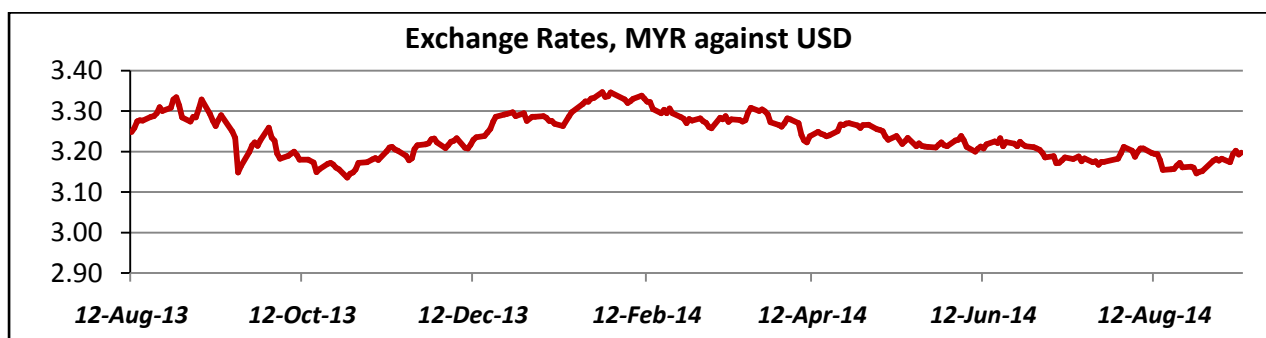


A Snapshot of Malaysian Economy

Domestic Economy & Macroeconomic Overview

- For the year 2013, Malaysia recorded a modest economic growth of 4.7% with a nominal GDP value of RM786.7bil. The growth was mainly attributed by robust domestic demand expanding by 7.6%. Additionally, growth recorded by key economic sectors is as follows: Agriculture 2.1%, Mining quarrying 0.5%, Manufacturing 3.4%, Construction 10.9% and Services 5.9%.
- Malaysian economy continues to remain bullish supported by the growing exports due to the region's economic recovery gaining momentum and better performance of the advanced economies.
- For the 2Q of 2014, Malaysia has recorded a stronger growth of 6.4% as compared to the same period of last year. Whilst in the 1Q of 2014, the economy has recorded a 6.2% growth underpinned by strong domestic economic activities and foreign trade. The strong numbers have lifted Malaysia's GDP growth to 6.3% for the first half of 2014 against the overall forecast range of 4.5% - 5.5%, with estimated GDP of RM828.1bil.
- The World Bank has revised upwards its 2014 forecast for Malaysian economy to 5.7%, up from 4.9% in April. Confidence in the growth number is attributed by the stronger export performance whereby exports for the first half of 2014 increased 12.5% y-o-y on top of improving performance of domestic private consumption.
- Subsequently, the Asian Development Bank also has revised upwards its growth projections for the Malaysian economy for 2014 to 5.7% from the previous forecast of 5.1%. The revised forecast was based on the unexpected strong economic performance in the first half and better prospects for the second half. Additionally, strong foreign reserves, a sound banking system, low unemployment and robust investments will continue to be the catalyst of strong economic fundamentals for Malaysia.
- Continuous efforts have been made by the government to strengthen country's fiscal balance and improve sovereignty as reflected in the recent move to cut fuel subsidy consequently improve the outlook to achieve the target deficit of 3.5% of gross domestic product (GDP) for 2014.
- Malaysia's economic success was also acknowledged in the World Bank Doing Business 2014 Report, which revealed that Malaysia had leaped to 6th place in the rankings, compared to 12th place in the previous year.
- During the 2Q of 2014, Malaysia's inflation rate, as measured by the annual change in the Consumer Price Index (CPI), moderated slightly to 3.3%, from 3.4% in the preceding quarter. The country's inflation rate was expected to average around 3%-4% this year.
- On the currency performance, Ringgit (MYR) appreciated 4.1% against the USD since early 2014 on continued highly accommodative monetary policy in the US and stronger Malaysian export growth.



