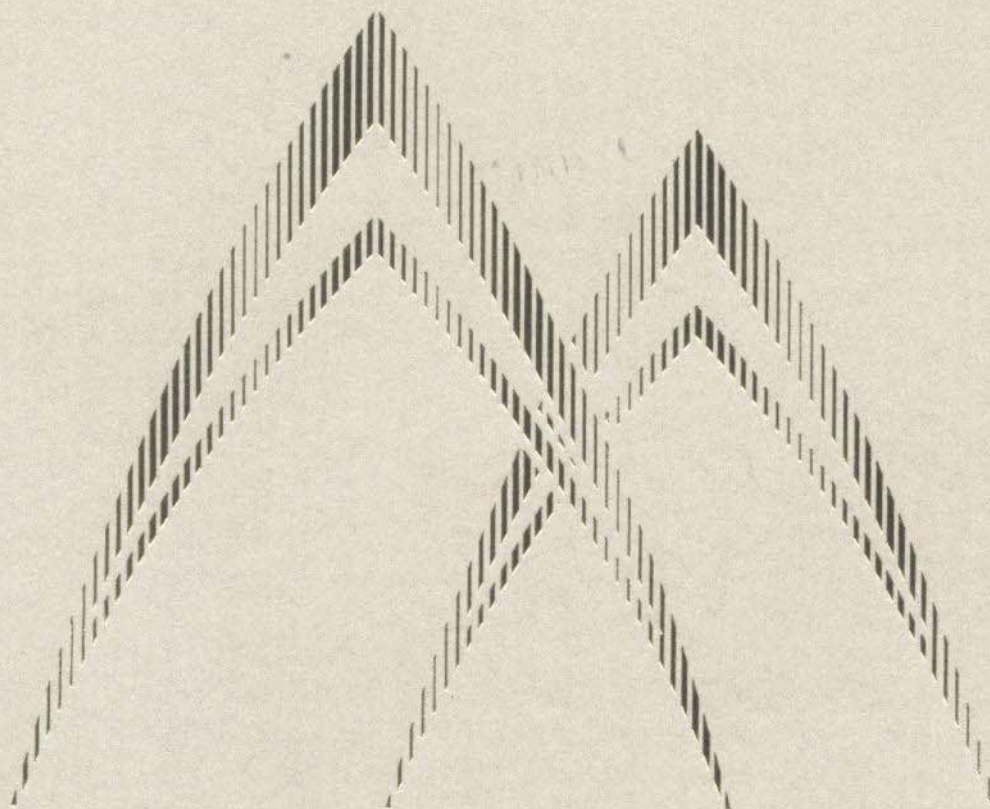




MALAYSIAN ECONOMY

Third Quarter 2012



MINISTRY OF FINANCE
MALAYSIA

Quarterly Update on the Malaysian Economy – 3rd Quarter 2012

Highlights

- ❑ Global economic outlook remains uncertain
- ❑ Malaysia's strong growth momentum continues
- ❑ Growth driven by domestic demand, particularly investment
- ❑ Robust growth in services and construction sectors
- ❑ Economy on track to achieve targeted growth in 2012

International Performance

Subdued global growth

Global economic conditions remained subdued in the third quarter of 2012. Major advanced economies in the euro area registered weak growth impacted by fiscal problems, tight monetary conditions and high unemployment. The recovery in Japan slowed down significantly as export growth continued to be weak. However, the United States (US) economy improved backed by higher consumer confidence and favourable housing market conditions. Growth in the emerging economies, though moderating, remained stable amid uncertainties in global demand.

Gross Domestic Product (GDP) of the **US** registered a higher growth of 2.3% (Q2 2012: 2.1%), contributed by resilient consumer spending, higher residential investment and improved federal government spending. Private consumption grew 2% (Q2 2012: 1.9%) as consumer confidence increased due to improved credit and labour market conditions. Spending on goods, in particular durable goods increased further by 8.3%,

while consumption of services remained low at 1.1% (Q2 2012: 7.5%; 1.4%). Private investment activity was sustained at 9.5% (Q2 2012: 10.9%) attributed to increased residential fixed investment at 13.8% following favourable house prices and interest rates. Building permits and sales of new houses expanded further by 32.9% and 26.2% (Q2 2012: 23.6%; 17.7%), respectively while housing starts grew 27.9% (Q2 2012: 28.7%). However, non-residential fixed investment recorded a modest growth of 4.7% (Q2 2012: 9.7%) due to lower spending on buildings as well

REAL GROSS DOMESTIC PRODUCT FOR SELECTED COUNTRIES
(% annual change)

	2010				2011	2011				2012			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Developed Economies													
United States	2.4	1.9	2.5	2.8	2.4	1.8	1.8	1.9	1.6	2.0	2.4	2.1	2.3
Japan	4.5	4.8	4.5	5.6	3.2	-0.8	-0.0	-1.8	-0.6	-0.7	2.9	3.3	0.1
UK	2.1	1.2	2.5	3.0	1.7	0.9	1.7	0.4	0.3	0.7	-0.1	-0.5	0.0
Euro Area	1.9	1.0	2.1	2.1	2.0	1.5	2.4	1.6	1.3	0.6	0.0	-0.4	-0.6
Asia													
China	10.4	12.1	10.3	9.6	9.8	9.3	9.7	9.5	9.1	8.9	8.1	7.6	7.4
South Korea	6.3	8.7	7.6	4.5	4.9	3.6	4.2	3.5	3.6	3.3	2.8	2.3	1.6
India ¹	10.8	9.4	8.5	7.6	8.2	7.1	9.2	8.0	6.7	6.1	5.3	5.5	n.a. ¹
ASEAN 5													
Indonesia	6.1	5.7	6.2	5.8	6.9	6.5	6.5	6.5	6.5	6.5	6.3	6.4	6.2
Philippines	7.6	8.4	8.9	7.3	6.1	3.9	4.9	3.6	3.2	4.0	6.3	5.9	n.a.
Singapore	14.8	16.5	19.8	10.6	12.5	4.9	9.1	1.2	6.0	3.6	1.6	2.5	0.3
Thailand	7.8	12.0	9.2	6.6	3.8	0.1	3.2	2.7	3.7	-8.9	0.4	4.4	3.0
Malaysia	7.2	10.1	9.0	5.2	4.8	5.1	5.1	4.3	5.7	5.2	5.1	5.6	5.2

¹ India: Fiscal year April - March
Source: National Sources/IMF.

as equipment and software. Meanwhile, federal government expenditure improved with a marginal decline of 0.04% (Q2 2012: -3.3%) providing further support to the overall economic expansion. However, export and import growth was subdued at 2.3% and 2.6% (Q2 2012: 4.3%; 3.9%), respectively due to the unfavourable external environment.

On the supply side, manufacturing activity moderated further on account of weak demand from Europe and China. This was reflected in the lower Institute for Supply Management manufacturing index of 50.3 percentage points (Q2 2012: 52.7 percentage points). However, the non-manufacturing index improved slightly to 53.8 percentage points (Q2 2012: 53.1 percentage points). Retail sales posted a stronger-than-expected growth of 4.8% (Q2 2012: 4.7%) primarily contributed by improvements in consumer spending, particularly auto sales.

The unemployment rate fell to 8.1% (Q2 2012: 8.2%) following the turnaround in public sector employment, while inflation remained low at 1.7% (Q2 2012: 1.9%) mainly due to lower gasoline and stable food prices. In September, the Federal Reserve (the Fed) committed to an open-ended quantitative easing programme (QE3) of purchasing mortgage-backed securities at a pace of USD40 billion per month to boost growth and reduce unemployment.

Growth in the **euro area** contracted 0.6% (Q2 2012: -0.4%) during the quarter due to recession in several peripheral economies and continued weak growth in Germany and France. Germany's economy grew 0.9% (Q2 2012: 1%) driven by exports, construction, household and public spending, while investment in equipment and inventories declined. In France, the GDP growth was sustained at 0.1% (Q2 2012: 0.1%) mainly supported by higher household spending.

China's GDP growth was sustained at 7.4% (Q2 2012: 7.6%) despite sluggish exports to key developed markets, particularly the euro area.

Export growth moderated to 4.5% (Q2 2012: 10.5%), while imports decreased significantly to 1.4% (Q2 2012: 6.4%). Investment in real estate slowed down to 15.5% mainly due to tighter domestic policy conditions. The manufacturing sector grew at a slower pace as reflected in the Purchasing Managers' Index (PMI), which averaged 49.7 points (Q2 2012: 51.3 points) during the quarter. Meanwhile, private consumption remained robust as household income continued to grow. This was reflected in sustained high retail sales of 14.1% (Q2 2012: 14.5%), particularly for energy-efficient household appliances and audiovisual equipment. The Consumer Price Index (CPI) was lower at 1.9% (Q2 2012: 2.9%) mainly due to moderating food prices. The People's Bank of China (PBOC) lowered the policy rate from 6.31% in June to 6.00% in July to spur growth and investment.

Japan's economy grew at a slower pace of 0.1% (Q2 2012: 3.3%) amid slowing exports and weaker consumer spending. Merchandise exports contracted 9.1% (Q2 2012: 6.7%) on account of falling orders from Europe and a decline in exports of automobile parts to China and Southeast Asia. Private consumption growth decelerated to 1.2% (Q2 2012: 3.2%) following weaker personal consumption during the summer and the lapse of the subsidy programme for purchase of environmentally-friendly cars in September. Public investment, however, surged 11.4% (Q2 2012: 4%) supported by buoyant reconstruction work following last year's natural disaster. Retail sales grew at a much slower pace of 0.4% (Q2 2012: 3.1%) following lower sales of food and beverages as well as apparels. Similarly, manufacturing activity contracted as reflected in the PMI which averaged 47.9 points during the quarter. The CPI declined 0.4% (Q2 2012: 0.1%) mainly due to lower food prices and transport costs. The Bank of Japan continued to maintain its policy rate between 0.00% and 0.10% to sustain economic growth.

Korea's GDP registered a slower growth of 1.6% during the third quarter (Q2 2012:

2.3%) weighed down by the weak export performance. Exports continued to decline 5.6% (Q2 2012: -1.7%) largely due to lower demand from China, the major trading partner. Investment in facilities declined 6% (Q2 2012: -3.5%) due to lower expenditure on machinery including semiconductor manufacturing equipment. Public consumption growth moderated to 3.3% (Q2 2012: 3.6%) while private expenditure grew marginally by 1.5% (Q2 2012: 1%) led by increased spending on wireless telecommunication devices and utilities. On the supply side, the wholesale and retail trade, hotel and restaurant sector increased marginally by 2.5% (Q2 2012: 2.1%) constrained by the high household debt and weak economic prospects. The manufacturing sector expanded at a slower rate of 1.3% (Q2 2012: 2.6%) following lower production of transport equipment. The CPI moderated to 1.6% (Q2 2012: 2.4%) largely on account of lower food and transport prices.

Within **ASEAN**, Indonesia's GDP continued to expand steadily by 6.2% (Q2 2012: 6.4%), marking the eighth consecutive quarter of growth above 6%. Growth was mainly contributed by higher investment and household spending at 10% and 5.7%, respectively, despite a slump in exports. Bank Indonesia has maintained its policy rate at 5.75% since February 2012 amid lower inflationary pressures. Meanwhile, Singapore's GDP grew at a slower pace of 0.3% (Q2 2012: 2.5%) as the manufacturing sector contracted 0.8% following declines in electronics and transport engineering output. Thailand's economy expanded 3% (Q2 2012: 4.4%) as a surge in public consumption and investment offset the contraction in external demand.

Malaysian Economy

Continued strong pace of expansion

The Malaysian economy continued to record a strong growth of 5.2% in the third quarter of 2012 (Q2 2012: 5.6%) despite slowing

external demand. During the first nine months of 2012, the economy grew 5.3% surpassing the targeted growth of 4.5-5.0% for 2012. The strong performance was driven by robust domestic economic activity, particularly the private investment and consumption. On the supply side, all sectors continued to record positive growth except mining. The services sector recorded a stronger growth of 7% (Q2 2012: 6.6%) boosted by the finance and insurance, real estate and business services as well as communication subsectors. The construction sector continued to register a strong growth of 18.3% (Q2 2012: 22.2%) supported by expansion in civil engineering and residential works. Despite lower exports of electric and electronic (E&E) products, the manufacturing sector expanded 3.3% (Q2 2012: 5.6%) supported by higher growth in construction-related and transport equipment subsectors. The agriculture sector rebounded 0.5% (Q2 2012: -4.7%) contributed by increased output of food crop and livestock subsectors and recovery in production of palm oil. Meanwhile, growth of the mining sector contracted 1.2% (Q2 2012: 2.3%) on account of lower production of natural gas.

Robust private investment

Domestic demand remained robust, expanding 11.4% (Q2 2012: 14%) driven by strong consumption and investment activities. **Private**

REAL GROSS DOMESTIC PRODUCT (% annual change) Supply Side													
	2010	2010				2011	2011				2012		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP	7.2	10.1	9.0	5.2	4.8	5.1	5.1	4.3	5.7	5.2	5.1	5.6	5.2
Agriculture	2.4	8.2	2.8	3.4	-3.9	5.9	-0.2	7.7	8.8	6.9	2.1	-4.7	0.5
Mining	-0.4	1.3	0.8	-1.7	-2.0	-5.7	-3.9	-9.3	-5.9	-3.8	0.3	2.3	-1.2
Manufacturing	11.9	17.5	16.5	8.0	6.8	4.7	5.7	2.6	5.4	5.2	4.4	5.6	3.3
Construction	6.0	9.3	4.8	3.7	6.8	4.6	5.1	1.8	4.0	7.5	15.5	22.2	18.3
Services	7.2	9.2	8.1	5.5	6.3	7.0	7.1	7.1	7.1	6.6	5.7	6.6	7.0

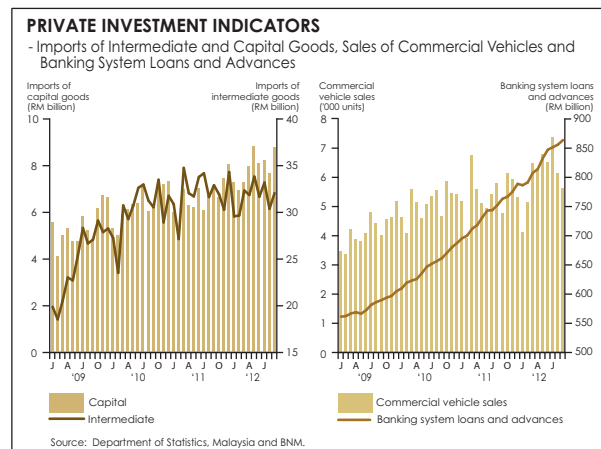
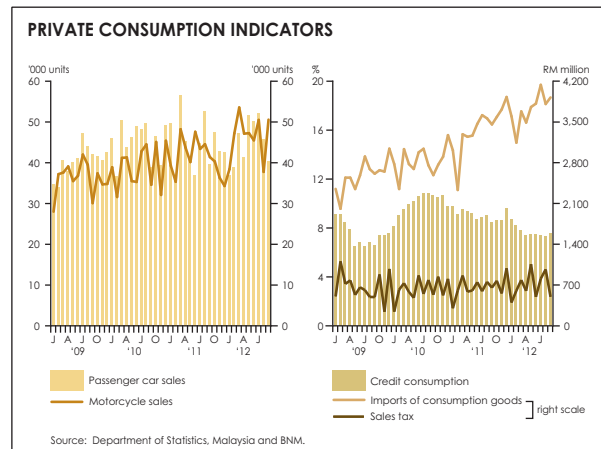
Source: Department of Statistics, Malaysia.

consumption registered a strong growth of 8.5% during the quarter (Q2 2012: 8.8%) supported by high household spending following stable labour market conditions and a strong stock market performance. The second payout of RM5,000 to FELDA settlers in July provided further impetus to consumer spending especially in rural areas. In addition, consumption activities benefited from higher spending by consumers in conjunction with the Ramadhan month and Aidilfitri celebration. The MIER Consumer Sentiments Index remained above the 100-point threshold, increasing to 118.3 points (Q2 2012: 114.9 points). Higher consumer spending was reflected by the strong performance of major consumption indicators. These included services and sales tax collection as well as imports of consumption goods, which recorded a double-digit growth of 23.6%, 12.7% and 11.4% (Q2 2012: -2.1%; 10.3%; 10.7%), respectively. **Public consumption** continued its positive trend, albeit at a slower growth of 2.3% (Q2 2012: 10.9%) due to lower spending on supplies and services during the quarter.

