BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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1Q

First Quarter 2024

The BNM Quarterly Bulletin presents a quarterly review of Malaysia's economic, monetary and financial developments. It includes BNM's latest assessments on the direction of the economy going forward. The Bulletin also provides insights on current economic and financial issues, including highlights of policy initiatives undertaken by BNM in pursuit of its mandates.

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Key Highlights for 1Q 2024

Higher GDP growth of 4.2% (4Q 2023: 2.9%)

What are the factors supporting growth?

Higher household spending
Private Consumption: 4.7% (4Q 2023: 4.2%)

Turnaround in exports
Exports of Goods and Services: 5.2% (4Q 2023: -7.9%)

Stronger investment activities
Private Investment: 9.2% (4Q 2023: 4%)

Continued resilience in the labour market

Unemployment Rate
3.3%
(4Q 2023: 3.3%)

Nominal Wages
2.6%
(4Q 2023: 3.1%)

Employment Growth
2.1%
(4Q 2023: 2.5%)

Headline inflation remained moderate at 1.7% (4Q 2023: 1.6%)

What are the key factors affecting inflation?

Higher utilities inflation amid water tariff adjustment and service tax on high electricity consumption
Housing and utilities: 2.6% (4Q 2023: 1.6%)

Lower food inflation
Food and non-alcoholic beverages inflation: 1.9%
(4Q 2023: 2.8%)

The ringgit depreciated against the US Dollar

MYR/USD
-2.9%
(4Q 2023: 2.1%)

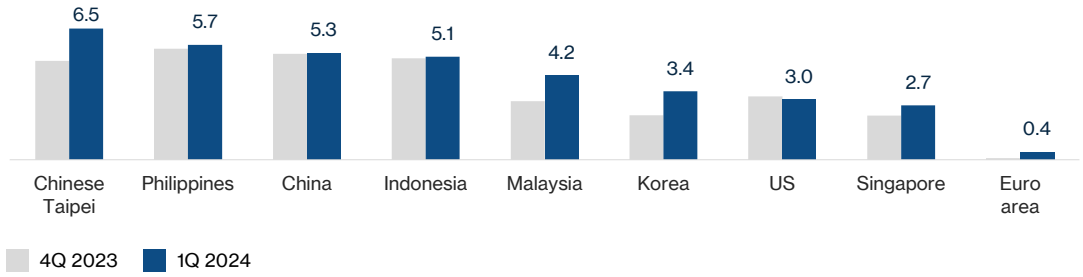
US Dollar Index
3.1%
(4Q 2023: -4.6%)

Ringgit Nominal Effective Exchange Rate (NEER)
-0.4%
(4Q 2023: -0.9%)

Global Economic Performance

Sustained global growth in 1Q 2024

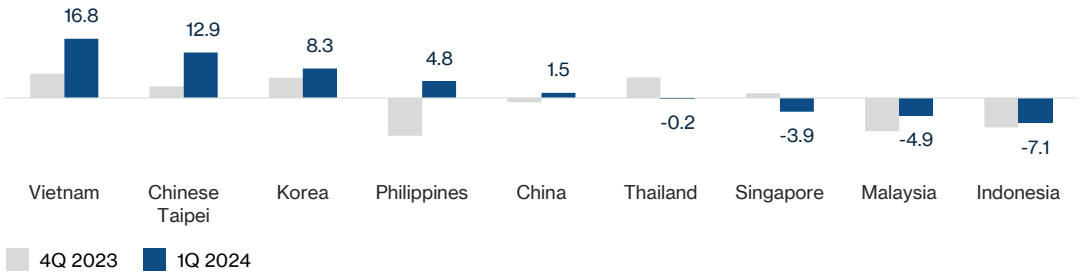
GDP of selected economies,
Annual change, %



Source: National authorities

Turnaround in trade performance in most regional countries

Exports of selected economies[1],
Annual change, % (in USD terms)



[1] Export growth is calculated based on year-on-year (YoY) growth of aggregate monthly exports for the quarter, compared to prior publication, which calculated growth based on average monthly YoY growth for the quarter.
Source: National authorities

Highlights

- **Sustained global growth,** as resilient labour markets continued to support consumption activities, especially in the US. Meanwhile in China, better exports offset lower growth in consumption and investment.

- **Further improvement in trade activities**. Recovery in both electrical and electronics (E&E) and non-E&E industries, but global trade remained soft due to the shift in spending from goods to services and ongoing trade restrictions.
  - Exports in some countries remained negative, due to weak demand and slower recovery in certain products. Additionally, these countries experienced a decline in exports later last year.

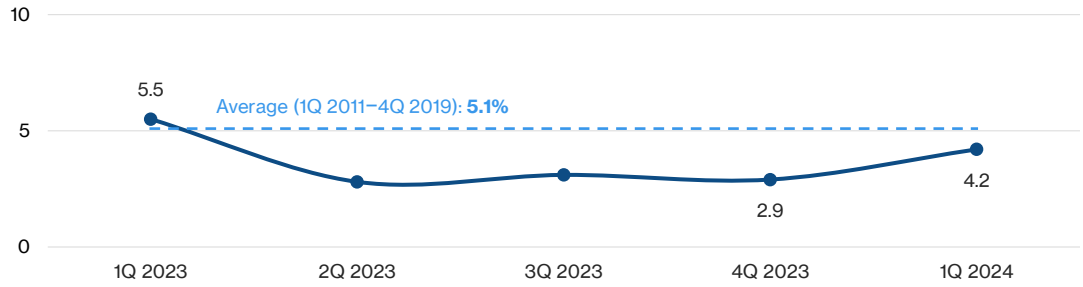
- **Headline and core inflation continued to trend downward,** driven by disinflation in advanced economies.

