# MONETARY AND FINANCIAL DEVELOPMENTS

## Interest rates adjusted upwards in response to the increase in the OPR

On 5 May 2011, the Monetary Policy Committee (MPC) raised the Overnight Policy Rate (OPR) by 25 basis points to 3.00%. The degree of monetary accommodation was adjusted as a pre-emptive move to prevent a build-up of financial imbalances. At the July meeting, the MPC decided to pause the normalisation and leave the OPR unchanged due to the heightened uncertainties arising from global developments which had created greater downside risks to growth.

The daily weighted average overnight interbank rate (AOIR) traded higher in the second quarter, to reflect the increase in the OPR. From the period 1 April to 28 April 2011, the AOIR moved within the range of 2.67% to 2.74%. The interbank rates of other maturities were stable during the period. Following the increase in the OPR from 2.75% to 3.00% on 5 May, the AOIR traded higher within the range of 2.83% to 3.00% from 6 May to 30 June 2011. Interbank rates of other maturities also rose accordingly. Overall, market conditions remained orderly as financial institutions transitioned to the new interest rate level.

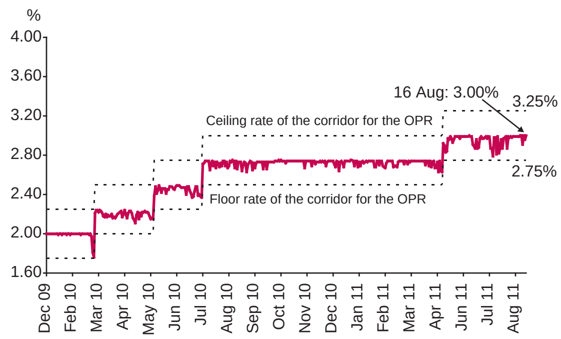
The 1-year interest rate swap (IRS) rose to an average of 3.52% during the quarter (1Q 11: 3.375%), in line with the increase in the OPR. However, this was not reflected in the other maturities, with the 3-year IRS remaining relatively stable at 3.78%, while the 5-year and 10-year IRS declined, with the latter declining to 4.285% (1Q 11: 4.665%), amidst higher portfolio inflows.

### Interest Rates

| | 2010 | 2011 | |
|---|---|---|---|
| | 2Q | 1Q | 2Q |
| | At end-period (%) | | |
| Overnight Policy Rate (OPR) | 2.50 | 2.75 | 3.00 |
| Interbank rates | | | |
| Overnight | 2.43 | 2.74 | 2.97 |
| 1-month | 2.71 | 2.79 | 3.08 |
| Base lending rates (BLR) | | | |
| Commercial banks | 6.02 | 6.27 | 6.54 |
| Average lending rates (ALR) | | | |
| Commercial banks | 5.05 | 5.06 | 5.07 |
| Fixed deposit rates | | | |
| Commercial banks | | | |
| 3-month | 2.51 | 2.74 | 2.99 |
| 12-month | 2.82 | 2.98 | 3.23 |

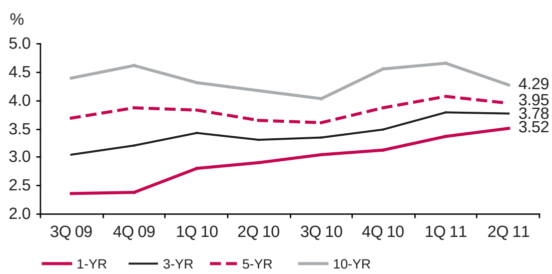
Source: Bank Negara Malaysia

### Daily Weighted Average Overnight Interbank Rate




Source: Bank Negara Malaysia

### Interest Rate Swap: Rates



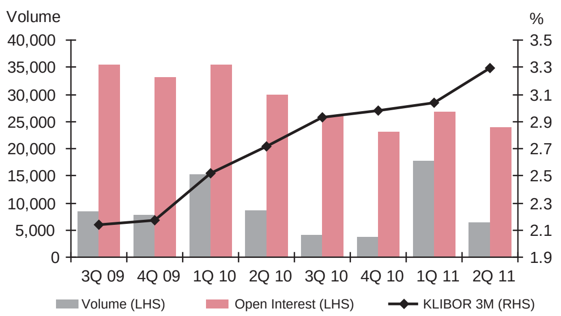

Source: Bloomberg

The Bursa Malaysia KLIBOR 3-month futures (FKB3) also rose to 3.29% at end-June (end-March: 3.04%). With the expectations for no additional OPR adjustments in the short-term, some traders unwound their positions in the market.

Depositors were also compensated by a higher rate of return on their savings following the increase in the OPR. The average quoted fixed deposit (FD) rates rose between 24 to 28 basis points to a higher range of 2.95% and 3.23% as at end-June. In particular, the 12-month FD rate saw a sizeable 25-basis point pass-through following the OPR increase.

