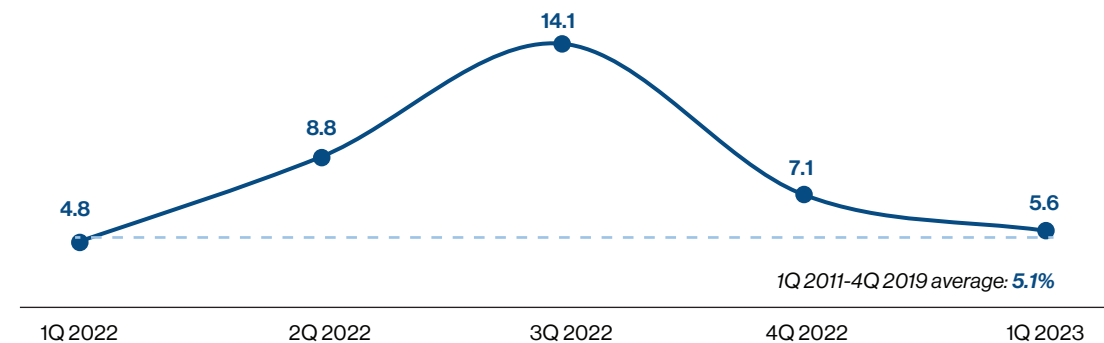


Developments in the Malaysian Economy

Gross Domestic Product

Continued expansion of GDP by 5.6% in 1Q 2023

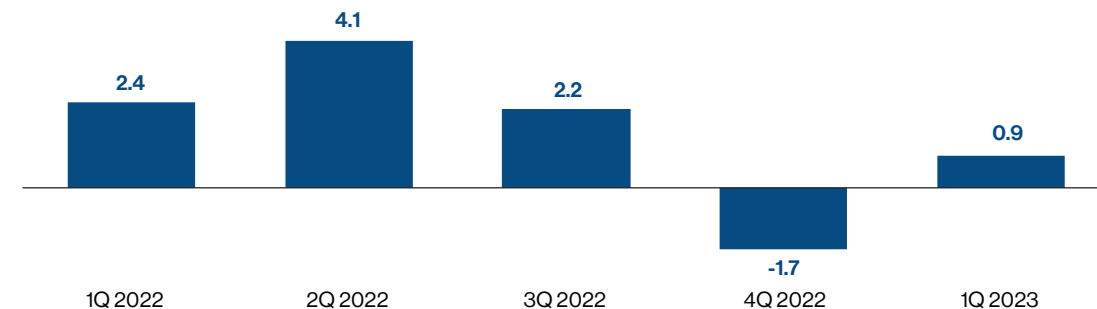
Annual change, %



Source: Department of Statistics, Malaysia

On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9%

Quarterly change, %



Source: Department of Statistics, Malaysia

What are the factors supporting annual growth?



Further expansion of household spending



Continued investment activity



Improving labour market conditions



Higher tourism activities

Developments in the Malaysian Economy

Malaysia's Economic Performance

Further expansion in domestic demand

Annual change, %

Private Consumption



Improving labour market conditions and policy measures such as higher minimum wage and continued cash transfers

Private Investment



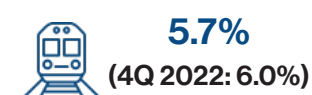
Continued capacity expansion by firms and further progress of construction activities

Public Consumption



Lower Government supplies & services spending

Public Investment



Driven mainly by capital expenditure by public corporations

Net Exports



Further recovery in tourism activities

Continued growth in key economic sectors

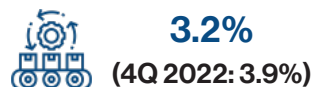
Annual change, %

Services



Better retail spending, continued tourism recovery, improving real estate & business services

Manufacturing



Fulfilment of motor vehicle backlogs and continued growth in E&E production

Construction



Continued progress of large transportation and utility projects, higher end-works in nearly-completed projects

Mining



Moderate performance in crude oil and natural gas production

Agriculture



Increased oil palm output and higher arrival of foreign plantation workers under Foreign Workers Employment Relaxation Plan (FWERP)