- **Brent crude oil price remains elevated** at USD82 per barrel in 1Q 2024 (4Q 2023: USD83 per barrel) amid voluntary production cuts by OPEC+ countries.

Gross Domestic Product

Higher GDP growth of 4.2% in 1Q 2024

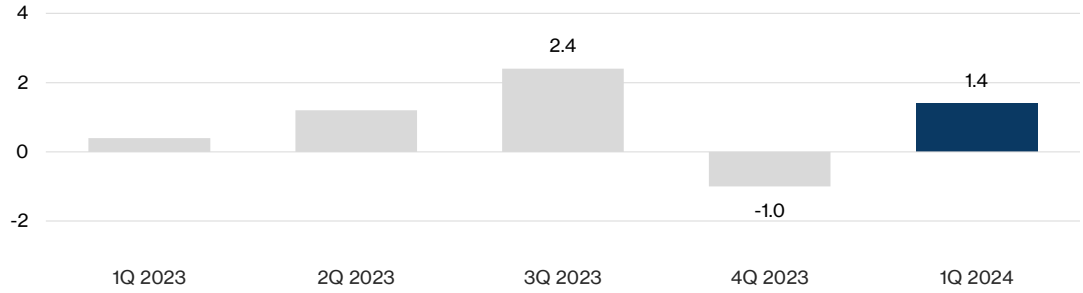
Gross domestic product,
Annual change, %



Source: Department of Statistics, Malaysia

On a QoQ seasonally-adjusted basis, the economy rose by 1.4%

Gross domestic product,
Quarterly change, % (seasonally adjusted)



Source: Department of Statistics, Malaysia

What are the factors supporting growth in 1Q 2024?

- Higher household spending supported by positive labour market conditions and stronger Government measures
- Turnaround in goods exports and higher tourist arrivals
- Stronger investment activities

What are the factors weighing on growth in 1Q 2024?

- Lower agriculture production amid hot weather conditions

Malaysia's Economic Performance

Stronger private sector expenditure amid improvement in net exports

Annual change, %

Private Consumption

4.7%
(4Q 2023: 4.2%)

Higher private consumption supported by discretionary and necessities spending

Private Investment

9.2%
(4Q 2023: 4%)

Stronger structures investment and continued machinery & equipment spending

Public Consumption

7.3%
(4Q 2023: 5.8%)

Higher supplies & services spending by the Government

Public Investment

11.5%
(4Q 2023: 11.3%)

Continued expansion in fixed assets spending by the Government and public corporations

Net Exports

-24.5%
(4Q 2023: -52.9%)

Slower contraction amid the recovery in goods and services exports

Source: Department of Statistics, Malaysia

Higher growth across most sectors

Annual change, %

Services

4.7%
(4Q 2023: 4.1%)

Higher retail trade activities and continued support from transport & storage subsector

Manufacturing

1.9%
(4Q 2023: -0.3%)

Rebound in E&E and primary-related clusters, as well as stronger construction-related manufacturing activities

Agriculture

1.6%
(4Q 2023: 1.9%)

Moderate growth of rubber and food crops production amid hot weather

Mining

5.7%
(4Q 2023: 3.5%)

Higher natural gas output

Construction

11.9%
(4Q 2023: 3.6%)

Faster progress of civil engineering projects and stronger support from special trade and residential activities

Source: Department of Statistics, Malaysia

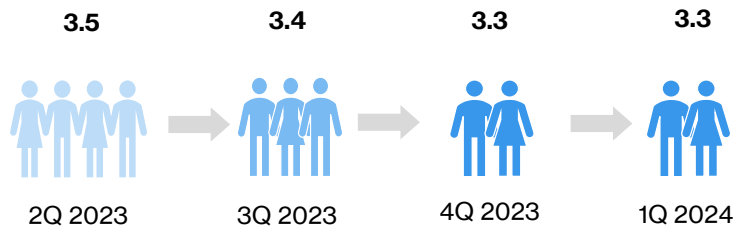
Labour Market Conditions

Labour market remained resilient

- The unemployment rate was sustained at its pre-pandemic level of 3.3% in 1Q 2024 (4Q 2023: 3.3%).
- Employment rose to 16.4 million persons in 1Q 2024 (4Q 2023: 16.35 million persons) amid continued demand for labour.
- Labour supply remained forthcoming as the labour force participation rate increased further to a historical high of 70.2% in 1Q 2024 (4Q 2023: 70.1%).

Low unemployment rate

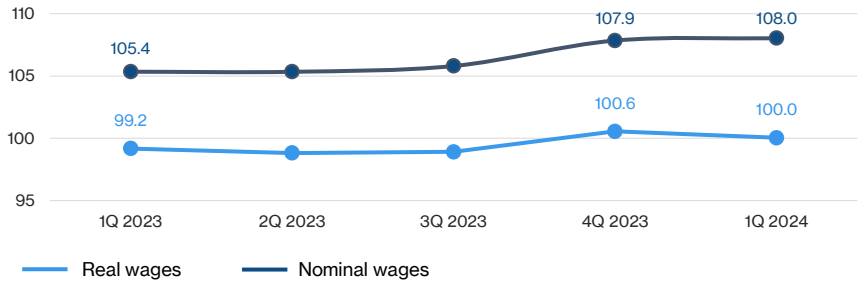
Unemployment rate, % of labour force



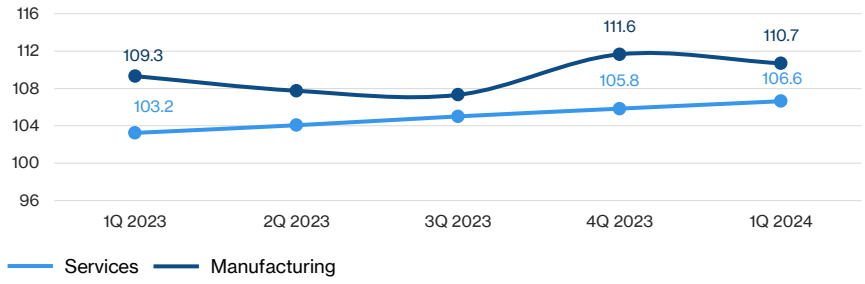
Source: Department of Statistics, Malaysia

