Sidang Akhbar

Prestasi Ekonomi Suku Kedua Tahun 2021

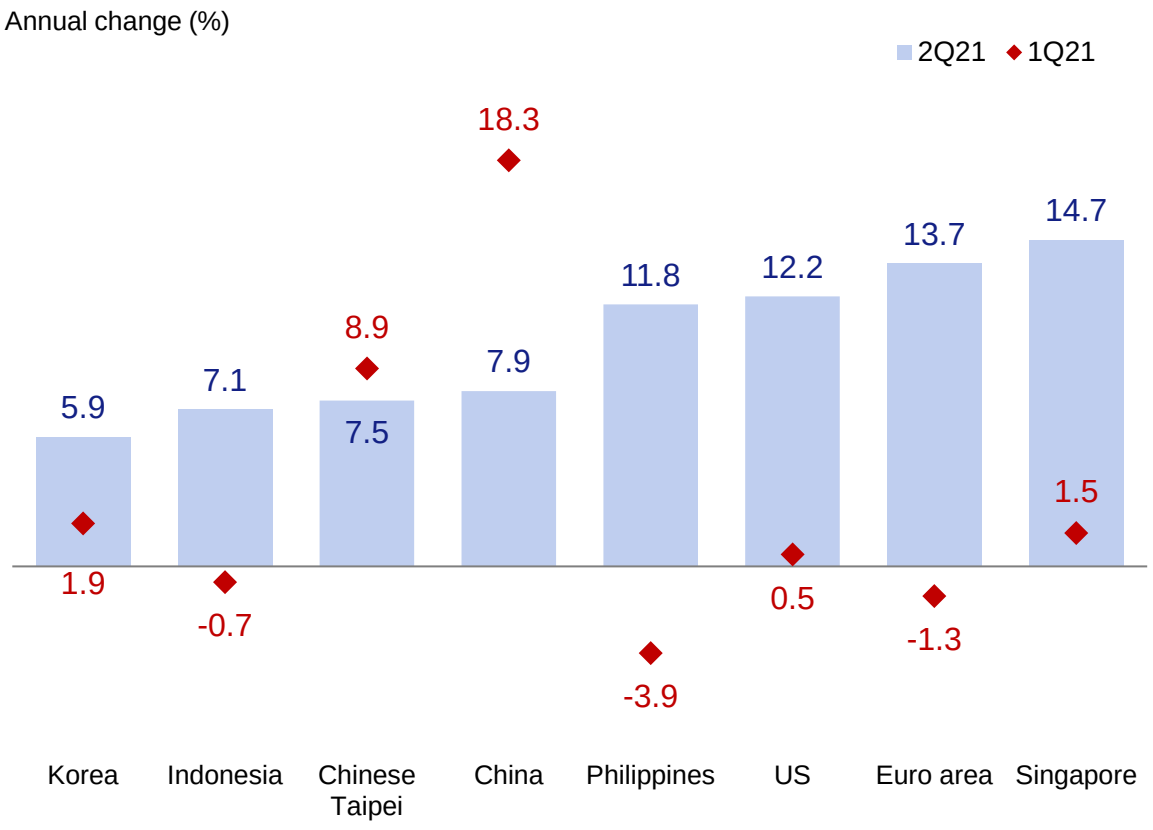
13 Ogos 2021

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

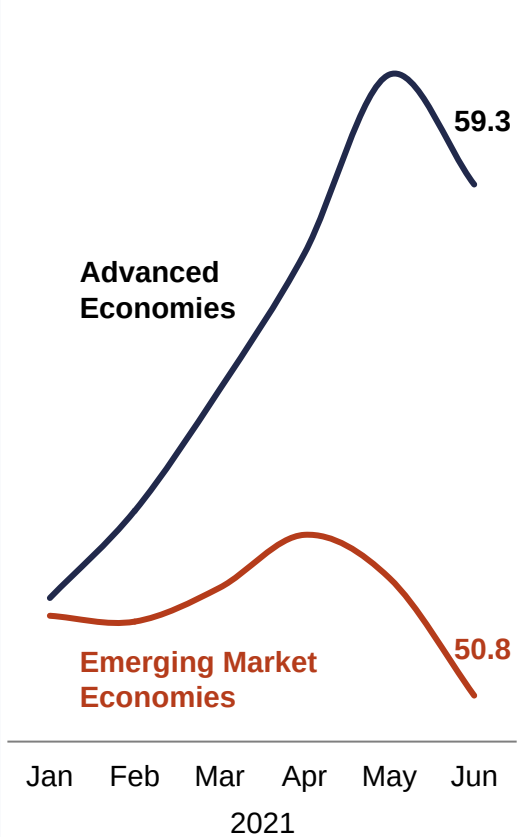
JABATAN PERANGKAAN MALAYSIA
DEPARTMENT OF STATISTICS MALAYSIA

Continued improvement in global growth in 2Q 2021, with a dual track recovery across countries

Real GDP Growth



Composite PMI



Global Growth Developments

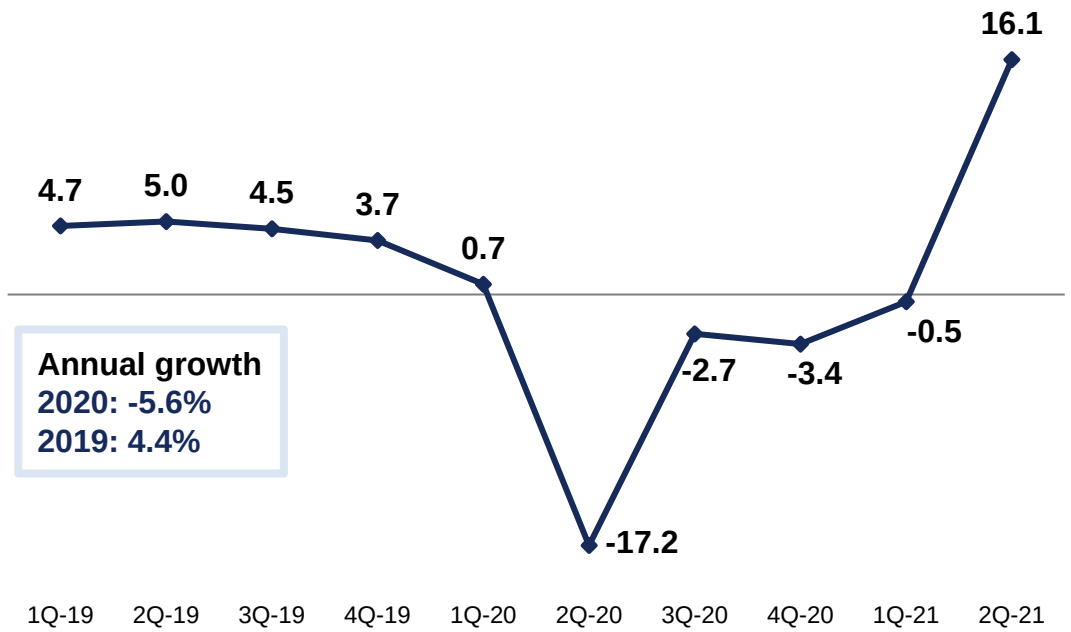
- Broad-based recovery of services and manufacturing activity in advanced economies, supported by relaxation of containment measures, amid high vaccination rates
- Goods trade improved, particularly regional exports
- Disruption of economic activities in many emerging market economies due to containment measures

Source: CEIC, National authorities, IHS Markit

Malaysia's GDP grew by 16.1% in 2Q 2021

Stronger growth reflected low base from the significant decline in activity in 2Q 2020

Real GDP Growth, % yoy



Real GDP Growth (2021)

Month	% yoy
January	-3.6
February	-3.6
March	6.1
April	40.1
May	19.8
June	-4.4

On a seasonally adjusted quarter-on-quarter basis, GDP declined by 2% in 2Q 2021

Key Factors:

Low base from the significant decline in economic activity in 2Q 2020

Stronger external demand

Improvement in domestic demand

weighed by…

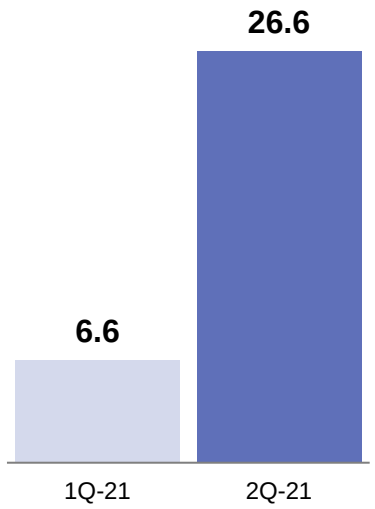
Re-imposition of stricter containment measures in May and June

Source: Department of Statistics Malaysia

Continued improvement in most economic sectors, led by manufacturing and services

Manufacturing

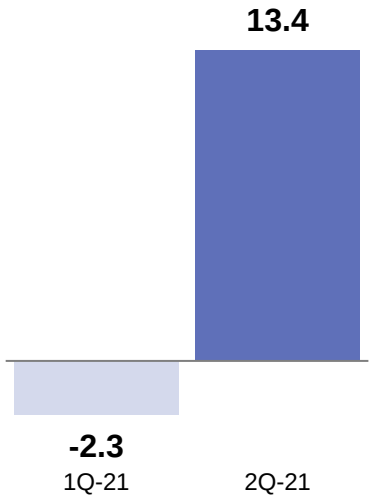
GDP, Annual change (%)



Continued robust external demand for E&E products

Services

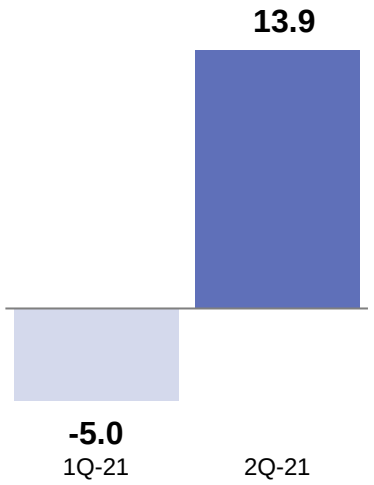
GDP, Annual change (%)



Improved consumer-related activities, especially in April and May

Mining

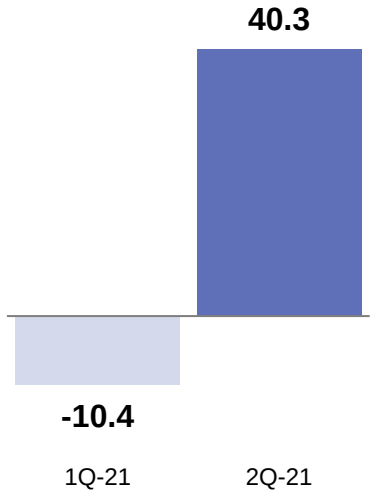
GDP, Annual change (%)



Higher crude oil and natural gas production

Construction

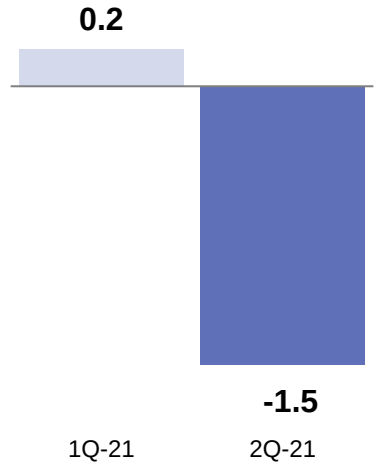
GDP, Annual change (%)



Progress in large infrastructure works

Agriculture

GDP, Annual change (%)



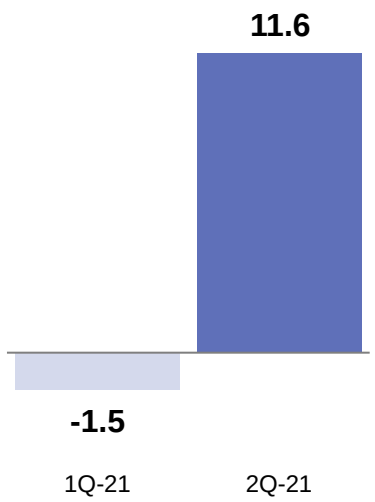
Weaker oil palm harvesting activities amid labour shortages

Source: Department of Statistics Malaysia

Growth was driven by higher private sector spending and strong trade activity

Private Consumption

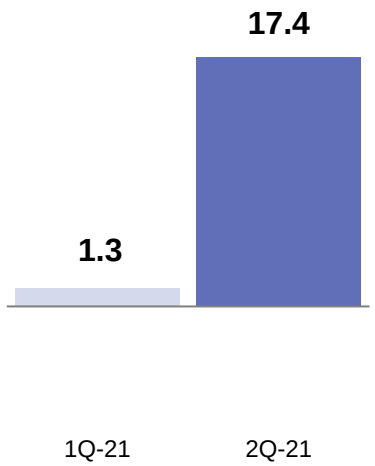
GDP, Annual change (%)



