	-8.9	2.7	-1.1
Loan repayments	205.7	777.9	185.2	206.7	786.2	4.4	3.5	-5.1	0.4	1.1
Change in outstanding loans*	5.4	41.9	7.8	21.8	28.0	7.7	7.7	2.0	4.8	4.8
SMEs										
Loan applications	41.6	186.2	48.3	46.4	182.7	-8.6	3.0	-5.9	11.5	-1.9
Loan approvals	14.9	64.8	17.1	19.1	66.9	-5.6	1.6	-0.9	28.0	3.1
Loan disbursements	69.9	273.3	66.7	72.1	267.6	9.6	14.4	-4.9	3.2	-2.1
Loan repayments	67.6	258.2	67.4	69.2	265.9	14.8	13.7	0.6	2.5	3.0
Change in outstanding loans*	5.9	35.0	4.9	8.6	24.6	14.6	14.6	8.2	9.0	9.0
Non-SMEs[3]										
Loan applications	66.0	210.6	45.5	46.1	194.1	20.3	2.5	-26.0	-30.2	-7.8
Loan approvals	34.1	115.0	22.9	27.3	99.1	12.3	19.6	-14.4	-19.8	-13.9
Loan disbursements	142.2	531.5	120.4	145.7	528.4	-5.7	-3.1	-10.9	2.4	-0.6
Loan repayments	138.2	519.7	117.8	137.4	520.3	0.0	-0.9	-8.1	-0.5	0.1
Change in outstanding loans*	-0.5	7.0	2.9	13.2	3.4	2.3	2.3	-3.3	1.1	1.1
Households										
Loan applications	108.0	430.4	110.1	106.2	426.0	-1.5	-1.3	-1.6	-1.7	-1.0
Loan approvals	51.2	213.4	47.6	46.7	181.0	-15.0	-11.6	-9.3	-8.9	-15.2
Loan disbursements	81.8	318.6	76.5	78.3	306.4	-0.3	-0.4	-0.5	-4.2	-3.8
Loan repayments	70.8	282.3	72.7	72.5	292.2	0.6	1.9	4.4	2.4	3.5
Change in outstanding loans*	18.4	63.8	12.1	16.1	49.2	7.6	7.6	5.8	5.5	5.5

* 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 development financial institutions (DFIs)
[3] Includes domestic non-bank financial institutions, domestic financial institutions, government, domestic other entities and foreign entities
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
						(%)	
	4Q 2015	Year	3Q 2016	4Q 2016	Year		
Business enterprises[1,*]	**212.1**	**804.8**	**187.1**	**217.8**	**796.0**	**72.2**	**42.9**
Non-SMEs[1]	*142.2*	*531.5*	*120.4*	*145.7*	*528.4*	*47.9*	*25.0*
*SMEs**	*69.9*	*273.3*	*66.7*	*72.1*	*267.6*	*24.3*	*18.0*
Selected sectors[1]							
Agriculture, hunting, forestry and fishing	11.4	43.6	12.4	12.0	48.8	4.4	2.7
Mining and quarrying	6.2	21.3	2.2	2.3	8.4	0.8	0.8
Manufacturing	54.4	212.5	51.9	54.4	206.2	18.7	6.4
Construction	17.1	66.7	17.5	18.5	69.8	6.3	4.6
Real estate	13.3	53.4	13.4	16.2	56.9	5.2	6.6
Electricity, gas and water supply	2.8	9.8	2.0	2.3	9.3	0.8	0.8
Wholesale, retail, restaurants and hotels	54.0	203.6	50.7	53.2	204.2	18.5	7.0
Transport, storage and communication	4.4	23.7	5.6	10.3	29.8	2.7	2.7
Finance, insurance and business services	32.0	105.1	21.7	34.0	111.0	10.1	3.3
Households	**81.8**	**318.6**	**76.5**	**78.3**	**306.4**	**27.8**	**57.1**
Purchase of residential properties	21.9	85.3	18.8	20.1	78.9	7.2	27.7
Consumption credit	49.8	189.6	48.7	48.8	190.2	17.3	19.4
Of which:							
Credit cards	*27.5*	*103.7*	*27.2*	*28.3*	*108.0*	*9.8*	*2.2*
Purchase of passenger cars	*10.2*	*41.0*	*9.2*	*9.1*	*35.6*	*3.2*	*8.8*
Others	10.1	43.7	9.0	9.5	37.3	3.4	10.0
Total	**293.9**	**1,123.4**	**263.6**	**296.2**	**1,102.3**	**100.0**	**100.0**