REAL GROSS DOMESTIC PRODUCT (% annual change) Demand Side													
	2010				2011				2012				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
GDP	7.2	10.1	9.0	5.2	4.8	5.1	5.1	4.3	5.7	5.2	5.1	5.6	5.2
Dom. demand ¹	7.0	6.0	9.5	5.9	6.9	8.2	8.2	5.4	8.7	10.4	10.0	14.0	11.4
Consumption	5.8	5.9	8.3	3.9	5.4	8.9	7.7	6.5	10.0	11.1	7.7	9.2	7.3
Investment	10.4	6.2	12.5	11.6	11.1	6.5	9.8	2.7	5.4	8.4	16.1	26.1	22.7
Exports	11.3	21.2	15.6	8.1	2.6	4.2	1.9	4.6	4.8	5.5	2.8	2.1	-3.0
Imports	15.6	28.5	23.2	11.6	3.9	6.2	9.3	4.0	3.9	7.8	6.8	8.1	4.4

¹ Excluding change in stocks.
Source: Department of Statistics, Malaysia.

Gross fixed capital formation (GFCF) registered a strong growth of 22.7% (Q2 2012: 26.1%), underpinned by accelerated capital spending by the private and public sectors. Private investment expanded at a robust pace of 22.9% (Q2 2012: 24.6%) supported by expenditure in transport equipment and industrial machinery. Meanwhile, public investment grew 22.4% (Q2 2012: 28.9%) on account of strong capital



spending by non-financial public enterprises (NFPEs) mainly in the transportation and oil and gas sectors. Strong growth in investment activities was mirrored by major investment indicators, such as imports of capital goods and sales of commercial vehicles which remained robust at 22.6% and 19.6% (Q2 2012: 27.1%; 25.3%), respectively.

For the first nine months of 2012, GFCF grew significantly by 21.8% (January-September 2011: 5.8%). Private investment registered a robust growth of 22.5% (January-September 2011: 10.7%), underpinned by acceleration of capital spending particularly in domestic-oriented activities. In nominal terms, private investment surged to RM112.2 billion during the same period. In addition, public investment expanded strongly by 20.5% (January-September 2011: -1.5%) following higher capital spending by NFPEs.

Services recorded solid growth

The services sector strengthened further by 7% in the third quarter of 2012, accounting for 54.7% of total GDP (Q2 2012: 6.6%; 54.6%). Growth was led by the intermediate services group, which increased 8.8% (Q2 2012: 7.2%) supported by the strong performance of the finance and insurance as well as real estate and business services subsectors. Meanwhile, the final services group grew 4.2% (Q2 2012: 5.5%) boosted by the wholesale and retail trade as well as accommodation and restaurant subsectors.

The finance and insurance subsector recorded a strong growth of 11.8% (Q2 2012: 6.6%) driven by higher net interest and fee-based income as well as insurance premiums. As at end-September 2012, total loans outstanding grew 11.9% to RM1,088.2 billion (end-June 2012: 12.6%; RM1,067.3 billion). Loans to the household sector rose 11.9% (Q2 2012: 11.8%) backed by higher demand for the purchase of residential properties, passenger cars and securities. The insurance segment charted a solid growth of 17.5% (Q2 2012: 17.3%) due to higher life and general insurance policies. Meanwhile, the volume of equity market transactions grew 15.7% to 73.1 billion units valued at RM102.7 billion (Q2 2012: 16.1%; 76 billion units; RM95.2 billion). The real estate and business services subsector grew 7.2% (Q2 2012: 7.6%) mainly driven by sustained

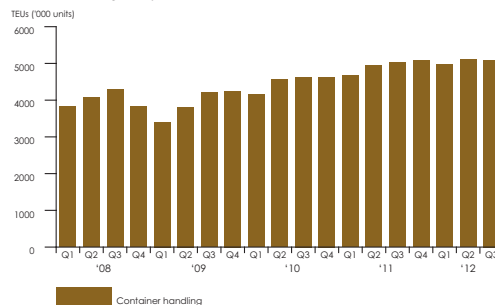
SERVICES SECTOR (% annual change)	2010				2011	2011				2012			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	
													2010
Intermediate services	7.9	9.6	9.3	6.8	5.9	6.2	6.4	6.1	5.9	6.5	5.1	7.2	8.8
Transport and storage	6.9	8.5	8.6	5.6	5.2	5.4	4.1	5.1	6.1	6.0	5.9	5.8	3.6
Communication	9.1	7.6	8.8	9.6	10.3	7.6	6.2	6.5	8.9	8.8	9.4	9.5	9.1
Finance and insurance	8.2	8.4	10.8	8.3	5.4	6.5	7.7	5.7	5.3	7.1	2.0	6.6	11.8
Real estate and business services	7.1	13.9	7.5	3.3	4.5	5.5	5.7	7.1	4.6	4.4	6.9	7.6	7.2
Final services	7.1	9.4	7.2	5.5	6.7	6.0	5.5	6.2	6.9	5.5	5.7	5.5	4.2
Utilities	7.0	15.0	7.8	3.0	3.3	3.1	1.7	2.5	4.5	3.6	5.0	4.3	3.8
Wholesale and retail trade	8.3	10.1	9.0	6.3	8.0	7.1	6.6	6.4	8.4	6.8	6.4	5.9	4.4
Accommodation and restaurant	6.8	7.3	7.6	6.9	5.4	6.0	4.8	6.4	6.3	6.3	6.1	6.8	4.0
Other services	4.3	6.1	1.9	4.0	5.4	4.7	4.9	7.4	4.3	2.5	4.3	4.3	3.8
Government services	5.7	7.5	7.8	1.8	5.9	12.4	14.5	13.6	11.5	10.4	7.1	8.4	11.0
Total services	7.2	9.2	8.1	5.5	6.3	7.0	7.1	7.1	7.1	6.6	5.7	6.6	7.0

Source: Department of Statistics, Malaysia.

SELECTED SERVICES SECTOR INDICATORS

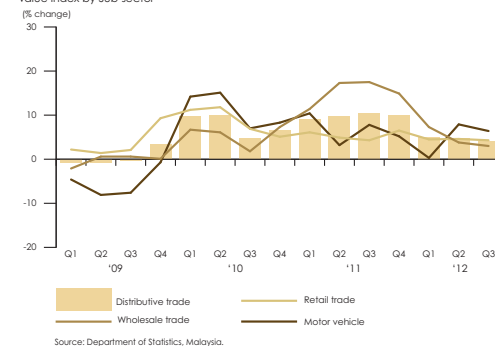
PORT ACTIVITY

- Container Handling at Major Ports



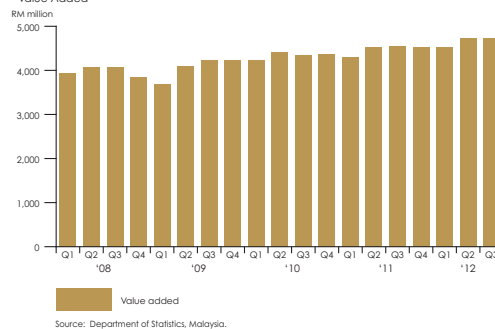
DISTRIBUTIVE TRADE

- Value Index by Sub-sector

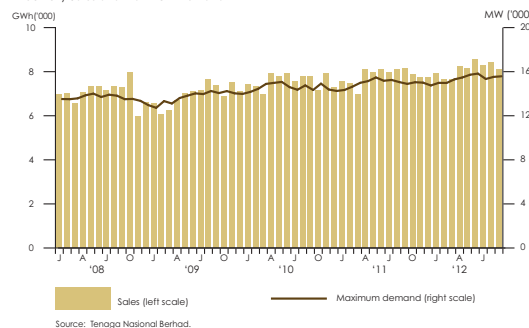


UTILITIES

- Value Added



Electricity Sales and Maximum Demand



property market activities while professional services benefited from higher engineering, oil and gas as well as rental and leasing services. During the quarter, the total volume of property transactions rose 3.8% to 111,572 units valued at RM37.3 billion (Q2 2012: -2.3%; 112,394 units; RM35.9 billion).

The communication subsector increased 9.1% (Q2 2012: 9.5%) supported by a higher subscriber base in the 3G, cellular and broadband segments. As at end-September 2012, the cellular phone subscriber base grew 11.5% to 39.8 million with a penetration rate of 137.7% (end-June 2012: 10.7%; 39 million; 135.3%). Growth was attributed to higher uptake of smartphones mainly for mobile Internet services. In addition, the 3G subscriber base grew 36.3% to 13.6 million (end-June 2012: 23.2%; 12 million). Meanwhile, broadband subscriptions rose further by 10.8% to 6.2 million with a household penetration rate of 63.8% (end-June 2012: 8.2%; 5.8 million; 63.7%). This was largely due to continuous upgrading of network coverage and affordable data packages. In addition, the number of wireless hotspot locations increased to 29,968 nationwide (end-June 2012: 26,698).

The wholesale and retail trade subsector grew 4.4% (Q2 2012: 5.9%) spurred by resilient household spending in the retail segment, which rose 5.3% (Q2 2012: 7.4%). Meanwhile, the accommodation and restaurant subsector increased 4% (Q2 2012: 6.8%) supported by higher domestic consumption following the Hari Raya celebration, bonus payment to civil servants and 1Malaysia Mega Sale Carnival. This was also reflected in higher credit card spending and imports of consumption goods at 5% and 11.4% (Q2 2012: 5.9%; 10.7%), respectively.

The transport and storage subsector moderated to 3.6% (Q2 2012: 5.8%) on account of slower trade activity. In the land transport segment, traffic volume on tolled highways increased 3.4% to 387.9 million vehicles (Q2 2012: 0.2%; 384.3 million) partly due to discounted toll rates during the festive season. Total ridership

on urban rail services in the Klang Valley rose 1.5% to 49.2 million passengers (Q2 2012: 1.2%; 47.8 million) mainly due to improved service capacity. However, Keretapi Tanah Melayu Berhad (KTMB) intercity passenger traffic declined 3.9% to 1 million (Q2 2012: -15.5%; 1 million). Meanwhile, rail cargo continued to expand 2.2% to 1.5 million tonnes and raised revenue by 3.5% to RM32.7 million (Q2 2012: 3.8%, 1.5 million tonnes; -0.2%, RM30.4 million), supported by higher transport of construction materials.

In the air transport segment, total passenger traffic at airports nationwide rose 3.6% to 17.1 million (Q2 2012: 1.9%; 16.9 million) partly due to increased connectivity following the entry of five new airlines to Malaysia. Similarly, total passengers on domestic airlines (Malaysia Airlines System (MAS), AirAsia, Firefly, MASWing and AirAsia X) grew 1.1% to 9.5 million (Q2 2012: -0.8%; 9.5 million) boosted by increased frequency and connectivity as well as continuous promotional activities. In contrast, total air cargo handled at all airports contracted 0.9% to 227,751 tonnes (Q2 2012: -0.004%; 225,345 tonnes) due to slower E&E exports.

Total container throughput at seven major ports grew 1.4% to 5.1 million twenty-foot equivalent units (TEUs) (Q2 2012: 3.3%; 5.1 million TEUs). Port Klang handled 2.5 million TEUs while PTP handled 1.9 million TEUs (Q2 2012: 2.5 million TEUs; 2 million TEUs) contributing 49.3% and 37.8% of total container throughput (Q2 2012: 49.7%; 38.2%), respectively. Similarly, the number of ship calls rebounded 0.2% to 11,727 ships (Q2 2012: -4.5%; 11,332 ships).

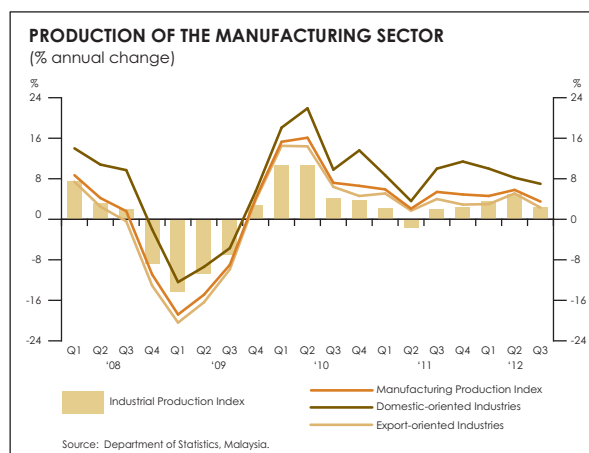
The utilities subsector grew 3.8% (Q2 2012: 4.3%) on account of slower electricity and gas consumption from the industrial segment due to the shorter number of working days during the festive season. The Electricity Production Index increased at a slower pace of 3.7% to 130.7 points (Q2 2012: 5.3%; 132.2 points) while electricity sales rose 2.6% to 24,806 gigawatt hours (GWh) (Q2 2012: 3.2%;

24,922 GWh). The maximum demand for electricity peaked at 15,581 megawatts (MW) in September (Q2 2012: 15,826 MW in June). Meanwhile, the water segment grew 3.3% (Q2 2012: 4.2%) due to slower consumption by commercial users. The other services subsector increased 3.8% (Q2 2012: 4.3%) driven by higher private health and education activities. Meanwhile, the government services subsector grew 11% (Q2 2012: 8.4%).

Supported by domestic-oriented industries

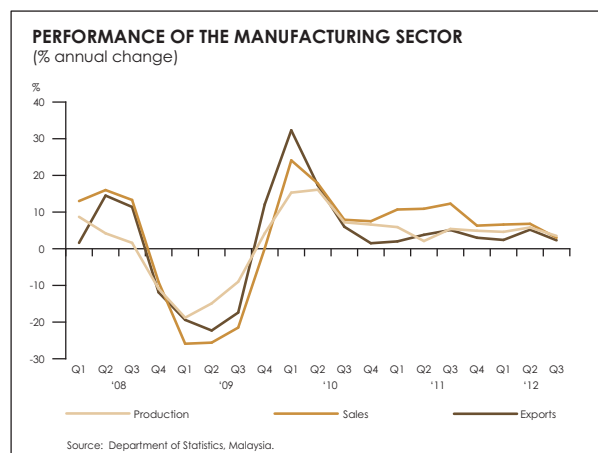
Value-added of the manufacturing sector expanded 3.3% during the quarter (Q2 2012: 5.6%). Output increased 3.5% (Q2 2012: 5.8%) supported by continued strong expansion of domestic-oriented industries. Sales of manufacturing products grew 3% to RM155.5 billion during the same period (Q2 2012: 6.8%; RM157.1 billion) while the overall capacity utilisation rate was sustained at 81.9% (Q2 2012: 82.8%).

Export-oriented industries recorded a slower growth of 2.3% (Q2 2012: 5.1%), affected by weakening external demand, particularly from the euro area and China. Moderating growth was registered in major subsectors such as E&E (1.2%), chemicals and chemical products (6.2%) as well as rubber products (2.2%). Of significance, output of audiovisual and communication apparatus as well as



office, accounting and computing machinery contracted 13.1% and 13.6%, respectively, in line with the slower growth of global semiconductor sales and the book-to-bill ratio. Meanwhile, petroleum output declined 0.2% due to the sharp contraction in natural gas production during the quarter.