Continued growth in private sector wages

Private sector nominal and real wages,
Index, 4Q 2019=100



Sectoral nominal wage,
Index, 4Q 2019=100



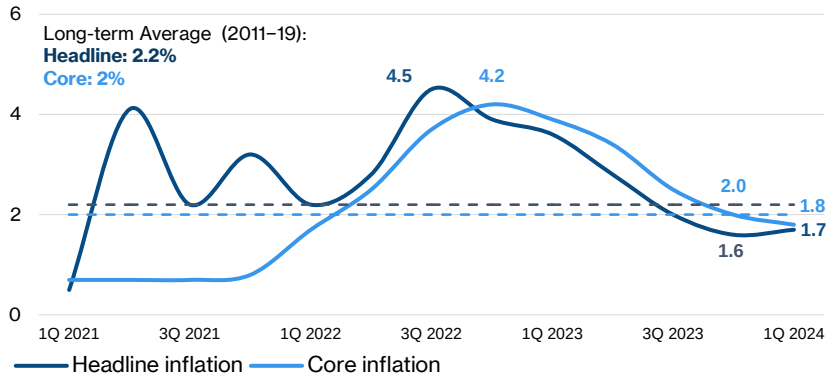
Note: Private sector wages refers to wages of workers in the manufacturing and services sectors.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

Inflation trend

Both headline and core inflation remained moderate during the quarter

- Headline inflation increased slightly to 1.7%, partly reflecting higher water tariffs and service tax on higher electricity consumption. Nonetheless, it was partly offset by lower inflation in other CPI items, particularly food and beverages.
- Core inflation declined further to 1.8% during the quarter.

Headline and core inflation,
Annual change, %



Selected Consumer Price Index (CPI) Items

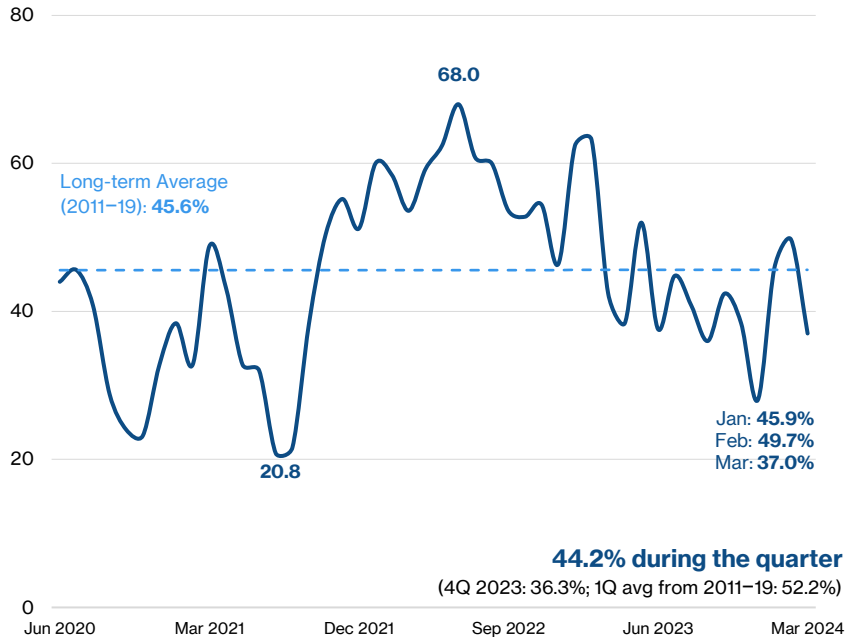
Food and beverages *(Weight: 29.8%)*	Electricity *(Weight: 2.7%)*	Water supply *(Weight: 0.9%)*
▼1.9% 4Q 2023: 2.8%	▲ 0.7% 4Q 2023: 0%	▲ 20.8% 4Q 2023: 2.1%

Note: Core inflation is computed by excluding price-volatile and price-administered items from headline inflation.
Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

Uptick in inflation pervasiveness in the first quarter

- More items recorded price increases in the first quarter, though this remained in line with historical norm.
- This partly reflected price adjustments by firms typically done at the beginning of the year, as well as during festive seasons.

CPI items recording month-on-month price increase,
Share, %



44.2% during the quarter
(4Q 2023: 36.3%; 1Q avg from 2011–19: 52.2%)

Source: Department of Statistics, Malaysia and Bank Negara Malaysia Estimates

External Sector Development

Positive turnaround in exports amid strong import growth

Gross Exports **2.2%** (4Q 2023: -6.9%)
Recovery in external demand for E&E and non-E&E exports as well as improving commodity prices

Gross Imports **13.1%** (4Q 2023: 1.3%)
Higher intermediate imports and robust domestic demand for capital and consumption goods

Source: Department of Statistics, Malaysia

Higher current account surplus and outflows in the financial account

Current Account
RM16.2 billion; 3.5% of GDP
(4Q 2023: RM0.9 bil; 0.2%)

Driving factors
- Smaller primary income deficit due to higher income from loans and deposits abroad as well as lower profits accrued to foreign investors in Malaysia
- Secondary income turned into surplus
- Higher goods surplus as exports level exceeded imports
- Narrower services deficit reflecting higher tourist arrivals

Financial Account
Net outflows RM18.7 billion
(4Q 2023: Net outflows RM20.1 bil)