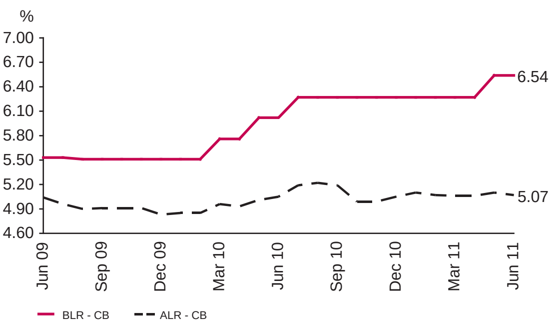
Similarly, retail lending rates were revised upwards. The average base lending rate (BLR) of commercial banks increased by 27 basis points to 6.54%. All domestic commercial banks adjusted their respective BLRs by 30 basis points. The weighted-average lending rate on loans outstanding also trended higher to 5.71% as at end-June (end-March: 5.64%). The cost of borrowing to businesses and households remained below pre-crisis levels.

**Bursa Malaysia 3-Month KLIBOR Futures (FKB3)**




Source: Bloomberg and Bursa Malaysia

**Lending Rates of Commercial Banks (Average for the period)**




Source: Bank Negara Malaysia

## Higher liquidity in the private sector and banking system

Private sector liquidity, as measured by broad money (M3), expanded at a higher annual rate of 12.4% as at end-June 2011 (end-March: 8.0%). On a quarter-on-quarter basis, M3 increased by RM45 billion, reflecting the higher extension of credit to the private sector by the banking system and increased non-resident inflows. Higher credit was underpinned by an increase in loans of RM35.6 billion, as well as higher holdings of private debt securities by banks. Liquidity expanded following non-resident inflows but was partially offset by drawdown of deposits by the private sector to finance the purchases of Bank Negara Monetary Notes (BNMNs). This was captured by the moderation in the other influences category. The repayment of debt by the Government also helped to offset the expansion of broad money.

Liquidity in the banking system also increased during the quarter, due mainly to the higher non-resident inflows, especially in April 2011. Nevertheless, these inflows were sterilised by Bank Negara Malaysia through the use of various instruments to avoid excessively expansionary monetary conditions. The instruments used included the Statutory Reserve Requirement (SRR) ratio which was raised by 100 basis points in May, and a further 100 basis points to 4% in July 2011. The decision to raise the SRR was undertaken as a measure to manage the significant build-up in liquidity, which may result in financial imbalances and create risks to financial stability.

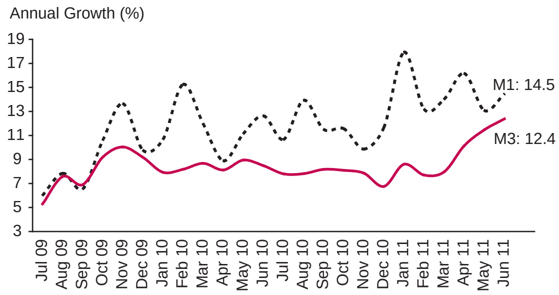
**Determinants of Broad Money, M3**

| | Change during the period | | | | |
|---|---|---|---|---|---|
| | 2010 | | 2011 | | |
| | 2Q | 1H | 1Q | 2Q | 1H |
| | RM billion | | | | |
| **M3** | **-0.4** | **14.2** | **28.0** | **45.0** | **73.0** |
| Net claims on Govt | -5.1 | -7.4 | -3.7 | -11.5 | -15.2 |
| Claims on private sector | 16.6 | 33.2 | 22.8 | 41.2 | 63.9 |
| *Loans* | *26.4* | *46.2* | *26.5* | *29.3* | *55.8* |
| *Securities* | *-9.9* | *-12.9* | *-3.7* | *11.9* | *8.2* |
| Net foreign assets[1] | 18.3 | 29.9 | 25.1 | 69.0 | 94.1 |
| *BNM* | *6.4* | *7.7* | *15.7* | *61.7* | *77.4* |
| *Banking System* | *11.8* | *22.2* | *9.3* | *7.3* | *16.7* |
| Other influences | -30.1 | -41.5 | -16.1 | -53.7 | -69.8 |