Broad-based expansion across both necessity and discretionary spending

Private Investment

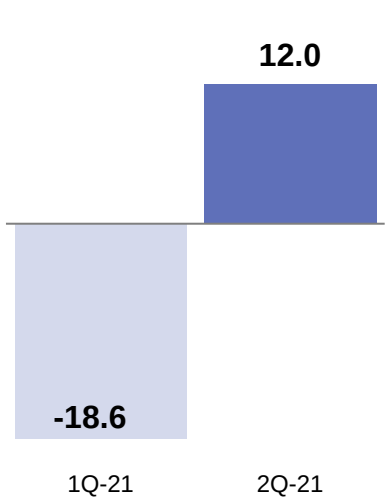
GDP, Annual change (%)



Higher capital expenditure particularly in the services and manufacturing sectors

Public Investment

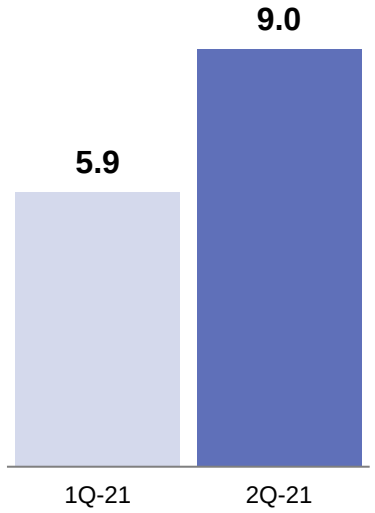
GDP, Annual change (%)



Higher General Government capital spending

Public Consumption

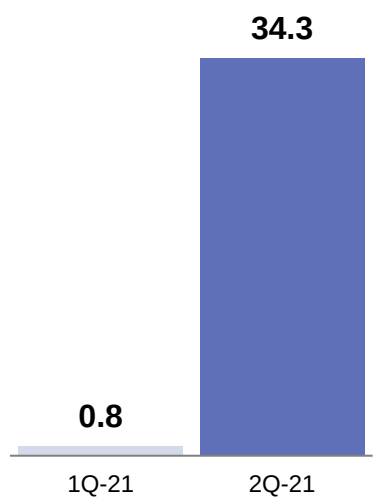
GDP, Annual change (%)



Higher growth in supplies and services

Net exports

GDP, Annual change (%)



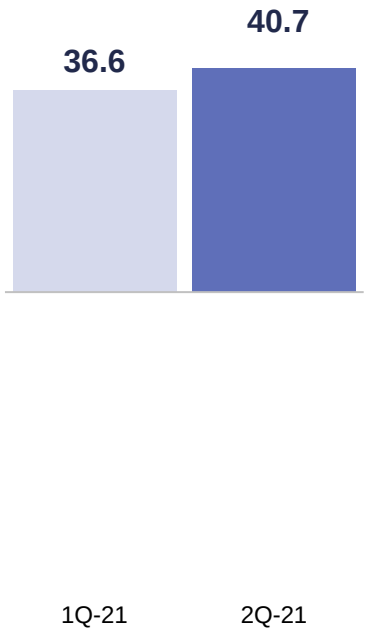
Strong external demand

Source: Department of Statistics Malaysia

Current account of the balance of payments registered a higher surplus of RM14.4 billion or 3.9% of GDP

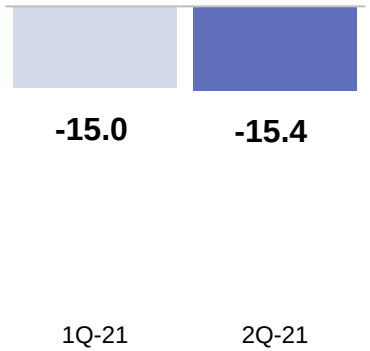
Goods

RM billon



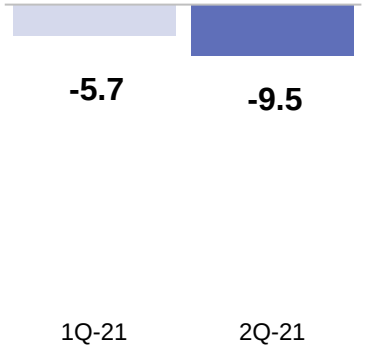
Services

RM billon



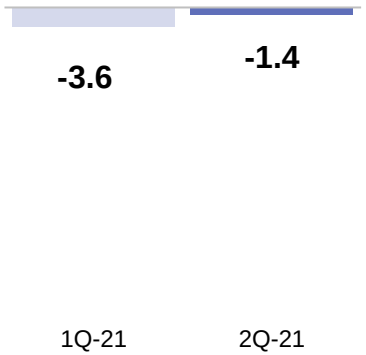
Primary Income

RM billon



Secondary Income

RM billon



Larger Goods Surplus

- External demand supporting exports

Marginally Larger Services Deficit

- Larger deficits mainly in transportation and other business services

Larger Primary Income Deficit

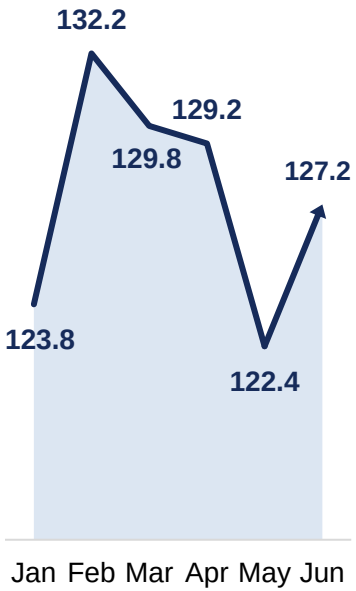
- Higher investment income accrued to foreign investors in Malaysia

Source: Department of Statistics Malaysia

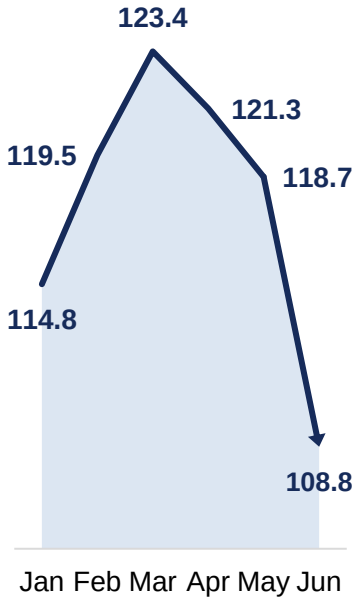
Economic activity was weighed by tighter containment measures in the later part of 2Q 2021

Manufacturing activity was supported by strong external demand, but the services sector was weighed by mobility restrictions

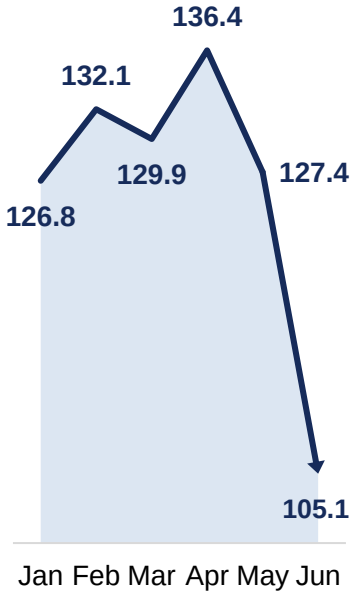
IPI for Manufacturing



IPI for Electricity



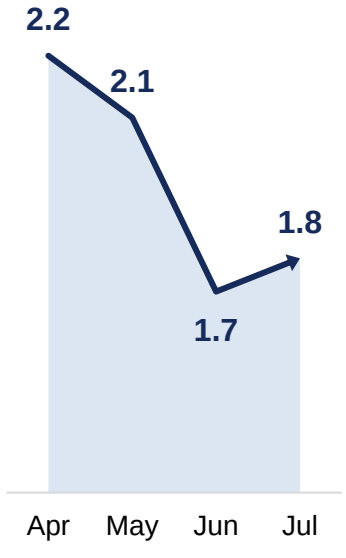
IOWRT



Latest key indicators from the services sector, however, point to a tentative turnaround in July

Total Transactions per day

RM billion



MY Google Community Mobility Report

Workplace

Retail, Recreation & Grocery

Mobility Changes Compared to Baseline (% decline)

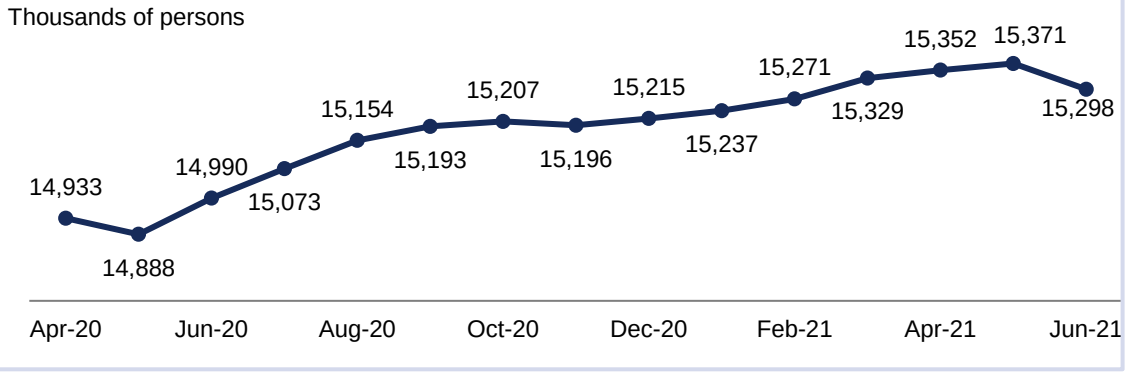


Note: Google mobility data, averaged weekly as at 7 August 2021, is expressed as the percentage change from the 3 January 2020 to 6 February 2020 baseline. Data on total transactions per day, averaged monthly, refers to online and physical spending.

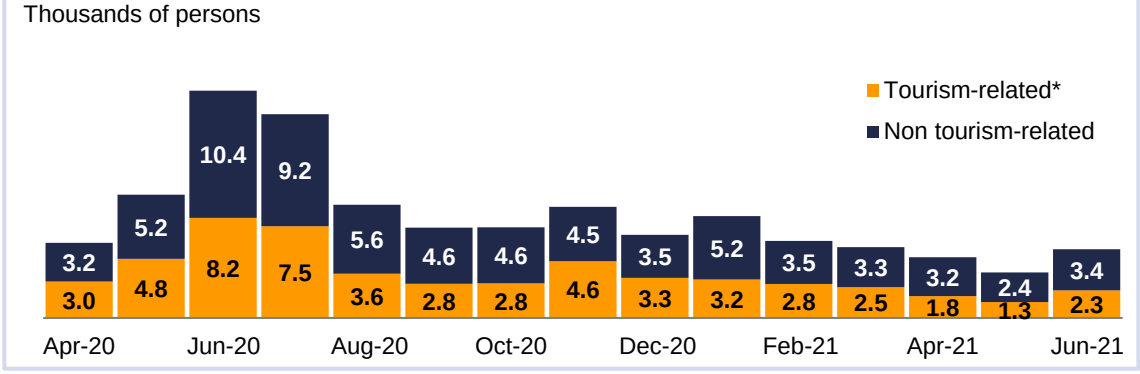
Source: Department of Statistics Malaysia, Bank Negara Malaysia, Google Mobility Community Report

