

Glossary, Acronyms and Abbreviations



Aggregate outstanding ringgit liquidity placed with the Bank

Surplus liquidity absorbed by Bank Negara Malaysia, through its monetary operations and Statutory Reserve Requirement (SRR). The main borrowing instruments used for this purpose include direct money market borrowing, repurchase agreements (repo), Qard acceptance, Commodity Murabahah Programme (CMP), sell-buy swaps, Bank Negara Monetary Notes (BNMN) and Bank Negara Interbank Bills (BNIB).

Asset purchase programme

A form of expansionary monetary policy undertaken by central banks through the purchase of predetermined amounts of government bonds or other specified securities in order to lower long-term interest rates and stimulate the economy.

Balance of payments

A statistical summary of economic transactions between residents and non-residents of a country during a specific time period.

Bank Negara Interbank Bills (BNIB)

A short-term discounted note with maturity of up to one year and qualifies as Level 1 high-quality liquid assets (HQLA). BNIB can only be purchased by and traded among licensed banks and investment banks.

Base effect

The effect whereby a year-on-year growth rate, for a given month, is largely influenced by a non-seasonal deviation in the monthly growth rate of the base month (i.e. the same month in the previous year). For example, if the inflation rate was particularly low in January last year, even a moderate rise in consumer prices in January this year will arithmetically give a high year-on-year inflation rate in January.

Booster vaccination*

Doses administered to a vaccinated population that has completed a primary vaccination series (currently one or two doses of COVID-19 vaccine depending on the product) when, with time, the immunity and clinical protection has fallen below a rate deemed sufficient in that population. The objective of a booster dose is to restore vaccine effectiveness from that deemed no longer sufficient.

Core inflation

A measure of underlying inflation. One common method of calculation is by excluding items whose price fluctuations are deemed transitory from the Consumer Price Index (CPI) basket. These items include price-volatile and price-administered goods and services. Core inflation that is estimated by Bank Negara Malaysia also excludes the estimated direct impact of consumption tax policy changes.

Cost-push inflation

Inflationary pressures whereby the impetus for price increases comes from higher cost of production.

Current account

Records of a nation's transactions with the rest of the world—specifically its net trade in goods and services, its net earnings on cross-border investments, and its net transfer payments.

Direct investment abroad (DIA)

A category of cross-border investment by a Malaysian resident investor associated with the objective of establishing a lasting interest in an enterprise abroad. A 'lasting interest' is when there is a long-term relationship in which the direct investor has a significant degree of influence on the management of the enterprise (e.g. an ownership of at least 10% of the voting power).

Discretionary fiscal response

Additional actions taken by the government to influence the overall macroeconomy, through the use of revenue or expenditure measures, beyond existing fiscal rules.

Discretionary items

Non-essential items which households spend on with their income. Examples of these items include restaurants and hotels as well as recreational activities.

Domestic institutional investors

Resident financial institutions with large holdings of financial assets in domestic financial markets. These include banks, pension funds and insurance companies.

Exchange rate valuation effect

The changes in ringgit equivalent value of Malaysia's foreign-currency denominated external assets and liabilities, and export and import values due to changes in the ringgit exchange rate.

Financial account

Records of transactions that involve financial assets and liabilities that take place between residents and non-residents of a nation.

Financial conditions

Financial conditions reflect the ease of securing financing in the economy. It can be defined as the current state of financial variables that influence economic behaviour and therefore future economic activity. It is typically measured by an index, called the "Financial Conditions Index" that aggregates a wide range of financial variables, such as equity prices and bond yields.

Financial imbalances

Financial imbalances are often defined by their symptoms or manifestations. These could include over-investment in specific sectors, excessive credit growth, sharp increases in asset prices, or fiscal and current account imbalances. The most typical and frequently identified symptoms are asset price misalignments and excessive credit growth. These imbalances reflect the misallocation of resources and the disintermediation of funds towards speculative activity in asset markets.

* Source: World Health Organisation (WHO)

Foreign direct investment (FDI)

A category of cross-border investment by a non-resident investor associated with the objective of establishing a lasting interest in an enterprise in Malaysia. A 'lasting interest' is when there is a long-term relationship in which the non-resident direct investor has a significant degree of influence on the management of the enterprise (e.g. an ownership of at least 10% of the voting power).

Foreign exchange operations

The act of maintaining orderly market conditions in the domestic foreign exchange (FX) market by managing liquidity via buying or selling foreign and domestic currency with counterparties such as the commercial banks.

Headline inflation

The annual price increase for a basket of items that are commonly consumed by an average household. For Malaysia, headline inflation is computed based on the Consumer Price Index (CPI) basket.