[1] Pre-revaluation

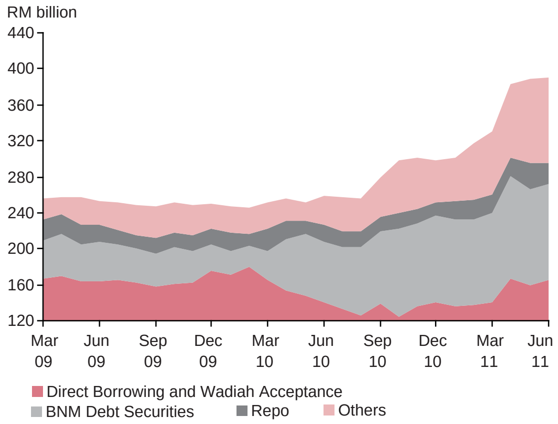
Source: Bank Negara Malaysia

**Monetary Aggregates**




Source: Bank Negara Malaysia

**Outstanding Liquidity Placed with Bank Negara Malaysia (At end-period, RM billion)**

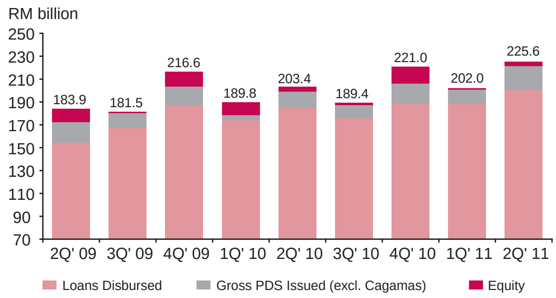



Source: Bank Negara Malaysia

## Private sector financing activity strengthened in the second quarter

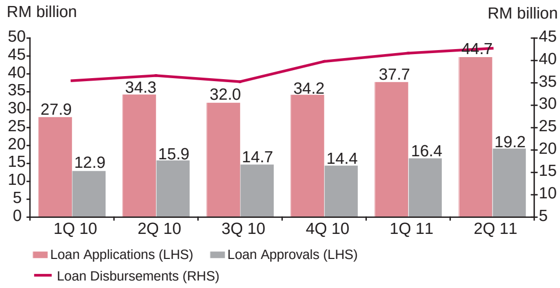
Financing conditions remained supportive of economic activity in the second quarter, with financing continuing to remain available to all segments of the economy. Total gross financing raised by the private sector through the banking system and the capital market increased to RM225.6 billion (1Q 11: RM202 billion). The higher financing reflected increased bank loan disbursements and private debt securities (PDS) issuances during the quarter. On a net basis, banking system loans and PDS outstanding rose by an annual rate of 12.9% as at end-June (end-March: 12.1%).

**Gross Private Sector Financing through Banking System and Capital Market**




Source: Bank Negara Malaysia

**Bank Lending to SMEs**




Source: Bank Negara Malaysia

**Financing of the Private Sector through Banking System and Capital Market**

| | During the period (RM billion) | | | | | Annual growth (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | | 2010 | | 2011 | | |
| | 2Q | 1H | 1Q | 2Q | 1H | 2Q | 1H | 1Q | 2Q | 1H |
| **Gross total financing** | **203.4** | **393.2** | **202.0** | **225.6** | **427.5** | **10.6** | **15.2** | **6.4** | **10.9** | **8.7** |
| Loans disbursed | 185.3 | 359.6 | 188.6 | 200.8 | 389.5 | 20.0 | 18.8 | 8.2 | 8.4 | 8.3 |
| Gross PDS (excl. Cagamas) | 13.9 | 18.3 | 12.2 | 20.9 | 33.1 | -23.0 | -32.3 | 174.8 | 50.6 | 80.7 |
| Equity | 4.2 | 15.3 | 1.1 | 3.8 | 4.9 | -63.2 | 31.0 | -89.9 | -9.7 | -67.6 |
| **Net total financing (A)+(B)** | **38.5** | **57.2** | **33.4** | 52.2 | 85.5 | **11.1** | **11.1** | **12.1** | 12.9 | 12.9 |
| Banking system | 29.3 | 48.6 | 25.9 | 42.3 | 68.2 | 11.3 | 11.3 | 12.4 | 13.5 | 13.5 |
| *Loans outstanding (A)* | *29.2* | *51.4* | *28.8* | *35.6* | *64.4* | *12.4* | *12.4* | *13.2* | *13.5* | *13.5* |
| *Holding of PDS* | *0.1* | *-2.9* | *-2.8* | *6.7* | *3.9* | *-2.9* | *-2.9* | *2.1* | *13.4* | *13.4* |
| PDS outstanding (B) | 9.2 | 5.7 | 4.6 | 16.6 | 21.2 | 7.4 | 7.4 | 8.9 | 11.2 | 11.2 |
| Memorandum item | | | | | | | | | | |
| Gross PDS (incl. Cagamas) | 14.7 | 19.4 | 12.2 | 20.9 | 33.1 | -23.9 | -32.2 | 161.3 | 42.0 | 70.8 |

Source: Bank Negara Malaysia

The major loan indicators remained strong during the quarter. For businesses, the increase in demand for new financing was mainly from the *real estate; transport, storage and communications; wholesale and retail, restaurants and hotels*, and *construction* sectors. The bulk of loan applications were to finance working capital requirements. Loan disbursements were higher, supporting the expansion of business loans outstanding to RM11.6 billion (1Q 11: +RM11.3 billion). On an annual basis, business loans outstanding rose at a higher rate of 12.1% as at end-June (1Q 11: 10.9%). The increase in business loans outstanding was broad-based across all economic sectors.

Financing to the household sector also rose. Higher demand for loans was mainly for the *purchase of residential and non-residential properties,* and *personal use*. Accordingly, household loans outstanding expanded by RM15.4 billion during the quarter to increase at an annual growth rate of 12.8% as at end-June (1Q 11: 13.2%).