Output of domestic-oriented industries was sustained at 7% (Q2 2012: 8.2%) led by strong output of construction-related industries (10.5%), which benefited from robust civil engineering and residential activities. In particular, output of structural metal products, ready-mix concrete and refractory ceramic registered a robust growth of 40.1%, 18.2% and 11.8%, respectively. Meanwhile, food products rose 5.8% on account of stronger



MANUFACTURING PRODUCTION INDEX
(2005 = 100)
(% annual change)

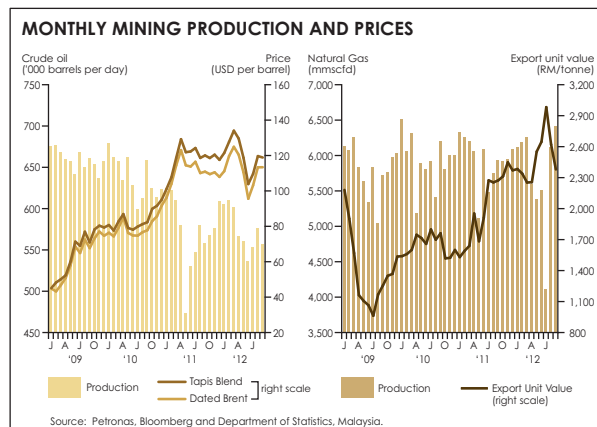
	2010	2010				2011	2011				2012		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Overall Manufacturing	11.1	15.3	16.1	7.2	6.6	4.7	5.9	2.2	5.4	4.9	4.6	5.8	3.5
Export-oriented industries	9.7	14.5	14.4	6.4	4.6	3.4	5.1	1.7	4.0	2.9	3.0	5.1	2.3
Electrical and electronic products	17.4	36.0	30.4	9.6	0.1	-3.6	-5.3	-5.5	-0.5	-3.0	0.0	2.9	1.2
Chemicals and chemical products	11.5	24.7	10.3	7.9	4.7	8.8	5.5	4.2	9.7	14.1	9.1	10.8	4.2
Petroleum products	-2.4	-22.1	-0.8	0.2	16.3	6.2	26.0	1.4	1.7	-1.1	3.8	9.5	-0.2
Textiles, apparel and footwear	4.2	4.0	-3.9	3.9	13.2	10.4	23.9	11.9	7.2	0.4	-10.3	-3.0	-7.6
Wood products	11.7	30.6	16.2	3.2	0.8	-5.9	-4.9	-8.0	-3.2	-5.4	-1.3	8.5	9.3
Off-estate processing	-2.3	4.3	0.2	2.9	-14.1	8.7	-7.4	17.6	9.9	13.8	2.2	-15.4	2.5
Rubber products	20.8	37.8	19.1	17.5	12.7	13.9	12.4	18.3	15.5	9.5	3.4	4.1	2.2
Paper products	10.4	27.1	15.9	1.6	1.6	11.6	14.4	17.2	9.8	5.5	-3.5	-6.2	-2.3
Domestic-oriented industries	15.6	18.1	21.9	9.8	13.6	8.9	8.9	3.8	10.3	12.8	10.0	8.2	7.0
Basic metals	21.1	35.1	33.7	6.8	12.8	1.4	-6.7	-3.6	2.1	1.0	-11.7	-2.0	-5.3
Fabricated metal products	15.0	14.9	19.0	2.5	24.7	23.8	30.0	20.1	27.5	17.5	17.4	7.6	21.5
Non-metallic minerals	22.6	21.7	20.9	21.3	26.1	21.6	21.8	31.7	20.8	13.2	9.5	4.7	5.7
Transport equipment	29.7	40.5	38.6	20.7	20.8	-1.0	-3.9	-14.7	1.0	15.1	9.9	14.6	12.7
Food products	3.1	0.9	5.7	2.7	3.0	4.6	3.1	1.9	3.5	10.0	14.1	11.8	5.8
Beverages	31.4	8.9	43.5	43.4	31.0	4.7	22.2	3.2	5.9	5.2	0.8	3.2	-9.2
Tobacco products	0.9	-1.6	-3.4	7.7	1.8	11.8	-10.2	0.0	22.4	38.4	31.7	20.9	6.6
Others	-10.6	8.7	10.9	-22.4	-32.2	-1.2	-18.8	-14.9	9.8	27.4	18.0	6.4	-15.6

Source: Department of Statistics, Malaysia.

consumption spending during the festive season. Production of transport equipment increased 12.7% supported by higher growth in the shipbuilding segment and sustained sales of motor vehicles as well as parts and accessories.

Lower natural gas production

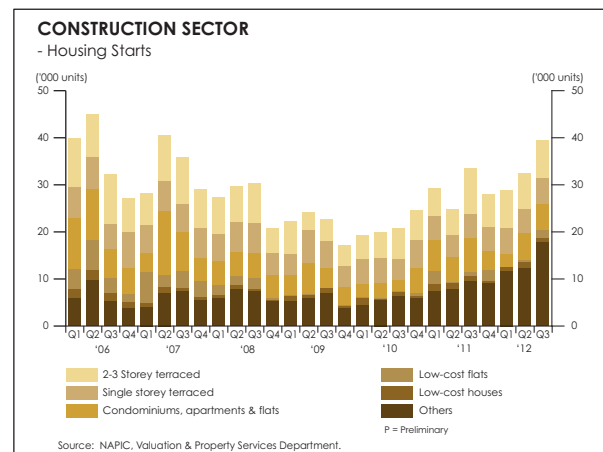
The mining sector recorded a marginal contraction of 1.2% (Q2 2012: 2.3%) on account of a sharp contraction in the production of natural gas. Output of natural gas declined 3.3% (Q2 2012: -4.4%) due to a longer-than-expected shutdown of several gas facilities for maintenance purposes. Production of crude oil including condensates contracted marginally by 0.1% (Q2 2012: 5.7%).



Construction activity remained robust

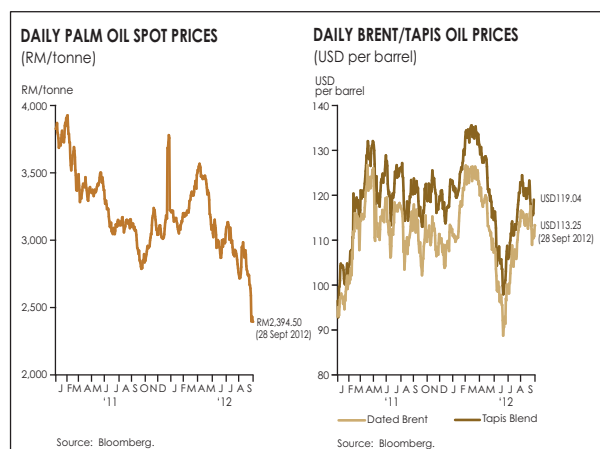
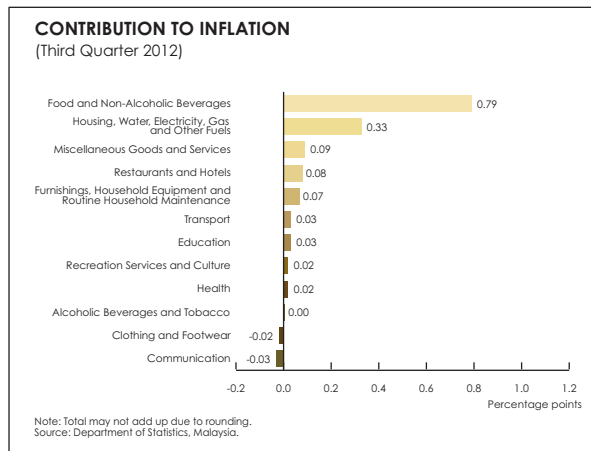
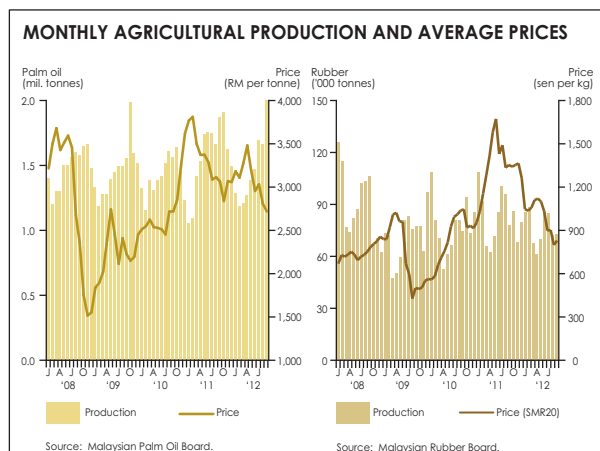
The construction sector continued to record a strong growth of 18.3% in the third quarter of 2012 (Q2 2012: 22.2%) contributed by the robust expansion in the civil engineering and residential subsectors. The civil engineering subsector grew at a double-digit pace of 28.5% (Q2 2012: 39.8%) amid accelerating works in large-scale infrastructure projects, namely the Sungai Buloh – Kajang Line MY Rapid Transit, LNG Regasification Terminal,

Melaka and Manjung coal-fired plant. The residential subsector also grew strongly by 16.4% (Q2 2012: 20.1%) mainly supported by stronger high-end housing starts in Klang Valley, Sabah and Penang. Meanwhile, the special trade subsector grew 8.6% (Q2 2012: 11.4%), while the non-residential subsector rose 13.4% (Q2 2012: 11.7%) due to increasing construction of commercial and industrial buildings, particularly the Polycrystalline Silicon factory in Sarawak.



Supported by production of food crops

Value-added of the agriculture sector rebounded 0.5% (Q2 2012: -4.7%) supported by strong production of food crops. Value-added of the oil palm subsector rebounded 1.6% (Q2 2012: -17.5%) underpinned by the recovery in the output of crude palm oil. The other agriculture subsector grew 7.5% (Q2 2012: 9.6%) backed by higher production of vegetables and fruits. Meanwhile, the livestock subsector grew 7.1% (Q2 2012: 7.7%) boosted by the increase in poultry output. The fishing subsector recovered 4.7% (Q2 2012: -0.2%) supported by higher marine and aquaculture produce. In contrast, the forestry and rubber subsectors declined 12.7% and 15.6%, respectively.



percentage point to the total CPI increase with lower price increases registered in most subgroups. During the quarter, prices of meat fell further by 3.1%, while prices of the fish and seafood subgroup continued to register an increase 7.3%. The lower food inflation is also attributed partially to Government price control on several food items during the festive season. As a whole, prices in the food at home and food away from home categories rose 2.2% and 3.5%, respectively (Q2 2012: 2%; 4%). Similarly, prices in the transport group continued to increase at a lower 0.2% (Q2 2012: 0.5%).

Prices

Inflation increased modestly

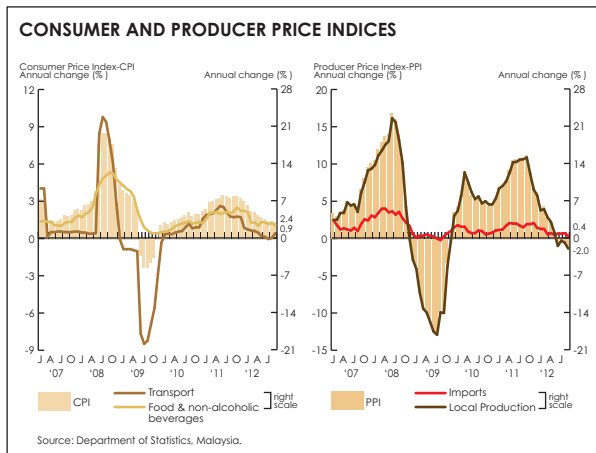
The Consumer Price Index (CPI) recorded a smaller increase of 1.4% in the third quarter of 2012 (Q2 2012: 1.7%), following lower price increase in the food and non-alcoholic beverages as well as transport groups. Meanwhile, the main contributors to the CPI increase were the food and non-alcoholic beverages as well as housing, water, electricity, gas and other fuels groups, which accounted for 1.1 percentage points.

Prices in the food and non-alcoholic beverages group, which rose at a slightly slower pace of 2.6% (Q2 2012: 2.7%), contributed 0.8

In addition, the modest growth in the CPI was contributed by the lower price increases registered in other groups, namely housing, water, electricity, gas and other fuels (1.5%); restaurants and hotels (2.6%); furnishings, household equipment and routine household maintenance (1.8%) as well as miscellaneous goods and services (1.4%) (Q2 2012: 1.6%; 3.1%; 2.3%; 2.3%). Price increase in the last three groups was contained, despite higher demand during the fasting month, Hari Raya celebration and school holidays. As in the previous quarter, the increase in inflation was mitigated by the continued decline in prices in the clothing and footwear as well as communication groups, both by 0.6% (Q2 2012: -0.4%; -0.6%), amid strong market competition.

[In October 2012, the inflation rate held steady at 1.3% (September 2012: 1.3%). The major contributors to the increase were the food and non-alcoholic beverages; housing, water, electricity, gas and other fuels as well as transport groups, which accounted for 1.1 percentage points of the CPI increase. Overall, from January to October 2012, inflation moderated to 1.7% (January – October 2011: 3.2%)]

The Producer Price Index (PPI), which measures changes in the price of commodities charged by domestic producers and those paid by importers, slipped into negative territory by 0.7% in the third quarter of 2012 (Q2 2012: 0.8%). This was the first quarterly decrease since the third quarter of 2009, largely attributed to price decline in the local production component by 1.1% (Q2 2012: 0.8%). In contrast, prices of the import component increased marginally by 0.7% (Q2 2012: 0.8%).



The decline in the PPI for local production was due to a sharp contraction in the prices of crude materials, inedible as well as animal and vegetables oils and fats groups, at 12% and 8.3% (Q2 2012: -4.7%; -7.8%), respectively. Meanwhile, the PPI for local production by stage of processing recorded a decline in

crude materials for further processing as well as intermediate materials, supplies and components of 3.9% and 0.9%, respectively (Q2 2012: -1.1%; 1.5%).

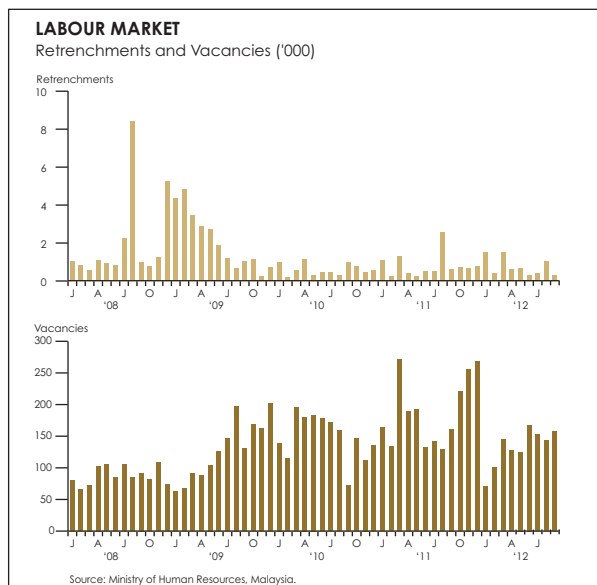
The price increase in the PPI for imports was mainly contributed by the machinery and transport equipment group at 1.2% (Q2 2012: 0.3%). However, this was offset by declining prices in most groups, namely animal and vegetable oils and fats (-7.6%); miscellaneous transactions and commodities (-3.4%); crude materials, inedible (-1.4%); mineral fuels, lubricants (-0.6%); manufactured goods (-0.6%) as well as beverages and tobacco (-0.3%) (Q2 2012: -5.4%; 1.4%; -0.7%; 3.8%; -0.3%; -0.8%).

Employment

Favourable labour market conditions

Labour market conditions remained encouraging in the third quarter of 2012 with total employment growth of 2.8%, outpacing the growth in labour force at 2.7%. Consequently, the unemployment rate remained stable at 3.0% (Q2 2012: 3.0%).