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

Source: Bank Negara Malaysia

Net financing to the household sector by the banking system and DFIs expanded by RM16.1 billion during the quarter (3Q 2016: RM12.1 billion). On an annual basis, the growth in outstanding household loans extended by the banking system and DFIs moderated to 5.5% in 4Q 2016 (3Q 2016: 5.8%), reflecting mainly the moderation in loans for the *purchase of passenger cars* and the *purchase of residential property*. Borrowers with the capacity to service their loans continued to have access to financing during the quarter.

Lower net financing from the capital market

Net funds raised in the capital market moderated to RM2.1 billion in the fourth quarter of 2016 (3Q 2016: RM13.5 billion). The decline was due mainly to lower net funds raised by the private sector.

In the private sector, gross corporate bond issuances were lower at RM19.2 billion (3Q 2016: RM27.6 billion) amid heightened market uncertainty and volatility during the fourth quarter. In addition, large redemptions amounting to RM22.1 billion (3Q 2016: RM10.0 billion), offset the issuances and resulted in net redemptions of RM2.8 billion

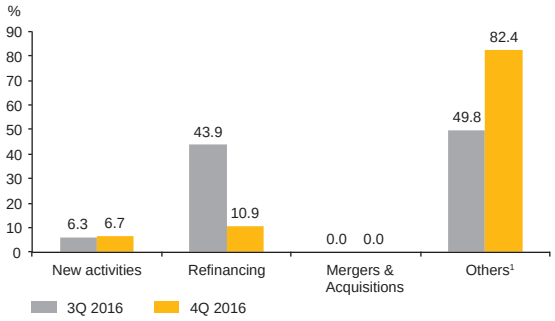
Net Funds Raised in the Capital Market

	2015		2016		
	4Q	Year	3Q	4Q	Year
	RM billion				
By Public Sector	**13.5**	**46.8**	**(7.2)**	**4.1**	**39.2**
Government securities, Gross	21.7	100.4	20.8	15.1	87.4
Malaysian Government Securities	10.9	51.3	11.9	3.9	44.1
Government Investment Issues	10.9	41.1	8.9	11.2	43.2
Sukuk Perumahan Kerajaan	-	8.0	-	-	-
Less: Redemptions	8.2	53.6	28.0	11.0	48.1
Malaysian Government Securities	8.2	41.1	24.0	-	26.1
Government Investment Issues	-	12.5	4.0	11.0	22.0
Sukuk Perumahan Kerajaan	-	-	-	-	-
By Private Sector	**37.9**	**62.8**	**20.7**	**(2.0)**	**35.2**
Shares	7.5	17.9	3.2	0.8	7.1
Corporate bonds, Net	30.5	44.9	17.5	(2.8)	28.1
Corporate bonds, Gross	*40.6*	*85.6*	*27.6*	*19.2*	*85.3*
Less: Redemptions	*10.1*	*40.8*	*10.0*	*22.1*	*57.2*
Total	**51.4**	**109.6**	**13.5**	**2.1**	**74.4**

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 capital expenditure, working capital and general business activities as well as issuance by non-residents and Cagamas

Source: Bank Negara Malaysia

in the fourth quarter (net funds raised in the 3Q 2016: RM17.5 billion). Funds raised in the private bond market were primarily from the *Finance, Insurance, Real Estate and Business Services* and were mainly used for the purpose of financing infrastructure projects, working capital and general business activities.

In the public sector, net funds raised were higher at RM4.1 billion during the fourth quarter (net funds raised in the 3Q 2016: -RM7.2 billion). The funds were raised through new issuances of 3-year Government Investment Issues (GII) as well as re-opening of 10-year and 20-year Malaysian Government Securities (MGS) and 7-year, 10-year, and 20-year GII. Government debt redemptions were lower at RM11 billion (3Q 2016: RM28 billion) during the quarter, contributing to the increase in net funds raised by the public sector.