### Loan Indicators

| | During the period (RM billion) | | | | | Annual growth (%) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | | 2010 | | 2011 | | |
| | 2Q | 1H | 1Q | 2Q | 1H | 2Q | 1H | 1Q | 2Q | 1H |
| **Total** | | | | | | | | | | |
| Loan applications | 158.7 | 291.5 | 168.5 | 199.2 | 367.6 | 15.8 | 19.2 | 26.8 | 25.5 | 26.1 |
| Loan approvals | 90.4 | 160.5 | 87.6 | 109.7 | 197.3 | 19.2 | 19.9 | 25.0 | 21.4 | 23.0 |
| Loan disbursements | 185.3 | 359.6 | 188.6 | 200.8 | 389.5 | 20.0 | 18.8 | 8.2 | 8.4 | 8.3 |
| Loan repayments | 161.8 | 316.3 | 168.1 | 173.8 | 341.9 | 8.7 | 10.2 | 8.8 | 7.4 | 8.1 |
| Change in loans outstanding* | 29.2 | 51.4 | 28.8 | 35.6 | 64.4 | 12.4 | 12.4 | 13.2 | 13.5 | 13.5 |
| **Of which:** | | | | | | | | | | |
| **Business enterprises**** | | | | | | | | | | |
| Loan applications | 71.6 | 131.6 | 79.6 | 96.6 | 176.1 | 11.4 | 13.1 | 32.6 | 34.8 | 33.8 |
| Loan approvals | 42.9 | 72.2 | 38.9 | 55.4 | 94.3 | 23.0 | 18.3 | 32.8 | 29.2 | 30.7 |
| Loan disbursements | 125.0 | 242.1 | 122.1 | 134.8 | 256.8 | 21.3 | 18.8 | 4.2 | 7.8 | 6.1 |
| Loan repayments | 111.3 | 216.5 | 109.8 | 116.9 | 226.7 | 8.3 | 10.3 | 4.3 | 5.0 | 4.7 |
| Change in loans outstanding* | 7.1 | 13.1 | 11.3 | 11.6 | 22.9 | 8.2 | 8.2 | 10.9 | 12.1 | 12.1 |
| **SMEs**** | | | | | | | | | | |
| Loan applications | 34.3 | 62.2 | 37.7 | 44.7 | 82.4 | 30.9 | 34.1 | 35.0 | 30.6 | 32.6 |
| Loan approvals | 15.9 | 28.7 | 16.4 | 19.2 | 35.6 | 39.9 | 42.4 | 27.3 | 20.9 | 23.8 |
| Loan disbursements | 36.6 | 72.1 | 41.6 | 42.7 | 84.4 | 5.9 | 4.1 | 17.3 | 16.6 | 17.0 |
| Loan repayments | 32.4 | 65.8 | 37.2 | 36.6 | 73.9 | 0.8 | 2.2 | 11.4 | 13.1 | 12.2 |
| Change in loans outstanding* | -6.7 | -3.3 | 3.4 | 7.5 | 10.9 | 3.0 | 3.0 | 2.4 | 14.1 | 14.1 |
| **Large corporations** | | | | | | | | | | |
| Loan applications | 37.4 | 69.4 | 41.9 | 51.8 | 93.7 | -2.0 | -0.7 | 30.5 | 38.8 | 34.9 |
| Loan approvals | 27.0 | 43.4 | 22.4 | 36.3 | 58.7 | 14.8 | 6.4 | 37.1 | 34.1 | 35.2 |
| Loan disbursements | 88.3 | 170.0 | 80.4 | 92.0 | 172.5 | 29.1 | 26.3 | -1.5 | 4.2 | 1.4 |
| Loan repayments | 78.9 | 150.7 | 72.6 | 80.2 | 152.8 | 11.7 | 14.2 | 1.1 | 1.7 | 1.4 |
| Change in loans outstanding* | 13.8 | 16.4 | 7.9 | 4.1 | 12.0 | 11.8 | 11.8 | 17.0 | 10.8 | 10.8 |
| **Households** | | | | | | | | | | |
| Loan applications | 87.1 | 159.9 | 88.9 | 102.6 | 191.5 | 19.6 | 24.7 | 22.0 | 17.8 | 19.8 |
| Loan approvals | 47.5 | 88.3 | 48.8 | 54.3 | 103.0 | 16.0 | 21.2 | 19.4 | 14.3 | 16.7 |
| Loan disbursements | 60.3 | 117.5 | 66.6 | 66.1 | 132.7 | 17.4 | 18.9 | 16.4 | 9.6 | 12.9 |
| Loan repayments | 50.5 | 99.7 | 58.3 | 57.0 | 115.3 | 9.6 | 10.1 | 18.4 | 12.8 | 15.6 |
| Change in loans outstanding* | 15.1 | 29.0 | 14.8 | 15.4 | 30.1 | 12.9 | 12.9 | 13.2 | 12.8 | 12.8 |

* The annual growth is for end-period.
** Include loans to individual businesses.

