



November 2023

Malaysia Macro

Bursa PLCs Investor Relations Series 3

Economic Outlook 2024

29 November 2023, Wednesday
11:00 am – 12:00 pm
Platform: Zoom



Speaker:
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Group Chief Economist
Affin Bank Berhad

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Downside risks remain but global recession may be avoided

IMF upgraded its projections for China's real GDP growth for 2023 and 2024

	IMF				World Bank				ADB			
	Forecasts		Revision		Forecasts		Revision		Forecasts		Revision	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Global	3.0	2.9	0.0	-0.1	2.1	2.4	0.0	0.0	-	-	-	-
Advanced economies	1.5	1.4	0.0	0.0	0.7	1.2	0.0	0.0	1.4	0.9	0.7	-0.4
US	2.1	1.5	0.3	0.5	1.1	0.8	0.0	0.0	1.9	0.8	1.0	-0.5
Euro Area	0.7	1.2	-0.2	-0.3	0.4	1.3	0.0	0.0	0.7	1.1	0.2	-0.3
UK	0.5	0.6	0.1	-0.4	-	-	-	-	-	-	-	-
Japan	2.0	1.0	0.6	0.0	0.8	0.7	0.0	0.0	1.7	0.5	0.9	-0.3
Developing economies	4.0	4.0	0.0	-0.1	4.0	3.9	0.0	0.0	-	-	-	-
China	5.4	4.6	0.2	0.1	5.1	4.4	-0.5	-0.2	4.9	4.5	-0.1	0.0
India	6.3	6.3	0.2	0.0	6.3	6.4	0.0	0.0	6.3	6.7	-0.1	0.0
Asean-5	4.2	4.5	-0.4	0.0	-	-	-	-	4.6	4.8	-0.1	-0.2
Indonesia	5.0	5.0	0.0	0.0	5.0	4.9	0.1	0.0	5.0	5.0	0.2	0.0
Malaysia	4.0	4.3	-0.5	-0.2	3.9	4.3	-0.4	0.1	4.5	4.9	-0.2	0.0
Philippines	5.3	5.9	-0.9	0.4	5.6	5.8	-0.4	-0.1	5.7	6.2	-0.3	0.0
Singapore	1.0	2.1	-	-	-	-	-	-	1.0	2.5	-1.0	-0.5
Thailand	2.7	3.2	-0.7	-0.4	3.4	3.5	-0.5	-0.1	3.5	3.7	0.2	0.0

Note: * refers to 10 Southeast Asia countries

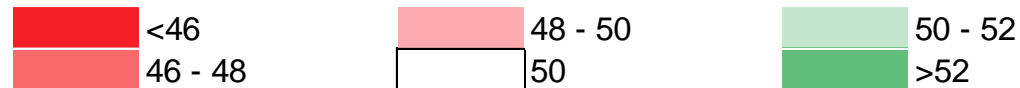
Source: IMF, WB, ADB



Slowdown in global manufacturing PMI was across the board

ASEAN's PMI fell below 50-expansion mark, while China PMI fell into contraction path again in October

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Global	48.8	48.7	49.1	49.9	49.6	49.6	49.5	48.7	48.6	49.0	49.1	48.8
US	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49.0	47.9	48.9	50.0
Eurozone	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.1
UK	46.5	45.3	47.0	49.3	47.9	47.8	47.1	46.5	45.3	43.0	44.2	45.2
China	49.4	49.0	49.2	51.6	50.0	49.5	50.9	50.5	49.2	51.0	50.6	49.5
Japan	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.5
ASEAN	50.7	50.3	51.0	51.5	51.0	52.7	51.1	51.0	50.8	51.0	49.6	49.6
Malaysia	47.9	47.8	46.5	48.4	48.8	48.8	47.8	47.7	47.8	47.8	46.8	46.8

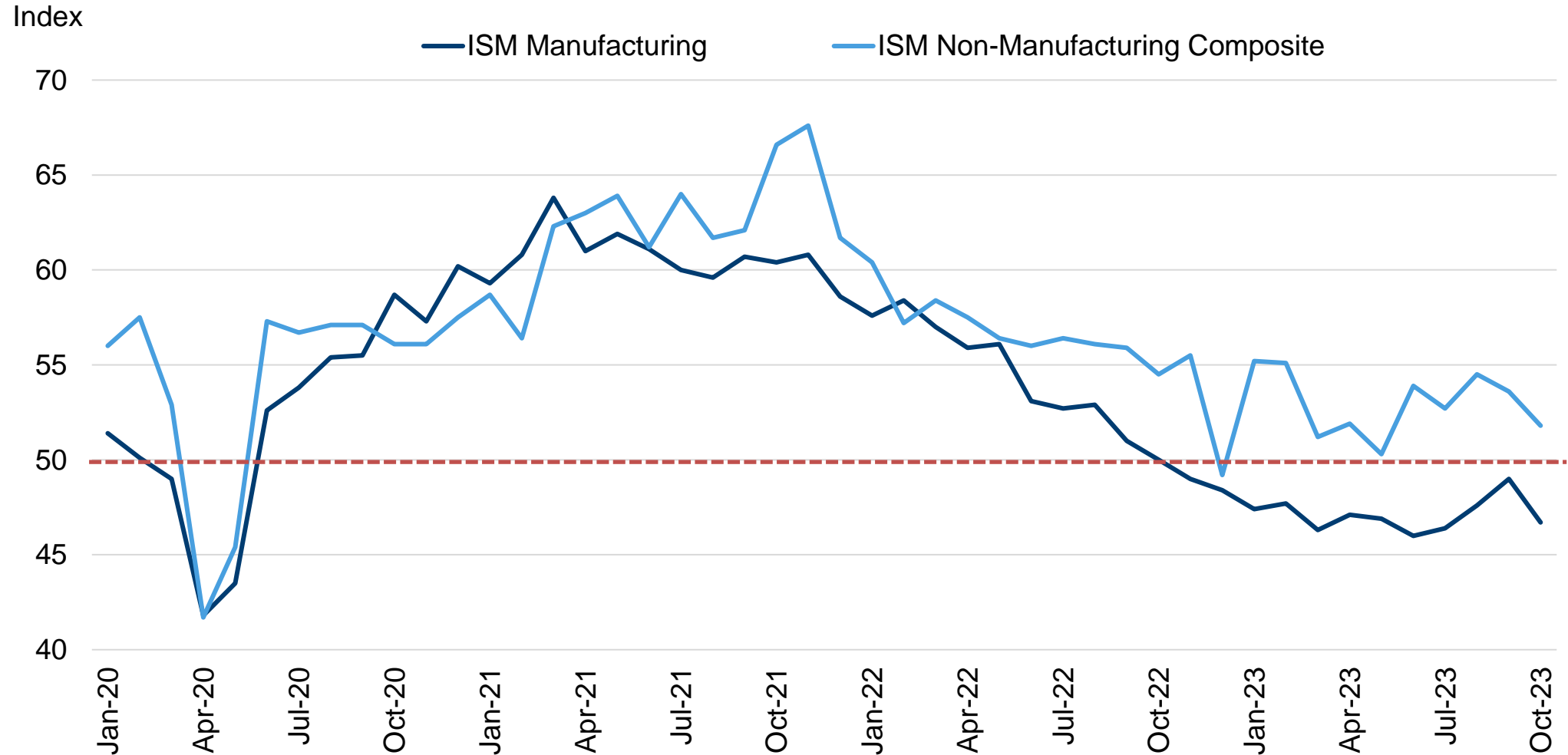


Source: Bloomberg, S&P Global



US ISM manufacturing in contraction mode, but services sector supporting economic growth

US ISM non-manufacturing remained below the 50-expansion mark, implying the risk that manufacturing sector in US may continue to contract in the near terms