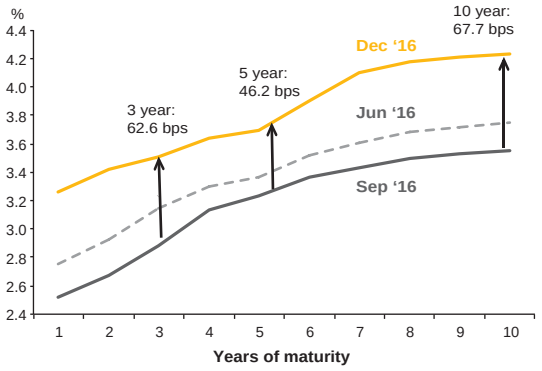
Bond yields increased in the fourth quarter

MGS yields trended upward in the fourth quarter of 2016, in line with global bond yields. This was driven by the redistribution of portfolio investments in favour of US dollar assets, especially equities, following the outcome of the US Presidential Elections. Expectations of an interest rate increase, the actual increase in the US Federal Reserve's policy rate in December 2016, and the anticipation of a faster pace of US interest rate normalisation in 2017 also led to spillover effects on bond yields globally, including the MGS yields. Non-resident investors reduced MGS holdings by RM12.9 billion during the quarter. As a result, the 3-year, 5-year and 10-year MGS yields increased by 62.6, 46.2 and 67.7 basis points, respectively. In the corporate bond market, the increase in yields was relatively contained amid low and stable non-resident holdings of corporate bonds and sustained demand by domestic investors.

Lower trading in the bond market

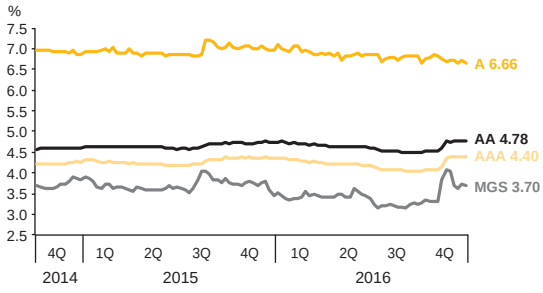
Total trading in the secondary market was lower at RM223.5 billion during the quarter (3Q 2016: RM269.1 billion) amid uncertainties arising from the outcome of US elections and as investors positioned for a higher probability of an increase in US interest rates. Correspondingly, all segments recorded lower liquidity ratios compared to previous quarter. The MGS, GII and corporate bond segments registered liquidity ratios of 0.36, 0.26 and 0.06, respectively.

Trend in MGS Yields



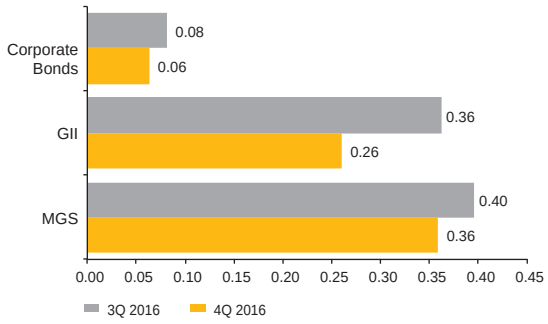
Source: Bank Negara Malaysia

5-year MGS and 5-year Corporate Bond Yields



Source: Bank Negara Malaysia

Liquidity Ratio: Value of Bonds Traded / Outstanding



Source: Bank Negara Malaysia

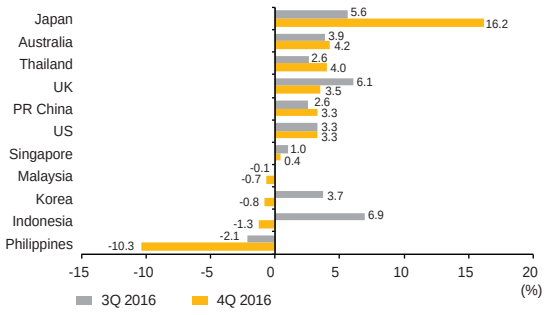
FBM KLCI declined during the quarter

During the fourth quarter of 2016, the FBM (FTSE Bursa Malaysia) KLCI declined by 0.7% to close at 1,641.7 points at end-December (end-September 2016: 1,652.6 points). During the quarter, the equity market was affected by market expectations of a tighter path for US interest rate normalisation. In addition, the uncertainties arising from the outcome of the US Presidential Election led to portfolio rebalancing by global investors, resulting in reduced holdings of Malaysian equity. The decline, however, was mitigated by improved market sentiments towards the end of the year amid gains in global oil prices following OPEC's agreement to cut output. Domestically, the index was also supported by positive sentiments created by the 2017 budget announcements and active buying of selected blue-chip stocks as investors consolidated their investment positions towards the end of the year.