Source: Bloomberg

Trade and External Sector

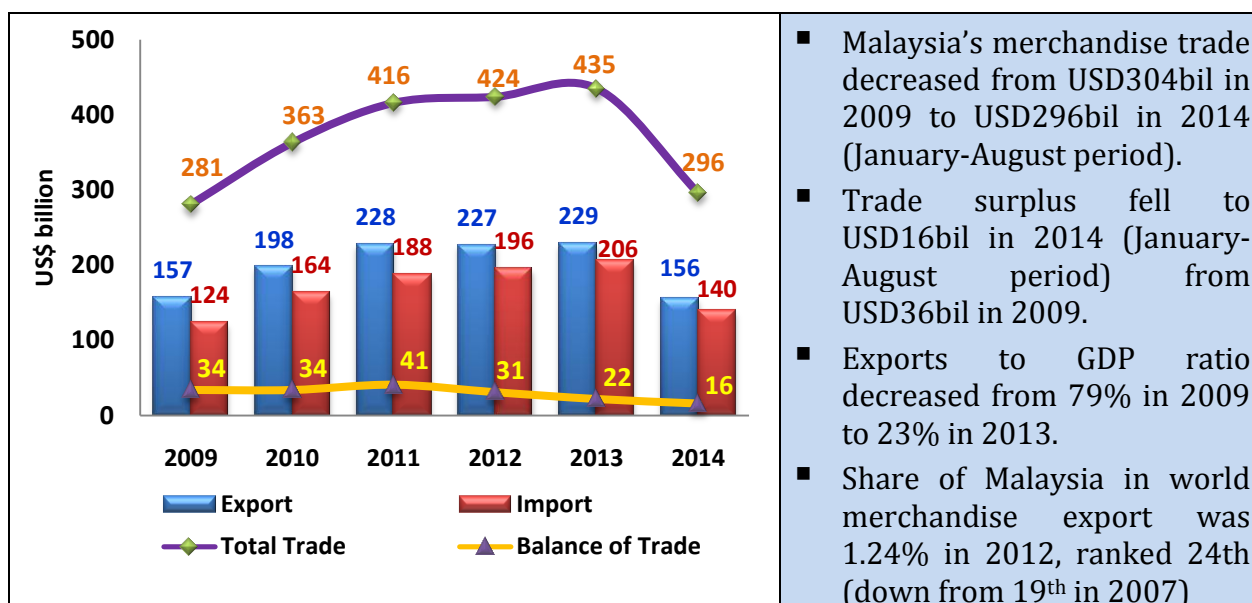


Fig 1: Top Export Destinations (Jan-Aug 2014-USD billion)

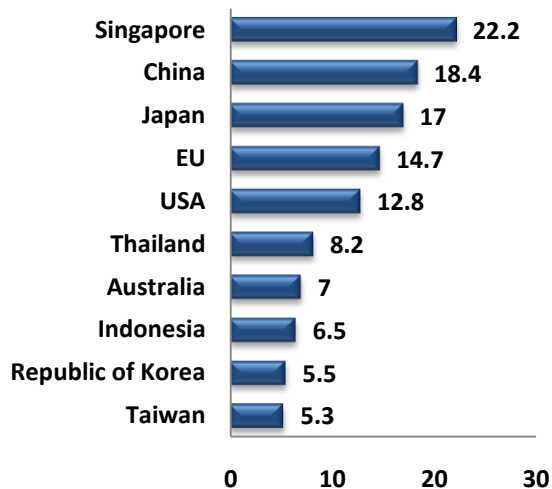


Fig 2: Top Import Destinations (Jan-Aug 2014-USD billion)