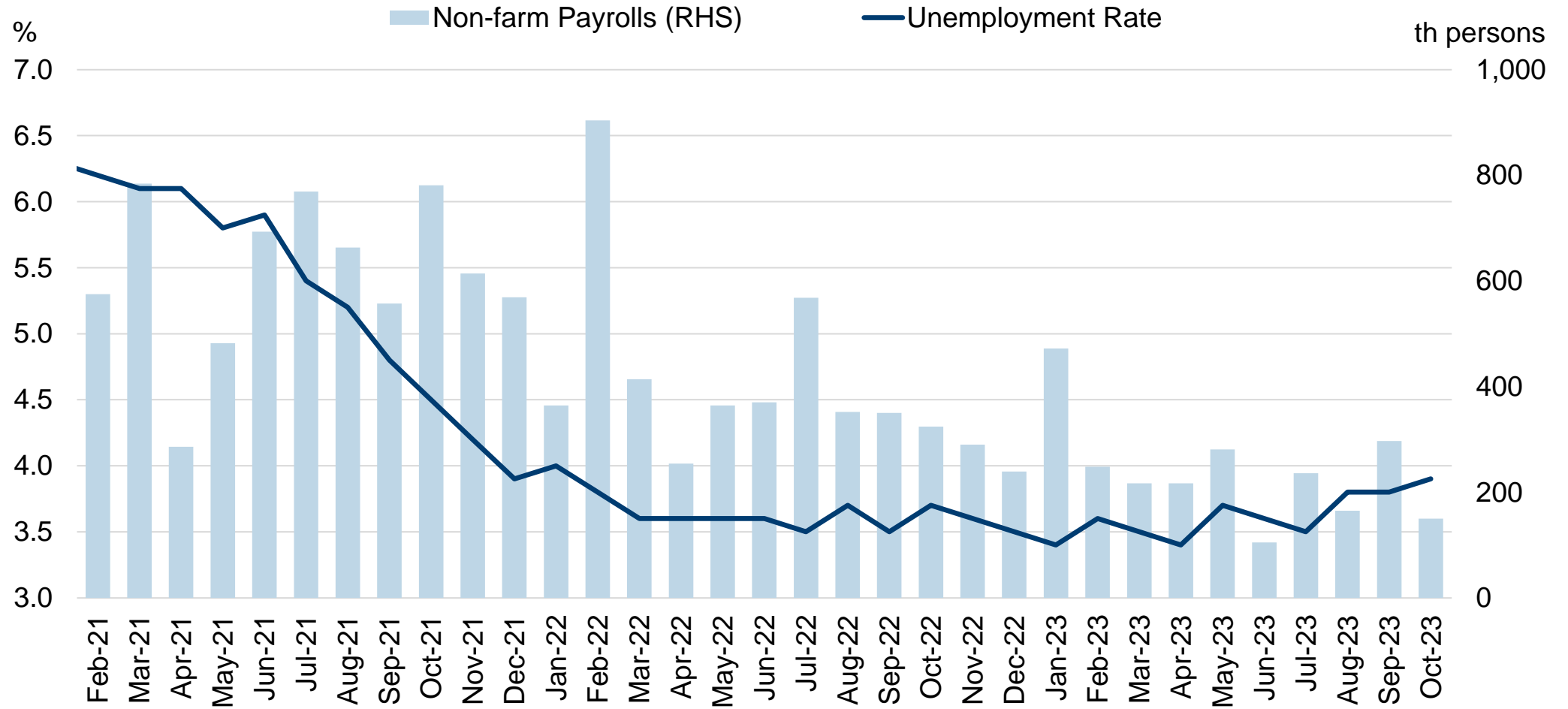


Source: United States ISM Purchasing Managers Index (PMI)



US tight labour market condition may be cooling

Signs of cooling labour market in the US, including slightly higher unemployment rate



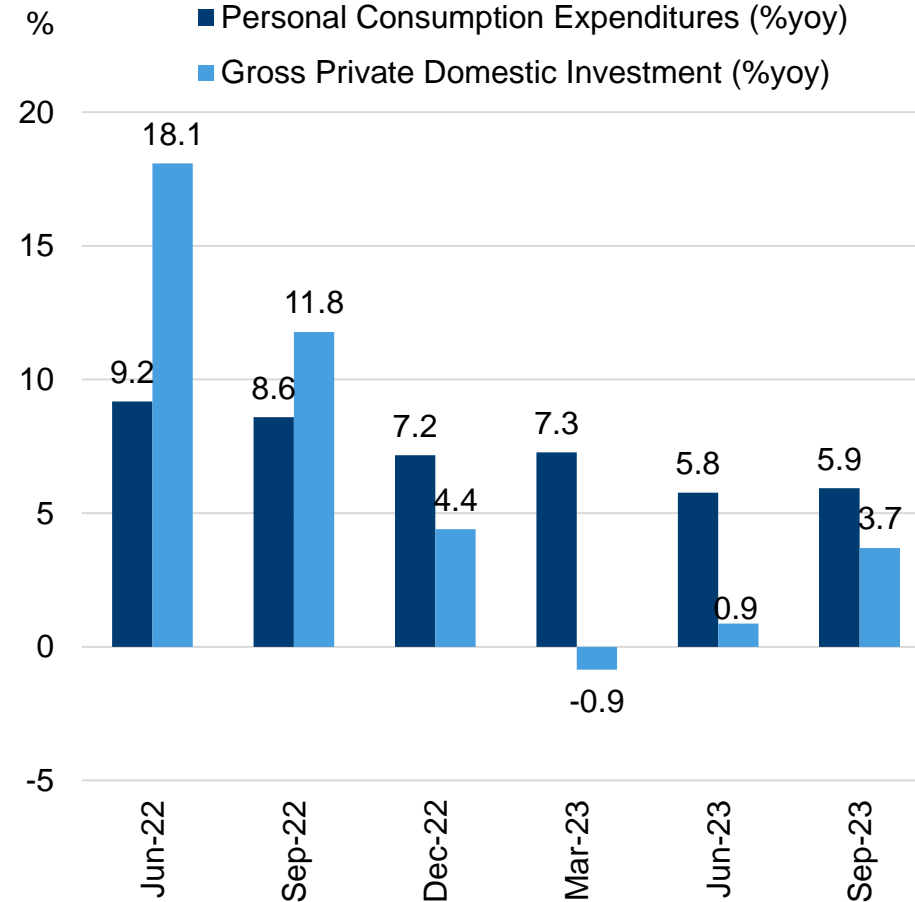
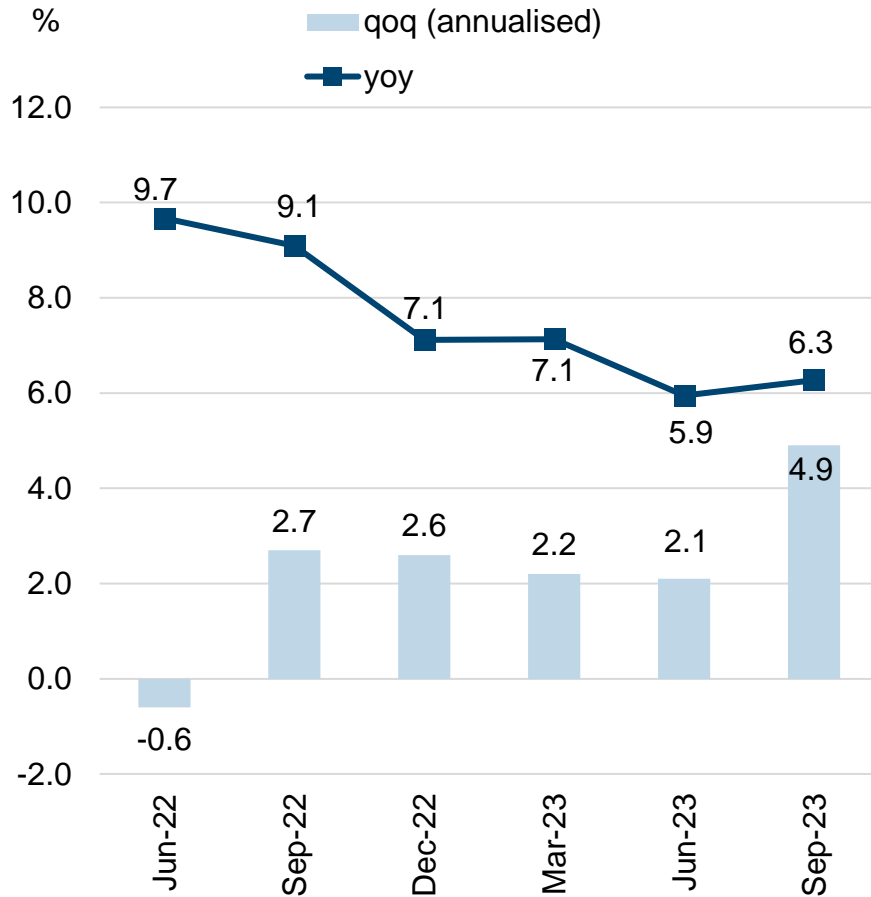
Source: Department of Statistics (DOSM)

Source: MOF



US GDP grew faster in 3Q23 but market expectations of a slowdown remains

Personal consumption expenditures continued to hold up while investment activities remained sluggish