Driving factors
- Net outflows in portfolio investment, driven mainly by residents' investments in equity and debt securities abroad
- Net outflows in direct investment due to direct investment abroad outpacing foreign direct investment inflows

Which offset
- Net inflows in other investment on account of loan repayments and settlement of trade credits received by resident corporates

Source: Department of Statistics, Malaysia, and Bank Negara Malaysia

External debt edged higher

RM1.27 trillion or 69% of GDP
(4Q 2023: RM1.24 trillion or 68.2% of GDP)
- Exchange rate valuation effects following the weakening of ringgit
- Higher intragroup loans and trade credits by corporates

External debt remained manageable
% of total external debt

Currency
Ringgit-denominated: 32.3%
Unaffected by ringgit exchange rate fluctuations
FCY-denominated: 67.7%
of which 63.8% is subject to BNM prudential & regulatory requirements and 17.5% are due to intragroup loans

Maturity
Medium- and long-term: 58.2%
Limited rollover risks

Net International Investment Position	**RM157.0 billion** (4Q 2023: RM123.7 billion)
International Reserves[1]	**USD112.8 billion** (4Q 2023: USD113.5 billion)

- **5.4 months**[2] of imports of goods and services
- **1.0 time** short-term external debt

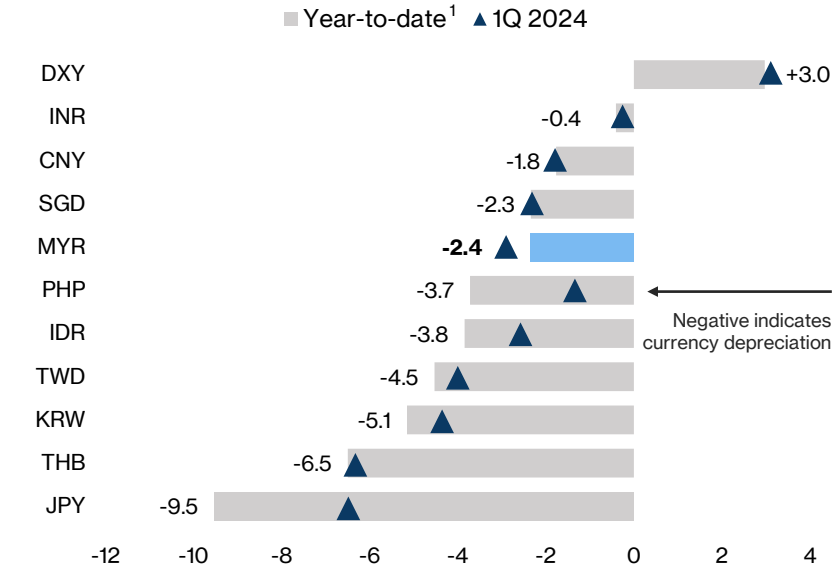
[1] As at 30 April 2024.
[2] Coverage may differ from the press statement on international reserves published on 8 May 2024, as it reflects the latest 1Q 2024 data on imports of goods and services and short-term external debt.
Source: Ministry of Finance, Malaysia, Department of Statistics, Malaysia and Bank Negara Malaysia

Financial Markets and Exchange Rate

Ringgit depreciated amid strong US dollar

Ringgit's depreciation was in line with major trade partners amid extended US dollar strength

Performance of the US dollar Index and regional currencies against the US dollar,
% year-to-date and QoQ



Ringgit depreciated against major trading partners

NEER 1Q 2024: -0.4%
4Q 2023: -0.9%

[1] YTD as of 15 May 2024.
Note: NEER refers to the nominal effective exchange rate.
Source: Bank Negara Malaysia and Bloomberg

Domestic financial market developments were driven mainly by external factors

Bond yields increased
in line with regional peers on expectations of later and fewer US policy interest rate reductions

MGS 10Y Yield
+11 bps
(4Q 2023: -23 bps)

Equity markets rose
amid purchases by local institutional investors towards the end of the quarter

KLCI
+5.6% QoQ
(4Q 2023: +2.1%)

Key factors

Shifting expectations of major economies' monetary policy paths and ongoing geopolitical tensions have led to heightened volatility in both capital flows and exchange rates across the region, including the ringgit

Steady improvement in the economy and positive impacts from the implementation of domestic structural reforms are expected to continue to be supportive of domestic financial markets

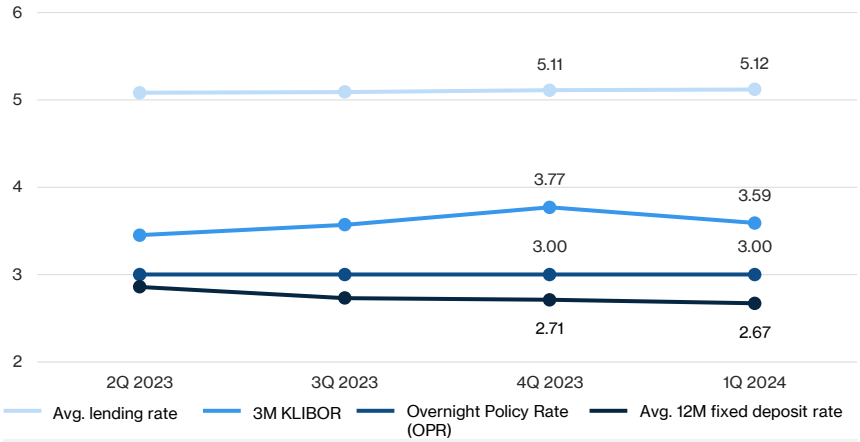
The coordinated actions that are being undertaken by the Government and BNM to encourage repatriation and conversion of foreign investment income by GLCs and GLICs have helped to cushion the pressure on the foreign exchange market