Labour market showed improvement up till May-21, before deteriorating in June-21

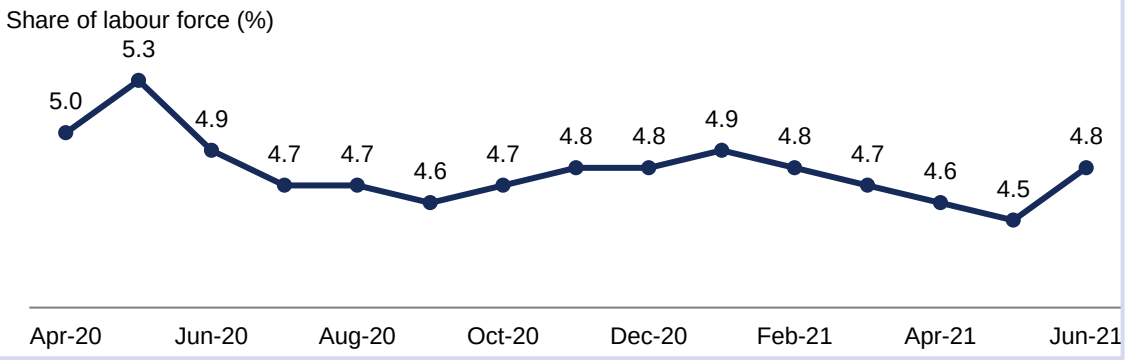
Employment levels



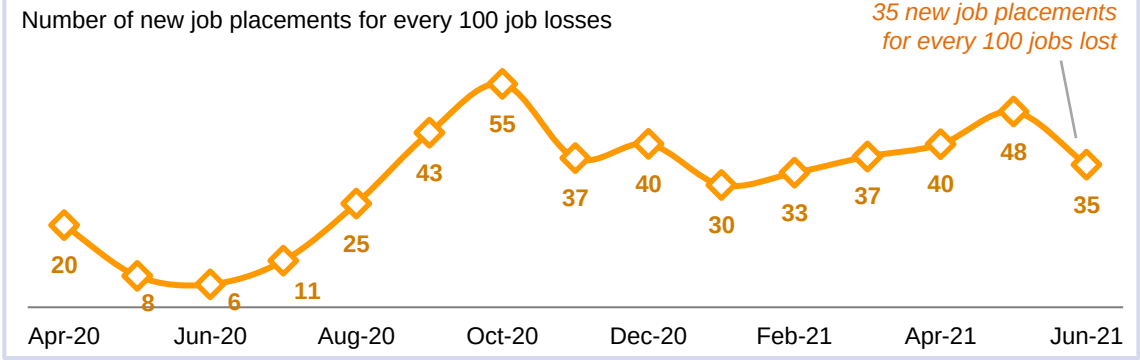
Jobless claims



Unemployment rate



Placement rates



Source: Department of Statistics Malaysia

* Tourism-related industries include wholesale retail, administrative and support services, accommodation and F&B, transportation and storage, entertainment and recreation

Source: Employment Insurance System, Social Security Organisation (SOCSO)

Growth is expected to trough in 3Q 2021 before improving in 4Q 2021, in line with strong external demand conditions and easing of containment measures

Key factors underpinning growth in 2H 2021

External factors

1. **Strong global demand conditions, particularly in major trade partners**
2. **Continued global tech upcycle**

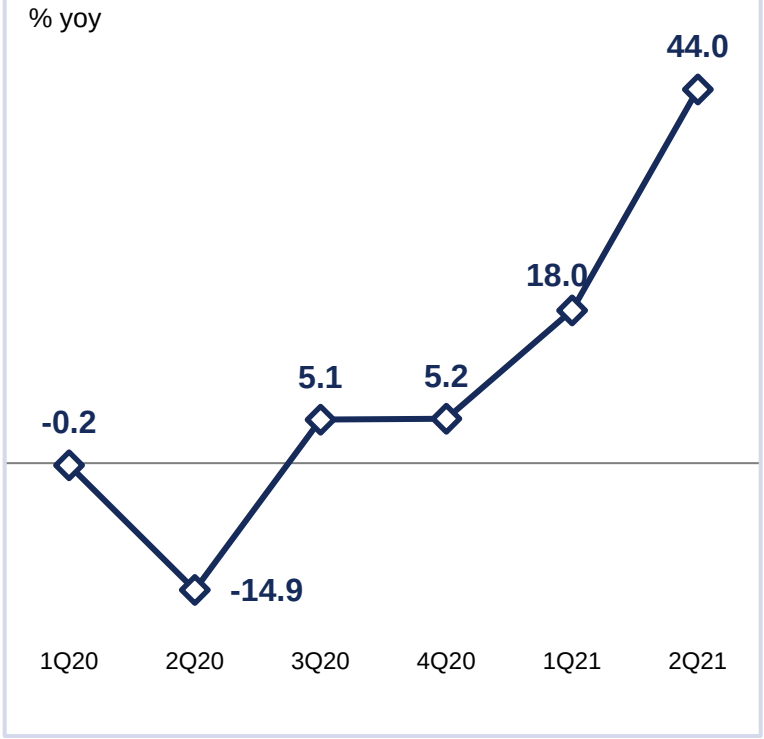
Domestic factors

3. **Rapid vaccination rate allowing the gradual relaxation of FMCO restrictions**
4. **Ongoing policy support for businesses and households**
5. **Continuation of large-scale infrastructure projects**

The strong global demand is expected to support the expansion of gross exports

Stronger gross export growth reflecting broad-based expansion across products…

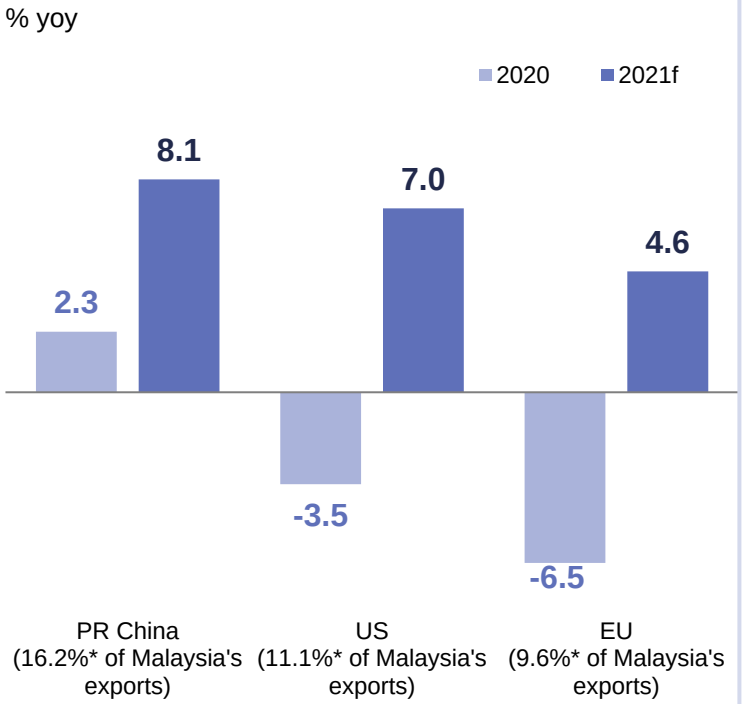
Gross Exports Growth



Source: Department of Statistics Malaysia

…underpinned by strong external demand conditions…

Real GDP growth of Malaysia's Key Trade Partners



* Share of 2020 Malaysia's exports
Source: International Monetary Fund

…which will support employment in export-oriented industries

Employment in export-oriented sectors[1]

2 million workers
Manufacturing sector

1.6 million workers
Services sector

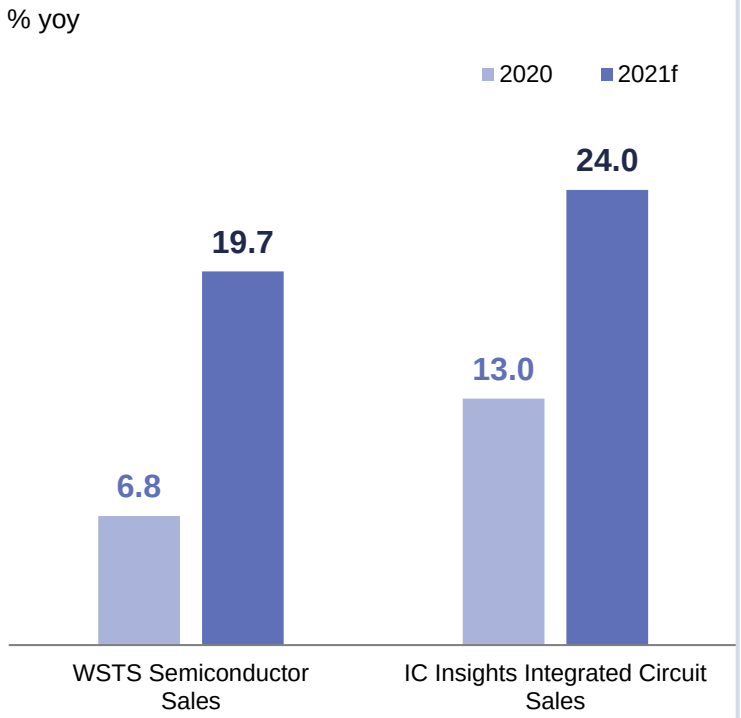
0.8 million workers
Commodities sector**

[1] Bank Negara Malaysia estimates
** Includes agriculture and mining sectors

Global tech upcycle to support E&E production and exports

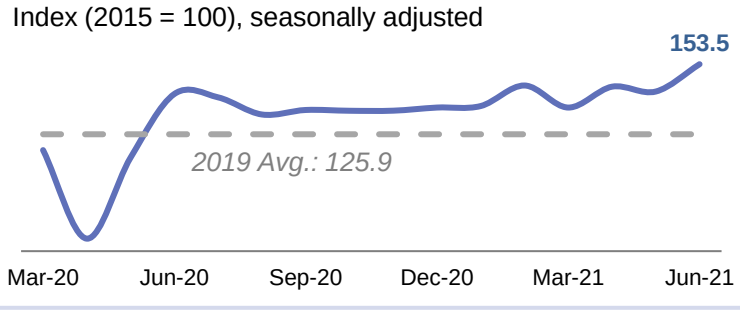
Rising demand for semiconductors for work-from-home & medical devices…

Industry Forecasts for Global Semiconductor Sales

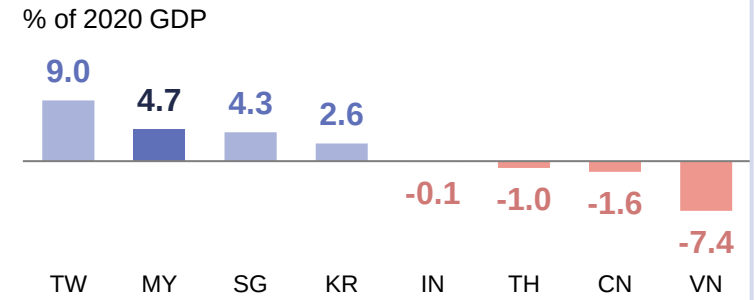


… have benefitted Malaysia as a net exporter of semiconductors

E&E Industrial Production Index



Global Semiconductor Trade Balance



Recent industrial engagements show signs of continued positive outlook

Findings from BNM Industrial Engagements

Full order books throughout 2021

Capacity expansion– New plants & machinery for industry 4.0 technologies

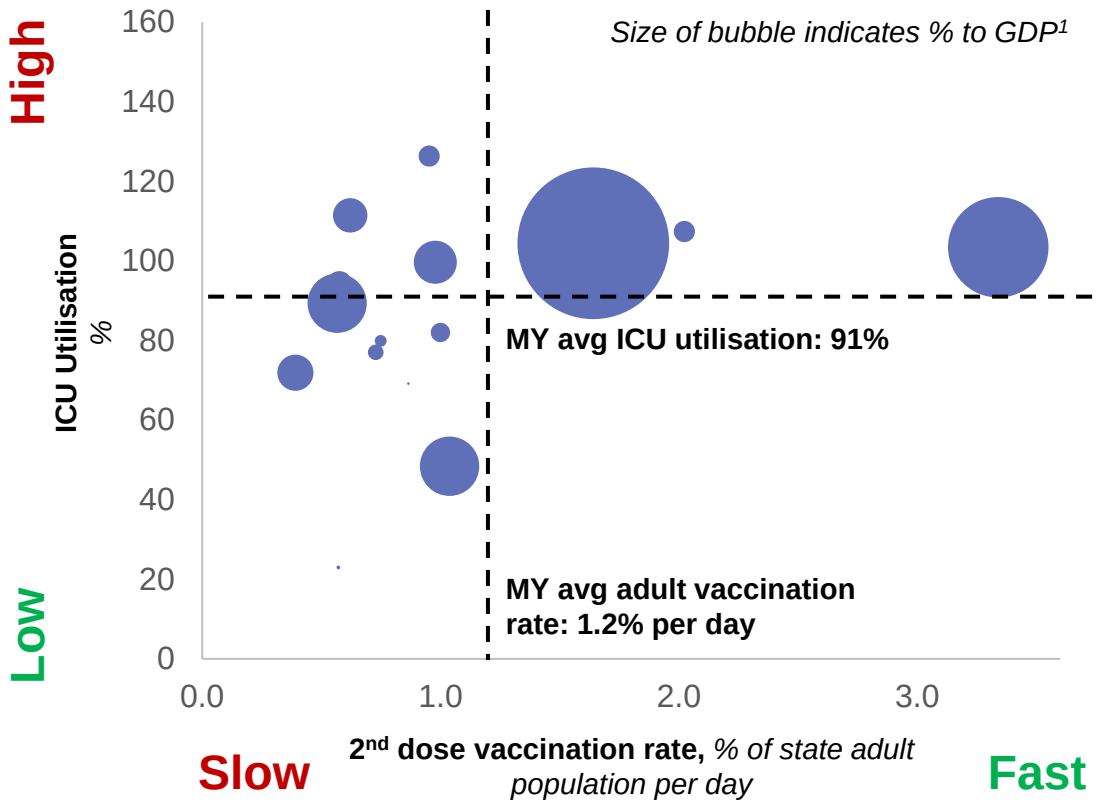
Introduction of new products in fast-growing segments
E.g. data centres and medical devices