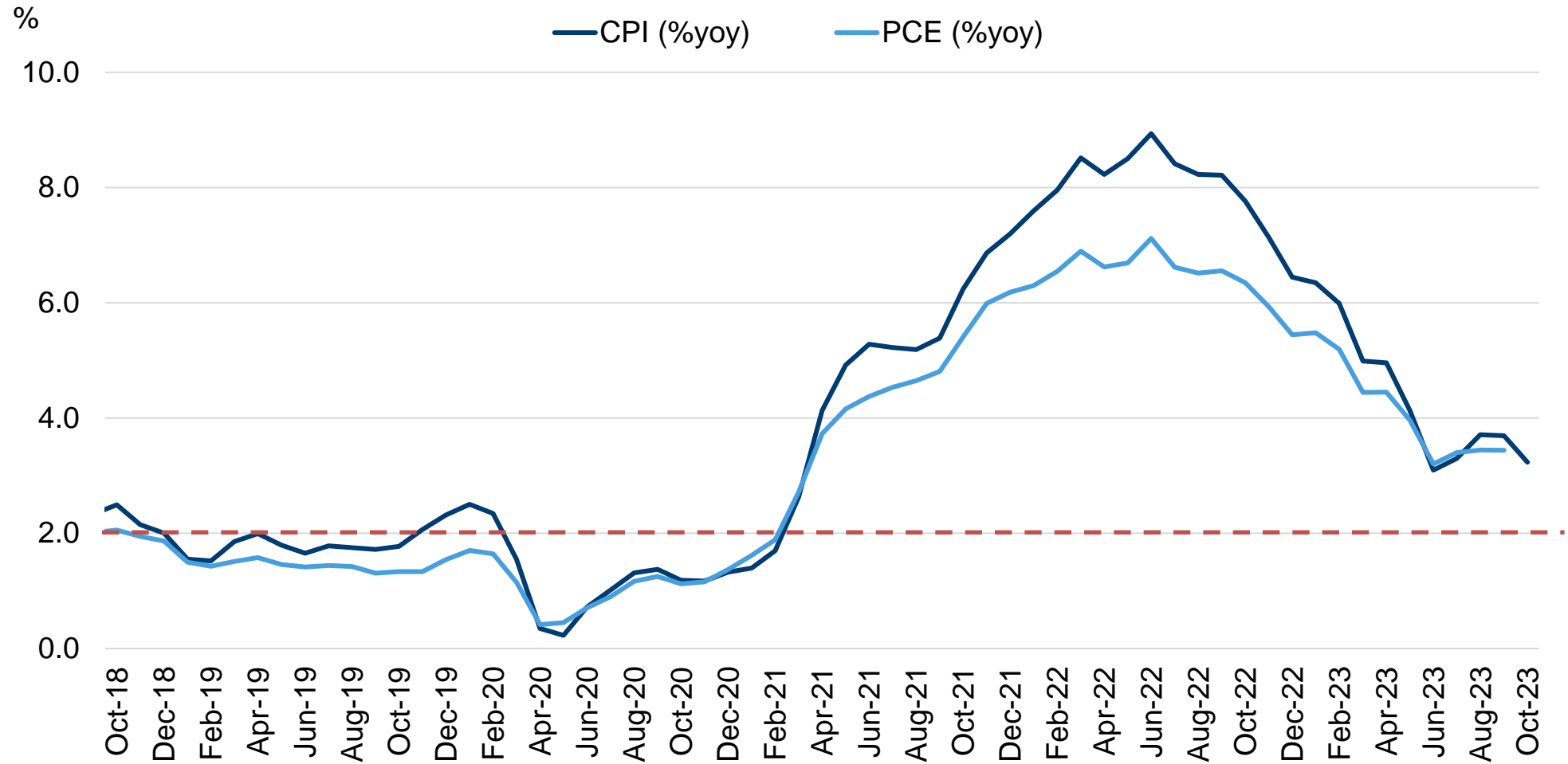


US GDP increased by 2.5% in 2Q23, annual rate, a notably firmer performance than the first quarter's expansion of 1.8%.

Source: Netherlands Bureau for Economic Policy Analysis (CPB)



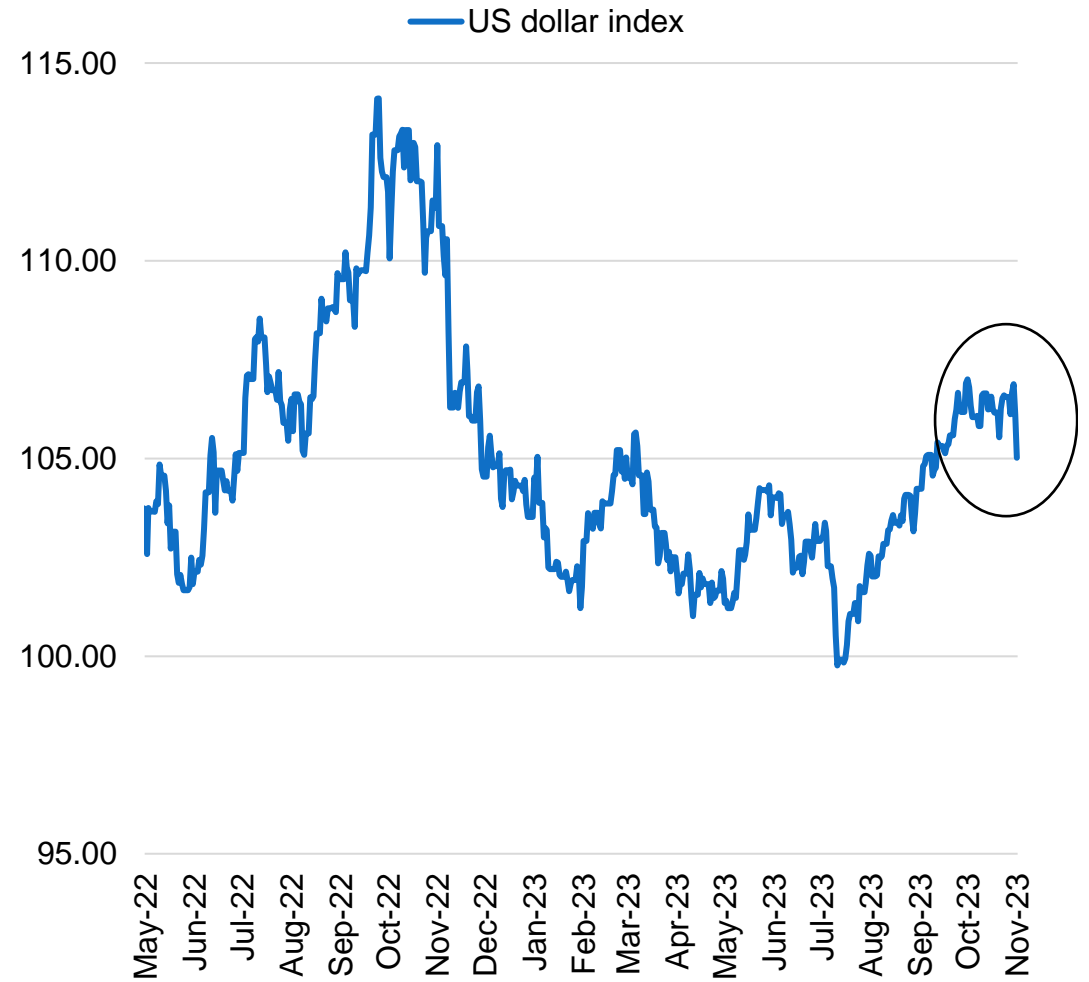
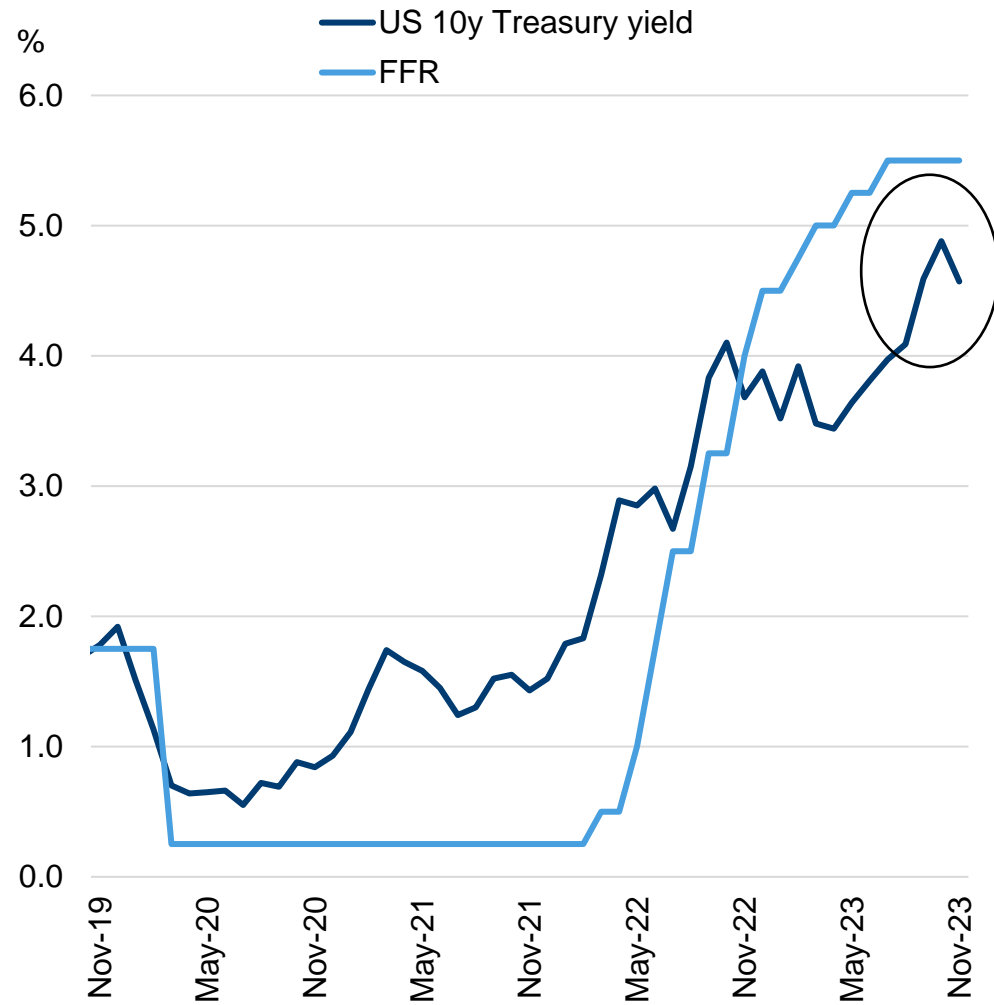
US headline inflation is improving but above its 2% target rate



Source: CEIC



US 10-year Treasury yield and US dollar retreated after Fed held its policy rate unchanged



Source: Bloomberg



Simulations on monetary policy decisions in 2024 (US and Malaysia)