Vacancies reported to JobsMalaysia increased to 453,893 in the third quarter (Q2 2012: 419,636). The manufacturing sector contributed the bulk of vacancies at 168,308 or 37.1%, followed by the services (95,648) and construction (95,176) sectors. In terms of job category, the elementary occupations constituted more than half of the vacancies, followed by the skilled agricultural and fishery workers category at 9.3%. Meanwhile, the number of active job seekers registered with JobsMalaysia decreased to 325,855 as at end-September 2012 (end-June 2012: 347,873). The number of workers retrenched also decreased 51% to 1,767 (Q2 2012: 1,516).



Interest rates remained supportive

During the third quarter of 2012, the monetary policy stance was unchanged with the Overnight Policy Rate (OPR) remaining at 3.00%, amid volatility in international financial markets and risks of slower global growth. The base lending rate (BLR) of commercial banks was maintained at 6.53% as at end-September 2012 (end-June 2012: 6.53%), while the weighted average lending rate (ALR) was steady at 5.55% (end-June 2012: 5.60%). The average fixed deposit rates of all maturities were in the range of 2.91% and 3.16% (end-June 2012: 2.90% and 3.19%). The real return on fixed deposits remained positive as inflation was benign at 1.4% in the third quarter of 2012.

Monetary and Financial Developments

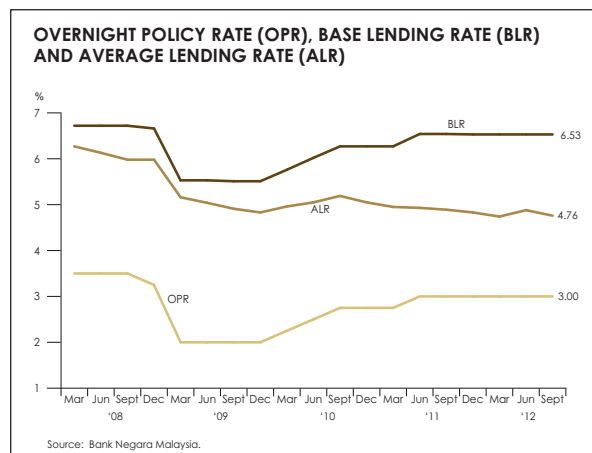
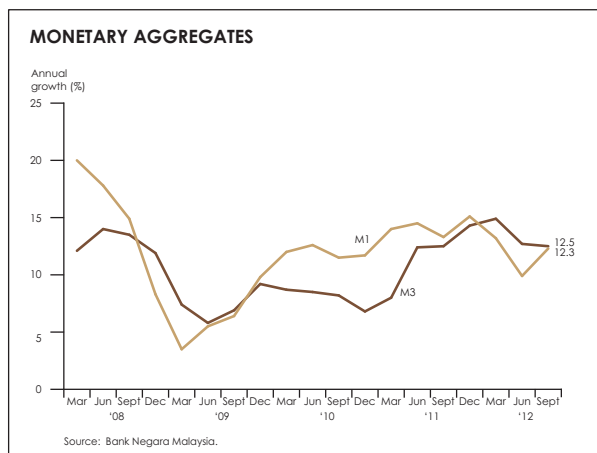
Monetary aggregates expanded steadily

The monetary aggregates continued to increase in the third quarter of 2012. M1 or narrow money recorded a double-digit growth of 12.3% as at end-September 2012 in line with robust domestic demand (end-June 2012: 9.9%). M3 or broad money also rose 12.5% amid sustained bank lending to the private sector, higher Government spending and increased net foreign inflows (end-June 2012: 12.8%). The growth of M3 was partially mitigated by Bank Negara Malaysia's operations to absorb excess liquidity in the market.

INTEREST RATES OF COMMERCIAL BANKS (%)

	End-June 2012	End-Sept 2012
Base lending	6.53	6.53
Weighted average lending	5.60	5.55
Savings deposit	1.04	1.03
Fixed deposit		
1 - month	2.90	2.91
3 - month	2.99	2.98
6 - month	3.04	3.03
9 - month	3.08	3.06
12 - month	3.19	3.16

Source: Bank Negara Malaysia.

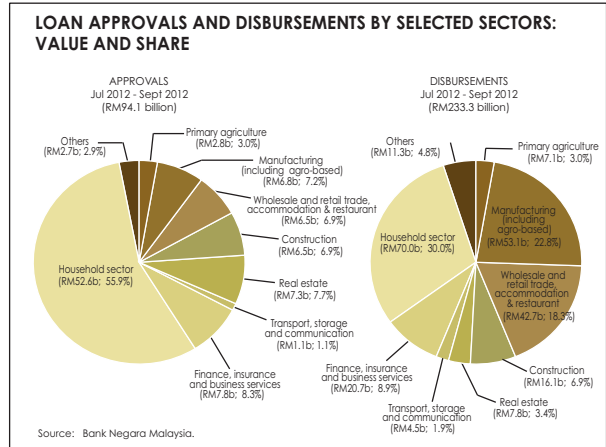
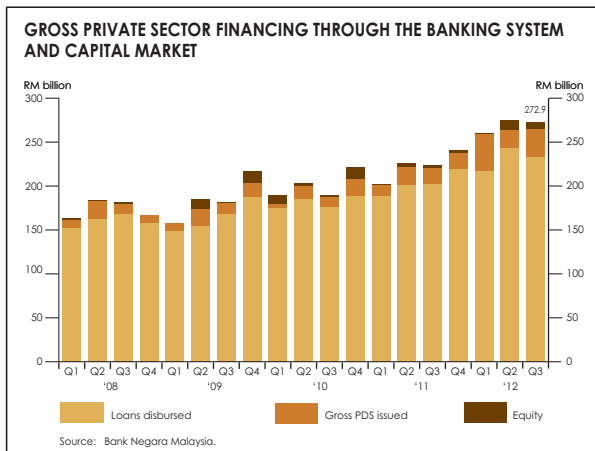


[In the last meeting for the year on 8 November 2012, the Monetary Policy Committee maintained the OPR at 3.00% for the ninth consecutive time. The monetary policy stance continued to be accommodative and supportive of the economy]

Sustained private sector financing

Gross private sector financing raised through the banking system and capital market expanded 21.9% to RM272.9 billion during the third quarter of 2012 (Q2 2012: 22.3%; RM275 billion). Loan disbursements by the banking system, which increased 15.4% to RM233.3 billion, accounted for the bulk of the private sector financing (Q2 2012: 21.2%; RM243.4 billion). Equity issuances amounted to RM7.9 billion (Q2 2012: RM12 billion), with a few large initial public offerings during the quarter. Meanwhile, the issuance of private debt securities (PDS) increased significantly by 76.4% to RM31.8 billion (Q2 2012: -3.2%; RM19.6 billion).

During the third quarter of 2012, loan indicators moderated slightly as loan applications and loan approvals declined 2.6% to RM180 billion and 4.5% to RM94.1 billion, respectively (Q2

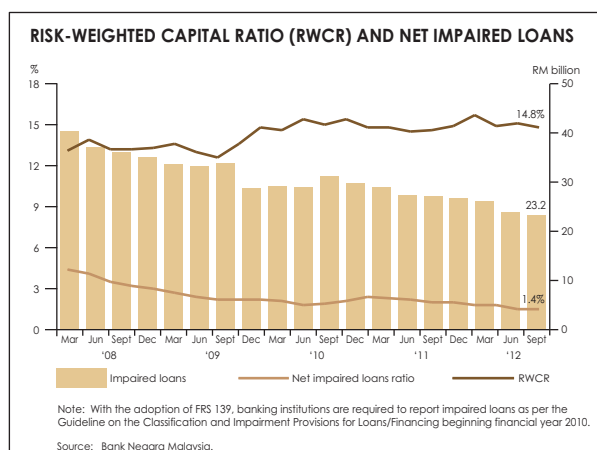
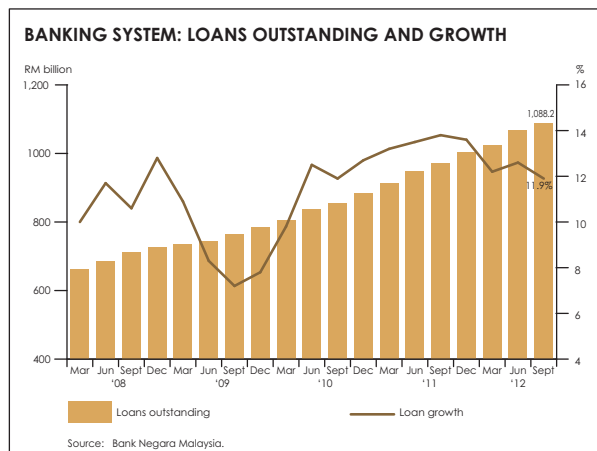


2012: +10.2%, RM220.1 billion; +1.1%, RM111.3 billion). Loan disbursements grew at a slower pace of 15.4% (Q2 2012: 21.2%). However, loans disbursed to households turned around and increased 5.7% to RM70 billion, accounting for 30% of the total loan disbursements by the banking system (Q2 2012: -2%; RM64.8 billion; 26.6%). Meanwhile, loans disbursed to businesses were mostly to the manufacturing sector (22.8%); wholesale and retail trade, accommodation and restaurant sector (18.3%); and finance, insurance and business services sector (8.9%) (Q2 2012: 22.8%; 18.7%; 10%).

Total loans outstanding of the banking system continued to expand, albeit at a slower rate of 11.9% to RM1,088.2 billion as at end-September 2012 (end-June 2012: 12.6%; RM1,067.3 billion). The household sector continued to account for most of the total loans outstanding with a share of 55% or RM598.3 billion (end-June 2012: 54.4%; RM581.1 billion).

Banking system remained sound

The banking sector remained resilient with robust capitalisation and firm asset quality. The risk-weighted capital ratio (RWCR) and core capital ratio (CCR) of the banking system stood at 14.8% and 13%, respectively as at end-September 2012 (end-June 2012: 15.1%; 13.4%). Pre-tax profits of the banking



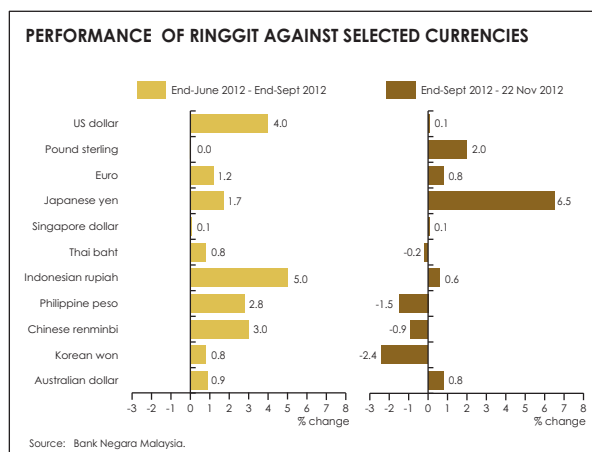
system rose to RM7.4 billion mainly due to higher revenue from financing activities and lower overhead costs (Q2 2012: RM6.8 billion). Meanwhile, the asset quality was steady with the net impaired loans ratio remaining at a low 1.4% of net total loans as at end-September 2012 (end-June 2012: 1.5%).

Ringgit strengthened

During the quarter, the ringgit appreciated against major and regional currencies except against the pound sterling. The ringgit's performance was supported by continued foreign flows and positive investor sentiment. Investor sentiment was influenced by several encouraging developments which included strong domestic economic fundamentals,

the announcement of further monetary easing in the advanced economies and the expectations of progress in resolving the European debt crisis. The ringgit rose 4% against the US dollar to RM3.0660 during the quarter and similarly strengthened between 0.1% and 5.0% against regional currencies.

[From 1 October to 22 November 2012, the ringgit continued to appreciate against major currencies. The ringgit gained against the US dollar (0.1%), euro (0.8%), pound sterling (2.0%) and yen (6.5%). Meanwhile, the ringgit's performance against regional currencies was mixed, but also appreciated against the Singapore dollar (0.1%), rupiah (0.6%) and Australian dollar (0.8%)]



Robust fund raising

Fund raising in the capital market increased strongly during the third quarter of 2012. Gross funds raised in the capital market rose 43.4% to RM68.5 billion (Q2 2012: 16.2%; RM59.8 billion), while net funds increased to RM28.7 billion (Q2 2012: RM27.6 billion). This was partly due to higher issuance of PDS. After adjusting for redemptions, net funds raised by the public sector grew to RM10.4 billion. Similarly, net funds raised by the private sector

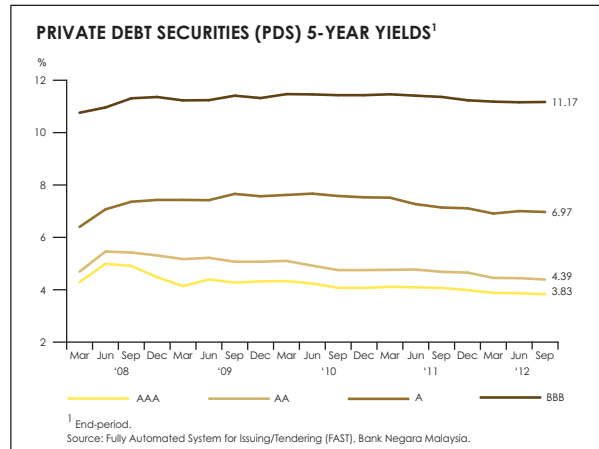
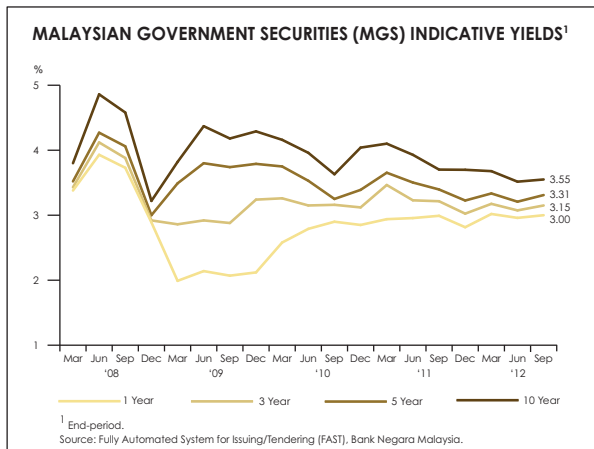
FUNDS RAISED IN THE CAPITAL MARKET (RM million)							
	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
BY PUBLIC SECTOR	24,581	3,527	1,550	15,896	13,652	5,023	10,419
Government securities (net)	24,638	4,974	1,599	15,938	24,815	9,589	7,819
Malaysia Government Securities	15,138	16,707	14,032	12,946	12,815	16,074	14,210
Government Investment Issues	9,500	10,028	10,785	6,105	12,000	11,078	11,109
Less: Redemptions	-	21,761	23,218	3,112	9,244	17,563	17,500
Khazanah Bonds (net)	-	-	-	-	-	-	-
Saving Bonds (net)	(57)	(1,447)	(49)	(42)	(1,919)	(4,565)	(0)
BY PRIVATE SECTOR	5,141	17,324	11,140	3,524	29,819	22,540	18,257
Shares/Warrants	1,113	3,829	3,841	3,838	1,334	12,028	7,917
Debt Securities (net)	4,028	13,495	7,299	(314)	28,482	10,512	10,340
Private Debt Securities ¹	12,218	20,907	19,075	17,361	44,775	20,622	32,614
Less: Redemptions	8,190	7,412	11,776	17,675	16,050	10,109	22,274
TOTAL	29,722	20,851	12,690	19,420	43,471	27,563	28,676

Source: Bank Negara Malaysia.
¹Including Gagamas

rose 63.9% to RM18.3 billion (Q2 2012: RM5 billion; 30.1%, RM22.5 billion), following the large initial public offering (IPO) issuances of IHH Healthcare Berhad and the relisting of Astro Malaysia Holdings Berhad during the quarter.