Source: World Semiconductor Trade Statistics, IC Insights, Department of Statistics Malaysia, International Trade Centre, Bank Negara Malaysia

Domestically, rapid vaccination rates with easing demands on healthcare capacity would lead to better economic outcomes

Fast vaccination rates and lower ICU utilisation will enable the swift easing of containment measures

ICU Utilisation and Vaccination Rate by State



[1] Refers to share to GDP in 2020

Note: ICU utilisation and vaccination rates refer to the 7-day average between 3 – 9 Aug 2021

Source: COVID-19 Immunisation Task Force, Ministry of Health, Department of Statistics, Malaysia and Bank Negara Malaysia

Principles in Assuming Phased Transition

Current ICU utilisation	Current speed of vaccination rate	Assumed Transition Path
Low	Fast	Faster and earlier transition to Phase 4
Low	Slow	As vaccination rate improves, transition to subsequent phases is shorter
High	Fast	1. Gradual transition to the next phase as ICU utilisation stabilises and improves 2. As vaccination rate progresses and ICU utilisation improves, transition to subsequent phases will be swift
High	Slow	

In the baseline assumption, **all states** are expected to transition to **Phase 3 by October 2021** and **Phase 4 by November 2021**

Greater adaptability to restrictions and ongoing policy support have partly mitigated the impact of containment measures

Higher adoption of technology allow selected economic activity to continue

	1H 2020		1H 2021
Online banking[1] transaction volume	8.9 billion	+36% →	12.1 billion
E-wallet[2] transaction volume	247 million	+89% →	468 million
Merchant registrations for QR payments	0.6 million	+57% →	1.0 million
	As at end 2020		*As at end 1H 2021*
Merchants[3] adopting e-commerce	490k	+19k →	509k

[1] Online banking transactions includes 1) financial transaction such as funds transfer and bill payment; and 2) non-financial transactions including balance inquiries, statement request and loan applications

[2] Network-based e-money

[3] Refers to Micro, Small & Medium Enterprises

Source: Bank Negara Malaysia, Malaysia Digital Economy Corporation, Ministry of Entrepreneur Development and Cooperatives

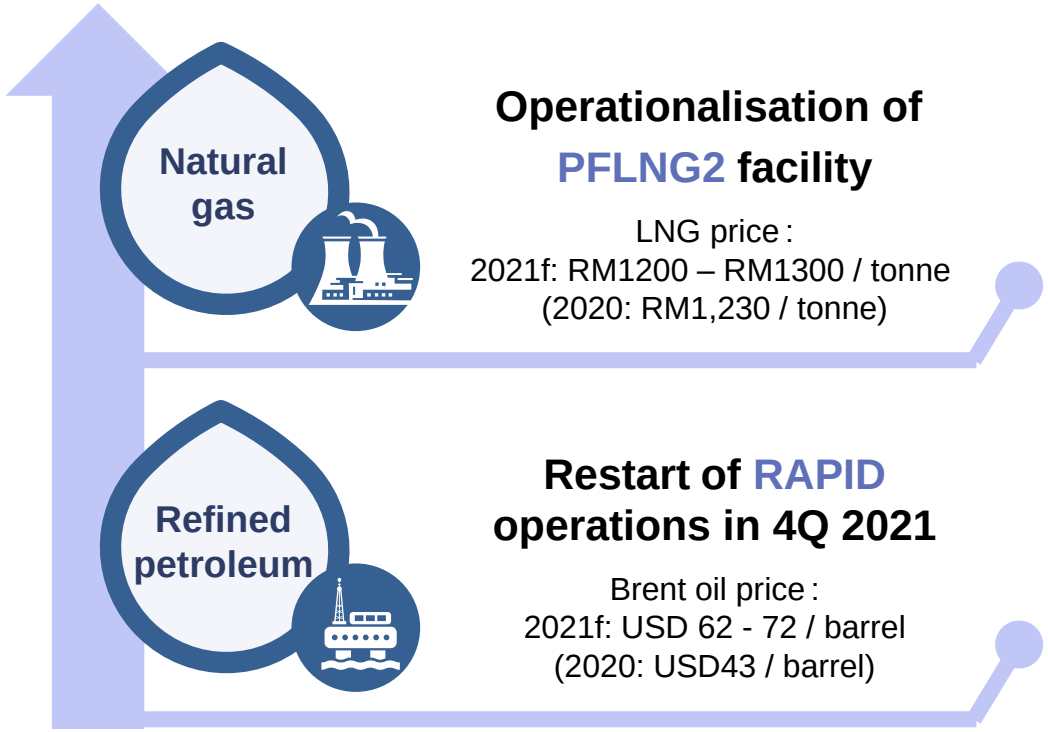
Policy support to alleviate some of the financial burden of households and businesses

Selected policy measures

Households For cash flow relief and spending support	✓ Targeted Wage Subsidy Program ✓ Enhanced hiring incentives (PenjanaKerjaya) and re-skilling and up-skilling initiatives ✓ Various cash transfers (e.g. Bantuan Prihatin Rakyat, Bantuan Khas COVID-19) ✓ Repayment assistance
Businesses For cash flow relief and business continuity	✓ Various financing schemes (e.g. Targeted Relief and Recovery Facility, High Tech Facility, Automation & Digitisation Facility, various microcredit financing) ✓ Tax incentive, relief and other cost reduction measures ✓ Repayment assistance

Ramp-up in commodity production and continued investment activity would also provide the lift to growth

Ramp-up in oil- and gas-related production



Operationalisation of PFLNG2 facility

LNG price :
2021f: RM1200 – RM1300 / tonne
(2020: RM1,230 / tonne)

Restart of RAPID operations in 4Q 2021

Brent oil price :
2021f: USD 62 - 72 / barrel
(2020: USD43 / barrel)

Continued investment in large infrastructure projects



ECRL (2018-2027)
- RM50.0 billion

LRT3 (2018-2024)
- RM16.6 billion

MRT2 (2016-2022)
- RM30.5 billion

Pan Borneo Highways (2016-2023)
- RM23.6 billion

Strategic initiatives catalysing the national digitalisation agenda

Malaysia Digital Economy Blueprint



National E-Commerce Strategic Roadmap 2.0

Jalinan Digital Negara

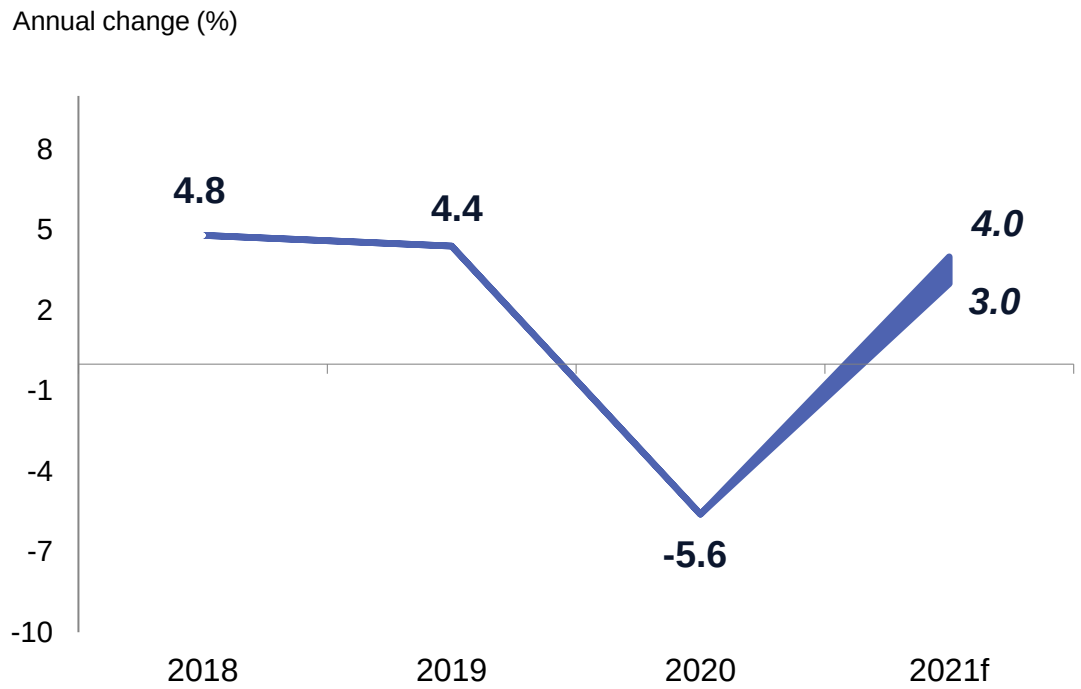


Digital Investment Office

Source: Bank Negara Malaysia, Newsflows

For 2021, Malaysia's GDP is projected to grow between 3% and 4%

Malaysia's Real GDP Growth



Growth will be weighed by containment measures, before **recovering towards the end of 2021**

Strong recovery in export-oriented sectors in tandem with improving global demand

Slow improvement in services sector, particularly consumer and tourism-related activities

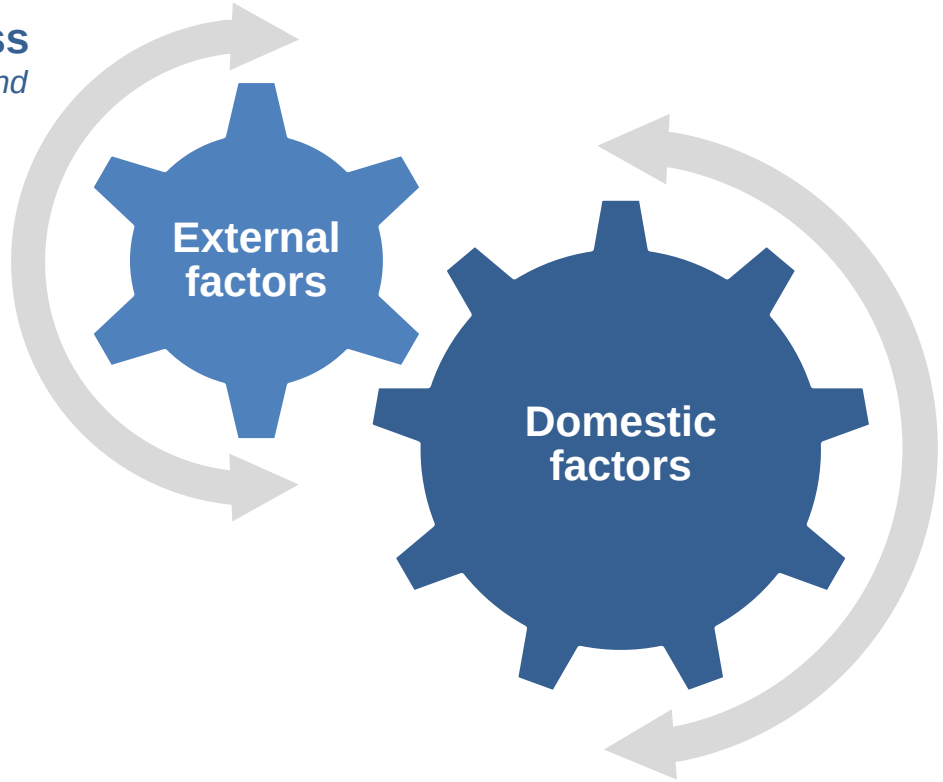
Source: Department of Statistics Malaysia, Bank Negara Malaysia

Near-term growth trajectory, however, is highly dependent on COVID-19 risk factors

1. **Global vaccination progress**
   Highly contingent on vaccine uptake and effectiveness

2. **Normalisation in global economic activity**
   Severe new variants of concern (VOCs) could necessitate reimposition of containment measures

3. **Supportive global financial conditions**
   Continued bouts of volatility given COVID-19 uncertainties



1. **Duration and stringency of containment measures**
   The state of firms' operating capacity and consumer spending depends on FMCO restrictions

2. **Materialisation of health outcomes from vaccination**
   Effectiveness against new VOCs