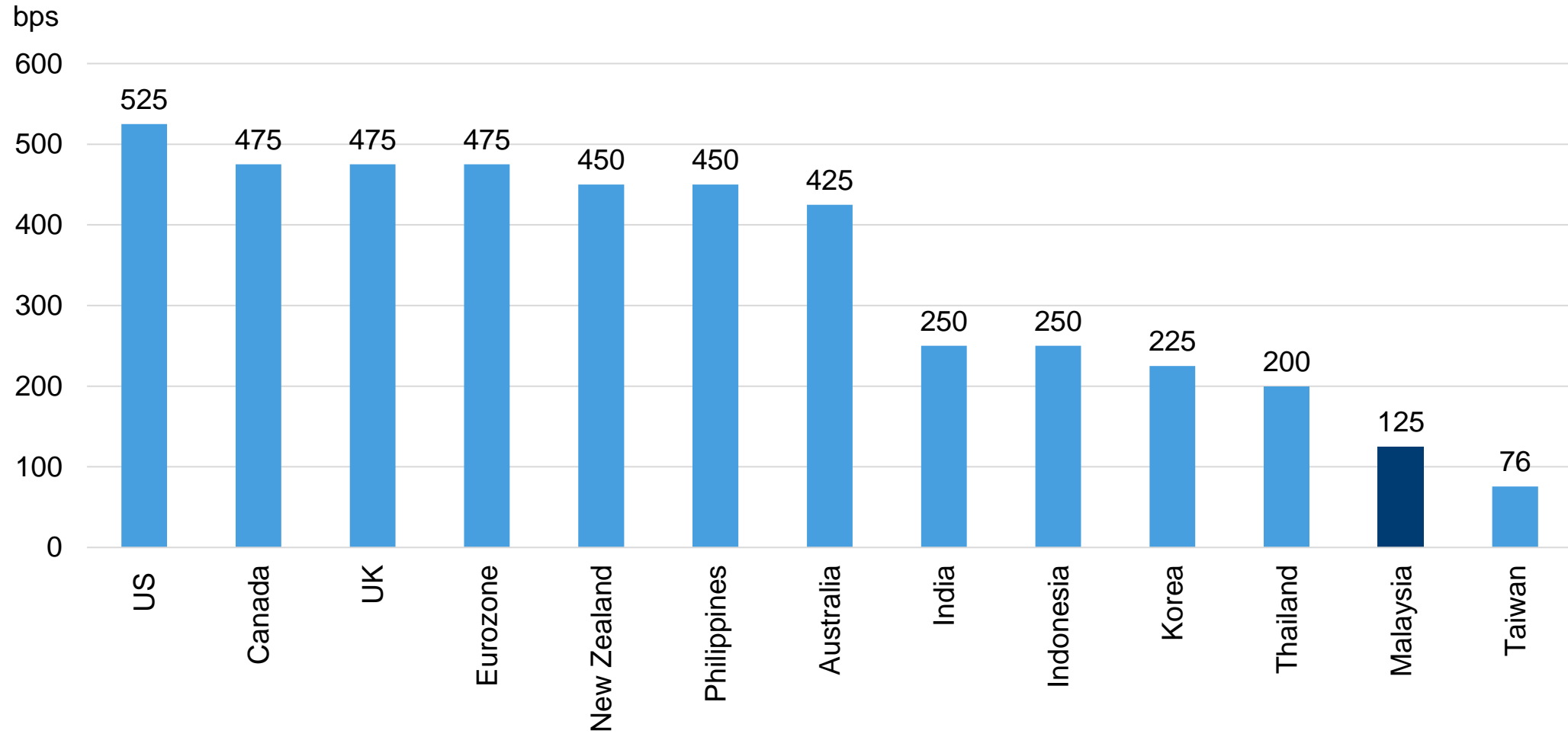
Expectations of a higher-for-longer interest rate environment in the US

BNM MPC Meeting				US FOMC Meeting			
Meeting no	Dates	Changes (bps)	OPR (%pa)	Meeting no	Dates	Changes (bps)	FFR (%pa)
2023				2023			
1	18-19 Jan	0	2.75	1	31-1 Jan/Feb	+25	4.50-4.75
2	8-9 Mar	0	2.75	2	21-22 Mar	+25	4.75-5.00
3	2-3 May	+25	3.00	3	2-3 May	+25	5.00-5.25
4	5-6 Jul	0	3.00	4	13-14 Jun	0	5.00-5.25
5	6-7 Sep	0	3.00	5	25-26 Jul	+25	5.25-5.50
6	1-2 Nov	0	3.00	6	19-20 Sep	0	5.25-5.50
2024				2024			
1	23-24 Jan	0*	3.00	1	30-31 Jan	0*	5.25-5.50
2	6-7 Mar	0*	3.00	2	19-20 Mar	0*	5.25-5.50
3	8-9 May	0*	3.00	3	30-1 Apr/May	0*	5.25-5.50
4	10-11 Jul	0*	3.00	4	11-12 Jun	0*	5.25-5.50
5	4-5 Sep	0*	3.00	5	30-31 Jul	0*	5.25-5.50
6	5-6 Nov	0*	3.00	6	17-18 Sep	-25*	5.00-5.25
				7	6-7 Nov	-25*	4.75-5.00
				8	17-18 Dec	-25*	4.50-4.75

Source: US Fed, BNM, Bloomberg, Affin's simulation*



Monetary policy rate hikes since the beginning of the global tightening cycle in Mar-22