Yields on 5-year and 10-year Malaysian Government Securities (MGS) increased 11 basis points (bps) and 4 bps to 3.31% and 3.55% (Q2 2012: -13 bps, -16 bps; 3.21%, 3.52%), respectively on account of the continued uncertainties in global financial markets and economic conditions in the near-term. Likewise, yields on 1-year MGS also rose 4 bps to 3.00% (Q2 2012: -6 bps; 2.96%).

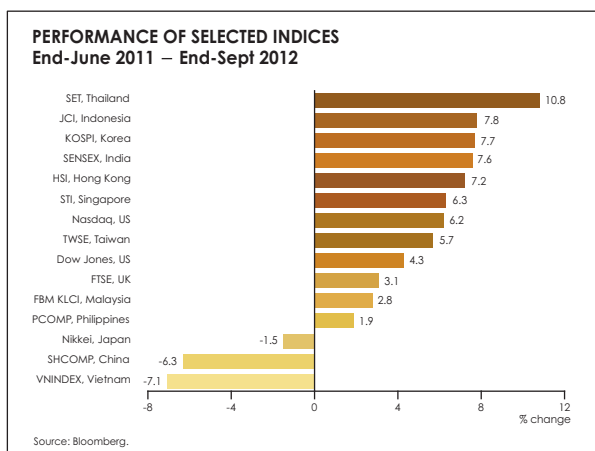
The yield performance in the PDS market was more stable, with yields on 5-year AAA and AA



corporate bonds declining 4 bps and 5 bps to 3.83% and 4.39% (Q2 2012: -1 bps and -1 bps; 3.87% and 4.44%), respectively. Similarly, yields on 5-year A-rated paper declined 3 bps to 6.97% (Q2 2012: +9 bps; 7.0%). The PDS yields were in the range of 3.83% and 11.17% (Q2 2012: 3.87% and 11.16%).

Listing of large IPOs boosted market sentiment

The performance of the stock market was upbeat in the third quarter of 2012 in line with the performance on Wall Street and most regional markets. In July, the FBM KLCI continued its positive momentum from the previous month and recorded an increase of 2% following the successful listing of Felda Global Venture Holdings Berhad (FGVH) on 28 June 2012, the second largest IPO after Facebook. Meanwhile the concurrent listing of IHH on Bursa Malaysia and Singapore Exchange on 25 July 2012, as one of largest listed private healthcare providers in the world based on market capitalisation also boosted investor sentiment. Market sentiment was further lifted by the Bank of England's expansion of its bond-purchase programme to induce liquidity in the market while the European Central Bank (ECB) and China cut interest rates to help avert an economic slowdown in their respective jurisdictions.



The market maintained its upward trend in August by 0.9% supported by continued expectations of central banks stepping in to stimulate economic growth and the better-than-expected domestic economic growth in the second quarter, although concerns over Europe's debt situation contained market activities. However, the market retreated slightly in September by 0.6% despite improving risk appetite following the ECB's bond-purchasing plan, the US Fed's QE3 announcement and positive anticipation of the Budget 2013 announcement. Overall, the FBM KLCI increased 18% year-on-year to 1,636.66 points as at end-September 2012 (end-June 2012: 1,599.15 points).

Market capitalisation rose RM245 billion or 20.9% to RM1,417.29 billion as at end-September 2012 (end-June 2012: RM25.66 billion; 1.9%; RM1,367.88 billion). Total turnover also rose 15.7% to 73.1 billion units, valued at RM102.7 billion during the third quarter of 2012 (Q2 2012: 16.1%; 76 billion units; RM95.2 billion).

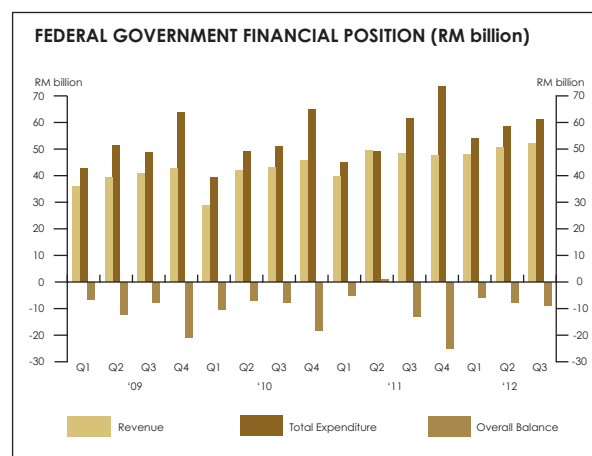
[The FBM KLCI was on the uptrend in October and recorded a new high of 1,675.69 points on 1 November 2012, bolstered by the positive external developments including improving US job data and reports on ECB action to buy government bonds of euro-indebted

nations; stronger-than-expected US retail sales, industrial production and housing data; as well as China's stronger manufacturing output. However, the market retreated to 1,618.55 points on 22 November 2012, as investors remained concerned over the US fiscal cliff, and Europe's unresolved debt problems]

Federal Government Finance

Higher revenue

Federal Government revenue increased 7.8% to RM52.1 billion (Q2 2012: 2.2%; RM50.7 billion) in the third quarter of 2012 on account of higher tax and non-tax revenue. Tax revenue, comprising 69.9% of total revenue, rose 9.1% to RM36.4 billion (Q2 2012: 70.2%; 4.1%; RM35.6 billion) contributed by higher receipts from direct and indirect taxes. Direct taxes increased 9.6% to RM27.5 billion (Q2 2012: 4.0%; RM27.1 billion) due to favourable collection of individual income tax which more than offset the decline in proceeds from company income tax. Meanwhile, receipts from petroleum income tax registered a marginal decline as crude oil prices (TAPIS) averaged USD116 per barrel during the quarter (Q2 2012: USD117 per barrel).



Receipts from indirect taxes increased 7.8% to RM9 billion (Q2 2012: 4.5%; RM8.5 billion) supported by resilient private consumption as well as positive business confidence and higher business activities. All major components of indirect taxes posted positive growth, with the exception of export duties, which decreased 31% to RM390 million (Q2 2012: -5.2%; RM509 million). The decline was mainly attributed to lower prices of crude oil (TAPIS), which is the single largest source of export duty receipts. Import duties, sales tax and service tax recorded a double-digit growth of 14.2%, 12.6% and 23.5% to RM596 million, RM2.4 billion and RM1.6 billion (Q2 2012: 11.0%, 10.3%, -2.1%; RM581 million, RM2.3 billion, RM1.2 billion), respectively. The increased receipts from import duties and sales tax were mainly on account of higher sales of motor vehicles and motor spare parts while improved collection from service tax was mainly due to higher collection from advertising, consultancy, hotel and insurance services. Similarly, proceeds from non-tax revenue increased 4.7% to RM15.7 billion (Q2 2012: -2.0%; RM15.1 billion) mainly due to higher receipts from licences and permits. Meanwhile, investment income remained stable at RM9.3 billion with dividend from PETRONAS amounting to RM9 billion during the quarter.

Lower expenditure

Federal Government spending declined 0.7% to RM61 billion in the third quarter of 2012 (Q2 2012: 19.7%; RM58.6 billion) with development expenditure contracting 13% while operating expenditure increased 2.5%. Operating expenditure amounted to RM50.1 billion or 82.1% of total expenditure (Q2 2012: RM48.2 billion; 82.4%). Expenditure on emoluments as well as supplies and services, the major components of operating expenditure and accounting for 31.1% and

	2010	2010				2011 ¹	2011				2012		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	159.7	28.7	42.0	43.1	45.8	185.4	39.8	49.6	48.3	47.7	47.9	50.7	52.1
Operating expenditure	151.6	31.9	37.1	38.6	44.1	182.6	38.7	40.6	48.8	54.5	45.6	48.2	50.1
Current balance	8.0	-3.2	4.9	4.6	1.7	2.8	1.1	9.1	-0.5	-6.9	2.3	2.5	2.0
Gross development exp.	52.8	7.3	12.1	12.5	20.8	46.4	6.4	8.3	12.6	19.1	8.5	10.3	10.9
Loan recoveries	1.5	0.3	0.1	0.2	0.9	1.1	0.1	0.1	0.3	0.6	0.4	0.0	0.1
Net development exp.	51.3	7.0	12.0	12.4	19.9	45.3	6.3	8.2	12.3	18.5	8.1	10.3	10.8
Overall balance	-43.3	-10.2	-7.1	-7.8	-18.2	-42.5	-5.2	0.8	-12.8	-25.4	-5.8	-7.8	-8.8
% to GDP	-5.4					-4.8							
<i>Memo Item:</i>													
Total Fed. Govt. Debt. (end of period)	407.21	378.3	381.6	397.8	407.1	456.1	430.2	437.2	440.8	456.1	470.8	476.7	484.6
% to GDP	51.2	47.6	48.0	50.0	51.2	51.8	48.8	49.6	50.0	51.8	49.2	55.9	51.8

¹ Preliminary

14.6% of the total, increased 17.1% and 4.8%, respectively. Similarly, transfers to statutory bodies increased 4.6% as the bulk of payments allocated for the year was made during the quarter. Meanwhile, expenditure on subsidies declined 20.6% to RM6.2 billion (Q2 2012: 41.1%; RM10 billion) mainly attributed to lower expenditure on fuel subsidies at RM4.4 billion in line with lower average price of Dated Brent at USD110 per barrel (Q2 2012: USD109 per barrel).

Development expenditure decreased to RM10.9 billion (Q2 2012: RM10.3 billion) as a larger portion of spending commitments were already made in the first two quarters of the year. In terms of share, the transport (22.4%), education (18.2%), public utilities (10.8%) and defence (7.9%) subsectors accounted for the bulk of development spending. During the quarter, with total expenditure exceeding total revenue, the Federal Government financial position registered a deficit of RM8.8 billion (Q2 2012: -RM7.8 billion).

Borrowing from domestic sources

Federal Government gross borrowing for the first nine months of 2012 amounted to RM77.1 billion, comprising mainly MGS and Government Investment Issues at RM43 billion and RM34

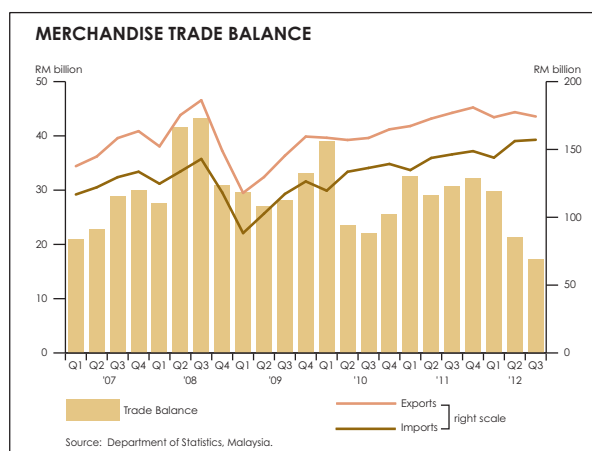
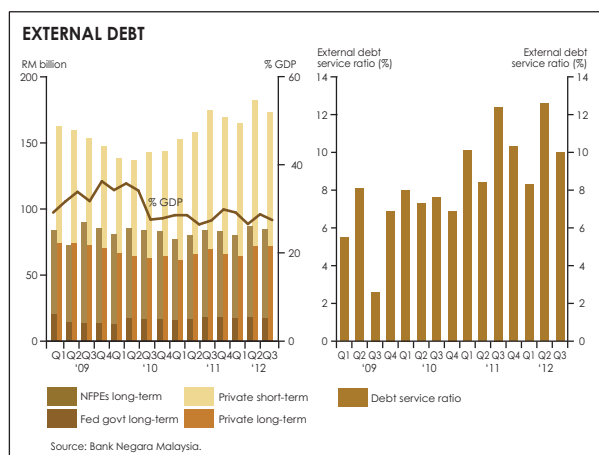
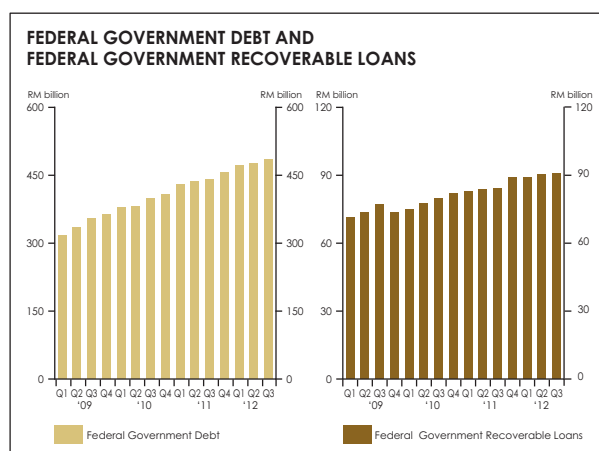
billion, respectively. Thus, Federal Government debt after netting out repayments, increased to RM484.6 billion or 51.8% of GDP (end-June 2012: RM476.7 billion; 50.9% of GDP). Of this, domestic debt comprised RM467.4 billion or 96.4% of total debt. Debt service charges remained manageable at 10.2% of operating expenditure (Q2 2012: 9.2%). The external or national debt comprising the external debt of Federal Government, Non-Financial Public Enterprises (NFPEs) and the private sector decreased to RM257.8 billion or 27.5% of GDP as at end-September 2012 (end-June 2012: RM269.3 billion; 28.8% of GDP) following lower short-term as well as and medium and long-term debt. The short-term debt declined to RM100.9 billion (end-June 2012: RM110.1 billion) largely due

to net repayment by the banking sector. The banking sector debt accounted for RM88.8 billion or 87.9% of the short-term debt (end-June 2012: RM98.9 billion; 89.8%). Comprising 60.9% of total external debt and mainly denominated in US dollar, the medium and long-term debt was lower at RM156.9 billion (end-June 2012: 59.1%; RM159.2 billion) as revaluation gains more than outweighed net borrowing. The private sector and NFPEs accounted for 45.9% and 43.1% of the medium and long-term debt while the balance was held by the Federal Government.

External Position

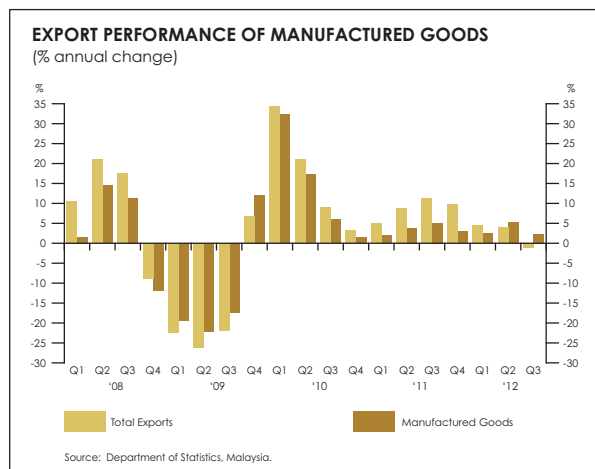
Total trade expanded moderately

Malaysia's total trade expanded 2.5% to RM331.4 billion (Q2 2012: 5.4%; RM333.7 billion) despite the weakening regional trade performance. Following lower external demand, gross exports contracted 1.5% to RM174.3 billion (Q2 2012: +2.8%; RM177.5 billion) affected by lower receipts of manufacturing products and commodity goods. In contrast, gross imports rose 7.3% to RM157.1 billion (Q2 2012: 8.7%; RM156.2 billion) underpinned by strong imports of capital and consumption goods. Despite relatively higher imports, the trade balance continued to register a surplus of RM17.2 billion (Q2 2012: RM21.3 billion).