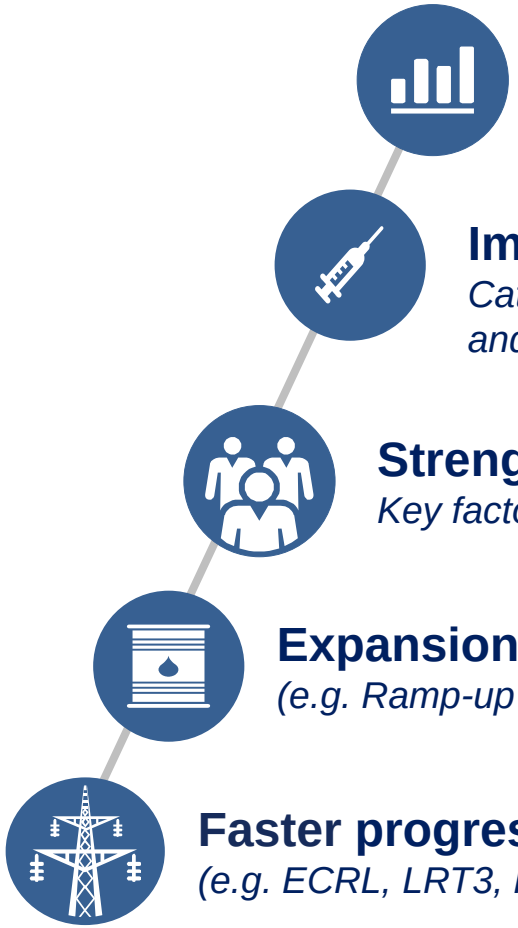
3. **Policy certainty**
   Uncertainties could affect the undertaking of investment decisions

4. **Progress of infrastructure projects**
   Implementation timeliness subject to operating and resource constraints

Uncertainty on evolution of the pandemic and the containment measures would affect growth trajectory

	Vaccine Rollout	Containment Measures	Other Factors
Faster Recovery	▲ Majority of total population to be vaccinated by **end of October 2021** ▲ **Vaccines effective** against prevailing variants	▲ **Faster transition to Phase 4** by September 2021	▲ **Faster improvement** in the labour market ▲ **Higher pent-up demand** among households
Slower Recovery	▼ Majority of total population to be vaccinated by **1Q 2022** ▼ **Strain on the healthcare system** due to new variants	▼ **Prolonged tight containment measures** with Phase 4 starting in 2022	▼ **Policy uncertainty** could affect the progress of key investment projects and investor confidence ▼ **Slower recovery** in the labour market

Growth is expected to accelerate in 2022



Further expansion in global growth and trade activity
Key driver for improvement in production activities

Improvement in consumer sentiment
Catalysed by an increasing share of vaccinated population, easing of containment measures, and the buildup in total household savings in the past year

Strengthening of labour market recovery
Key factor underpinning private consumption

Expansion in commodity-related production capacity
(e.g. Ramp-up of RAPID production, commencement of SK320)

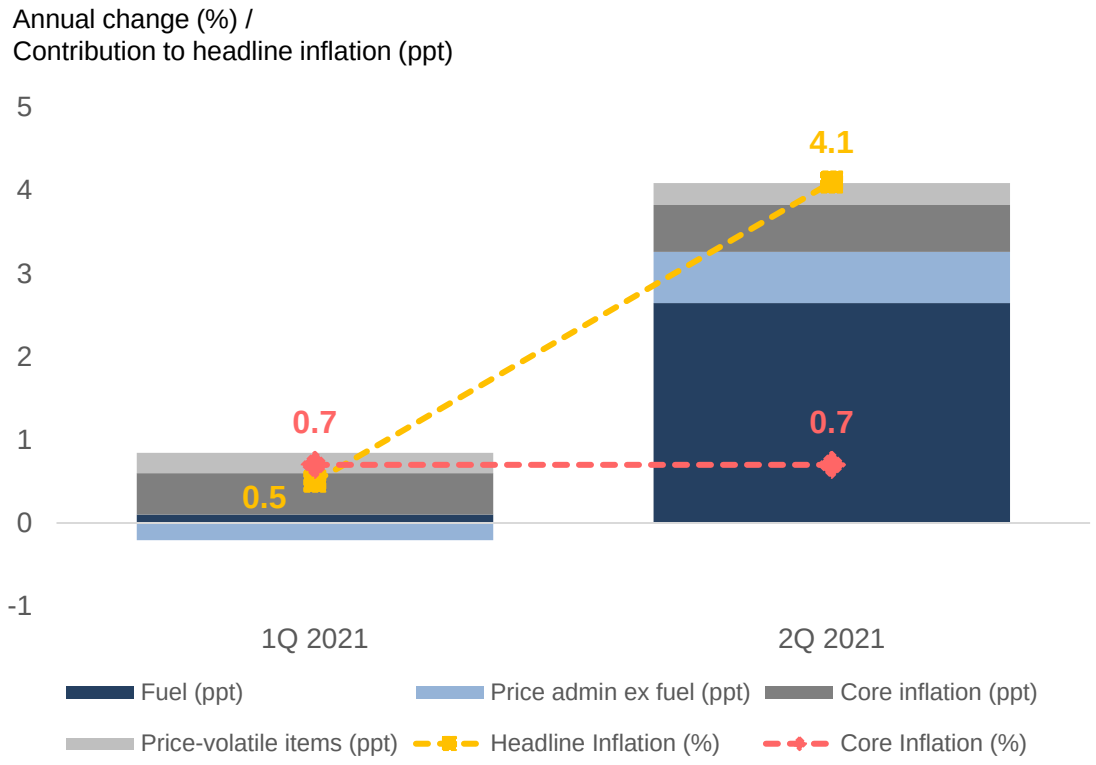
Faster progress in large infrastructure projects
(e.g. ECRL, LRT3, Pan-Borneo Highway and JENDELA)

Source: Bank Negara Malaysia

Headline inflation recorded a temporary spike in 2Q 2021 and is expected to moderate in subsequent quarters

As expected, headline inflation spiked in 2Q 2021, driven by the transitory base effect from low fuel prices and lapse in impact from electricity tariff rebates

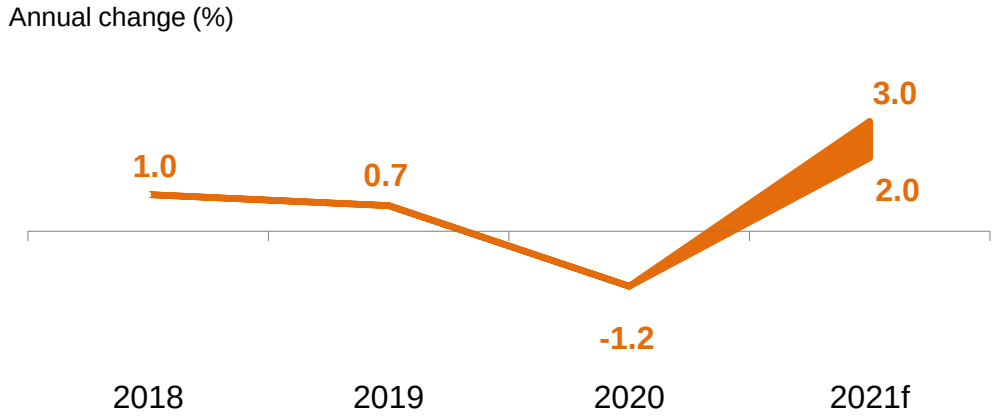
Annual change in inflation and contribution to headline inflation



[1]Core inflation is computed by excluding price-volatile and price-administered items.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Headline Inflation is expected to average between 2.0% and 3.0% for the year, while core inflation will remain subdued

Malaysia's Headline Inflation

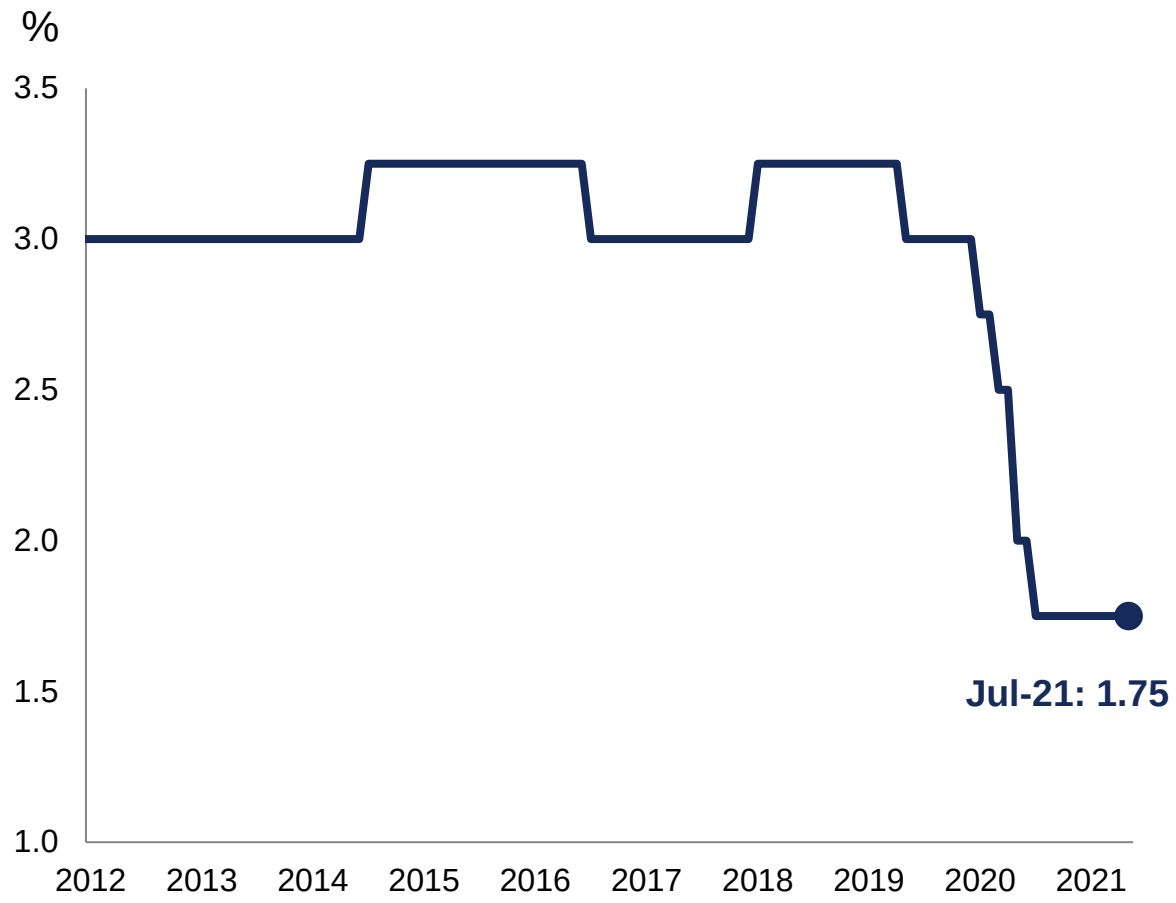


1 **Headline inflation is expected to moderate in the near-term** as base effects dissipate

2 **Core inflation would remain subdued** (0.5% – 1.5%) amid continued spare capacity in the economy

Monetary policy remains accommodative

Overnight Policy Rate (OPR)



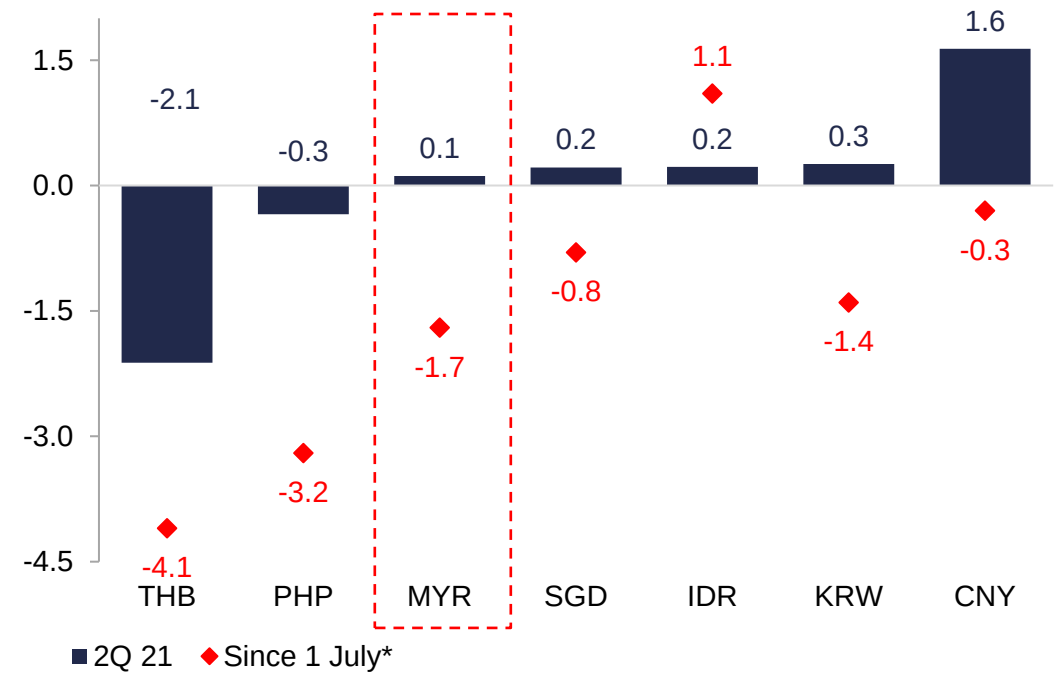
Source: Bank Negara Malaysia

- OPR remains low at 1.75%
- Monetary policy (MP) in 2021 to remain accommodative
  - *Provide support to the economy*
  - *Ensure price pressures remain manageable*
- Amid pandemic uncertainty, MP will continue to be determined by new data and information