Overall, market capitalisation decreased to RM1.67 trillion as at end-December 2016 (end-September 2016: RM1.69 trillion) while the daily average turnover decreased to 1.54 billion units (3Q 2016: 1.87 billion units) during the quarter.

On 14 February 2017, the KLCI ended higher at 1708.9 points (since end-December 2016: +4.1%), with a market capitalisation of RM1.75 trillion (since end-December 2016: +4.9%).

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				
	Dec	Year	Sep	Dec	Year
Price Indices					
Composite	1,692.5	1,692.5	1,652.6	1,641.7	1,641.7
FBMEMAS[1]	11,793.7	11,793.7	11,687.6	11,466.5	11,466.5
ACE Market[2]	6,389.2	6,389.2	5,219.9	4,780.7	4,780.7
Market capitalisation (RM billion)	1,695.2	1,695.2	1,686.2	1,667.4	1,667.4
No. of companies listed	903	903	905	904	904
	During the period				
	4Q	Year	3Q	4Q	Year
Average daily turnover					
Volume (million units)	2,234.0	2,038.3	1,870.0	1,540.5	1,762.9
Value (RM million)	2,149.7	2,082.2	1,876.7	1,931.0	1,963.8

[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					
	4Q		Year		3Q		4Q		Year	
	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion	Billion units	RM billion
Turnover	138.5	133.3	501.4	512.2	114.1	114.5	95.5	119.7	433.7	484.1
Of which:										
Main Board	82.5	121.4	299.1	464.6	73.2	107.8	65.0	114.2	289.8	457.9
Of which										
Consumer Products	7.0	6.8	26.9	25.6	4.9	6.1	4.4	5.9	26.2	26.3
Industrial Products	19.1	21.8	59.0	60.0	14.2	14.1	14.1	15.9	57.1	65.1
Construction	3.9	4.6	16.5	22.9	3.4	4.7	4.4	6.0	15.8	21.3
Trading/Services	32.4	51.3	124.7	204.3	31.9	47.4	25.7	47.8	119.3	194.7
Finance	2.9	17.7	12.8	79.6	4.1	18.2	4.0	21.9	14.8	83.7
Properties	7.5	5.0	23.7	18.9	4.6	4.9	3.4	3.4	19.9	15.0
Plantations	1.7	5.0	5.0	15.6	1.7	5.7	1.8	6.2	6.5	23.5
Infrastructure	1.0	4.3	4.2	18.8	0.7	2.5	0.7	2.6	2.9	11.0
ACE Market[1]	36.7	8.3	139.2	32.2	19.2	3.4	14.8	2.1	77.8	14.1

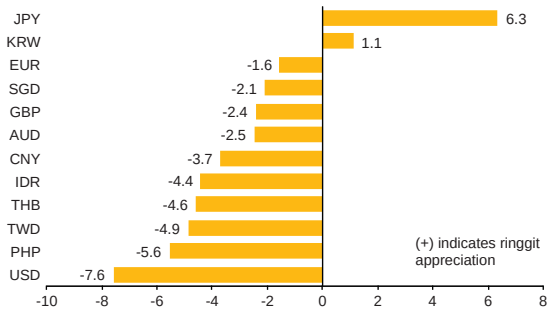
[1] From 3 August 2009, MESDAQ market was replaced with ACE Market

Source: Bursa Malaysia

Ringgit weakness driven primarily by external factors

The ringgit and all major and regional currencies depreciated against the US dollar during the quarter. The depreciation was driven mainly by portfolio investment outflows from emerging economies amid uncertainties arising from the outcome of the US Presidential Elections. Expectations of an interest rate increase, the actual increase in the US Federal Reserve's policy rate in December 2016, and the anticipation of a faster pace of US interest rate normalisation in 2017, exacerbated portfolio outflows and exerted further downward pressure on most major and regional currencies. The ringgit also faced additional adjustments during the quarter due to speculative activity in the non-deliverable forward (NDF) market. The ringgit, along with regional currencies, however, began to stabilise towards the end of the quarter amidst higher stability in the global financial markets. The implementation of measures to develop, deepen, and address the rising imbalances in the domestic foreign exchange market, and the firmer global crude oil prices also lent stability to the domestic foreign exchange market towards the end of the quarter.