Developments in the Malaysian Economy

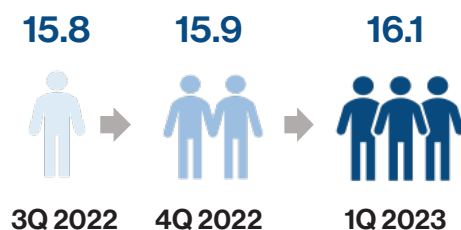
Labour Market Conditions

Labour markets continued to improve

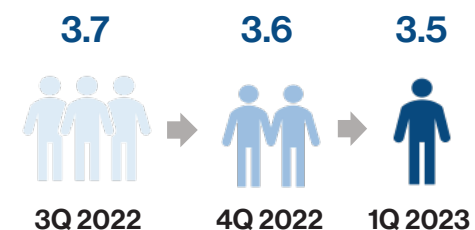
- The unemployment rate continued to improve driven by sustained employment growth.
- Labour supply remains forthcoming as the labour force participation rate increased to 69.8% (4Q 2022: 69.5%).

Lower unemployment rate

Employment levels, Million persons



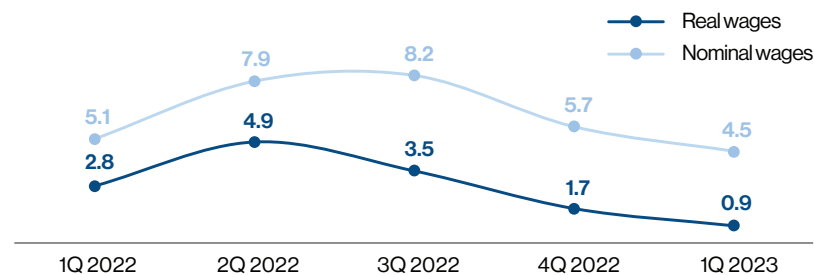
Unemployment rate, % of labour force



Source: Department of Statistics, Malaysia

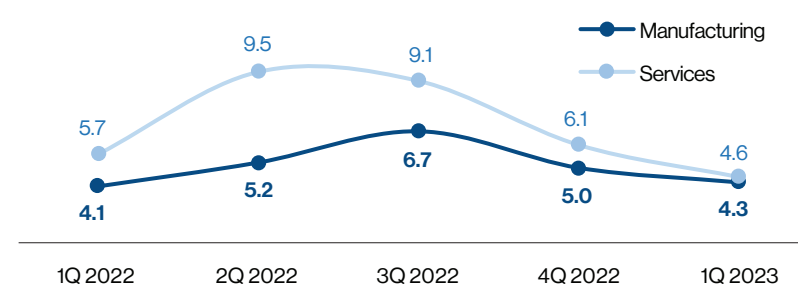
Continued expansion in private sector wages

Private sector wages, Annual change, %



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

Sectoral nominal wage growth, Annual change, %



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

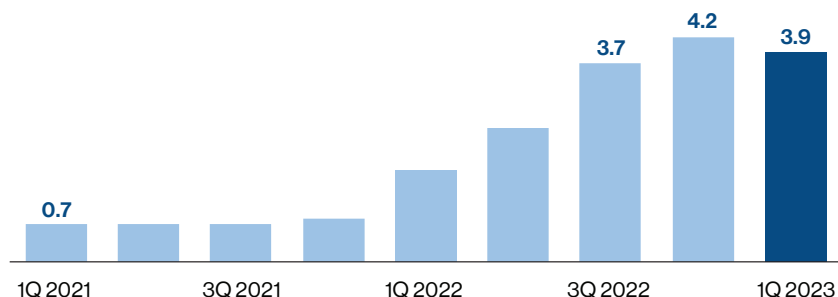
Developments in the Malaysian Economy

Inflation Trend

Core inflation moderated but remained elevated at 3.9% during the quarter

Annual change, %

- Core inflation remained elevated reflecting continued strength in domestic demand.