Source: Bank Negara Malaysia

### Loans by Sector

| | Loans disbursed | | | | | | Loans out-standing |
|---|---|---|---|---|---|---|---|
| | During the period | | | | | Share of total | Share of total |
| | 2Q 10 | 1H 10 | 1Q 11 | 2Q 11 | 1H 11 | 2Q 11 | |
| | (RM billion) | | | | | (%) | |
| **Business enterprises** | **125.0** | **242.1** | **122.1** | **134.8** | **256.8** | **67.1** | **45.2** |
| *Large corporations* | *86.3* | *170.0* | *80.4* | *92.0* | *172.5* | *45.8* | *30.5* |
| *SMEs** | *36.6* | *72.1* | *41.6* | *42.7* | *84.4* | *21.3* | *14.7* |
| *Selected sectors* | | | | | | | |
| Agriculture, hunting, forestry and fishing | 5.4 | 14.6 | 5.6 | 5.9 | 11.5 | 2.9 | 2.2 |
| Mining and quarrying | 0.6 | 1.4 | 1.1 | 1.1 | 2.2 | 0.6 | 0.4 |
| Manufacturing | 37.6 | 71.0 | 41.2 | 42.0 | 83.3 | 20.9 | 9.5 |
| Construction | 10.5 | 19.6 | 10.3 | 10.1 | 20.3 | 5.0 | 4.1 |
| Real estate | 4.1 | 9.3 | 6.4 | 8.5 | 14.9 | 4.2 | 4.6 |
| Electricity, gas and water supply | 1.0 | 1.8 | 1.5 | 1.2 | 2.7 | 0.6 | 1.2 |
| Wholesale, retail, restaurants and hotels | 33.2 | 61.3 | 30.8 | 33.8 | 64.5 | 16.8 | 7.3 |
| Transport, storage and communication | 5.9 | 11.2 | 4.4 | 4.3 | 8.7 | 2.1 | 2.9 |
| Finance, insurance and business services | 15.1 | 28.6 | 14.9 | 18.7 | 33.6 | 9.3 | 7.6 |
| **Households** | **60.3** | **117.5** | **66.6** | **66.1** | **132.7** | **32.9** | **54.8** |
| Purchase of residential properties | 14.1 | 29.0 | 15.0 | 15.7 | 30.7 | 7.8 | 25.3 |
| Consumption credit | 37.9 | 71.4 | 40.1 | 40.9 | 81.0 | 20.3 | 20.1 |
| Of which: | | | | | | | |
| *Credit cards* | *20.1* | *38.5* | *23.3* | *24.2* | 47.4 | 12.0 | 3.2 |
| *Purchase of passenger cars* | *9.8* | *18.6* | *8.9* | *8.6* | *17.5* | *4.3* | *12.0* |
| Others | 8.2 | 17.1 | 11.4 | 9.5 | *21.0* | *4.7* | 9.5 |
| **Total** | **185.3** | **359.6** | **188.6** | **200.8** | **389.5** | **100.0** | **100.0** |

*Include loans to individual businesses.

Source: Bank Negara Malaysia

## Fund raising in the capital market was driven by the private sector

Net funds raised in the capital market amounted to RM20.8 billion during the quarter (1Q 11: RM29.7 billion). Of this, 83%, or RM17.3 billion was raised by the private sector. As with the previous quarter, the bulk of funds was raised through private debt securities. New PDS issuances increased to RM20.9 billion (1Q 11: RM12.2 billion) which were mostly utilised for *new activity* and for *working capital and general corporate purposes*. Funds raised from the equity market increased to RM3.8 billion. The bulk of funds were raised through initial public offerings (RM2.9 billion), while the rest were raised via rights issues.

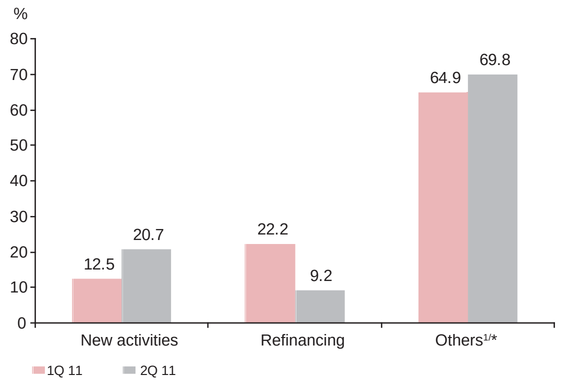
In the public sector, gross funds of RM26.7 billion were raised through the issuance of a 15-year and 20-year Malaysian Government Securities (MGS), a 10-year Government Investment Issues (GII), as well as the re-opening of a 7-year and 10-year MGS, and a 5.5-year GII. After adjusting for redemptions, net funds raised by the public sector (including Merdeka Savings Bonds) amounted to RM3.5 billion in the second quarter.