Summary of Ringgit Performance against Selected Currencies
Percent Change (1 October - 30 December 2016)

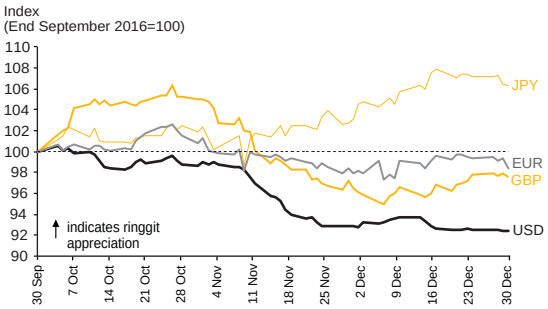


Source: Bank Negara Malaysia

Overall, the ringgit depreciated by 7.6% against the US dollar during the quarter. The ringgit also depreciated against the euro (-1.6%), the pound sterling (-2.4%) and the Australian dollar (-2.5%), but appreciated against the Japanese yen (6.3%). The ringgit also depreciated against all regional currencies, with the exception of the Korean won, by between 2.1% and 5.6%.

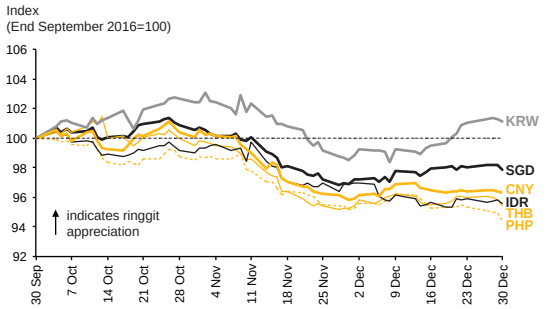
Between 1 January and 14 February 2017, the ringgit appreciated against the US dollar (0.8%). The ringgit also appreciated against the euro (0.1%), but depreciated against the pound sterling (-1.2%), the Japanese yen (-1.9%) and the Australian dollar (-5.0%). The ringgit depreciated against most regional currencies during the period.

Ringgit Performance against Major Currencies



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*	
	4Q 2015	3Q 2016	4Q 2016	4Q 2015	3Q 2016
US dollar	4.2920	4.1455	4.4860	-4.3	-7.6
Euro	4.6918	4.6500	4.7238	-0.7	-1.6
Pound sterling	6.3607	5.3775	5.5108	15.4	-2.4
Australian dollar	3.1338	3.1632	3.2436	-3.4	-2.5
100 Japanese yen	3.5645	4.0881	3.8442	-7.3	6.3
Singapore dollar	3.0356	3.0359	3.1016	-2.1	-2.1
100 Thai baht	11.922	11.943	12.517	-4.7	-4.6
100 Philippine peso	9.1494	8.5492	9.0516	1.1	-5.6
100 Indonesian rupiah	0.0311	0.0319	0.0334	-6.9	-4.4
100 Korean won	0.3651	0.3762	0.3720	-1.8	1.1
100 New Taiwan dollar	13.056	13.236	13.915	-6.2	-4.9
Chinese renminbi	0.6610	0.6215	0.6455	2.4	-3.7

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

Source: Bank Negara Malaysia

Foreign exchange derivatives activities were higher in the fourth quarter of 2016 as volatility in the financial market increased post US-Presidential election results mid-November

Foreign exchange derivatives volume was higher by 9.9% (3Q 2016: -11.1%) during the quarter compared to the same period in the previous year, contributed by higher volume of interbank FX swap (13.3%) and cross-currency interest rate swap (2.5%) transactions. The increase in interbank FX swap volumes was mainly attributed to the increase in demand for dollar following non-resident portfolio adjustments post-US Presidential results, interest rate hike by US Federal Reserve in December and year-end dollar liquidity requirements. The interbank FX swap activities also recorded 12% growth in 4Q 2016 from 3Q 2016 while volume of forward transactions was lower by 1% from the previous quarter.

The 5-year USD/MYR cross-currency interest rate swap widened to 68 bps from the previous quarter's closing of 55 bps. This was attributed to the high demand for US dollar liquidity in the domestic market, amidst expectation of the hike in the US interest rate.