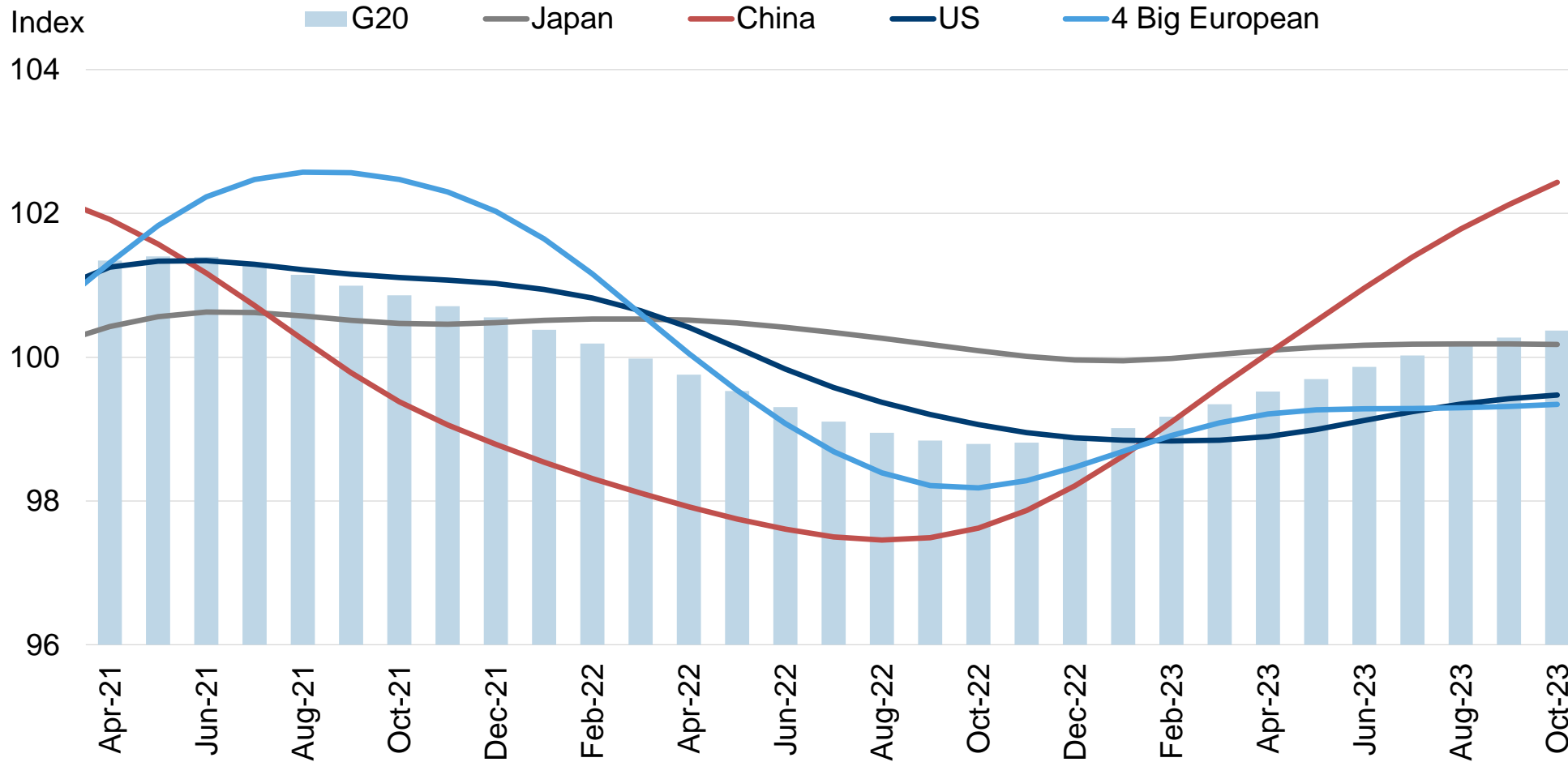


Source: Bloomberg, respective central banks



OECD composite leading indicator (CLI), China showing recovery

OECD CLI has been rising from the trough in July 2022



Source: OECD, Bloomberg



China: Domestic demand recovery gaining momentum

Breakdown of retail-sales growth over the past 6 months

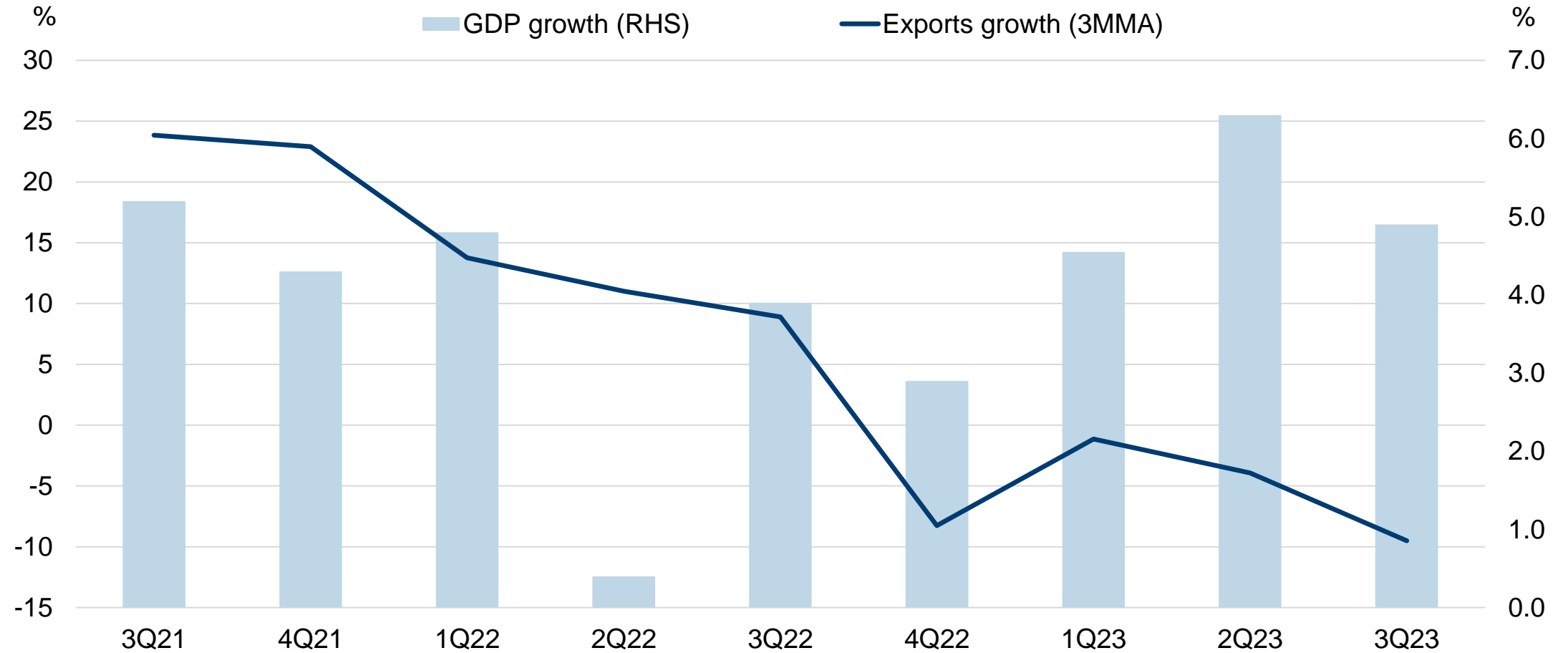
(% YoY)	Weight	May	Jun	Jul	Aug	Sep	Oct
Retail sales	100%	12.7	3.1	2.5	4.6	5.5	7.6
Catering	10%	35.1	16.1	15.8	12.4	13.8	17.1
Merchandise retail	90%	10.5	1.7	1.0	3.7	4.6	6.5
Oil & food	11%	-0.7	5.4	5.5	4.5	8.3	4.4
Beverage	2%	-0.7	3.6	3.1	0.8	8.0	6.2
Tobacco & liquor	3%	8.6	9.6	7.2	4.3	23.1	15.4
Apparel & textile	8%	17.6	6.9	2.3	4.5	9.9	7.5
Cosmetics	2%	11.7	4.8	-4.1	9.7	1.6	1.1
Jewellery	2%	24.4	7.8	-10.0	7.2	7.7	10.4
Necessity	4%	9.4	-2.2	-1.0	1.5	0.7	4.4
Sports & entertainment	1%	14.3	9.2	2.6	-0.7	10.7	25.7
Home appliance	5%	0.1	4.5	-5.5	-2.9	-2.3	9.6
Chinese & western medicine	4%	7.1	6.6	3.7	3.7	4.5	8.2
Office supplies	3%	-1.2	-9.9	-13.1	-8.4	-13.6	7.7
Furniture	1%	5.0	1.2	0.1	4.8	0.5	1.7
Communication devices	4%	27.4	6.6	3.0	8.5	0.4	14.6
Petroleum & products	14%	4.1	-2.2	-0.6	6.0	8.9	5.4
Automobile	27%	24.2	-1.1	-1.5	1.1	2.8	11.4
Construction & material	1%	-14.6	-6.8	-11.2	-11.4	-8.2	-4.8

Source: CEIC



China's exports continued to decline but GDP growth remained firm

In view of sluggish global trade activities, China's economy was supported by domestic demand amid reopening of its economy

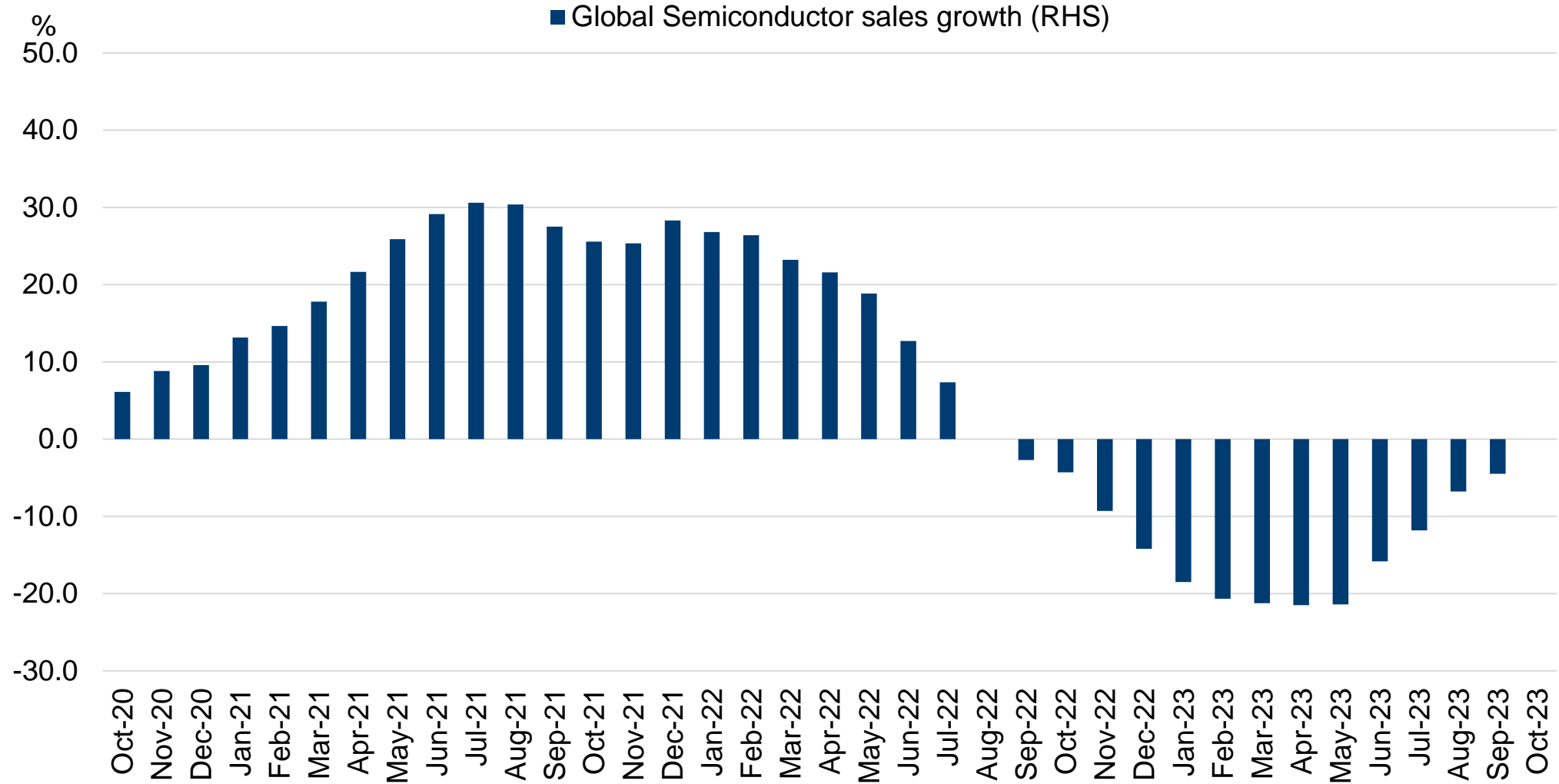


Source: CEIC



Regional export performance to improve in months ahead

Global semiconductor sales for the month of September 2023 increased 1.9% mom compared to August 2023 and fell 4.5% yoy compared to September 2022, smallest decline in 10 months



Source: Semiconductor Industry Association (SIA)



Global semiconductor sales to improve in 2024

Global semiconductor sales to rebound sharply to 11.8% yoy in 2024 (-10.3% estimated for 2023)