### Net Funds Raised in the Capital Market

| | 2010 | | 2011 | | |
|---|---|---|---|---|---|
| | 2Q | 1H | 1Q | 2Q | 1H |
| | RM billion | | | | |
| **By Public Sector** | **5.5** | **21.0** | **24.6** | **3.5** | **28.1** |
| Government securities, *net* | 3.2 | 18.8 | 24.6 | 5.0 | 29.6 |
| *Malaysian Government Securities* | *8.6* | *21.1* | *15.1* | *16.7* | *31.8* |
| *Government Investment Issues* | *5.5* | *12.0* | *9.5* | *10.0* | *19.5* |
| *Less: Redemptions* | *10.9* | *14.4* | - | *21.8* | 21.8 |
| Khazanah Bonds, *net* | - | - | - | - | - |
| Savings Bonds, *net* | 2.3 | 2.3 | (0.1) | (1.4) | (1.5) |
| **By Private Sector** | **12.0** | **19.1** | **5.1** | **17.3** | **22.5** |
| Shares | 4.2 | 15.3 | 1.1 | 3.8 | 4.9 |
| Debt securities, *net* | 7.8 | 3.9 | 4.0 | 13.5 | 17.5 |
| *Private Debt Securities* | *14.7* | *19.4* | *12.2* | *20.9* | *33.1* |
| *Less: Redemptions* | *6.9* | *15.5* | *8.2* | *7.4* | *15.6* |
| **Total** | **17.6** | **40.2** | **29.7** | **20.8** | **50.6** |

Source: Bank Negara Malaysia and Bursa Malaysia

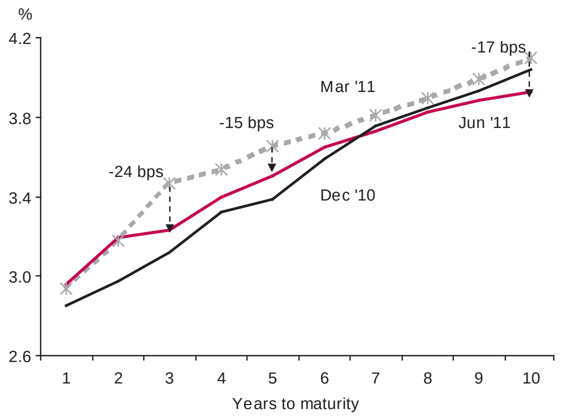
**Private Debt Securities Issued by Purpose (% of total)**




¹Includes issuance by non-residents & Cagamas
*Includes working capital and general business activities

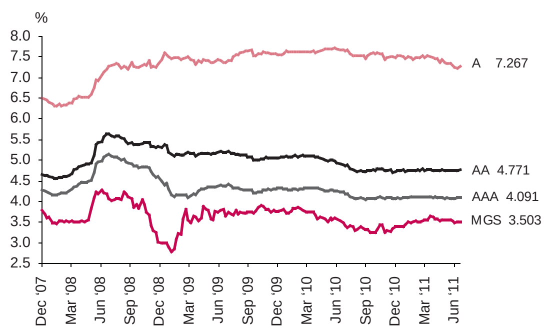
Source: Bank Negara Malaysia

**Trend in MGS Yields**




Source: Bank Negara Malaysia

**5-year MGS and 5-year Corporate Bond Yield**




Source: Bank Negara Malaysia

## Bond prices increased in the second quarter

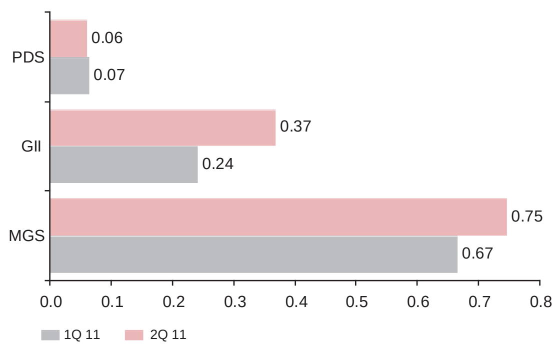
MGS yields trended lower in the second quarter. There was some initial upward pressure on yields following the increase in the OPR by 25 basis points. However, this was later offset by sustained demand from non-residents and concerns of slowing global growth. The decline was across the board, with the benchmark 3-year, 5-year and 10-year MGS recording a decline of 24, 15 and 17 basis points respectively.

In the PDS market, yields on the 5-year AAA-rated and AA-rated papers were largely unchanged. Yields on the 5-year A-rated issuances, however, recorded a decline of 24.8 bps, reflecting better credit conditions in the lower segment of the PDS market following the improved economic outlook.

## Secondary trading in the bond market increased

Total trading in the secondary market increased to RM256 billion during the quarter (1Q 11: RM222 billion). The increase was concentrated mainly in government securities, with both the MGS and GII segments registering higher liquidity ratios of 0.75 and 0.37 respectively. The liquidity ratio for the PDS segment declined slightly to 0.06.