Exports of manufactured goods moderated 2.3% to RM131.1 billion (Q2 2012: 5.2%; RM131.4 billion), in line with slowing global external demand from major trade partners, particularly China, the EU, Japan and Singapore. Nevertheless, growth was supported by exports of non-E&E products which expanded 6% to RM71 billion (Q2 2012: 12.2%; RM73.2 billion). Benefiting from firm global oil prices, export earnings of petroleum products rose further by 50.8% (Q2 2012: 43.7%), largely driven by refined and residual petroleum products. Shipments of wood products turned around 4.7% (Q2 2012: -2.6%) following stronger demand from Korea, Singapore and the US, while machinery and equipment expanded 3.4% (Q2 2012: 10.9%). Exports of food, beverages and tobacco as well as rubber products also recorded slower expansion of 0.8% and 2.6% (Q2 2012: 1.2%; 29.4%), respectively reflecting slowing demand from regional economies. Receipts from chemicals, chemical and plastics products declined sharply by 7.1% (Q2 2012: 6.1%), affected by lower sales of organic chemicals (-15.5%), inorganic chemicals (-37%) and fertilizers (-40.9%). Similarly, exports of iron, steel and metal products contracted 6.7% (Q2 2012: 3.3%) due to sluggish orders from major importers, particularly China.

Export receipts from E&E products shrank, albeit at a slower pace of 1.7% to RM60.1 billion (Q2 2012: -2.4%; RM58.2 billion), following



EXPORTS OF MANUFACTURED GOODS (% annual change)													
	2010	2010				2011	2011				2012		
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total manufacturing exports	12.9	32.3	17.3	6.0	1.5	-3.5	2.0	3.8	5.1	3.0	2.4	5.2	2.3
Electronics, electrical machinery and appliances	9.7	36.3	16.1	3.9	-8.0	-5.0	-7.5	-3.7	-3.9	-5.0	-1.7	-2.4	-1.7
Chemicals, chemical and plastic products	21.4	50.0	22.1	10.6	10.3	12.3	8.8	9.2	20.2	11.3	3.1	6.1	-7.1
Iron, steel and metal products	15.5	26.3	17.4	-4.2	25.1	18.2	11.2	15.2	27.1	20.3	1.1	3.3	-6.7
Machinery and equipment	12.2	16.7	24.8	8.0	1.3	10.7	4.9	6.5	16.6	15.1	13.6	10.9	3.4
Transport equipment	-8.3	36.8	-8.2	-30.0	-27.9	-7.8	-31.3	-6.1	8.6	15.6	-3.0	19.7	-0.3
Petroleum products	29.1	29.6	39.3	17.1	32.6	25.0	59.2	26.3	11.5	11.8	15.5	43.7	50.8
Rubber products	28.4	36.6	32.9	24.1	21.7	13.6	12.9	0.8	22.0	18.7	11.1	29.4	2.6
Wood products	5.5	21.0	9.4	4.8	-9.1	0.8	-6.2	5.2	-1.4	6.0	5.4	-2.6	4.7
Food, beverages and tobacco	14.5	4.6	7.4	20.1	25.4	16.5	17.9	20.3	15.9	12.8	4.2	1.2	0.8
Textiles, apparel and footwear	3.0	-0.7	2.0	0.8	9.6	13.3	16.7	17.4	17.0	3.2	-11.6	-11.6	-17.4
Non-metallic mineral products	-4.9	-2.1	-11.1	-11.5	5.9	14.9	15.2	12.4	24.3	8.6	6.0	12.9	-8.4
Other manufactured goods	20.2	35.9	20.3	15.4	12.8	4.9	5.5	10.2	5.2	-1.3	3.7	8.2	10.2

Source: Department of Statistics, Malaysia.

improved demand for electronic equipment and parts, especially from the US. Exports of electronic equipment and parts increased further to 3.1% (Q2 2012: 2.5%) supported by printed circuits, resistors and switchboards (30.2%) as well as accumulators and electrical apparatus (9.8%). Exports of semiconductors declined at a slower pace of 3.6% (Q2 2012: -5.7%), in line with encouraging signs of improvement in the US economy. However, earnings from machinery and electrical products contracted further by 4.3% (Q2 2012: -2.5%) due to the weak performance of home entertainment products (-17%) and radio broadcast receivers (-18.2%).

Agriculture exports contracted 24.9% (Q2 2012: -15.2%) largely due to lower export volume and prices of palm oil and rubber. Export receipts of palm oil declined sharply by 22.2% to RM12.8 billion (Q2 2012: -6.8%; RM14.1 billion) due to lower shipments to China. Exports of rubber contracted sharply by 40.5% to RM1.8 billion (Q2 2012: -40.9%; RM2.1 billion) on account of lower shipments and export prices.

Meanwhile, mineral exports dropped 4.7% (Q2 2012: 10.8%) due to lower volume of crude petroleum and LNG. Despite lower export volume of LNG (-9.5%), export earnings grew 3.7% to RM13.3 billion (Q2 2012: 18.8%; RM13.2 billion) underpinned by higher prices. However, export receipts of crude oil declined 17% to RM6.5 billion (Q2 2012: 1%; RM8.4 billion) due to lower volumes (-14%) and prices (-3.5%).

Imports of capital goods continued to expand strongly by 22.6% to RM24.7 billion (Q2 2012: 27.1%; RM24.9 billion) on account of higher imports of machineries and aircrafts in line with vibrant domestic investment activity. Meanwhile, imports of consumption goods increased 11.4% to RM12 billion (Q2 2012: 10.7%; RM11.2 billion) on the back of higher demand for semi-durables (17.7%) and foods and beverages (8.1%) amid positive consumer sentiment in the domestic economy. Intermediate imports contracted further by 3.1% to RM95.7 billion (Q2 2012: -0.2%; RM97.4 billion) due to lower imports of food (-22%) and lower inward shipments of input for industrial supplies (-1%) in tandem with slowing activities in the manufacturing sector. The weak external demand for E&E products resulted in slower imports, particularly parts and accessories for capital goods (-8.8%).

Sustained current account surplus

Malaysia's overall balance of payments (BOP) registered a deficit of RM7.5 billion (Q2 2012: +RM12.7 billion), due to lower current account surplus and net outflow in the financial account. In the third quarter of 2012, the current account recorded a smaller surplus at RM9.5 billion or 4% of GDP (Q2 2012: RM9.6 billion; 4.1%) partly due to the higher deficit in the services and income accounts. The financial account registered a lower net outflow of RM8.7 billion (Q2 2012: +RM5.4 billion) reflecting improved portfolio investment and lower net outflow of direct investment abroad (DIA).

The goods account recorded a smaller trade surplus of RM25.5 billion (Q2 2012: RM29.4 billion) on account of lower exports. Exports of goods declined 1.3% (Q2 2012: +3.2%) largely due to lower receipts of manufacturing products and commodity goods. Meanwhile, imports rose 7.2% (Q2 2012: 8.8%) underpinned by strong imports of capital and consumption goods. During the quarter, the deficit in the services account increased to RM3.4 billion (Q2 2012:

BALANCE OF PAYMENTS (Net) (RM billion)													
	2010				2011				2012				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Current Account	88.1	29.3	14.8	20.2	23.8	97.1	24.3	23.0	27.4	22.4	18.1	9.6	9.5
Goods	134.7	44.4	30.0	28.0	32.3	148.1	37.6	36.0	37.7	36.8	35.8	29.4	25.5
Service	1.7	0.0	-0.2	1.1	0.9	-8.0	-2.2	-1.0	-1.1	-3.8	-3.8	-3.6	-3.4
Income	-26.5	-9.8	-9.3	-3.5	-4.0	-22.0	-6.0	-6.7	-3.9	-5.3	-8.6	-11.7	-7.9
Current Transfer	-21.8	-6.4	-5.7	-5.3	-5.5	-21.0	-5.0	-5.3	-5.3	-5.4	-5.3	-4.6	-4.7
Financial Account	-19.8	-17.6	-0.1	-3.3	1.2	22.3	-6.6	51.5	-22.5	-0.2	-10.3	5.4	8.7
Direct Investment	-13.6	2.0	0.1	-17.6	1.9	-10.1	0.1	1.9	-3.9	-8.2	-9.4	3.5	1.9
DIA	-42.9	-3.7	-6.3	-24.1	-8.9	-46.7	-11.1	-7.8	-13.0	-14.7	-16.9	-2.5	-7.7
FDI	29.3	5.6	6.5	6.5	10.7	36.6	11.3	9.8	9.1	6.5	7.5	6.1	9.6
Portfolio Investment	48.5	13.0	13.7	18.3	3.5	25.8	8.4	-8.0	-28.0	-2.7	25.3	-5.0	27.6
Financial Derivatives	-0.7	0.4	-2.1	0.8	0.1	-0.1	0.1	0.4	-0.3	-0.3	0.0	1.0	-0.1
Other Investment	-54.0	-33.0	-11.9	-4.8	-4.3	6.6	-15.3	1.2	9.7	11.0	-26.1	5.9	-38.1
Errors and Omissions	-70.7	-31.2	-16.6	-15.9	-7.0	-24.5	-1.9	-12.7	6.0	-15.9	-14.9	-2.2	8.3
Overall balance	-2.6	-19.6	-1.9	1.0	17.9	94.7	15.9	61.7	10.9	6.2	-7.2	-12.7	-7.5
Net change in BNM External Reserves Increase (+)/Decrease (-)	2.6	19.6	1.9	-1.0	-17.9	-94.7	-15.9	-61.7	-10.9	-6.2	7.2	12.7	7.5

Source: Department of Statistics, Malaysia

-RM3.6 billion) due to higher net payments for other services and transportation accounts. The higher payments in the other services account were due to strong construction activities in the domestic economy. However, the travel account remained in surplus on account of increased tourist receipts. The income account deficit widened to RM7.9 billion (Q2 2012: -RM11.7 billion) due to higher repatriation of profits and dividends by foreign MNCs operating in Malaysia. Nevertheless, a substantial portion of the investment income was retained in Malaysia for reinvestment. Likewise, the current transfers remained in deficit at RM4.7 billion (Q2 2012: -RM4.6 billion) largely on account of higher remittances by foreign workers.

During the quarter, the financial account recorded a lower net outflow at RM8.7 billion compared with RM22.5 billion in the third quarter of 2011 (Q2 2012: +RM5.4 billion), reflecting the improved portfolio investment and lower net outflow of DIA. The strong domestic economy has attracted a larger net inflow of foreign direct investment (FDI) of RM9.6 billion (Q2 2012: RM6.1 billion). The manufacturing sector accounted for the largest share of net FDI inflow, accounting for 59%, followed by the mining (30%) and services (10%) sectors. Portfolio investment improved further to register a net inflow of RM27.6 billion (Q2 2012: -RM5 billion) mostly channelled to debt securities. During the quarter, net outflow

of DIA by Malaysian companies was higher at RM7.7 billion (Q2 2012: -RM2.5 billion) due to large net outflow of equity capital. Net investments abroad were focused on the services sector which accounted for 77%, particularly in the finance and insurance, and wholesale and retail trade subsectors. Other investment recorded a net outflow of RM38.1 billion (Q2 2012: +RM5.9 billion) due to higher net placements of deposits abroad and continued extension of trade credits.

International reserves remain strong

Malaysia's international reserves amounted to RM421.3 billion or USD137.5 billion as at end-September 2012 (end-June 2012: RM428.8 billion; USD134.2 billion). The reserve level has taken into account the strengthening of the ringgit against major and regional currencies during the quarter. The reserves position remained useable and unencumbered, adequate to finance 9.2 months of retained imports and is 3.8 times the short-term external debt.

[As at 31 October 2012, the international reserves amounted to RM423.9 billion or USD138.3 billion. The reserves position is sufficient to finance 9.3 months of retained imports and is 4.2 times the short-term external debt]

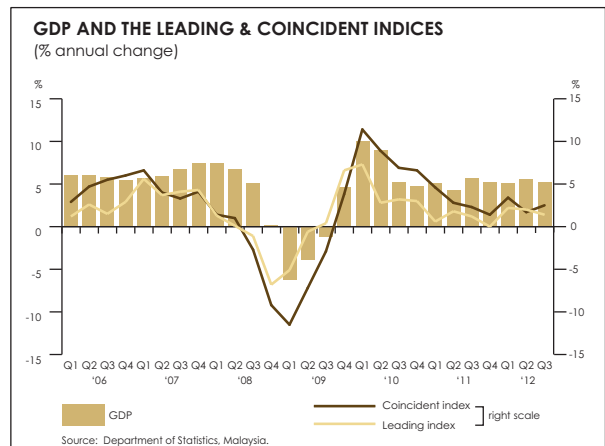
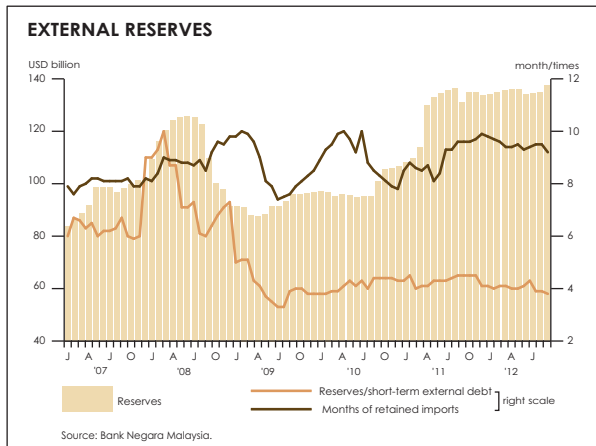
Outlook

Global vulnerabilities remain

The global economy remains vulnerable to downside risks and is expected to register a slower growth of 3.3% in 2012 (2011: 3.8%). The slowdown in global growth reflects persistent concerns on the unresolved euro area crisis, fears of the US fiscal cliff, and probability of a hard landing in some emerging economies. However, the decision of the ECB to purchase unlimited sovereign bonds under the Outright Monetary Transactions programme, the ratification of the European Stability Mechanism Treaty in September, and policy measures by emerging economies are expected to improve market confidence.

Malaysia's economy to expand further

On the domestic front, the Malaysian economy is expected to sustain its growth momentum in the final quarter of 2012. This was reflected by the Leading Index which grew at an average 2% from April 2012 to September 2012. On the demand side, growth momentum of private investment is expected to accelerate while private consumption remains resilient. On the supply side, growth will be supported by strong expansion in the services and construction sectors.