Source: Bank Negara Malaysia, ETP, Bursa Malaysia and Bloomberg

Interest Rates and Liquidity

Interbank rates and fixed deposit rates declined during the quarter

Interest rates,
End-period, %

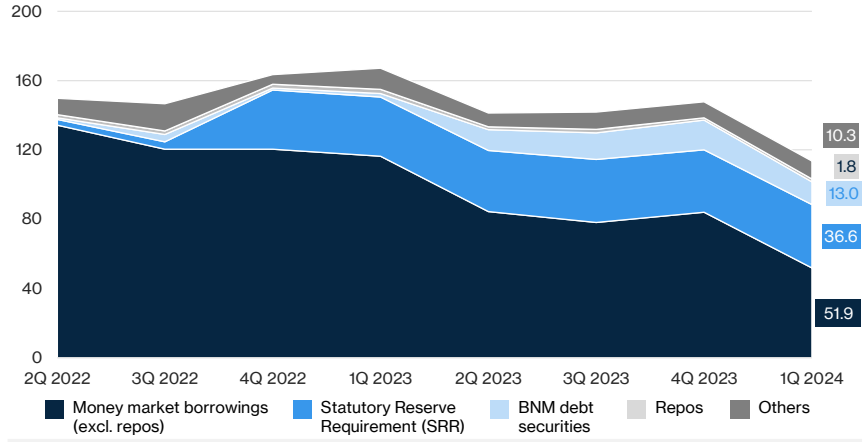


- **The 3M KLIBOR declined,** reflecting easing interbank funding cost pressure as the seasonal year-end deposit competition in 2023 subsided.
- **Fixed deposit (FD) rates declined** by 3 and 5 basis points across tenures of 1 to 12 months as banks continued to adjust their funding strategy to manage cost of funds.
- **Average lending rate (ALR) on outstanding loans was broadly stable** during the quarter.

Source: Bank Negara Malaysia and Bloomberg

Financial intermediation remains supported by current level of banking system liquidity

Outstanding ringgit liquidity placed with BNM,
End-period, RM billion



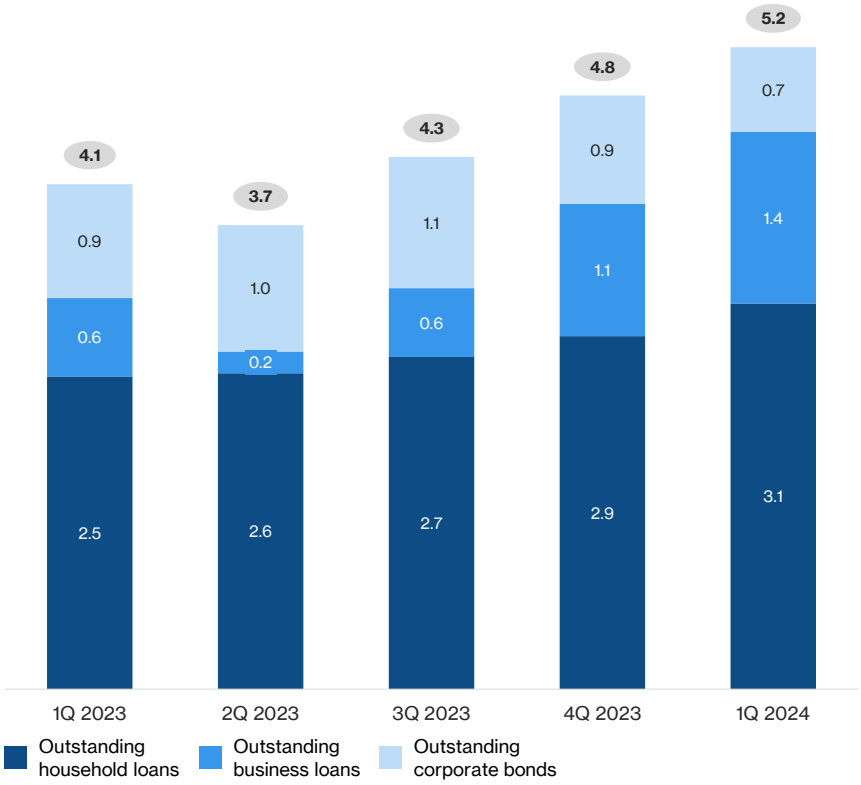
- **Total banking system liquidity declined** amid net outflows and increase in currency in circulation following higher demand for cash during the festive season in the quarter.
- Notwithstanding this, banking system liquidity remained sufficient, and banks continued to have access to liquidity from the interbank market and BNM's reverse repurchase agreement (reverse repo) facility.

Source: Bank Negara Malaysia

Credit Conditions

Credit growth increased, driven by greater expansion in loans for both businesses and households

Credit to the Private Non-Financial Sector[1],
Contribution to growth, ppt



[1] Consists of outstanding corporate bonds and outstanding loans to businesses and households.
Source: Bank Negara Malaysia

Key developments

Credit to the Private Non-Financial Sector[2]

5.2%
4Q 2023: 4.8%

- Outstanding loans[3] expanded by 5.7% as at end-1Q 2024 (4Q 2023: 5%), supported by higher loan growth for both businesses and households.
- Outstanding corporate bonds grew at a more moderate pace (3.2%; 4Q 2023: 4.2%).

Business Loans

4.9%
4Q 2023: 3.7%

- Outstanding business loan growth was higher, driven mainly by higher growth in investment-related loans.[4]
- By sector, the stronger growth was supported by the construction and services sectors.

Household Loans

6.2%
4Q 2023: 5.7%

- Outstanding household loan growth was higher across most loan purposes.
- Demand for household loans remained forthcoming, especially loans for the purchase of housing and cars.

[2] All numbers quoted are in terms of annual change.
[3] Refers to loans from the banking system and development financial institutions (DFIs).
[4] Comprises loans for the purchase of non-residential properties, residential properties for business use and fixed assets, as well as for construction purposes.