Domestic financial markets were affected by external and domestic factors

Marginal appreciation of the ringgit in line with the broad-based weakness in the USD

Movement of Exchange Rate against the US dollar

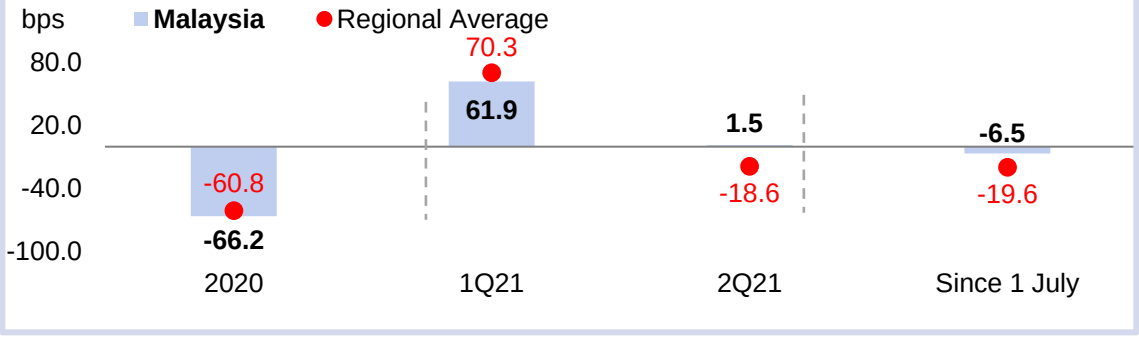


*Change in exchange rate against the US dollar from 1 July to 9 August 2021

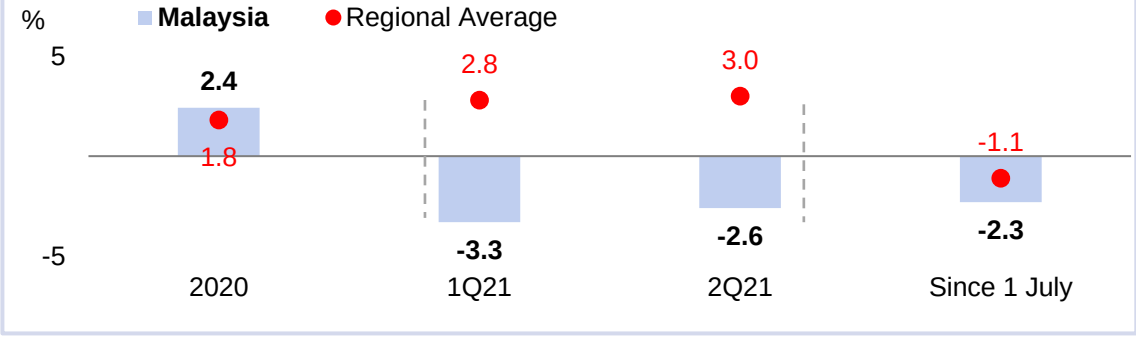
Source: Bank Negara Malaysia, Reuters

10-year MGS yields were broadly unchanged while equities continued to decline amid the increase in domestic COVID-19 cases

Movement of 10-Year Sovereign Bond Yields



Movement of Equity Prices



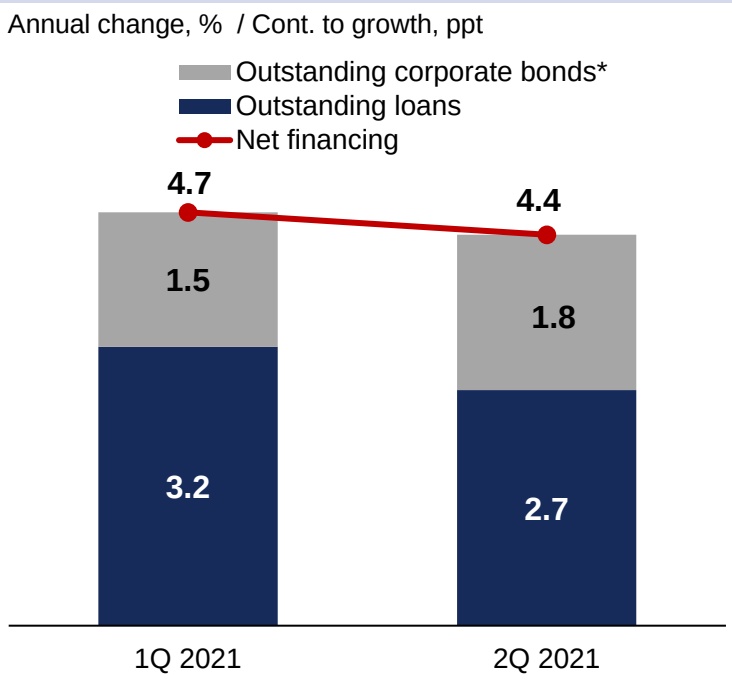
*Regional countries include Indonesia, the Philippines, China, Singapore, Korea and Thailand. YTD as at 9 August 2021.

Source: Bank Negara Malaysia, Bloomberg

Net financing continued to expand during the quarter

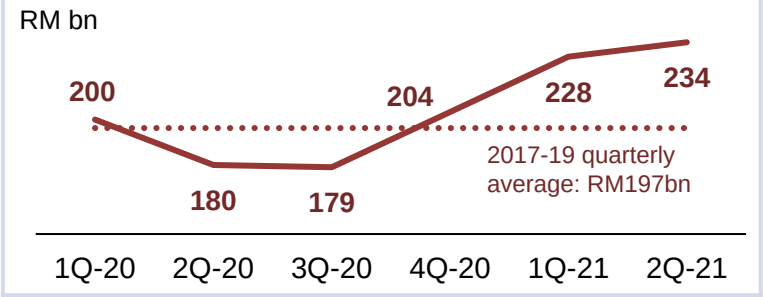
Net financing expanded by 4.4% in the second quarter

Net Financing*

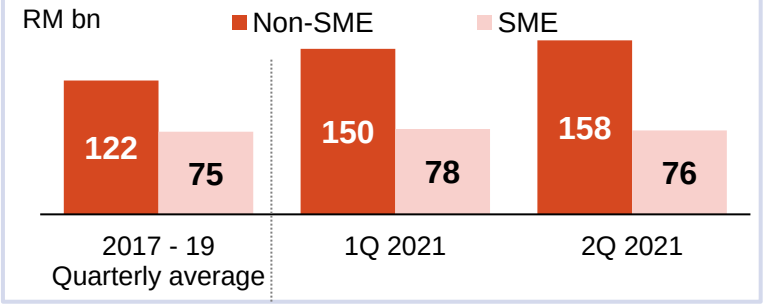


Higher total business loan disbursements during the quarter

Business Loan Disbursement

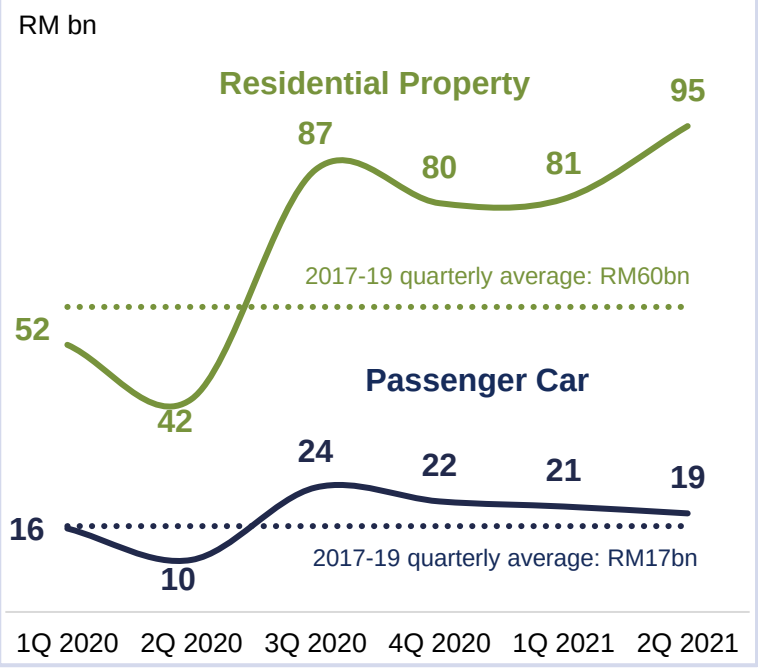


Non-SME and SME Loan Disbursement



Demand for household loans remained forthcoming, particularly for residential properties

Household Loan Application for Residential Property and Passenger Car

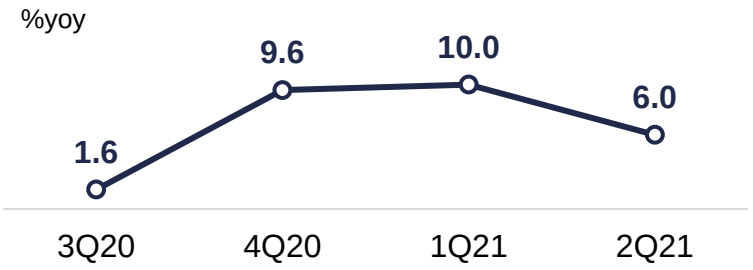


Note: Data refers to loans from banking system and development financial institutions (DFIs), *Excludes issuances by Cagamas and non-residents
Numbers may not add up due to rounding
Source: Bank Negara Malaysia

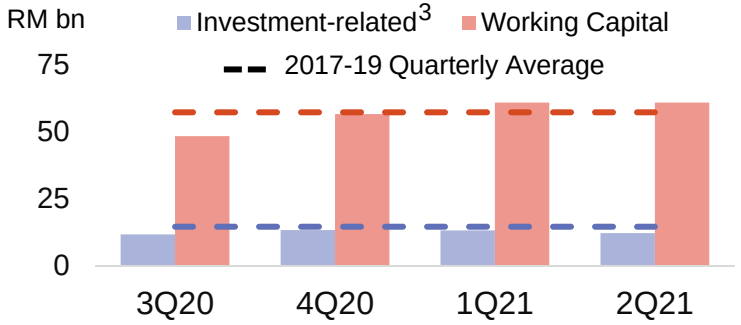
Banks continue to support financing needs of SMEs, complemented by BNM's Fund

Bank financing to SMEs expanded by 6%

SME Financing Outstanding[1]



SME Financing Disbursements[2]



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

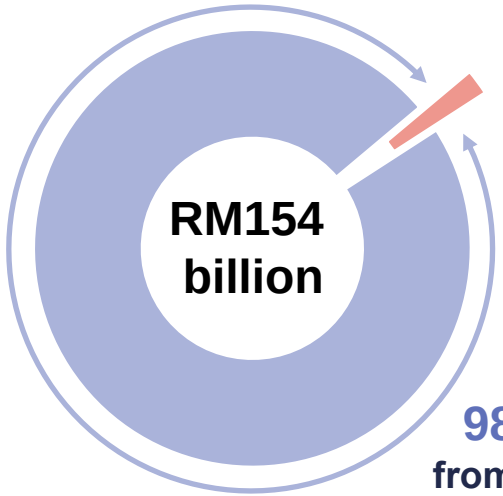
[3] Investment-related financing includes loans for purchase of securities, transport vehicles, non-residential property, fixed assets, and construction purposes, among others.