Hedging facilities

Financial instruments that allow investors to reduce investment risk using financial derivatives such as options, swaps and futures contracts.

High-touch services

Services which are characterised by a high degree of personalised contact and face-to-face interaction with customers.

International investment position (IIP)

The external balance sheet, detailing the country's outstanding financial assets and liabilities position relative to the rest of the world. A positive net IIP denotes Malaysia's position as a net creditor nation, while a negative net IIP denotes Malaysia as a net debtor nation.

Investor risk aversion

A situation where investors prioritise preservation of capital over potentially higher returns, particularly in an environment of heightened uncertainties.

Labour productivity

Labour productivity refers to the efficiency and effectiveness of each employee to generate output or value added. It is expressed as a ratio of value added to total hours worked or to employment.

Liquidity injection operations

The use of monetary operations to provide liquidity to the banking system through instruments such as reverse repurchase agreements (reverse repos) and foreign exchange swap facilities.

Monetary Policy Committee (MPC)

The body responsible for formulating monetary policy and the policies for the conduct of monetary policy operations, as stipulated in the Central Bank of Malaysia Act 2009.

Monetary policy normalisation

Actions by central banks to return the stance of monetary policy back to more normal levels, which is consistent with the medium-term objective of achieving macroeconomic stability.

Net errors and omissions

Balancing or residual item which occurs when the current, capital and financial accounts do not mirror the change in international reserves due to imperfections in data source and compilation (e.g. incomplete data sources, difference in timing of recording, valuation factors).

Nominal wages

Nominal wages are wages expressed in a monetary form and is not adjusted for inflation.

Non-resident entity

An institutional unit which engages in economic activities and transactions for a period of one year or longer from a location outside of Malaysia.

Overnight Policy Rate (OPR)

The indicator of the monetary policy stance for Malaysia. The level of the OPR is decided by the MPC. It also serves as the target rate for the day-to-day liquidity operations of the Bank, which will influence other interest rates in the economy.

Pent-up demand

A rapid and transitory increase in demand for goods and services that is above and beyond its pre-economic downturn levels. This occurs when consumers hold off their spending on selected items during periods of economic slowdown and/or restrictions that inhibit certain purchases. This, in turn, results in a build-up of demand which would materialise when the economy recovers and/or restrictions are eased.

Portfolio Investment

A category of cross-border transactions and positions involving debt or equity securities in the capital markets, other than those categorised as foreign direct investments, direct investments abroad, or reserve asset transactions.

Portfolio rebalancing

A process whereby investors or fund managers reallocate the weightings of financial assets in their investment portfolios. This is achieved by buying and selling assets to align the investor's holdings with a target portfolio allocation.

Price controls

Government regulations which establish a fixed maximum price for specified goods and services.

Price valuation effect

Unrealised holding gains and losses on outstanding assets and liabilities following changes in market prices.

Primary income

Income earned from the contribution to production processes, provision of financial assets and renting of natural resources. These include compensation of employees (e.g. wages, salaries), investment income (e.g. dividends), interest income and rent transactions between residents and non-residents.

Primary vaccination

The initial dose(s) of a COVID-19 vaccine. Some brands of the vaccine consist of two vaccine doses for the primary series, while other brands consist of a single vaccine dose.

Producer price inflation

The annual change in Producer Price Index for local production, which is an output-based index that measures the price of goods sold to the domestic market charged by producers at the ex-factory price.

Resident entity

An institutional unit which engages in economic activities and transactions for a period of one year or longer from a location in Malaysia.

Safe haven assets

Financial assets that are expected to retain or increase in value during heightened stress in financial markets and economic uncertainty. They are typically assets that investors perceive to have guaranteed returns.

Sales and Services Tax (SST)

Sales tax is a single-stage tax levied on taxable goods imported into Malaysia and those locally manufactured in Malaysia by a taxable person, subject to the Sales Tax Act 2018. Service tax is a tax charged on taxable services provided by any taxable person in Malaysia in the course and furtherance of business, subject to the Service Tax Act 2018.

Secondary income

Current transfers (provision of goods, services, or financial assets) between residents and non-residents with no corresponding economic returns. These include transfers by the general government, personal transfers (e.g. remittance by foreign workers) and other transfers in cash or kind.

Short position

A financial position when an institutional unit sells securities (such as shares or foreign-currency) for which it is not the economic owner. This borrowed security is typically bought back in the open market, to be returned to its economic owner at an agreed upon price and date.