Source: Bank Negara Malaysia

Policy Considerations

Highlights of the May MPC meeting

- The Monetary Policy Committee (MPC) maintained the OPR at 3.00% at the January and March 2024 MPC meetings, and most recently also at the May 2024 MPC meeting.
- The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth.

Monetary policy remains supportive of the economy

At the January and March 2024 MPC meetings, and also at the most recent meeting in May, the MPC maintained the OPR at 3.00%.

At the May meeting, the MPC assessed that the global economy continues to expand amid resilient labour markets in some countries and continued recovery in global trade. Looking ahead, global growth is expected to be sustained, as headwinds from tight monetary policy and reduced fiscal support will be cushioned by positive labour market conditions and moderating inflation. Global trade is expected to strengthen further as the global tech upcycle gains momentum. While global headline and core inflation continued to edge downwards in recent months, the pace for disinflation has slowed in some advanced economies. This increases the prospect of interest rates to remain high for longer, particularly in the US.

The growth outlook remains subject to downside risks, mainly from further escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and volatility in global financial markets.

For the Malaysian economy, the latest indicators as at the May MPC meeting point towards higher economic activity in the first quarter of 2024, driven by resilient domestic expenditure and a positive turnaround in exports. Going forward, the recovery in exports is expected to gather momentum supported by the global tech upcycle and continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth remain supportive of household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks from weaker-than-expected external demand and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of existing and new projects.

Headline and core inflation averaged 1.7% and 1.8% in the first quarter of 2024 respectively. Looking forward, inflation in 2024 is expected to remain moderate, broadly reflecting stable demand conditions and contained cost

Policy Considerations

pressures. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments. After incorporating the potential impact of subsidy rationalisation, headline and core inflation are projected to average between 2%–3.5% and 2%–3% for the year respectively.

The ringgit currently does not reflect Malaysia's economic fundamentals and growth prospects. External factors, namely shifting expectations of major economies' monetary policy paths and ongoing geopolitical tensions, have led to heightened volatility in both capital flows and exchange rates across the region, including the ringgit. The coordinated initiatives by the Government and BNM with the Government-Linked Companies (GLCs) and Government-Linked Investment Companies (GLICs), and corporate engagements have gained further traction, cushioning the pressure on the ringgit. BNM will continue to manage risks arising from heightened financial market volatility. Over the medium term, domestic structural reforms will provide more enduring support to the ringgit.

At the current OPR level, the MPC deemed that the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

Macroeconomic Outlook

Sustained global growth amid moderating inflation

Global growth expected to be sustained in 2024

The global economy is expected to remain sustained, supported by moderating inflation, resilient labour markets and a rebound in global trade. The impact from tight monetary policy is expected to dissipate towards the second half of 2024. Global inflation would likely moderate further, though upside risks from higher commodity prices have risen. China's growth is expected to expand albeit at a slower pace in 2024, as fiscal support will be offset by weak property market. Global trade growth is expected to rebound in 2024, driven mainly by the technology upcycle and tourism recovery.

Downside risks stem mainly from escalation of geopolitical tensions, higher-than-expected inflation, and a sharp tightening in financial market conditions. However, upside risk to global growth can arise from stronger-than-expected domestic demand, particularly in advanced economies.

Malaysian economy to expand further

Continued expansion in domestic demand and improvement in external demand to support growth

Going forward, growth of the Malaysian economy will be driven mainly by resilient domestic expenditure, with additional support from exports recovery. Household spending will be supported by sustained growth in employment and wage growth. Tourist arrivals and spending are expected to improve further. Additionally, investment activities will be supported by continued progress of multi-year projects in both the private and public sectors, and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and larger declines in commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

Macroeconomic Outlook

Inflation to be moderate in 2024

Headline inflation and core inflation are expected to remain moderate amid stable demand conditions and contained cost pressures

For 2024, headline and core inflation are projected to remain moderate averaging from 2% to 3.5%, and 2% to 3%, respectively. The wider forecast range has incorporated some potential upside on inflation that could arise from the implementation of subsidy rationalisation. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments.

Table 1: **GDP by Expenditure Components (at constant 2015 prices)**

	Share in 2023 (%)	2023					2024
		1Q	2Q	3Q	4Q	Year	1Q
		Annual change, %					
Aggregate Domestic Demand (excluding stocks)	93.9	4.8	4.4	4.5	4.9	4.6	6.1
Private sector	76.2	5.8	4.4	4.2	4.1	4.6	5.7
Consumption	60.7	6.1	4.2	4.1	4.2	4.7	4.7
Investment	15.5	4.7	5.1	4.5	4.0	4.6	9.2
Public sector	17.8	-0.2	4.3	5.9	7.4	4.6	8.4
Consumption	13.2	-2.0	3.3	5.3	5.8	3.3	7.3
Investment	4.6	5.7	7.9	7.5	11.3	8.6	11.5
Net Exports	4.4	71.2	-11.9	-19.9	-52.9	-16.2	-24.5
Exports of Goods and Services	66.1	-2.9	-9.0	-12.0	-7.9	-8.1	5.2
Imports of Goods and Services	61.7	-6.7	-8.8	-11.3	-2.6	-7.4	8.0
Real GDP, annual change %	**100.0**	**5.5**	**2.8**	**3.1**	**2.9**	**3.6**	**4.2**
GDP, seasonally adjusted, QoQ change %	**-**	0.4	1.2	2.4	-1.0	-	1.4

Note: Figures may not add up due to rounding and exclusion of stocks.
Source: Department of Statistics, Malaysia