WSTS Forecast Summary

Spring 2023	Amounts in US\$M			Year on Year Growth in %		
	2022	2023	2024	2022	2023	2024
Americas	141,136	128,236	150,989	16.2	-9.1	17.7
Europe	53,853	57,253	61,637	12.8	6.3	7.7
Japan	48,158	48,724	52,534	10.2	1.2	7.8
Asia Pacific	330,937	280,881	310,838	-3.5	-15.1	10.7
Total World - \$M	574,084	515,095	575,997	3.3	-10.3	11.8
Discrete Semiconductors	33,993	35,904	38,192	12.0	5.6	6.4
Optoelectronics	43,908	45,949	45,881	1.2	4.6	-0.1
Sensors	21,782	20,410	21,575	13.7	-6.3	5.7
Integrated Circuits	474,402	412,832	470,349	2.5	-13.0	13.9
Analog	88,983	83,907	88,902	20.1	-5.7	6.0
Micro	79,073	71,470	75,855	-1.4	-9.6	6.1
Logic	176,578	173,413	185,266	14.0	-1.8	6.8
Memory	129,767	84,041	120,326	-15.6	-35.2	43.2
Total Products - \$M	574,084	515,095	575,997	3.3	-10.3	11.8

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

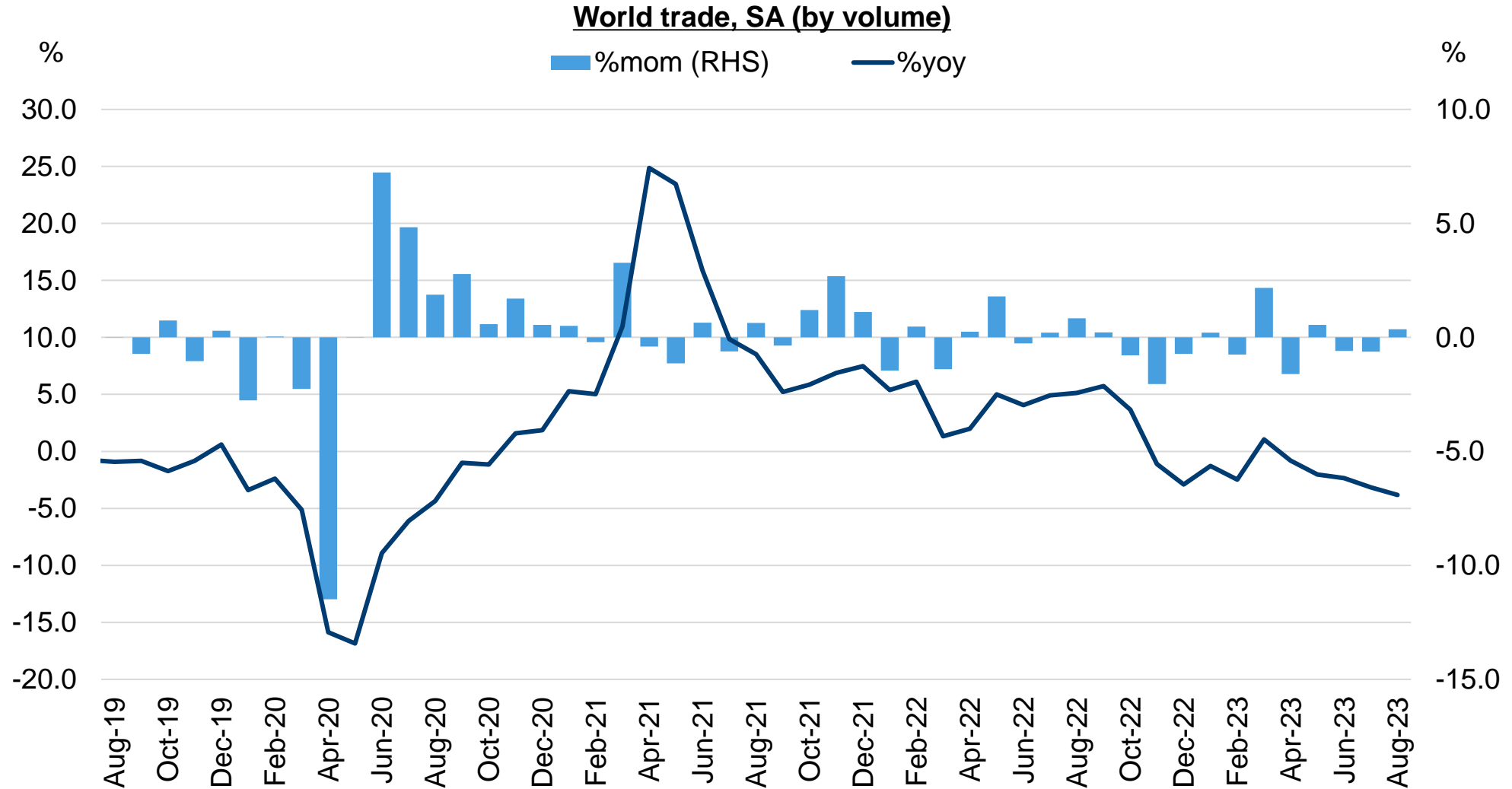
About WSTS:

World Semiconductor Trade Statistics (WSTS) was founded in 1986 as a non-profit organization of semiconductor product companies and is the industry's only source for monthly industry shipment statistics.



WTO expected global trade to recover in 2024

WTO lowers trade growth forecast amid global manufacturing slowdown and expected to grow by 0.8% this year down from 1.7% forecast in April and 3.3% growth projected for 2024.

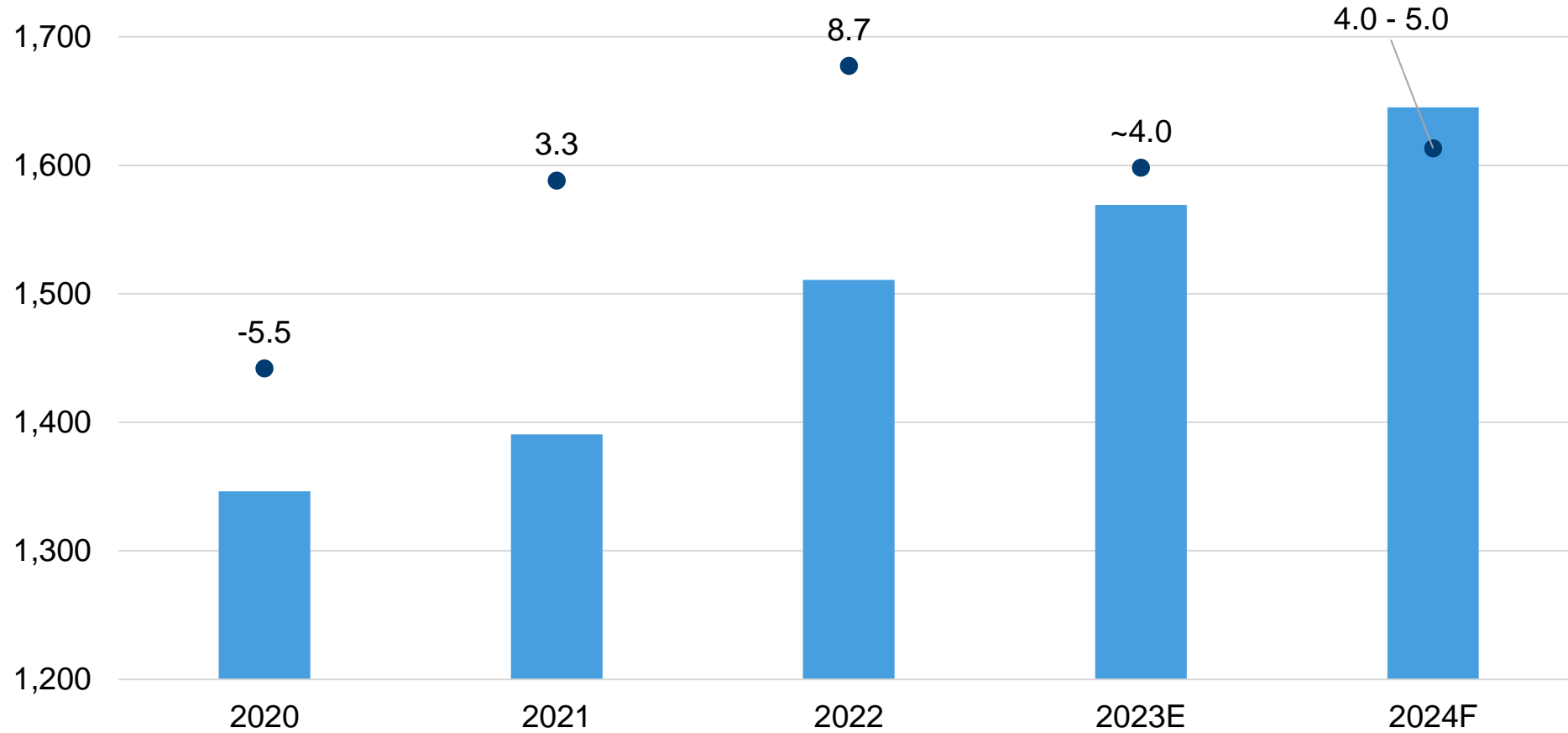




Malaysia: Official forecast of a growth rate of 4.0-5.0% for 2024

In line with the upgrade of growth targets for manufacturing and services sectors, the contribution of both sectors to exports are expected to be higher in 2025

RMbn



Source: MOF



Malaysia : Major export products (October 2023)