Key Data

<http://www.treasury.gov.my>



KEY DATA

AREA (Square kilometres) 330,290

	2011 ¹		2012 ²		2013 ²	
POPULATION (million)	28.96		29.34		29.71	
	RM million	% growth	RM million	% growth	RM million	% growth
DOMESTIC PRODUCTION						
Gross Domestic Product (constant 2005 prices)	709,261	5.1	743,543	4.5–5.0	780,983	4.5–5.5
<i>USD million</i>	231,785		239,922		252,003	
Agriculture	54,299	5.9	54,614	0.6	55,919	2.4
Mining and quarrying	62,334	-5.7	63,299	1.5	65,012	2.7
Manufacturing	178,333	4.7	185,822	4.2	194,890	4.9
Construction	21,370	4.6	24,690	15.5	27,462	11.2
Services	384,272	7.0	405,486	5.5	428,106	5.6
Gross Domestic Product (current prices)	881,080	10.8	936,219	6.3	1,001,794	7.0
<i>USD million</i>	287,935		302,094		323,253	
NATIONAL INCOME AND EXPENDITURE						
Gross National Income (current prices)	859,109	11.8	908,154	5.7	979,006	7.8
<i>USD million</i>	280,755		293,038		315,900	
Consumption expenditure: Public	114,750	18.4	132,394	15.4	131,444	-0.7
Private	418,473	10.8	456,384	9.1	493,795	8.2
Gross fixed capital formation: Public	83,213	2.7	99,965	20.1	106,077	6.1
Private	111,789	16.6	127,892	14.4	148,434	16.1
Exports of goods and services	806,702	8.2	830,320	2.9	866,064	4.3
Imports of goods and services	666,645	9.5	711,421	6.7	747,805	5.1
Gross National Income (constant 2005 prices)	664,609	4.9	687,271	3.4	736,132	7.1
<i>USD million</i>	217,192		221,765		237,531	
Gross National Savings (current prices)	304,907	12.1	297,074	-2.6	330,158	11.1
Per Capita Income (current prices) RM	29,661	10.3	30,956	4.4	32,947	6.4
<i>USD</i>	9,693		9,989		10,631	
Purchasing Power Parity USD	15,190	7.3	15,676	3.2	16,368	4.4
FEDERAL GOVERNMENT FINANCE						
Revenue	185,419	16.1	207,246	11.8	208,650	0.7
Direct taxes	102,242	29.4	116,825	14.3	121,953	4.4
Indirect taxes	32,643	7.0	35,668	9.3	37,200	4.3
Non-tax revenue	50,534	0.8	54,753	8.3	49,496	-9.6
Operating expenditure	182,594	20.4	202,617	11.0	201,917	-0.3
Current account surplus/deficit	2,825		4,629		6,733	
Development expenditure (net)	45,334	-11.6	46,927	3.5	46,726	-0.4
Overall deficit/surplus	-42,509		-42,297		-39,993	
% to GDP	-4.8		-4.5		-4.0	
Domestic borrowing (net)	45,069		43,344		40,526	
Foreign borrowing (net)	550		-513		-413	
Change in assets	-3,110		-534		-120	
PUBLIC SECTOR FINANCE						
Current balance	72,738	-12.6	70,559	-3.0	88,450	25.4
Development expenditure	101,801	-1.2	168,522	65.5	154,839	-8.1
Overall balance	-29,063		-97,962		-66,389	
% to GDP	-3.3		-10.5		-6.6	

KEY DATA

	2011		2012 ²		2013 ²				
	RM million	% growth	RM million	% growth	RM million	% growth			
External debt³	257,362	13.3	257,825	–	–	–			
<i>USD million</i>	80,403		83,271		–				
Medium and long-term debt	153,509	4.0	156,891	–	–	–			
Federal Government	18,103	8.1	17,252	–	–	–			
NFPEs	69,647	-1.0	67,573	–	–	–			
Private sector	65,759	8.7	72,066	–	–	–			
Short-term debt	103,853	30.7	100,934	–	–	–			
Debt to GDP (%)	29.2		27.5		–				
Debt service ratio (%)	10.3		10.0		–				
	RM million		RM million		RM million				
BALANCE OF PAYMENTS									
Current Account	97,108		68,532		71,862				
<i>USD million</i>	31,735		22,114		23,188				
Goods	148,071		128,813		126,478				
Services	-8,013		-9,913		-8,220				
Income	-21,971		-28,065		-22,788				
Transfers	-20,979		-22,302		-23,609				
Financial account	22,254		–		–				
Overall balance	94,682		–		–				
	RM million	% growth	% share	RM million	% growth	% share	RM million	% growth	% share
EXTERNAL TRADE⁴									
Total Exports (f.o.b.)	697,862	9.2		712,954	2.2		740,724	3.9	
<i>USD million</i>	228,059			230,052			239,013		
Manufactures	504,882	3.5	72.3	524,240	3.8	73.5	547,784	4.5	74.0
Agriculture	84,952	33.8	12.2	82,466	-2.9	11.6	85,285	3.4	11.5
Mining	85,180	19.0	12.2	91,039	6.9	12.8	91,694	0.7	12.4
Total Imports (c.i.f.)	573,626	8.5		611,496	6.6		639,875	4.6	
<i>USD million</i>	187,459			197,314			206,471		
Intermediate goods	385,739	5.5	67.2	391,357	1.5	64.0	403,121	3.0	63.0
Capital goods	80,171	8.7	14.0	99,674	24.3	16.3	110,698	11.1	17.3
Consumption goods	41,024	19.0	7.2	45,495	10.9	7.4	47,991	5.5	7.5
Balance of Trade	124,236			101,458			100,849		
Total Trade	1,271,488			1,324,451			1,380,599		
Gross international reserves (RM billion)	423.4			423.9 ⁵			–		
<i>USD billion</i>	133.6			138.3			–		
Months of retained imports	9.7			9.3 ⁵			–		
Multiples of short term debt	4.0			4.2 ⁵			–		
Trading Partners (% to total trade)									
ASEAN	26.0			–			–		
European Union	10.3			–			–		
USA	10.3			–			–		
Japan	11.5			–			–		
China	13.2			–			–		
Others	28.7			–			–		
	Index	% growth		Index	% growth		Index	% growth	
Consumer Price Index (2010=100)	103.2	3.2		104.8 ⁶	1.7		–	–	
Producer Price Index (2005=100)	127.8	9.0		129.1 ⁷	1.3		–	–	
	Thousands	% growth		Thousands	% growth		Thousands	% growth	
LABOUR									
Labour force ⁸	12,645.7	2.3		12,923.9	2.2		13,195.3	2.1	
Unemployed ⁸ (<i>Unemployment rate</i>)	390.2	(3.1)		418.9	(3.2)		406.8	(3.1)	

KEY DATA

		2010		2011		2012	
		End-September		End-September		End-September	
		RM	%	RM	%	RM	%
		million	growth	million	growth	million	growth
MONEY AND BANKING⁹							
Money Supply	M1	213,455.9	11.5	241,927.9	13.3	271,691.6	12.3
	M2	1,028,850.6	8.3	1,162,582.0	13.0	1,313,764.4	13.0
	M3	1,055,564.3	8.2	1,187,219.9	12.5	1,335,257.1	12.5
Banking system							
	Deposits	1,106,228.9	8.6	1,243,785.4	12.4	1,387,397.7	11.5
	Loans	854,154.5	11.8	972,264.4	13.8	1,088,174.2	11.9
	Loan-deposit ratio ¹⁰ (end of period)		81.2		81.9		82.0
Interest rates (average rates at end of period)							
	3-month interbank		2.96		3.27		3.15
	Commercial banks						
	Fixed deposits: 3-month		2.73		3.00		2.98
	12-month		2.95		3.22		3.16
	Savings deposit		1.02		1.03		1.03
	Base lending rate (BLR)		6.27		6.54		6.53
	Treasury bill (3-month)		2.86		3.00		3.05
	Malaysian Government securities (1-year)		2.90		2.99		3.00
	Malaysian Government securities (5-year)		3.25		3.40		3.31
		End-October		End-October		End-October	
Movement of Ringgit (end-period)¹¹							
	RM per SDR; % change	4.8741	11.0	4.9081	-0.7	4.6917	4.6
	RM per USD; % change	3.1095	9.6	3.0735	1.2	3.0565	0.6
	RM per Euro; % change	4.3230	17.1	4.3075	0.4	3.9611	8.7
	RM per 100 Yen; % change	3.8599	-3.3	3.8814	-0.6	3.8403	1.1
Bursa Malaysia (end-period)							
	KLCI / FBM KLCI	1,505.66		1,491.89		1,673.07	
	Market capitalisation (RM billion)	1,204.34		1,268.48		1,463.04	
		2010		2011		2012	
SOCIAL INDICATORS							
	Life expectancy at birth ¹ : Male (years)		71.9		72.1		n.a.
	Female (years)		77.0		77.1		n.a.
	Infant mortality ¹ (per '000 live births)		6.8		6.9		n.a.
	Literacy rate		92.8		93.6		n.a.
	Water coverage:total population served ¹² (% of population)		94.2		94.4		n.a.
	Electricity coverage:rural housing units ¹³ (% of housing unit)		92.5		93.9		n.a.
	Fixed line telephone subscribers ¹⁴ (per 100 households)		42.5		37.3		35.0 ³
	Cellular phone subscribers ¹⁴ (per 100 population)		119.2		127.7		137.7 ³
	Broadband subscribers ¹⁴ (per 100 households)		55.6		62.3		63.8 ³
	Tourist arrivals (million persons)		24.6		24.7		11.6 ¹⁵

¹ Department of Statistics, Malaysia.

² Economic Report 2012/2013.

³ As at End-September 2012.

⁴ External trade data was revised on July 2012.

⁵ As at 31 October 2012.

⁶ For the period of January to October 2012.

⁷ For the period of January to September 2012.

⁸ Economic Planning Unit.

⁹ Bank Negara Malaysia.

¹⁰ Excludes transactions by financial institutions.

¹¹ Annual rate of appreciation (+) or depreciation (-).

¹² Ministry of Energy, Green Technology & Water and National Water Services Commission.

¹³ Ministry of Rural and Regional Development

¹⁴ Malaysian Communications and Multimedia Commission.

¹⁵ For the period of January to June 2012.

Note : Urban electricity coverage has reached 100%. Data has been revised by Economic Planning Unit.



Key Economic Indicators



I. CONSUMPTION INDICATORS

Indicator / Month	2011												2012											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct		
Sales of new passenger cars (units)	49,606	36,457	56,482	45,335	40,936	36,838	44,835	52,559	39,628	47,454	42,362	42,821	36,864	38,867	47,106	41,436	51,515	50,067	39,251	45,687	40,232	48,415		
Production of vehicles (units)	47,547	42,629	43,300	36,799	38,463	41,495	47,368	51,003	49,213	44,192	41,886	50,811	39,877	43,164	41,674	44,432	44,020	50,562	52,809	44,402	50,926	-		
Sales of motorcycles (units)	39,249	35,329	48,228	43,737	40,172	47,603	43,395	44,552	41,390	40,316	36,312	34,303	38,440	47,171	53,561	47,140	47,258	45,501	50,511	37,764	50,579	43,702		
Production of motorcycles (units)	40,494	33,774	48,563	44,416	42,867	46,635	45,016	45,689	40,706	40,412	36,077	33,477	39,454	47,869	53,283	46,378	48,907	46,978	49,093	37,269	50,057	45,950		
Imports of consumption goods (RM million)	3,059	2,377	3,334	3,291	3,311	3,512	3,662	3,607	3,502	3,633	3,760	3,974	3,643	3,190	3,727	3,535	3,802	3,861	4,183	3,854	3,967	-		
Bursa Malaysia (end-period)	1,519.94	1,491.25	1,545.13	1,534.95	1,558.29	1,579.07	1,548.81	1,447.27	1,387.13	1,491.89	1,472.10	1,530.73	1,521.29	1,569.65	1,596.33	1,570.61	1,590.67	1,599.15	1,631.60	1,646.11	1,636.66	1,673.07		
Market capitalisation (RM billion)	1,283.98	1,256.71	1,310.99	1,310.79	1,320.03	1,342.22	1,339.33	1,241.89	1,172.28	1,288.48	1,255.93	1,284.54	1,311.42	1,345.30	1,355.44	1,332.75	1,320.23	1,367.88	1,423.83	1,431.58	1,417.29	1,463.04		
Prices - Annual change (%)	2.4	2.9	3.0	3.2	3.3	3.5	3.4	3.3	3.4	3.4	3.3	3.0	2.7	2.2	2.1	1.9	1.7	1.6	1.4	1.4	1.3	1.3		
Consumer Price Index	6.9	7.2	7.9	9.2	10.6	10.7	10.8	10.8	11.2	9.1	7.1	6.2	4.1	4.3	2.9	2.3	0.9	-0.9	-0.2	-0.5	-1.3	-		
Producer Price Index (Domestic)	1,090	227	1,304	369	245	491	480	2,545	580	714	664	741	1,498	421	1,469	583	636	297	419	1,051	297	-		
Labour Market	163,530	134,280	270,907	189,372	192,201	132,616	141,764	128,444	161,229	220,853	256,176	268,176	70,418	101,302	144,296	127,169	124,899	167,568	153,190	143,229	157,474	-		
Retrenchment (no.)																								
Vacancies (no.)																								

II. INVESTMENT INDICATORS

Indicator / Month	2011												2012											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct		
Sales of new commercial vehicles (units)	5,175	3,930	6,782	5,601	5,109	4,952	5,417	5,823	4,779	6,161	5,948	5,333	4,084	5,146	6,477	6,300	6,784	6,537	7,386	6,136	5,640	6,943		
Imports (RM million)																								
Capital goods	6,009	5,152	7,040	6,324	6,242	7,055	6,122	6,853	7,194	6,653	7,459	8,069	7,317	6,985	7,237	7,984	8,843	8,117	8,247	7,666	8,815	-		
Intermediate goods	30,928	27,169	34,813	32,042	31,724	33,794	34,186	31,633	32,904	31,931	30,293	34,322	29,574	29,676	32,346	31,860	33,830	31,690	33,195	30,393	32,067	-		
Manufacturing projects																								
MITI Approvals (RM million)	4,810	2,040	6,679	5,080	5,227	3,526	4,488	5,686	1,217	3,010	3,835	10,589	24,835	76,027	49,788	26,167	54,323	26,441	17,062	23,246	-	-		
New investment	1,374	1,596	3,497	1,553	2,518	1,454	3,509	4,558	771	1,231	3,526	7,503	8,710	70,195	34,014	21,693	7,487	20,684	10,763	13,063	-	-		
Re-investment	3,436	444	3,182	3,527	2,709	2,073	979	1,028	447	1,779	308	3,085	16,125	5,832	15,754	4,474	46,836	5,756	6,299	10,184	-	-		
Base lending rate (%) ¹	6.27	6.27	6.27	6.27	6.54	6.54	6.54	6.54	6.54	6.54	6.54	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53	6.53		
Money supply (Annual % change)																								
M1	17.9	13.2	14.0	16.2	13.1	14.5	14.5	13.7	13.3	16.6	13.8	15.1	9.9	9.8	13.2	13.2	11.0	9.9	14.0	10.6	12.3	-		
M3	8.6	7.7	8.0	10.1	11.5	12.4	11.6	10.6	12.5	11.3	12.3	14.3	14.5	15.8	14.9	14.8	13.1	12.8	13.4	13.9	12.5	-		
Risk-Weighted Capital Ratio (RWCR), %	14.4	14.5	14.5	14.7	14.4	14.6	14.5	14.9	14.9	15.1	14.8	15.7	15.2	15.0	14.9	14.6	14.7	15.1	14.8	14.6	14.8	-		
Ratio of net impaired loans to net total loans (%)²	2.3	2.3	2.2	2.1	2.1	2.0	2.0	2.0	2.0	2.0	1.9	1.8	1.9	1.9	1.8	1.7	1.6	1.5	1.5	1.5	1.4	-		
Banking System :																								
Loans Approved by Sectors (RM million)	27,472	21,214	38,962	35,988	35,610	38,414	32,785	34,925	30,863	32,951	36,215	34,875	26,683	24,956	38,119	31,909	42,106	37,272	32,837	30,774	30,510	-		
Primary agriculture	600	693	771	519	1,391	1,251	655	967	727	667	909	734	603	524	502	2,651	1,655	914	988	1,061	772	-		
Mining and quarrying	57	154	503	67	53	72	1,425	75	493	282	153	566	187	401	371	297	589	40	45	269	161	-		
Manufacturing (including agro-based)	1,888	1,835	3,184	2,895	2,486	2,386	3,164	3,111	2,534	2,492	2,276	1,748	2,679	1,272	3,166	2,203	1,989	2,553	2,315	2,230	2,233	-		
Services	4,638	3,283	8,843	9,186	9,198	9,236	5,190	6,783	7,007	5,560	8,664	7,411	6,168	3,689	9,661	5,302	10,593	9,012	5,878	3,986	7,054	-		
Construction	1,867	1,421	2,552	2,738	1,915	2,502	1,794	2,570	1,766	3,002	4,682	5,358	3,074	2,404	2,595	2,842	1,918	1,755	2,150	2,688	1,615	-		
Real Estate	1,471	794	3,271	2,608	2,631	3,379	2,296	2,532	2,357	1,842	1,954	1,961	1,215	1,667	2,469	2,114	6,165	3,989	2,510	2,831	1,918	-		
Household sector ³	16,600	12,654	19,523	17,743	17,522	19,294	17,989	18,442	15,686	17,714	17,114	16,721	12,543	14,258	17,666	16,324	18,663	18,438	18,758	17,304	16,575	-		
Other sector n.e.c.	352	379	315	243	415	294	271	446	294	1,393	462	375	214	741	1,690	177	534	571	195	404	183	-		
Loans Disbursed by Sectors (RM million)	65,973	50,154	72,502	60,319	66,195	74,327	64,049	69,710	66,340	65,046	70,954	83,705	69,773	67,959	78,970	70,916	84,113	88,373	80,423	75,793	77,034	-		
Primary agriculture	1,570	1,535	2,484	1,991	1,795	2,228	1,662	1,833	1,738	1,602	2,742	2,742	1,784	1,637	2,241	2,201	2,733	3,198	2,232	2,129	2,693	-		
Mining and quarrying	319	382	395	230	365	552	339	628	620	230	414	636	476	304	614	498	1,497	800	563	473	892	-		
Manufacturing (including agro-based)	14,416	10,820	16,012	13,188	13,935	14,889	13,811	15,270	15,814	14,860	14,097	18,443	15,161	15,436	15,660	16,619	19,518	19,305	17,392	18,163	17,520	-		
Services	18,050	14,140	21,481	16,876	20,486	26,246	17,521	19,885	22,053	17,918	22,276	26,605	23,350	22,701	28,194	24,191	26,342	30,435	25,936	21,926	25,002	-		
Construction	4,182	2,445	3,635	3,096	3,510	3,474	3,372	4,010	3,402	3,856	5,342	4,798	4,197	4,127	3,574	3,597	4,069	4,223	4,566	6,734	4,774	-		
Real Estate	2,373	1,354	2,649	2,119	3,258	3,118	3,031	3,203	2,630	2,581	3,248	3,736	2,329	2,389	3,256	3,575	6,900	5,058	2,443	2,635	2,762	-		
Household sector ³	23,839	18,456	24,275	21,711	21,731	22,644	22,474	23,028	20,705	22,593	22,845	23,443	21,676	20,054	22,515	19,252	21,772	23,762	25,002	22,818	22,148	-		
Other sector n.e.c.	1,224	1,024	1,570	1,168	1,165	1,176	1,840	1,876	1,284	1,270	1,131	3,302	800	1,331	1,915	982	1,282	1,592	2,289	916	1,441	-		
Registration of new local companies (no.)	3,452	2,628	4,481	4,140	4,124	4,038	4,116	3,950	3,347	3,869	3,792	3,471	3,141	3,641	4,545	4,139	4,388	3,822	3,970	3,358	3,387	-		
Companies dissolved (no.)	1,037	1,603	1,434	1,838	1,506	553	636	1,349	1,147	1,277	1,179	1,441	646	2,275	1,273	134	1,271	1,675	2,831	503	1,376	-		
Property Overhang (end period)⁴																								
Total (units)		31,916			28,844			28,344			25,652			21,332			21,483				21,125			
% Change (preceding)		3.4			-9.6			-1.7			-9.5			-16.8			0.7				-1.7			
Total (RM million)		7,708			6,735			6,670			6,805			5,923			5,480				5,510			
% Change (preceding)		13.4			-12.6			-1.0			2.0			-13.0			-7.5				0.6			