Table 2: **GDP by Economic Activity (at constant 2015 prices)**

	Share in 2023 (%)	2023					2024
		1Q	2Q	3Q	4Q	Year	1Q
		Annual change, %					
Services	59.2	7.1	4.5	4.9	4.1	5.1	4.7
Manufacturing	23.4	3.2	0.1	-0.1	-0.3	0.7	1.9
Agriculture	6.4	1.4	-0.7	0.3	1.9	0.7	1.6
Mining	6.2	1.6	-2.1	-1.1	3.5	0.5	5.7
Construction	3.6	7.4	6.2	7.2	3.6	6.1	11.9
Real GDP, annual change %	**100.0**	**5.5**	**2.8**	**3.1**	**2.9**	**3.6**	**4.2**

Note: Figures may not add up due to rounding and exclusion of import duties component.
Source: Department of Statistics, Malaysia

Table 3: **Balance of Payments**[1]

	2023					2024
	1Q	2Q	3Q	4Q	Year	1Q
	RM billion					
Current account	**10.8**	**8.3**	**8.2**	**0.9**	**28.2**	**16.2**
% of GDP	*2.4*	*1.9*	*1.8*	*0.2*	*1.5*	*3.5*
Goods	42.5	29.2	33.6	30.8	136.2	32.0
Services	-13.5	-11.8	-10.5	-7.4	-43.2	-7.3
Primary income	-12.8	-6.9	-12.9	-20.3	-52.9	-8.8
Secondary income	-5.5	-2.2	-2.0	-2.2	-11.8	0.3
Financial account	**-5.2**	**-8.0**	**17.8**	**-20.1**	**-15.5**	**-18.7**
Direct investment	2.9	-5.2	-3.1	5.2	-0.2	-6.0
Asset	-8.1	-9.9	-12.8	-5.5	-36.3	-26.0
Liabilities	11.0	4.7	9.7	10.7	36.1	20.0
Portfolio investment	-29.8	12.9	-13.4	-6.0	-36.4	-23.7
Asset	-16.3	-4.9	-15.4	-10.0	-46.6	-21.2
Liabilities	-13.5	17.8	2.0	4.0	10.3	-2.5
Financial derivatives	-0.9	0.3	0.5	-3.8	-3.9	1.2
Other investment	22.6	-16.1	33.9	-15.5	25.0	9.8
Net errors & omissions[2]	**-11.2**	**-12.7**	**-18.3**	**9.3**	**-33.0**	**11.3**
Overall balance	**-5.7**	**-12.4**	**7.7**	**-10.1**	**-20.5**	**8.7**

Assets: (-) denotes outflows due to the acquisition of assets abroad by residents.
Liabilities: (+) denotes inflows due to the incurrence of foreign liabilities.
[1] In accordance with the Sixth Edition of the Balance of Payments and International Investment Position Manual (BPM6) by the International Monetary Fund (IMF).
[2] As at 1Q 2018, quarterly net E&O excludes reserves revaluation changes. This practice is backdated up to 1Q 2010.

Note: Figures may not add up due to rounding.
Source: Department of Statistics, Malaysia

Table 4: **Outstanding External Debt**

	2023		2024
	end-Mar	end-Dec	end-Mar
	RM billion		
Total External Debt	**1,175.6**	**1,242.6**	**1,271.7**
USD billion equivalent	*266.3*	*270.7*	*268.4*
By instrument			
Bonds and notes	158.7	169.8	175.0
Interbank borrowings	231.9	220.7	214.3
Intragroup loans	162.1	189.0	203.0
Loans	76.9	86.9	90.4
Non-resident holdings of domestic debt securities	258.2	269.5	263.8
Non-resident deposits	127.8	137.5	145.0
IMF allocation of Special Drawing Rights (SDRs)	28.7	29.7	30.3
Others	131.3	139.3	150.0
Maturity profile			
Medium- and long-term	666.9	723.1	740.6
Short-term	508.7	519.5	531.2
Currency denomination			
Ringgit	398.2	410.6	410.2
Foreign	777.4	832.0	861.6
Total debt/ GDP, %	64.8	68.2	69.0
Short-term debt/Total debt, %	43.3	41.8	41.8
Reserves/Short-term external debt, time(s)	1.0	1.0	1.0

Note: Figures may not add up due to rounding.
Source: Ministry of Finance, Malaysia and Bank Negara Malaysia

Table 5: **Credit to the Private Non-Financial Sector**

	2023		2024	2023		2024
	1Q	4Q	1Q	1Q	4Q	1Q
	End-period, RM billion			Annual change, %		
Total Credit to the Private Non-Financial Sector[1]	**2,625.0**	**2,735.9**	**2,761.1**	**4.1**	**4.8**	**5.2**
Outstanding corporate bonds[2]	554.8	573.4	572.8	4.4	4.2	3.2
Outstanding loans[3,4]	2,070.1	2,162.4	2,188.3	4.0	5.0	5.7
Businesses	748.4	776.0	784.7	2.2	3.7	4.9
Households	1,321.8	1,386.4	1,403.6	5.1	5.7	6.2
Credit to Businesses[5]	1,303.2	1,349.5	1,357.5	3.1	3.9	4.2

[1] Starting with the 4Q 2022 Quarterly Bulletin, credit to the private non-financial sector was introduced to enhance the quality of data on financing channelled towards the generation of domestic economic activity. This replaces the previous series on net financing to the private sector.
[2] Includes conventional and Islamic short-term papers in addition to longer-term bonds and sukuk; excludes issuances by Cagamas, government, financial institutions and non-bank financial institutions.
[3] Loans by the banking system and development financial institutions (DFIs). Refer to the sum of outstanding business and household loans, and excludes loans to government, financial institutions, non-bank financial institutions and other entities.
[4] Excludes loans sold to Cagamas without recourse.
[5] Comprises outstanding loans to businesses and outstanding corporate bonds.