	Share of total (%)	% yoy				% mom			
		Jul-23	Aug-23	Sep-23	Oct-23	Jul-23	Aug-23	Sep-23	Oct-23
Electrical/Electronic Products	39.0	7.3	-15.5	-5.6	-2.3	-6.7	-14.2	25.3	-9.2
Crude Petroleum	1.8	-20.6	-22.5	-13.9	-22.3	14.4	24.4	1.5	-12.3
Chemicals/Chemical Products	5.1	-9.1	-10.0	-12.5	-2.5	4.3	2.9	1.1	6.7
Liquefied Natural Gas	3.7	-39.7	-26.0	-37.8	-34.9	1.2	24.7	-13.6	16.5
Palm Oil/Palm-Based Agri Products	5.2	-37.3	-33.1	-20.9	-22.5	2.7	-1.2	18.5	17.6
Refined Petroleum Products	11.0	-48.7	-38.6	-37.8	-23.7	-23.4	28.9	-13.4	28.6
Machinery, Equipment & Parts	4.1	-22.3	-11.5	-5.2	6.6	-7.0	17.2	1.0	2.8
Optical & Scientific Equipment	3.9	-4.1	-13.3	-7.4	1.2	4.2	-11.1	12.5	1.1
Manufactures of Metal	5.6	-12.1	-8.9	-7.4	5.9	-4.6	-4.4	-0.3	5.0
Others	22.3	-11.0	-11.6	-12.9	18.0	-3.2	4.1	-3.4	6.3
Exports	100.0	-13.0	-18.7	-13.8	-4.4	-5.8	-1.5	8.1	1.5

Source: DOSM



Imports and major exports markets

Imports of intermediate goods pointing to improvement in exports

Imports by end-use (October 2023)

	Share of total (%)	% yoy				% mom			
		Jul-23	Aug-23	Sep-23	Oct-23	Jul-23	Aug-23	Sep-23	Oct-23
Intermediate goods	49.3	-20.8	-22.5	-15.2	-7.9	2.2	5.2	-3.5	12.4
Capital goods	11.2	-4.3	5.3	-6.4	8.6	7.8	2.3	1.2	17.3
Consumption goods	8.3	2.8	-5.5	-0.5	9.9	7.3	-2.5	2.9	6.7
Imports	100.0	-16.1	-21.2	-11.1	-0.2	1.1	-1.6	2.1	13.4

Major export markets (October 2023)

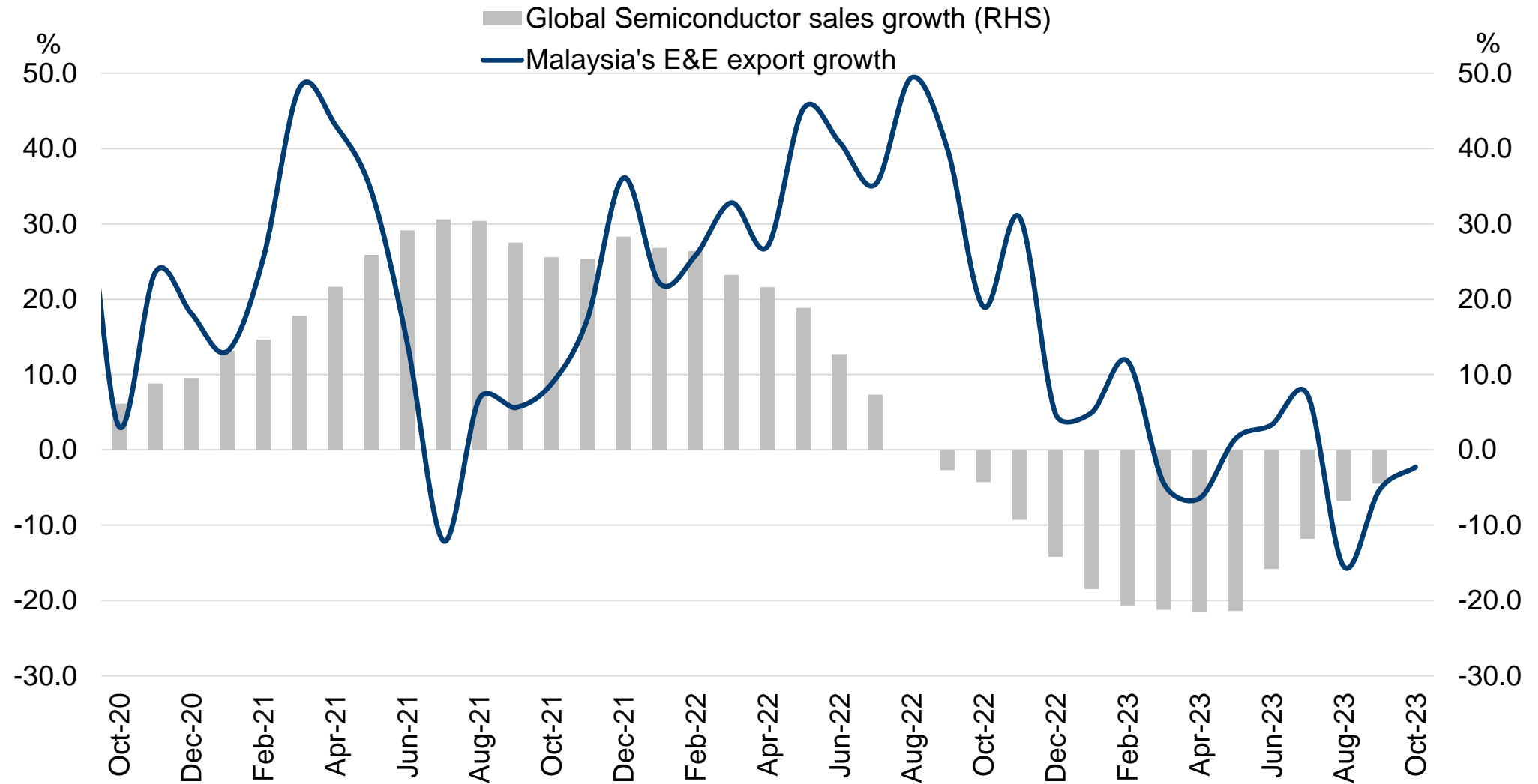
	Share of total (%)	% yoy				% mom			
		Jul-23	Aug-23	Sep-23	Oct-23	Jul-23	Aug-23	Sep-23	Oct-23
US	11.3	2.2	-9.7	-9.3	4.0	-0.4	-0.5	9.4	-3.2
EU	7.7	-5.9	-4.6	-8.3	-0.1	-5.6	6.4	1.4	0.6
Japan	5.3	-27.0	-19.4	-25.5	-23.4	-15.6	28.1	-1.1	-9.7
China	13.6	6.1	-20.3	-17.3	-7.0	0.1	-12.4	12.9	3.1
ASEAN	29.0	-18.7	-20.9	-10.9	-5.7	-8.3	-3.5	6.8	2.7
Exports	100.0	-13.0	-18.7	-13.8	-4.4	-5.8	-1.5	8.1	1.5

Source: DOSM & CEIC



Malaysia's export performance is expected to improve in month ahead

Downturn of global tech cycle showing signs of recovery, and Malaysia's E&E sector is likely to benefit



Source: Department of Statistics (DOSM), Bloomberg



Malaysia: Quarterly GDP growth (Demand Side 3Q23)

In line with the upgrade of growth targets for manufacturing and services sectors, the contribution of both sectors

GDP by expenditure component (at constant 2015 prices)

	%yoy				%qoq				% pts to GDP growth			
	4Q22	1Q23	2Q23	3Q23	4Q22	1Q23	2Q23	3Q23	4Q22	1Q23	2Q23	3Q23
GDP by Expenditure Components												
Total Consumption	6.3	4.5	4.2	4.8	3.0	-4.4	-1.2	7.6	4.7	3.3	3.0	3.5
Private consumption expenditure	7.3	5.9	4.3	4.6	-2.0	1.1	-2.0	7.7	4.2	3.6	2.6	2.8
Public consumption expenditure	3.0	-2.2	3.8	5.8	27.5	-25.1	3.3	7.3	0.5	-0.3	0.5	0.7
Total Investment	8.8	4.9	5.5	5.1	1.7	3.2	3.1	-2.9	1.6	1.0	1.1	1.0
Private investment expenditure	10.3	4.7	5.1	4.5	-15.0	24.1	6.2	-6.6	1.3	0.8	0.9	0.7
Public investment expenditure	6.0	5.7	7.9	7.5	70.0	-39.2	-9.6	15.0	0.4	0.2	0.3	0.3
Domestic Demand	6.8	4.6	4.5	4.8	2.7	-2.8	-0.2	5.3	6.3	4.3	4.2	4.5
Net exports	23.0	54.4	-3.7	-22.7	25.6	-30.0	-34.6	34.4	1.5	2.1	-0.1	-1.4
Exports	8.6	-3.3	-9.4	-12.0	-2.1	-12.4	-0.1	2.8	6.2	-2.4	-7.1	-9.3
Imports	7.2	-6.5	-9.7	-11.1	-4.6	-10.4	3.0	0.9	4.7	-4.5	-7.0	-7.8
GDP (2015 real prices)	7.1	5.6	2.9	3.3	3.4	-4.3	-0.8	5.2	7.1	5.6	2.9	3.3

Source: MOF



Malaysia: Quarterly GDP growth (Supply side 3Q23)

In line with the upgrade of growth targets for manufacturing and services sectors, the contribution of both sectors to exports are expected to be higher in 2025

GDP breakdown by economic activity (at constant 2015 prices)