Statutory Reserve Requirement (SRR)

The SRR is a liquidity management instrument available to the Bank. It is used by the Bank to withdraw or release liquidity to the banking system when the excess or lack of liquidity is perceived by the Bank to be large and long-term in nature. The SRR is not a signal on the stance of monetary policy as the Overnight Policy Rate (OPR) is the sole indicator used to signal the stance of monetary policy.

Underemployment

Underemployment can be divided into two categories, which are time-related underemployment and skill-related underemployment. Time-related underemployment is defined as those who are employed less than 30 hours per week due to the nature of their work or because of insufficient work. Additionally, they are able and willing to accept additional hours of work. Skill-related underemployment is defined as those with tertiary education and working in the semi-skilled and low-skilled occupations.

Underlying inflation

The persistent trend component of inflation. It is typically constructed by removing the transitory and seasonal components from headline inflation.

Variants of Concern (VOCs)*

A SARS-CoV-2 variant that meets the definition of a Variants of Interest (VOI) and, through a comparative assessment, has been demonstrated to be associated with one or more of the following changes at a degree of global public health significance:

- Increase in transmissibility or detrimental change in COVID-19 epidemiology; or
- Increase in virulence or change in clinical disease presentation; or
- Decrease in effectiveness of public health and social measures or available diagnostics, vaccines, therapeutics.

Variants of Interest (VOI)*

A SARS-CoV-2 variant :

- with genetic changes that are predicted or known to affect virus characteristics such as transmissibility, disease severity, immune escape, diagnostic or therapeutic escape; and
- Identified to cause significant community transmission or multiple COVID-19 clusters, in multiple countries with increasing relative prevalence alongside increasing number of cases over time, or other apparent epidemiological impacts to suggest an emerging risk to global public health.

Weighted average base rate

Effective January 2015, the base rate (BR) is the main reference rate for new retail floating rate loans. The BR is determined by financial service providers' (FSPs) benchmark cost of funds and the Statutory Reserve Requirement (SRR). Other components of loan pricing such as borrower credit risk, liquidity risk premium, operating costs and profit margin would be reflected in a spread above the BR. The average BR of FSPs is weighted based on each FSP's share of outstanding floating rate loans.

Note: Beginning August 2022, the BR will be replaced with the Standardised Base Rate (SBR) as the main reference rate for new retail floating rate loans. The SBR is linked solely to the OPR, and the other components of loan pricing such as borrower's credit risk will be reflected in the spread above the SBR.

* Source: World Health Organisation (WHO)

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12MP

Twelfth Malaysia Plan

AE

advanced economies

ALR

Average Lending Rate

BPR

Bantuan Prihatin Rakyat

BRF

Business Recapitalisation Facility

CDRC

Corporate Debt Restructuring Committee

CGC

Credit Guarantee Corporation

CMCO 2.0

Second Conditional Movement Control Order

CPI

Consumer Price Index

DFI

development financial institutions

DPGS

Danajamin Prihatin Guarantee Scheme

E&E

electrical and electronics

ECRL

East Coast Rail Link

EME

emerging market economies

ESG

Environmental, Social and Governance

FCY

foreign currency

FD

fixed deposit

Fed

US Federal Reserve

FMCO

Full Movement Control Order

FOMC

Federal Open Market Committee

GDP

Gross Domestic Product

GFC

Global Financial Crisis

GFCF

Gross Fixed Capital Formation

HOC

Home Ownership Campaign

ICR

Interest Coverage Ratio

ILO

International Labour Organisation

KLIBOR

Kuala Lumpur Interbank Offered Rate

LCTF

Low Carbon Transition Facility

LRT3

Light Rail Transit Line 3

M&E

machinery & equipment

MCO

Movement Control Order

MGII

Malaysian Government Investment Issues

MGS

Malaysian Government Securities

MPC

Monetary Policy Committee

NBFI

Non-Bank Financial Institutions

NEER

Nominal Effective Exchange Rate

NIA

National Investment Aspirations

NR

non-residents

NRP

National Recovery Plan

OPR

Overnight Policy Rate

OSC

One Stop Centre

PACU

Project Acceleration and Coordination Unit

PFLNG2

Petronas Floating Liquefied Natural Gas Dua

PPI

Producer Price Index

PTF

Penjana Tourism Financing

SDR

Special Drawing Rights

SDRS

Small Debt Resolution Scheme

SJPP

Syarikat Jaminan Pembiayaan Perniagaan

SME

small- and medium-sized enterprises

SOP

standard operating procedures

SRR

Statutory Reserve Requirement

TFP

total factor productivity

TRA

Targeted Repayment Assistance

TRRF

Targeted Relief and Recovery Facility

VOC

Variants of Concern

WSTS

World Semiconductor Trade Statistics