**Liquidity Ratio: Turnover/Outstanding**




Source: Bank Negara Malaysia

## KLCI rose at a faster pace in the second quarter

The FBM (FTSE Bursa Malaysia) KLCI rose by 33.9 points, ending the quarter at 1,579 (end-March: 1545.1). The index increased 2.2% in the second quarter (1Q 11: 1.7%) as the market was buoyed by the initial public offerings (IPO) of 10 companies, which were met with strong demand from investors. As a result, market capitalisation increased to RM1.342 trillion at end-June (end-March: RM1.31 trillion). However, the daily average turnover decreased to 1.04 billion units (1Q 11: 1.73 billion units). On 15 August 2011, the KLCI ended slightly lower at 1,499.7 points (since end-2Q 2011: -5.0%), with market capitalisation of RM1.287 trillion (since end-2Q 2011: -4.1%).

### Performance of Selected Global and Regional Markets in 2011(% growth QoQ)


Source: Bloomberg and Bank Negara Malaysia calculations

### Bursa Malaysia: Selected Market Indicators

| | 2010 | 2011 | |
|---|---|---|---|
| | As at end | | |
| | June | Mar | June |
| Price Indices | | | |
| Composite | 1,314.0 | 1,545.1 | 1,579.1 |
| FBMEMAS[1] | 8,863.4 | 10,612.5 | 10,842.3 |
| FTSE Second Board[2] | - | - | - |
| ACE Market[3] | 3,801.4 | 4,333.5 | 4,198.2 |
| Market capitalisation | | | |
| (RM billion) | 1,044.4 | 1,311.0 | 1,342.2 |
| No. of companies listed | 962 | 954 | 953 |
| | During the quarter | | |
| | 2Q | 1Q | 2Q |
| Average daily turnover | | | |
| Volume (million units) | 849.1 | 1,730.1 | 1,038.8 |
| Value (RM million) | 1,287.6 | 2,233.9 | 1,638.7 |

[1] FBMEMAS stands for FTSE Bursa Malaysia EMAS Index
[2] From 3 August 2009, FTSE Second Board was merged with the Main board and renamed as Main Market
[3] From 3 August 2009, Mesdaq market was replaced with ACE Market

Source: Bursa Malaysia

### Bursa Malaysia: Market Turnover

| | 2010 | | | | 2011 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2Q | | 1H | | 1Q | | 2Q | | 1H | |
| | Billion units | RM billion | Billion units | RM billion | Billion units | RM billion | Billion units | RM billion | Billion units | RM billion |
| Turnover | 54.3 | 82.4 | 116.1 | 172.8 | 102.1 | 131.8 | 65.4 | 103.2 | 167.5 | 235.0 |
| *Of which:* | | | | | | | | | | |
| Main Board | 45.3 | 80.2 | 97.7 | 168.3 | 84.1 | 128.4 | 49.5 | 100.0 | 133.6 | 228.4 |
| *Of which* | | | | | | | | | | |
| Consumer Products | 3.1 | 3.9 | 5.9 | 7.6 | 4.0 | 5.4 | 4.0 | 5.0 | 8.1 | 10.4 |
| Industrial Products | 9.0 | 9.8 | 21.4 | 23.9 | 18.8 | 21.2 | 10.5 | 15.7 | 29.4 | 36.9 |
| Construction | 3.0 | 5.0 | 6.1 | 9.9 | 4.6 | 9.0 | 2.8 | 5.9 | 7.4 | 14.9 |
| Trading/Services | 13.9 | 28.9 | 30.0 | 57.7 | 33.5 | 46.2 | 17.2 | 36.5 | 50.6 | 82.6 |
| Finance | 4.4 | 18.7 | 8.6 | 39.5 | 4.4 | 24.6 | 4.7 | 20.9 | 9.1 | 45.5 |
| Properties | 6.6 | 3.5 | 13.0 | 7.3 | 12.8 | 9.6 | 6.3 | 7.2 | 19.0 | 16.9 |
| Plantations | 1.1 | 4.8 | 2.5 | 11.3 | 2.4 | 8.2 | 1.2 | 5.2 | 3.5 | 13.4 |
| Infrastructure | 1.0 | 1.9 | 2.1 | 3.6 | 1.1 | 2.4 | 0.7 | 2.1 | 1.8 | 4.5 |
| Second Board[1] | - | - | - | - | - | - | - | - | - | - |
| Mesdaq[2] | 4.1 | 0.7 | 9.5 | 1.8 | 8.3 | 1.2 | 10.9 | 2.1 | 19.2 | 3.4 |

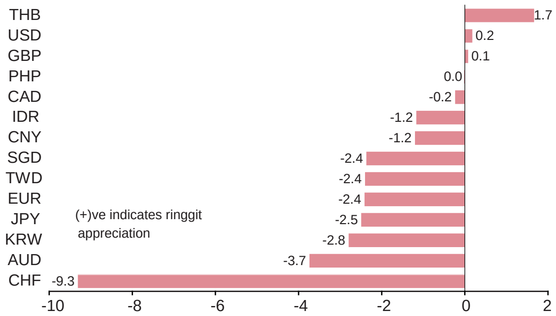
[1]From 3 August 2009, FTSE Second Board was merged with the Main board and renamed as Main Market
[2]From 3 August 2009, Mesdaq market was replaced with ACE Market