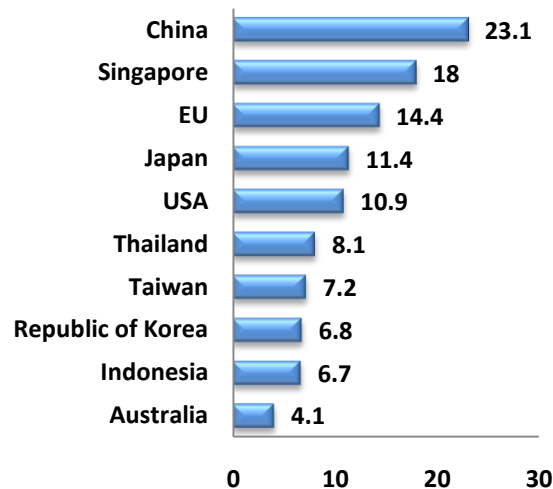
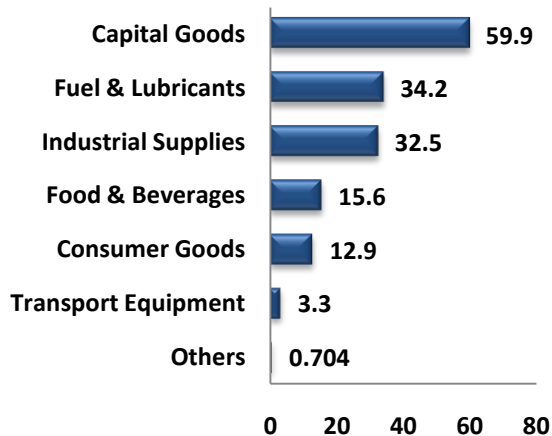
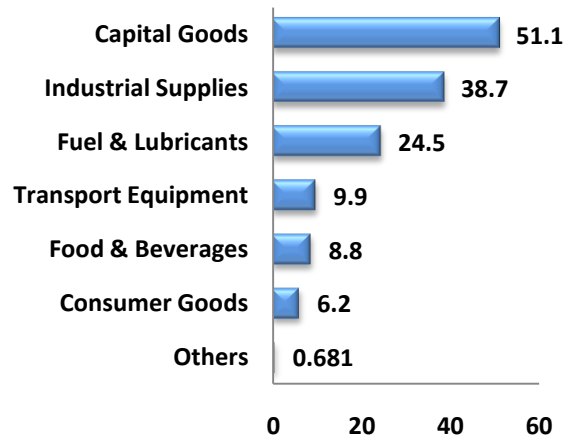


Fig 3: Top Export Items (Jan-Aug 2014-USD billion)



Total Export: USD156 billion

Fig 4: Top Import Items (Jan-Aug 2014-USD billion)



Total Import: USD139 billion

Source: DOS Malaysia

Malaysia: Macroeconomic Structure

Indicators	2008	2009	2010	2011	2012	2013	2014 (f)
GDP (RM bn)	230.1	522	559.6	711.4	751.5	786.7	828.1
GDP (USD bn)	68.9	148.3	173.8	232.5	243.2	249.8	254.8
Per capita Income (USD)	8,460	6,767	8,126	9,700	9,928	10,060	10,337
Real GDP Growth (%)	4.8	(-) 1.7	7.2	5.2	5.6	4.7	4.5-5.5
Population (mn)	27.3	27.9	28.3	29.1	29.5	29.9	30.4
Inflation (WPI, annual avg. %)	5.4	0.6	1.7	3.2	1.7	2.1	03-Apr
Gross Fiscal Deficit (% of GDP)	(-)4.6	(-)6.7	(-)4.7	(-)3.8	(-)3.6	(-)4.6	(-)3.5
Exchange Rate (RM/USD, avg.)	3.33	3.52	3.22	3.06	3.08	3.15	3.22
Exports (USD million)	215.50	157.00	198.40	228.10	227.40	228.50	215.89
Imports (USD million)	194.30	123.50	164.20	187.50	196.30	206.10	187.58
Trade Balance (USD bn)	21.2	33.5	34.2	40.6	31.1	22.4	28.3
Services Exports (USD bn)	31	28	32	36	38	40	-
Services Imports (USD bn)	30	27	32	38	42	45	-
Services Balance (USD bn)	1	1	0	(-)2	(-)4	(-)5	-
Current Account Balance (USD bn)	39	32	27	34	19	12	20
<i>CAB as percentage of GDP (%)</i>	16.8	15.7	10.9	11.6	6.1	3.7	6
Forex Reserves (USD bn)	91.36	96.71	106.5	133.64	139.7	134.9	(-)
External Debt (USD bn)	68	70	85	94	104	107	109
<i>External Debt to GDP Ratio (%)</i>	29.3	66	61.4	45.9	45.3	43.2	39.6
<i>Total Debt Service Ratio (%)</i>	3.6	6.1	5.5	3.8	3.4	3.4	4.1
FDI Inflows (USD bn)	8	0	11	15	10	12	12
FDI Outflows (USD bn) (incl. Equity, Loan & Guarantee Issued)	15	7	15	18	17	13	13

Source: Bank Negara Malaysia, EPU, World Economic Outlook, EIU, World Bank, Bloomberg, DOS Malaysia