Note:

¹ Commercial bank rate.² Beginning financial year 2010, banking institutions are required to report impaired loans in accordance with the Guideline on the Classification and Impairment Provisions for Loans/Financing. The reporting of non-performing loans has since been discontinued.³ Household sector = total loans by purpose to households.⁴ Quarterly data.

n.e.c. - not elsewhere classified.

III. PRODUCTION INDICATORS

Indicator / Month	2011												2012											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct		
Agriculture Sector																								
Palm Oil ('000 tonnes)	1,058	1,094	1,416	1,530	1,742	1,753	1,751	1,667	1,869	1,909	1,628	1,494	1,288	1,188	1,211	1,273	1,384	1,471	1,692	1,664	2,004	1,938		
Price (RM / tonne)	3,769	3,811	3,498	3,372	3,374	3,288	3,088	3,115	3,062	2,939	3,069	3,058	3,183	3,109	3,278	3,481	3,189	2,856	3,032	2,806	2,720	2,244		
Rubber ('000 tonnes)	109	92	66	65	72	85	100	96	78	86	68	80	85	88	67	61	70	86	85	72	73	-		
Price (sen / kg)	1,580.33	1,672.50	1,429.22	1,480.38	1,334.33	1,353.57	1,341.31	1,352.83	1,364.40	1,261.95	1,047.28	1,036.21	1,056.58	1,108.50	1,120.25	1,100.47	1,030.45	898.81	901.93	799.20	829.13	-		
Cocoa, export unit value (RM / tonne)	10,926	10,232	11,002	11,041	10,922	10,497	9,556	9,200	8,059	8,901	9,198	8,577	7,704	7,916	8,017	7,833	8,489	8,158	8,531	8,579	8,959	-		
Fish landing ('000 tonnes)	106	110	117	122	127	116	117	114	121	130	107	105	100	102	116	100	120	111	116	124	-	-		
Livestock :																								
Poultry ('000)	9,997	8,598	10,091	10,471	10,608	10,983	11,374	11,102	9,908	10,923	10,866	12,452	13,696	12,705	13,441	12,316	12,761	12,473	14,272	13,348	-	-		
Cattle	1,655	1,760	1,913	1,799	2,038	2,027	2,831	4,549	2,215	1,512	8,622	1,575	1,780	1,552	1,927	1,752	2,092	2,445	2,529	3,376	-	-		
Goats	555	492	657	421	560	471	533	733	625	1,107	1,145	1,415	1,294	1,296	1,329	1,257	1,298	1,298	1,390	1,542	-	-		
Construction Sector																								
No. of houses approved	12,455	8,766	11,781	9,354	11,639	13,180	12,655	16,665	15,674	13,463	20,142	13,879	14,769	14,782	28,391	29,620	27,136	20,795	16,713	17,625	12,091	-		
New advertising & sales permits (no.)	107	75	107	106	98	105	74	100	107	112	124	125	102	107	116	122	116	114	120	127	106	-		
Transport Sector																								
Highway (million of vehicles)	126.1	111.5	132.7	127.7	128.6	127.4	127.4	122.4	125.2	128.5	126.7	136.0	125.7	120.2	131.1	123.7	130.9	129.7	130.4	128.6	128.9	-		
Rail (RM million)	7.4	6.2	6.8	6.8	7.3	6.5	6.9	7.3	6.3	6.5	6.8	8.0	6.3	6.4	6.7	6.4	6.3	6.2	6.4	6.5	7.2	-		
KTMB Commuter revenue	9.9	9.2	11.0	9.7	10.7	10.0	10.7	10.4	10.5	10.9	10.7	11.0	10.4	10.4	10.8	10.0	10.1	10.2	11.2	10.3	11.3	-		
KTMB Cargo revenue	6.2	5.8	7.0	7.3	7.0	7.0	7.8	6.8	7.0	7.4	6.7	6.8	6.6	6.5	8.0	7.3	7.4	7.2	7.7	7.2	7.6	-		
KLIA Express and Transit revenue																								
Air (MAS):																								
No. of passengers ('000)	1,067	991	1,128	1,160	1,158	1,186	1,223	1,043	1,082	1,019	1,051	1,193	1,074	929	1,099	1,059	1,074	1,131	1,106	1,127	1,071	-		
Domestic	333	318	385	406	400	427	413	333	368	336	392	459	387	336	421	387	422	448	417	444	394	-		
International	734	673	743	754	759	759	810	710	714	683	659	734	687	593	679	672	652	683	689	683	677	-		
Cargo (million kg)	34.6	28.7	38.8	34.5	33.5	32.0	35.1	31.9	30.4	35.3	34.8	36.1	25.3	27.8	33.7	30.9	33.2	33.5	34.3	30.9	34.5	-		
Air (AirAsia):																								
No. of passengers ('000)	1,440	1,360	1,519	1,451	1,503	1,518	1,541	1,332	1,469	1,482	1,600	1,773	1,610	1,500	1,712	1,605	1,615	1,673	1,629	1,594	1,525	-		
Cargo (million kg)	3.7	2.6	3.9	3.8	3.8	3.5	3.5	3.5	3.3	3.5	3.3	3.9	1.7	3.7	4.6	4.6	3.8	5.6	4.5	4.2	3.8	-		
Port - Container TEUs ('000) ²	1,596	1,401	1,682	1,659	1,652	1,639	1,735	1,689	1,596	1,711	1,646	1,730	1,642	1,558	1,781	1,634	1,735	1,743	1,764	1,678	1,650	-		
Tourism Sector																								
Tourist arrivals ('000)	1,919	1,669	1,852	1,891	1,892	2,039	2,406	2,167	2,094	2,189	2,226	2,270	1,817	1,773	1,972	1,924	1,952	2,194	-	-	-	-		
Communication Sector (subscribers '000)³																								
Fixed Line																								
Cellular	4,309	4,309	4,309	4,309	4,288	4,288	4,288	4,179	4,179	4,091	4,091	4,091	4,031	4,031	4,031	4,031	3,958	3,958	3,908	3,908	3,908	-		
3G	34,456	34,456	34,456	34,456	35,273	35,273	35,273	35,707	35,707	36,661	36,661	36,661	37,173	37,173	37,173	37,173	39,040	39,040	39,826	39,826	39,826	-		
Broadband (includes wireless LAN)	9,668	9,668	9,668	9,668	9,756	9,756	9,756	10,004	10,004	10,335	10,335	10,335	11,290	11,290	11,290	11,290	12,022	12,022	13,637	13,637	13,637	-		
- Annual change (%)	0.5	4.4	2.0	-0.3	-5.1	0.5	-0.1	3.6	2.8	2.8	1.9	2.4	0.3	8.3	2.4	3.2	7.8	3.9	2.5	-0.2	4.9	-		
Industrial Production Index																								
- Annual change (%)	-6.8	-3.4	-7.2	-1.9	-22.2	-11.5	-6.3	-1.9	-12.6	-6.1	-5.2	-1.6	-2.7	2.0	1.2	-3.6	11.5	-0.3	-8.6	1.6	3.6	-		
Mining Sector																								
Production Index - Annual change (%)	19,220	17,388	18,414	17,280	15,159	15,330	17,298	17,980	16,530	17,684	17,100	18,786	18,777	17,699	18,665	17,010	17,379	16,110	17,171	17,668	16,710	-		
Crude Oil & Condensates ('000 barrels)	620	621	594	576	489	511	558	580	551	564	570	606	606	610	602	567	561	537	554	576	557	-		
Crude Oil & Condensates ('000 bpd) ⁴	101.21	107.67	118.69	129.23	121.88	122.29	124.24	118.63	120.04	118.58	120.47	117.94	121.45	127.71	134.03	129.59	118.76	103.87	109.63	119.68	118.87	114.27		
Tapis Blend (USD/barrel)	96.29	103.96	114.44	123.07	114.46	113.76	116.46	110.08	110.88	109.47	110.50	107.91	111.16	119.70	124.93	120.46	110.52	95.59	103.14	113.34	113.38	111.97		
Dated Brent (USD/barrel)	6,337	6,267	6,211	6,059	5,117	6,096	5,488	5,757	5,937	5,918	5,947	6,087	6,116	6,195	6,258	5,595	5,385	5,508	4,108	6,124	6,410	-		
Natural Gas (mmcf) ⁵	237	228	263	246	284	307	254	291	284	292	316	332	312	346	325	224	309	289	-	-	-	-		
Tin (tonnes)	0.3	0.7	-0.7	0.7	-0.2	3.6	5.0	1.4	6.4	1.9	2.1	3.1	2.7	11.3	4.9	3.4	6.6	5.9	2.8	2.7	5.9	-		
Electricity Sector																								
Production Index - Annual change (%)	14,342	14,640	14,989	15,146	15,476	15,176	15,249	15,052	14,892	15,044	15,004	14,750	14,986	14,976	15,302	15,471	15,723	15,826	15,338	15,528	15,581	-		
Maximum demand (MW)	7,571	7,473	6,950	8,107	7,976	8,078	7,965	8,080	8,129	7,854	7,736	7,724	7,897	7,650	7,650	8,244	8,141	8,537	8,286	8,408	8,112	-		
Sales (GW hour)																								
Manufacturing Sector																								
Production Index - Annual change (%)	3.8	8.2	6.1	0.2	1.4	4.9	1.7	5.9	8.9	6.3	4.7	3.9	1.4	10.4	2.6	5.7	6.7	5.1	6.4	-1.1	5.2	-		
Sales - Annual change (%)	7.9	10.0	14.2	15.1	7.5	10.1	9.4	11.2	16.4	11.8	6.0	1.2	4.1	12.1	4.4	5.3	8.8	6.3	4.8	1.0	3.3	-		

Note: ¹Total slaughter; ²Covers only Klang, Penang, Johor, Kuantan, Tanjung Pelepas, Bintulu and Kuching (TEUs: Twenty-foot equivalent units); ³End of period; ⁴Barrels per day; ⁵Million standard cubic foot per day.

IV. EXTERNAL SECTOR

Indicator / Month	2011												2012											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct		
RM (million)																								
Gross exports	54,683	50,074	62,479	58,315	55,354	59,050	59,657	58,623	58,696	63,347	56,821	60,764	55,070	56,865	61,787	57,737	58,778	60,975	58,117	55,965	60,208	-		
Gross imports	44,904	39,233	50,645	46,778	46,604	50,341	49,781	47,549	49,043	48,940	47,358	52,451	46,321	46,286	51,333	50,231	54,175	51,776	54,504	48,876	53,737	-		
Trade balance	9,779	10,841	11,834	11,537	8,750	8,710	9,876	11,074	9,652	14,407	9,463	8,312	8,749	10,579	10,454	7,506	4,603	9,198	3,613	7,089	6,471	-		
Total trade	99,587	89,306	113,124	105,093	101,959	109,391	109,438	106,172	107,739	112,287	104,179	113,215	101,391	103,151	113,120	107,968	112,952	112,751	112,622	104,842	113,945	-		
USD (million)																								
Gross exports	17,864	16,449	20,574	19,356	18,371	19,490	19,919	19,637	19,023	20,172	18,019	19,212	17,687	18,807	20,296	18,856	18,942	19,181	18,344	17,954	19,533	-		
Gross imports	14,689	12,888	16,677	15,527	15,467	16,615	16,621	15,928	15,894	15,565	15,018	16,584	14,877	15,308	16,862	16,405	17,459	16,287	17,204	15,680	17,433	-		
Trade balance	3,195	3,561	3,897	3,830	2,904	2,875	3,297	3,709	3,128	4,588	3,001	2,628	2,810	3,499	3,434	2,451	1,483	2,894	1,140	2,274	2,099	-		
Total trade	32,533	29,337	37,251	34,883	33,838	36,106	36,540	35,565	34,917	35,757	33,037	35,796	32,564	34,116	37,157	35,261	36,401	35,468	35,548	33,634	36,966	-		
Gross International Reserves (end of period)																								
RM billion	333.5	338.6	344.5	393.2	401.4	406.3	409.6	412.1	417.2	429.1	429.1	423.4	424.8	426.7	416.1	416.9	417.0	428.8	429.6	431.1	421.3	423.9		
USD billion	108.1	109.8	113.8	130.0	132.8	134.3	135.4	136.3	131.0	134.8	134.8	133.6	134.1	134.7	135.7	135.9	136.0	134.2	134.5	134.9	137.5	138.3		
Months of retained imports	8.7	8.1	8.4	9.3	9.3	9.6	9.6	9.6	9.7	10.0	9.8	9.7	9.6	9.4	9.4	9.5	9.3	9.4	9.5	9.5	9.2	9.3		
Multiples of short term debt	4.1	4.3	4.3	4.3	4.4	4.5	4.5	4.5	4.5	4.7	4.1	4.0	4.1	4.1	4.0	4.0	4.1	4.3	3.9	3.9	3.8	4.2		