Note: Numbers may not add up due to rounding.
Source: Bank Negara Malaysia

Table 6: **Loan Indicators**[1]

	2023		2024	2023		2024
	1Q	4Q	1Q	1Q	4Q	1Q
	During the period, RM billion			Annual change, %		
Total Private Non-Financial Sector[2]						
Loan applications	355.5	400.7	358.3	15.8	24.1	0.8
Loan approvals	172.3	225.2	173.2	21.4	27.8	0.5
Loan disbursements	528.6	579.9	536.8	7.1	3.5	1.5
Loan repayments	538.1	557.8	531.7	9.8	0.0	-1.2
Of which:						
Businesses						
Loan applications	134.4	160.8	136.2	27.2	28.6	1.3
Loan approvals	75.6	112.6	76.9	35.0	24.6	1.8
Loan disbursements	403.3	441.1	398.1	4.8	0.7	-1.3
Loan repayments	408.1	428.6	395.3	6.5	-3.0	-3.1
Households						
Loan applications	221.1	240.0	222.1	9.8	21.2	0.5
Loan approvals	96.8	112.5	96.3	12.5	31.2	-0.5
Loan disbursements	125.3	138.9	138.7	15.2	13.7	10.7
Loan repayments	130.0	129.2	136.3	21.6	11.4	4.9

[1] Loans for all segments include data from the banking system and development financial institutions (DFIs).
[2] Refers to the sum of outstanding business and household loans, and excludes loans to government, financial institutions, non-bank financial institutions and other entities.

Note: Numbers may not add up due to rounding.
Source: Bank Negara Malaysia

Table 7: **Banking System Profitability Indicators**

	2023		2024	2023		2024
	1Q	4Q	1Q[p]	1Q	4Q	1Q[p]
	%			Annual change, percentage points		
Return on equity[1]	11.4	11.2	10.9	0.5	-1.1	-0.5
Return on assets[1]	1.3	1.2	1.2	0.03	-0.14	-0.04
	RM million			Annual change, %		
Net interest income	14,863	14,834	15,161	0.5	-8.5	2.0
Add: Fee-based income	2,973	3,417	3,305	1.7	18.8	11.2
Less: Operating cost[2]	10,314	11,139	11,088	15.8	2.1	7.5
Gross operating profit	7,521	7,111	7,378	-14.6	-12.9	-1.9
Less: Impairment[3] and other provisions	469	1,295	948	-60.7	232.7	102.3
Gross operating profit after provision	7,053	5,816	6,430	-7.4	-25.2	-8.8
Add: Other income[1]	3,502	4,482	4,303	74.4	19.5	22.9
Pre-tax profit[1]	**10,555**	**10,298**	**10,733**	**9.6**	**-10.7**	**1.7**

[p] Preliminary
[1] Banking system profits are aggregated at the entity level. The aggregated results for 2019 onwards are subsequently adjusted for dividend income received from domestic banking subsidiaries (previously added at both the parent and subsidiary levels). The adjustment is reflected under 'Other income'. Differences in comparative pre-tax figures reported in previous Quarterly Bulletins are estimated to range between 5.5% and 10.7%.
[2] Refers to staff costs and overheads.
[3] Refers to 12 Months Expected Credit Losses (ECL), Lifetime ECL Not Credit Impaired and Lifetime ECL Credit Impaired based on the Malaysian Financial Reporting Standard 9 (MFRS 9).
Source: Bank Negara Malaysia

Table 8: **Insurance and Takaful Sector Profitability Indicators**

	2023		2024	2023		2024
	1Q	4Q	1Q[p]	1Q	4Q	1Q[p]
	RM million			Annual change, %[2]		
Life Insurance & Family Takaful						
Excess income over outgo[1]	4,995	2,401	5,448	218.8	-56.3	10.0
General Insurance & General Takaful						
Operating profit	418	980	875	61.9	-10.6	109.1
Claims ratio (%)	64	55	57	1.0	3.5	-7.0

[p] Preliminary
[1] Excess income over outgo excludes investment-linked unit funds to reflect the core performance of insurers' and takaful operators' profitability more accurately and thus, may not be directly comparable to the data reported in previous publications.
[2] Refers to percentage points for the annual change of claims ratio.
Source: Bank Negara Malaysia

Table 9: **Federal Government Finance**[1]

	2023			2024[P]
	1Q	4Q	Year	1Q
	RM billion			
Revenue	76.2	88.7	315.0	70.0
Annual change (%)	*21.4*	*2.2*	*7.0*	*-8.2*
Operating expenditure	66.6	97.7	311.3	77.7
Annual change (%)	*3.1*	*4.3*	*6.3*	*16.6*
Current balance	**9.6**	**-9.0**	**3.7**	**-7.7**
Net development expenditure	26.4	31.1	95.1	18.7
Annual change (%)	*59.2*	*25.7*	*35.5*	*-29.3*
COVID-19 fund[2]	0.0	0.0	0.0	0.0
Overall balance	**-16.9**	**-40.1**	**-91.4**	**-26.4**
Memo:				
Total net expenditure	93.1	128.8	406.4	96.4
Annual change (%)	*7.5*	*-4.2*	*3.2*	*3.5*
Total Federal Government debt (as at end-period)	1120.4	1172.5	1172.5	1209.2
Domestic debt	849.3	891.0	891.0	933.8
External debt	271.2	281.5	281.5	275.4
Non-resident holdings of RM-denominated debt	*246.2*	*256.4*	*256.4*	*250.2*
Offshore borrowing	*24.9*	*25.2*	*25.2*	*25.2*

[P] Preliminary
[1] Figures may not add up due to rounding.
[2] A specific trust fund established under Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19)) Act 2020 to finance economic stimulus packages and recovery plan.

Source: Ministry of Finance, Malaysia and Bank Negara Malaysia