Source: Bursa Malaysia

## Mixed performance of the ringgit against major currencies

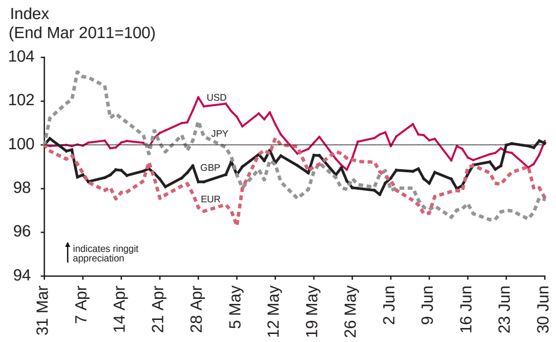
The ringgit's appreciating trend against the US dollar in the first quarter of 2011 continued into the beginning of the second quarter, as the favourable growth outlook in Asia relative to the advanced economies continued to attract investors towards the regional financial markets. This upward trend, however, experienced some downward pressure towards the end of the quarter. The trend was similar to most regional currencies, reflecting concerns over the worsening sovereign debt crisis in the eurozone and uncertainty on the US economic outlook. For the quarter as a whole, the ringgit appreciated marginally by 0.2% against the US dollar. Against other major currencies, the ringgit appreciated against the pound sterling (0.1%), but depreciated against the euro (-2.4%) and the Japanese yen (-2.5%). Against regional currencies, the ringgit strengthened against the Thai baht (1.7%), but depreciated against the Chinese renminbi (-1.2%), Indonesian rupiah (-1.2%), Singapore dollar (-2.4%) and Korean won (-2.8%). The ringgit remained unchanged against the Philippine peso.

**Summary of Ringgit Performance Against Selected Currencies, Percent Change (1 April - 30 June 2011)**



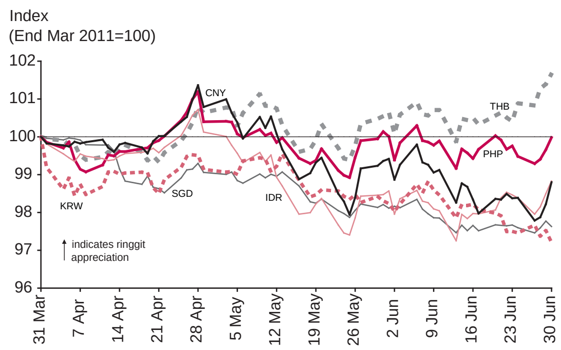

Source: Bank Negara Malaysia

**Ringgit Performance Against Major Currencies**




Source: Bank Negara Malaysia

**Ringgit Performance Against Regional Currencies**




Source: Bank Negara Malaysia

During the period between 1 July and 15 August 2011, the ringgit appreciated against the US dollar (1.2%), euro (2.7%) and pound sterling (0.1%), but depreciated against the Japanese yen (-3.4%). Against regional currencies, the ringgit strengthened against the Korean won (2.2%), Indonesian rupiah (0.6%) and Chinese renminbi (0.1%) but depreciated against the Singapore dollar (-0.6%), Philippine peso (-0.9%) and Thai baht (-1.5%).

**Performance of Ringgit Against Selected Currencies**

| RM per foreign currency | As at end | | | | % change since* | | |
|---|---|---|---|---|---|---|---|
| | 21 Jul 05 | 2Q 10 | 1Q 11 | 2Q 11 | 21 Jul 05 | 2Q 10 | 1Q 11 |
| US dollar | 3.8000 | 3.2575 | 3.0259 | 3.0205 | 25.8 | 7.8 | 0.2 |
| Euro | 4.6212 | 3.9785 | 4.2762 | 4.3820 | 5.5 | -9.2 | -2.4 |
| Pound sterling | 6.6270 | 4.9069 | 4.8687 | 4.8648 | 36.2 | 0.9 | 0.1 |
| 100 Japanese yen | 3.3745 | 3.6787 | 3.6602 | 3.7538 | -10.1 | -2.0 | -2.5 |
| Singapore dollar | 2.2570 | 2.3242 | 2.3994 | 2.4577 | -8.2 | -5.4 | -2.4 |
| 100 Thai baht | 9.0681 | 10.040 | 9.9947 | 9.8308 | -7.8 | 2.1 | 1.7 |
| 100 Philippine peso | 6.8131 | 7.0144 | 6.9637 | 6.9649 | -2.2 | 0.7 | 0.0 |
| 100 Indonesian rupiah | 0.0386 | 0.0359 | 0.0347 | 0.0352 | 9.9 | 2.1 | -1.2 |
| 100 Korean won | 0.3665 | 0.2655 | 0.2747 | 0.2826 | 29.7 | -6.0 | -2.8 |
| Chinese renminbi | 0.4591 | 0.4797 | 0.4617 | 0.4673 | -1.7 | 2.7 | -1.2 |

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

Source: Bank Negara Malaysia