Source: Bank Negara Malaysia

Banks continue to drive the major share of the financing disbursed to SMEs

SME Financing Disbursements in 1H 2021[1]

% share



BNM's Fund for SMEs

RM3.0 bn

disbursed to more than 12,000 SMEs

98%

from FIs' own funds

[1]Banking system and DFIs

Source: Bank Negara Malaysia and PFI submission (as at 30 June 2021)

Enhanced features of BNM's Fund for SMEs

Refinancing flexibility to reduce overall borrowing costs[1]

- **PENJANA Tourism Financing**
  - *Up to **50%** of total approved*
- **Targeted Relief and Recovery Facility**
  - *Up to **30%** of total approved*

Expansion of eligible sectors for the Targeted Relief and Recovery Facility

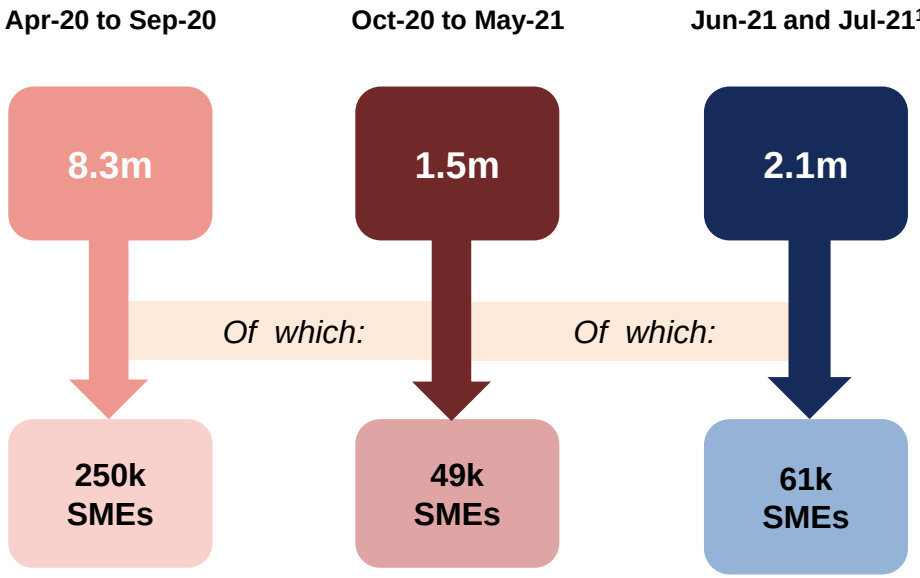
- Open to viable SMEs in **non-services sector that are still not allowed to operate in Phase 2** of the National Recovery Plan (w.e.f. 5 Jul 2021)

[1] For 1 existing financing, except those under BNM's Fund for SMEs

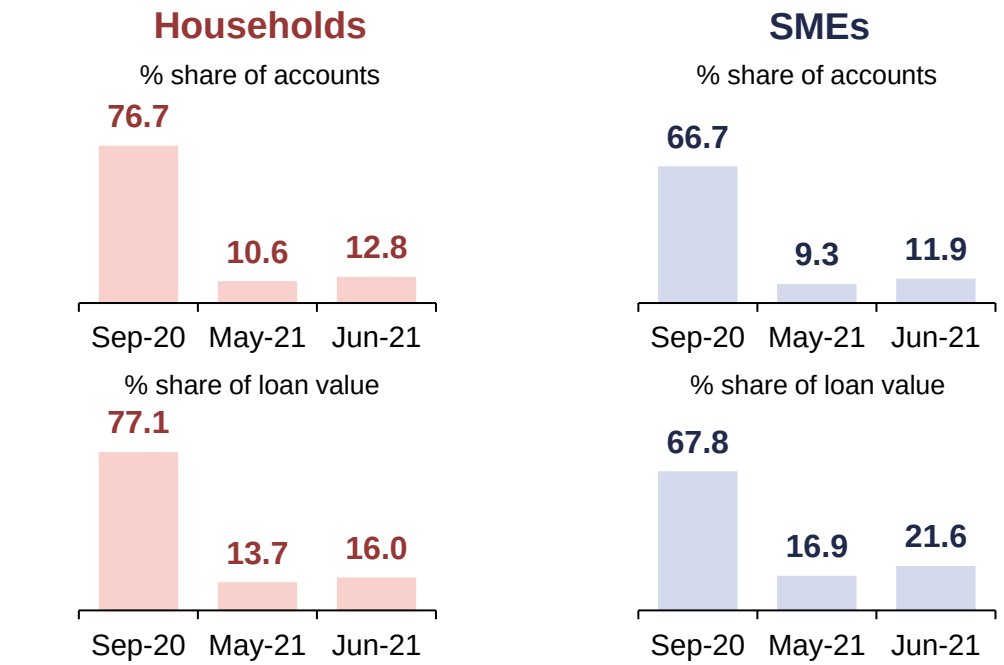
High take-up of repayment assistance will cushion impact from FMCO

Proportion of households and SMEs under repayment assistance remains manageable

Total borrowers under blanket moratorium (Apr-Sept 2020) and Applications approved for repayment assistance (Oct 2020 to July 2021[1])



Proportion of loans under blanket moratorium in September 2020[2] and under repayment assistance since



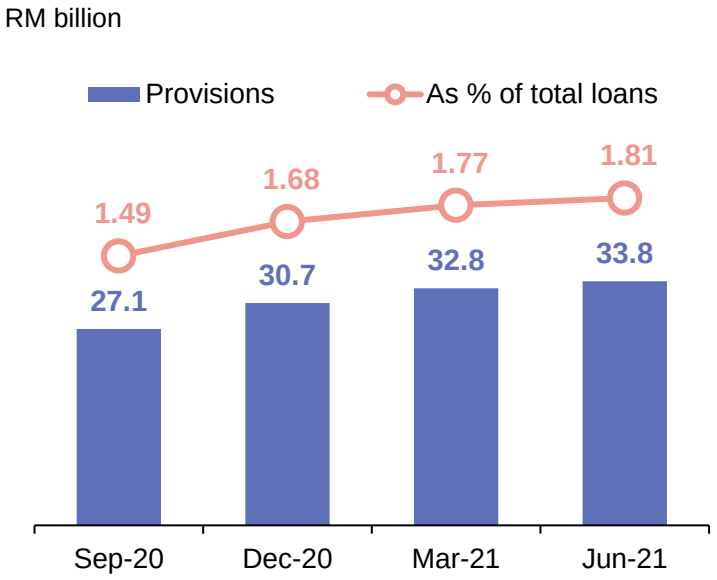
Note:
[1] July 2021 data covers period between 1 to 23 July 2021
[2] Excludes borrowers that have resumed repayments over the 6-month moratorium period

Source: Bank Negara Malaysia

Banking system is supporting borrowers and ongoing economic recovery

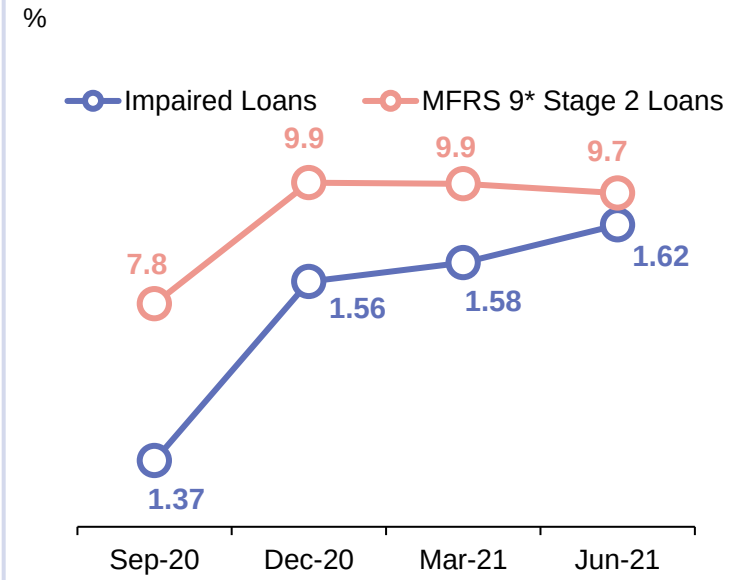
Banks continue to build up loan loss provisions…

Provisions



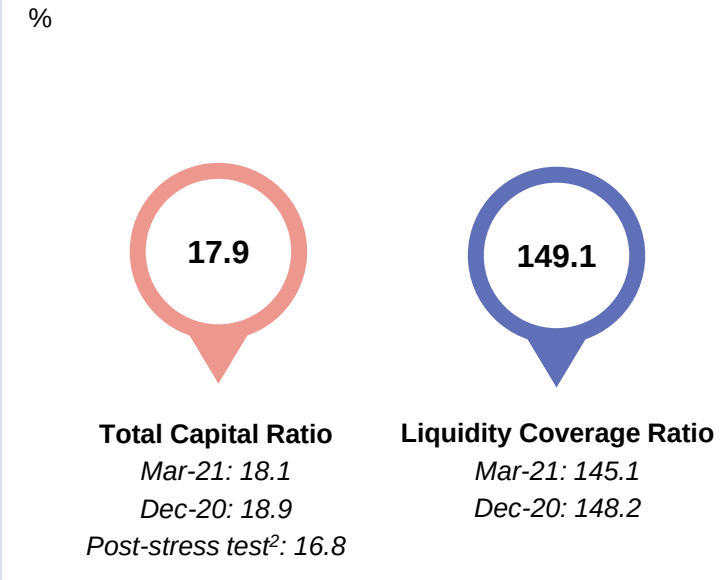
… amid elevated credit risks

Gross Impaired Loans and Stage 2 Loans[1] Ratios



Capital and liquidity positions remain supportive of intermediation activity

Total Capital Ratio and Liquidity Coverage Ratio



Total Capital Ratio
Mar-21: 18.1
Dec-20: 18.9
Post-stress test[2]: 16.8

Liquidity Coverage Ratio
Mar-21: 145.1
Dec-20: 148.2

[1] Refers to loans that have exhibited deterioration in credit risk, for which banks are required to set aside provisions based on lifetime expected losses
[2] Projected total capital ratio for December 2022, based on the Adverse Scenario 2 of the macro stress test released in the Financial Stability Review Second Half 2020
* MFRS 9 - Malaysian Financial Reporting Standard 9
Source: Bank Negara Malaysia

In summary…

- Growth **improved in 2Q 2021**, with economic activity weighed by the FMCO in the later part of the quarter
- **Growth is expected to trough in 3Q 2021 before improving in 4Q 2021,** in line with strong external demand conditions and easing of containment measures
- The Malaysian economy is now projected to grow between **3% and 4%** in 2021
- **The near-term outlook**, however, is **highly dependent on COVID-19 risk** factors
- **Growth to accelerate in 2022** supported by a normalisation in economic activity amid a high vaccination rate and continued improvement in external demand

Additional Information

Malaysia's GDP growth improved to 16.1% in 2Q 2021

Annual change in GDP growth by component

Real GDP (% YoY)	Share[1] % (2020)	2020	2021	
		2Q	1Q	2Q
Services	**57.7**	**-16.2**	**-2.3**	**13.4**
Manufacturing	**23.0**	**-18.3**	**6.6**	**26.6**
Agriculture	**7.4**	**0.9**	**0.2**	**-1.5**
Mining and Quarrying	**6.8**	**-20.8**	**-5.0**	**13.9**
Construction	**4.0**	**-44.5**	**-10.4**	**40.3**
Real GDP	**100.0**	**-17.2**	**-0.5**	**16.1**

Real GDP (% YoY)	Share, % (2020)	2020	2021	
		2Q	1Q	2Q
Domestic demand (excluding stocks)	**93.8**	**-18.8**	**-1.0**	**12.3**
Private Sector	**75.2**	**-20.4**	**-0.9**	**13.0**
Consumption	59.5	-18.5	-1.5	11.6
Investment	15.7	-26.1	1.3	17.4
Public Sector	**18.6**	**-11.1**	**-1.5**	**9.7**
Consumption	13.4	2.2	5.9	9.0
Investment	5.2	-40.1	-18.6	12.0
Net exports of goods and services	**6.5**	**-37.9**	**0.8**	**34.3**
Exports	61.5	-21.7	11.9	37.4
Imports	55.0	-19.7	13.0	37.6
Change in stocks, RM bn	**-0.3**	**7.3**	**-1.7**	**15.8**
Real GDP	**100.0**	**-17.2**	**-0.5**	**16.1**

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

Source: Department of Statistics Malaysia

Malaysia's GDP growth improved to 16.1% in 2Q 2021

Percentage point contribution to GDP growth by component

Real GDP (Ppt contribution, %)	Share[1] % (2020)	2020	2021	
		2Q	1Q	2Q
Services	**57.7**	**-9.3**	**-1.3**	**7.8**
Manufacturing	**23.0**	**-4.1**	**1.5**	**5.9**
Agriculture	**7.4**	**0.1**	**0.0**	**-0.1**
Mining and Quarrying	**6.8**	**-1.6**	**-0.4**	**1.0**
Construction	**4.0**	**-2.1**	**-0.5**	**1.2**
Real GDP	**100.0**	**-17.2**	**-0.5**	**16.1**

Real GDP (Ppt contribution, %)	Share, % (2020)	2020	2021	
		2Q	1Q	2Q
Domestic demand (excluding stocks)	**93.8**	**-17.7**	**-0.9**	**11.4**
Private Sector	**75.2**	**-15.8**	**-0.7**	**9.7**
Consumption	59.5	-10.8	-0.9	6.6
Investment	15.7	-5.1	0.2	3.0
Public Sector	**18.6**	**-1.8**	**-0.2**	**1.7**
Consumption	13.4	0.2	0.7	1.3
Investment	5.2	-2.1	-0.9	0.5
Net exports of goods and services	**6.5**	**-2.6**	**0.0**	**1.8**
Exports	61.5	-13.9	7.2	22.6
Imports	55.0	-11.3	7.1	20.9
Change in stocks	**-0.3**	**3.1**	**0.4**	**2.9**
Real GDP	**100.0**	**-17.2**	**-0.5**	**16.1**