Selected Core Services Items

Repair and maintenance of personal transport  **10.8%**
(4Q 2022: 13.8%)

Telephone and telefax services  **-1.7%**
(4Q 2022: 0%)

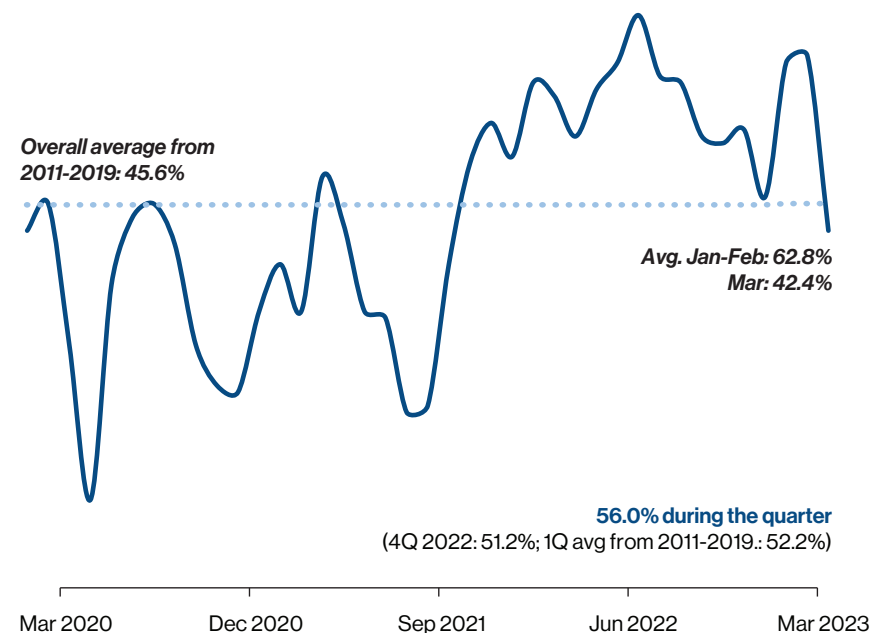
Food away from home  **8.9%**
(4Q 2022: 9.5%)

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

Higher pervasiveness in January-February reflecting typical early-year adjustments

Share of CPI Items Recording Month-on-Month Price Increase, %

- This partly reflected price adjustments by firms typically done at the beginning of the year, as well as continued price increases for some food-related items.
- Fewer items recorded higher prices in March.



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

Developments in the Malaysian Economy

External Sector Development

Slower export and import growth



Gross exports

2.8% (4Q 2022: 11.8%)

Weaker external demand and moderating commodity prices

Gross imports

3.7% (4Q 2022: 18.5%)

Weighed down mainly by weaker intermediate imports due to moderation in manufactured exports and domestic demand

Smaller current account surplus and higher financial account outflow



Current Account

RM4.3 bil; 1.0% of GDP
(4Q 2022: RM27.5 bil; 5.9% of GDP)

Driving Factors:

- Smaller goods surplus following moderation in external demand.
- Larger primary income deficit driven mainly by lower investment income from investments abroad.
- The services account remained in deficit, reflecting mainly continued deficit in transportation and other business services accounts.



Financial Account

Net outflows RM2.4 bil
(4Q 2022: Net outflows RM1.1 bil)

Driving Factors:

- Higher net portfolio outflows due to non-residents' redemption of matured foreign currency debt and higher resident portfolio investment abroad.
- Net inflows in direct investment due to continued net inflows in foreign direct investment (FDI) amid lower direct investment abroad (DIA).
- Net inflows in other investment, driven by non-resident deposits in domestic banking system and higher interbank borrowing by resident banks.

Source: Department of Statistics, Malaysia, Bank Negara Malaysia

External debt edged higher

RM1,168.7 billion or 64.5% of GDP

(4Q 2022: RM1,144.7 billion or 63.9% of GDP)

- **Higher interbank borrowings** for back-to-back lending abroad and investment purposes.
- **Higher deposits** partly placed by foreign related entities.

External debt remained manageable

% of total external debt

CURRENCY

Ringgit-denominated: 34.0%

Unaffected by ringgit exchange rate fluctuations

FCY-denominated: 66.0%

of which 67% is subject to BNM prudential & regulatory requirements and 15.1% are due to intragroup loans

MATURITY

Medium-and long-term: 57.1%

Limiting rollover risks

International Investment Position

RM84.5 billion (4Q 2022: RM54.2 billion)

International Reserves* USD114.4 billion

- **4.9 months**** of imports of goods and services.
- **1.0 time** of short-term external debt.

* As at 28 April 2023.

** Coverage differ from the press statement on international reserves as it reflects the latest 1Q 2023 data on imports of goods and services.

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