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

Source: Department of Statistics Malaysia

Financial account registered a net outflow in 2Q 2021

Inflows in direct and portfolio investment accounts partially offset sizeable outflows in other investment account

Financial Account by Component

RM billion	2020			2021	
	3Q	4Q	Year	1Q	2Q
Direct Investment	**-2.2**	**1.6**	**2.8**	**1.4**	**4.2**
*Direct Investment Abroad (DIA)**	-1.8	-5.2	-11.9	-7.8	-4.0
*Foreign Direct Investment (FDI)**	-0.3	6.8	14.6	9.1	8.2
Portfolio Investment	**-20.3**	**-7.1**	**-48.2**	**0.4**	**20.0**
Residents	-20.8	-19.9	-59.3	-14.2	-10.6
Non-residents	0.5	12.8	11.1	14.6	30.5
Financial Derivatives	**-0.5**	**-0.9**	**0.4**	**0.3**	**-0.6**
Other Investment	**-8.1**	**-3.7**	**-31.1**	**13.9**	**-30.5**
Financial Account Balance	**-31.1**	**-10.2**	**-76.2**	**16.0**	**-7.0**

Continued FDI inflows amid more moderate DIA outflows

Higher portfolio investment inflows

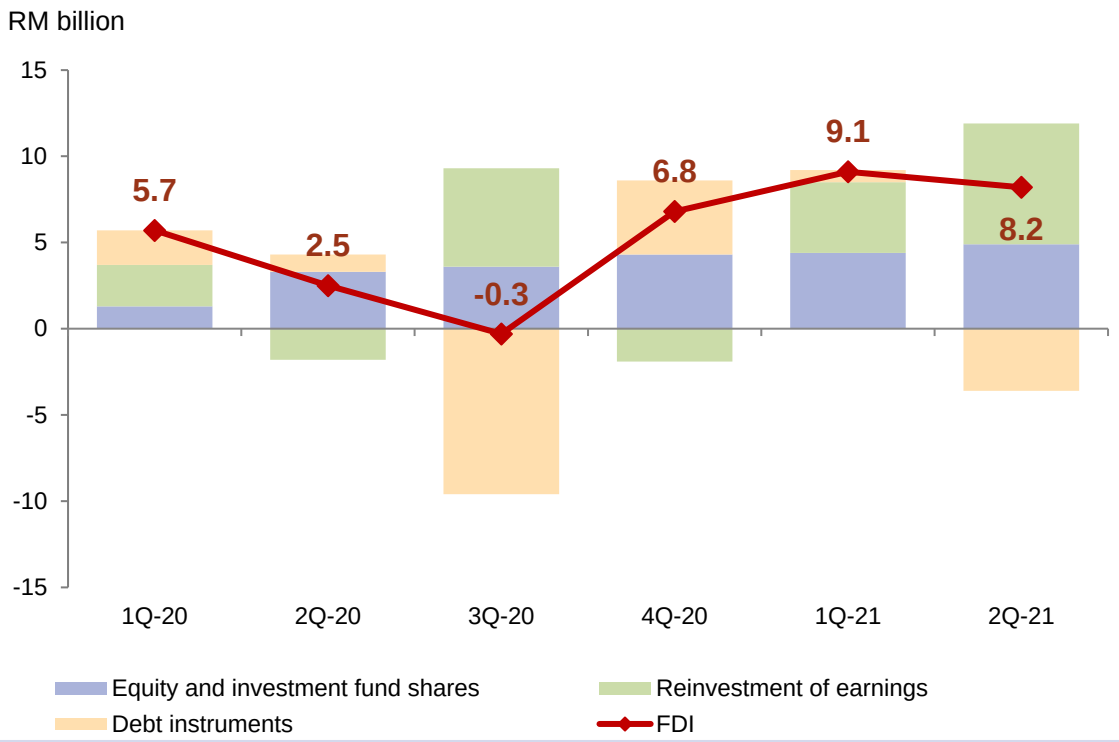
Significant other investment outflows due mainly to repayment of interbank borrowings

*As per the IMF's BPM5 classifications (i.e. directional basis)
Note: Numbers may not add up due to rounding
Source: Department of Statistics Malaysia; and Bank Negara Malaysia

Continued FDI net inflows in 2Q 2021

This was driven by larger reinvestment of earnings and sustained equity injections into Malaysia

Quarterly Net Foreign Direct Investment (FDI)



Larger reinvestment of earnings, mainly in the manufacturing sector

+RM7.0 billion in 2Q-21 (1Q-21: +RM4.1 billion)

Higher equity injections, mainly driven by additional capital injection in the financial services sub-sector

+RM4.9 billion in 2Q-21 (1Q-21: +RM4.4 billion)

Sizeable debt outflows, primarily reflecting MNCs' treasury management operations

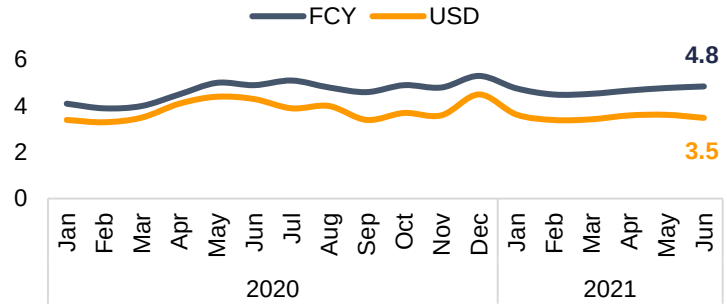
-RM3.6 billion in 2Q-21 (1Q-21: +RM0.7 billion)

Source: Department of Statistics Malaysia, Bank Negara Malaysia

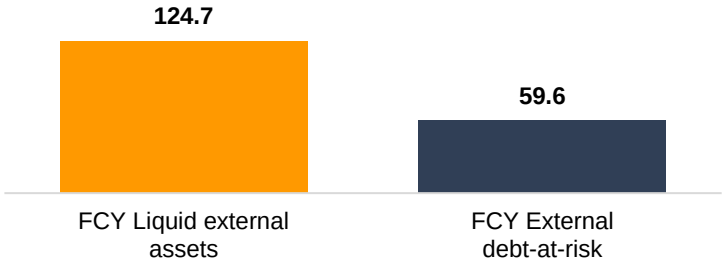
Malaysia's external debt remains manageable

Banks are resilient to face potential external shocks…

Banks' FCY and USD Net Open Positions as Percentage of Capital
% of total capital

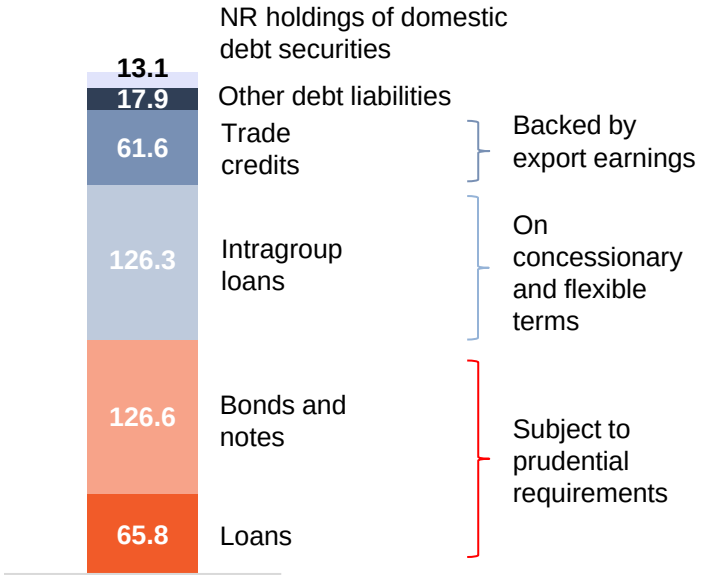


Banks' FCY Liquid External Assets* and FCY External Debt-at-Risk**
RM billion



…while corporates' external debt is mainly subject to prudential requirements

Corporate External Debt Breakdown by Instrument (as at end-2Q 2021)
RM billion



Total: RM411.4 billion

…and Government's external debt mainly in ringgit

Government External Debt Breakdown by Currency (as at end-2Q 2021)
RM billion



Ringgit-denominated

Not affected by ringgit exchange rate fluctuations

Foreign currency-denominated

Comprise medium- and long-term loans and bonds and notes, suggesting limited rollover risks

Total: RM259.9 billion

* Consist of currency and deposit placements, and portfolio investments

** Consist of short-term financial institutions' deposits, interbank borrowings and loans from unrelated counterparties

Source: Bank Negara Malaysia

Since the March projection, several developments and key assumptions have altered the growth outlook

Changes in key assumptions since EMR publication on 31 March 2021

	EMR 2020	QB 2Q 2021
Better 2021 global growth outlook	Global growth: 5.5%	↑ Global growth: 6.0%
Higher commodity prices *Brent crude oil (USD per barrel)*	USD52 - USD62	↑ USD62 - USD72
Wider scope of stimulus measures	• PERMAI Assistance Package • PEMERKASA	↑ • PERMAI Assistance Package • PEMERKASA • PEMERKASA+ • PEMULIH
Rapid progress in vaccination rates	Majority of total population vaccinated by 1Q 2022	↑ Majority of total population vaccinated by end-2021
Stricter containment measures	MCO in most states, followed by targeted interventions[1]	↓ Nationwide MCO3.0 and Full Movement Control Order (FMCO)

1 MCO 2.0 was imposed in all states except Sarawak on 22 January, which ended in all states at 4 March. Targeted interventions based on localities and cluster locations only.

Source: International Monetary Fund (IMF) January and July 2021 World Economic Outlook (WEO), Bank Negara Malaysia

Unleashing of individual savings for consumption could provide additional lift to Malaysia's growth in 2021 and 2022

Significant rise in savings in some advanced economies, which can potentially fuel pent-up demand in 2021

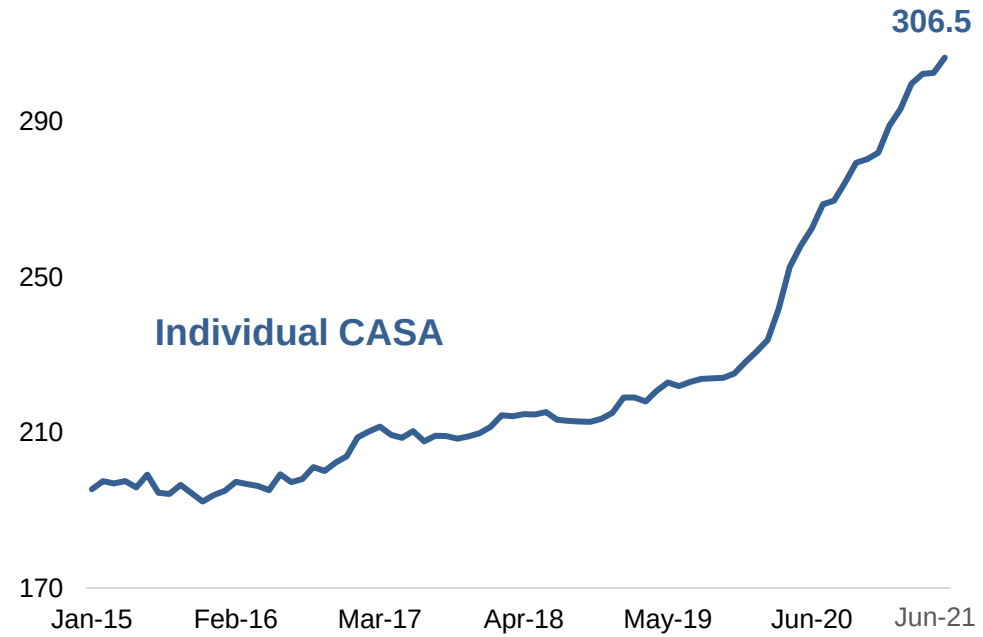
1. **Vaccine Economics, Allianz Research** *(Dec 2020)*
   *"Unleashed excess savings could bring close to **+1.0ppt of GDP growth in 2021 in Europe** through additional consumer spending"*

2. **Chief Economist, Bank of England** *(Dec 2020)*
   *"**Huge pent-up demand will help economy bounce back**. As people's incomes held up and spending was restrained, they have amassed around **£100bn of excess savings.** Once vaccines are given to people this spending should accelerate."*

3. **JP Morgan** *(Jan 2021)*
   *"The household saving rate almost doubled last year to 12.9% (US). This could translate into a potential **$1.5 trillion supporting pent-up consumer demand** as the pandemic subsides."*

Similar trend was observed in Malaysia, with a sharp increase in individual savings since March 2020

Malaysia: Total Stock of Individual Current and Savings Account (CASA) Balances



Source: Bank Negara Malaysia, various reports and newsflows