	%yoy				%qoq				%pts to GDP growth			
	4Q22	1Q23	2Q23	3Q23	4Q22	1Q23	2Q23	3Q23	4Q22	1Q23	2Q23	3Q23
<u>GDP by Economic Activity</u>												
Agriculture, Forestry and Fishing	1.1	1.0	-1.0	0.8	-8.9	-9.5	2.0	19.8	0.1	0.1	-0.1	0.1
Mining and Quarrying	6.3	2.4	-2.3	-0.1	9.4	-2.5	-6.3	-0.1	0.4	0.2	-0.1	0.0
Manufacturing	3.9	3.2	0.1	-0.1	3.4	-5.8	-0.9	3.5	1.0	0.8	0.0	0.0
Construction	10.1	7.4	6.2	7.2	1.7	0.1	-1.1	6.4	0.3	0.3	0.2	0.3
Services	9.1	7.3	4.7	5.0	4.3	-3.5	-0.5	4.9	5.2	4.3	2.7	2.9
GDP (2015 real prices)	7.1	5.6	2.9	3.3	3.4	-4.3	-0.8	5.2	7.1	5.6	2.9	3.3

Source: MOF



Multiple challenges as outlined by national master plans

MADANI Economy

1 Deterioration in governance
Corruption Perception Index Ranking
1998: 29 → 2022: 61

2 Economy becoming more domestically-driven
Trade as a % of GDP
2000: 220% → 2022: 141%

3 Low labour share of income
2022: Only 32.4% of income accrues to workers
Share of labour compensation in GDP

4 Low median and mean wages
2021: RM 2,250 (MEDIAN wages) vs RM 3,037 (MEAN wages)

5 Low female labour force participation rate
2021: 55.5% vs 80.9%

6 Accelerated accumulation of national debt
Expenditure vs Revenue: More than 60% of GDP

7 Decline in Investments as a % of GDP
Pre-1998: 40% → Post-1998: 20-25%

8 Falling competitive edge globally
IMD World Competitiveness Ranking
1997: 14 → 2023: 27

9 Persistent and unequally distributed poverty
2019: Several states with double-digit poverty levels
Over 400,000 households living in poverty

NIMP 2030

Economic complexity
Improved marginally

Labour productivity
Stagnated

Disparities in manufacturing
Rising across States

Non-tariff measures
Increasing

FDIs² & DDIs³
• FDI hampering
• GVC⁴ participation
• DDI decreasing

FTAs¹ by local companies
Underutilised

Talent
Shortage and skills mismatch

Reliance on re-exports
Increasing

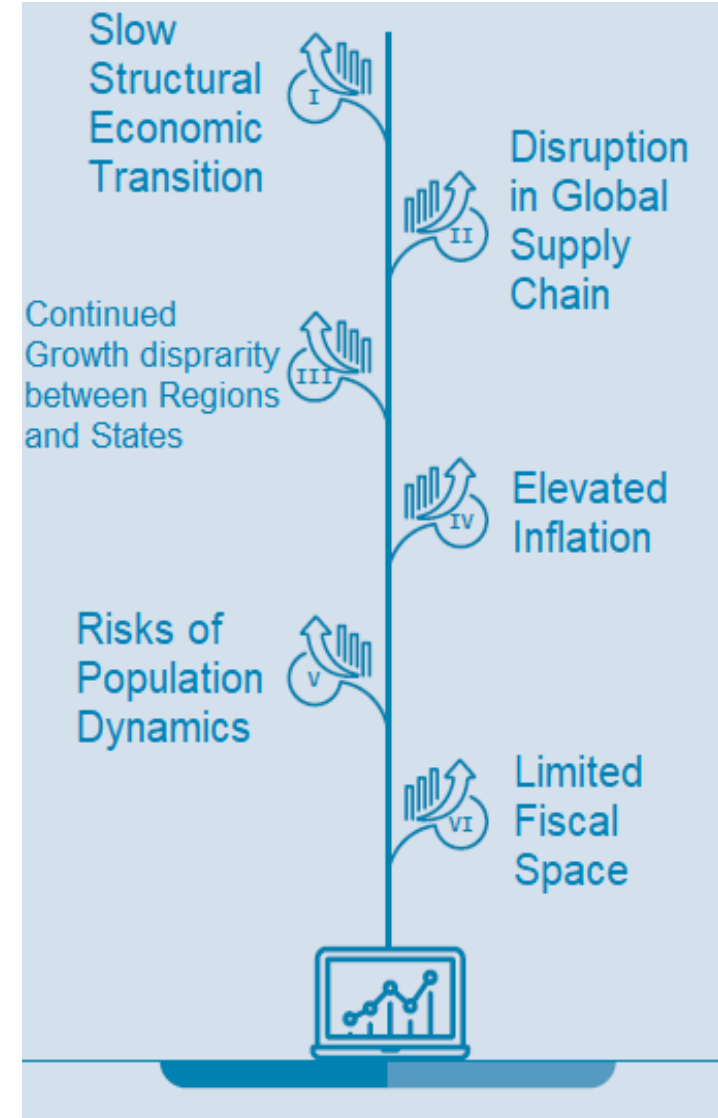
Financing for new ventures
Insufficient

MSMEs⁵ participation
Limited in GVC
Increasing

Product & market diversification
Improved marginally

Ease of doing business
Need to improve

12MP Mid-term Review





Better GDP growth expectation for 2024 amid recovery of global trade

Government expects the global trade conditions to improve in 2024, also supported by domestic demand

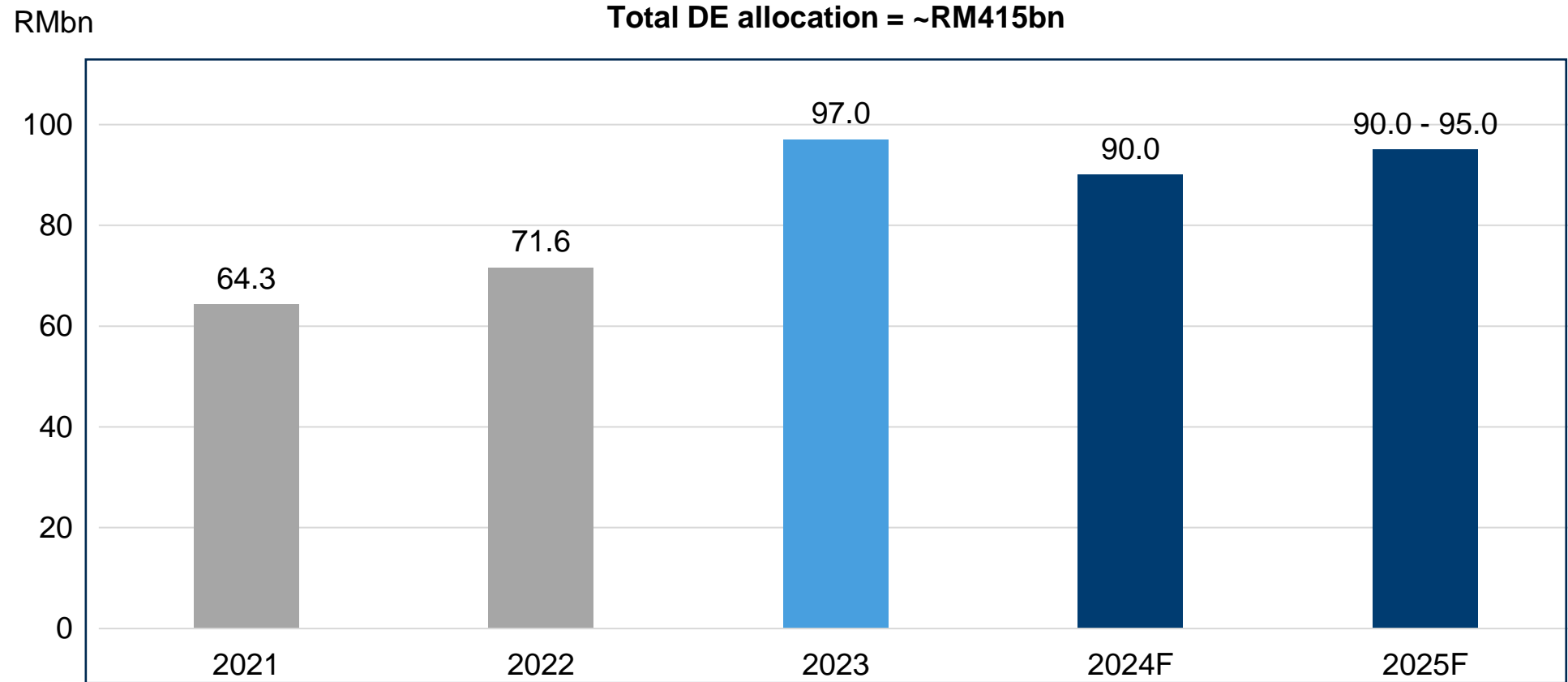
	Change (%)		
	2022	2023E	2024F
Real GDP	8.7	~4.0	4.0-5.0
Real GDP by aggregate demand			
Private Expenditure	10.3	5.3	5.6
Consumption	11.2	5.6	5.7
Investment	7.2	4.3	5.4
Public Expenditure	4.7	2.8	4.1
Consumption	4.5	1.0	2.6
Investment	5.3	8.2	8.3
Domestic Demand³	9.2	4.9	5.3
Change in Stocks	12.6	-51.2	-71.5
Net External Demand	-1.0	1.1	5.5
Exports ⁴	14.5	-6.2	4.1
Imports ⁴	15.9	-6.8	3.9
Real GDP by Sector			
Agriculture	0.1	0.6	1.2
Mining	2.6	-0.8	2.7
Manufacturing	8.1	1.4	4.2
Construction	5.0	6.3	6.8
Services	10.9	5.5	5.6
(+) Import duties	1.7	6.5	5.6

Source: MOF



Higher DE from better-than-expected fiscal revenue growth

Government announced an additional allocation for development expenditure of RM15bn for 2023-25 to provide more resource to growth catalyst

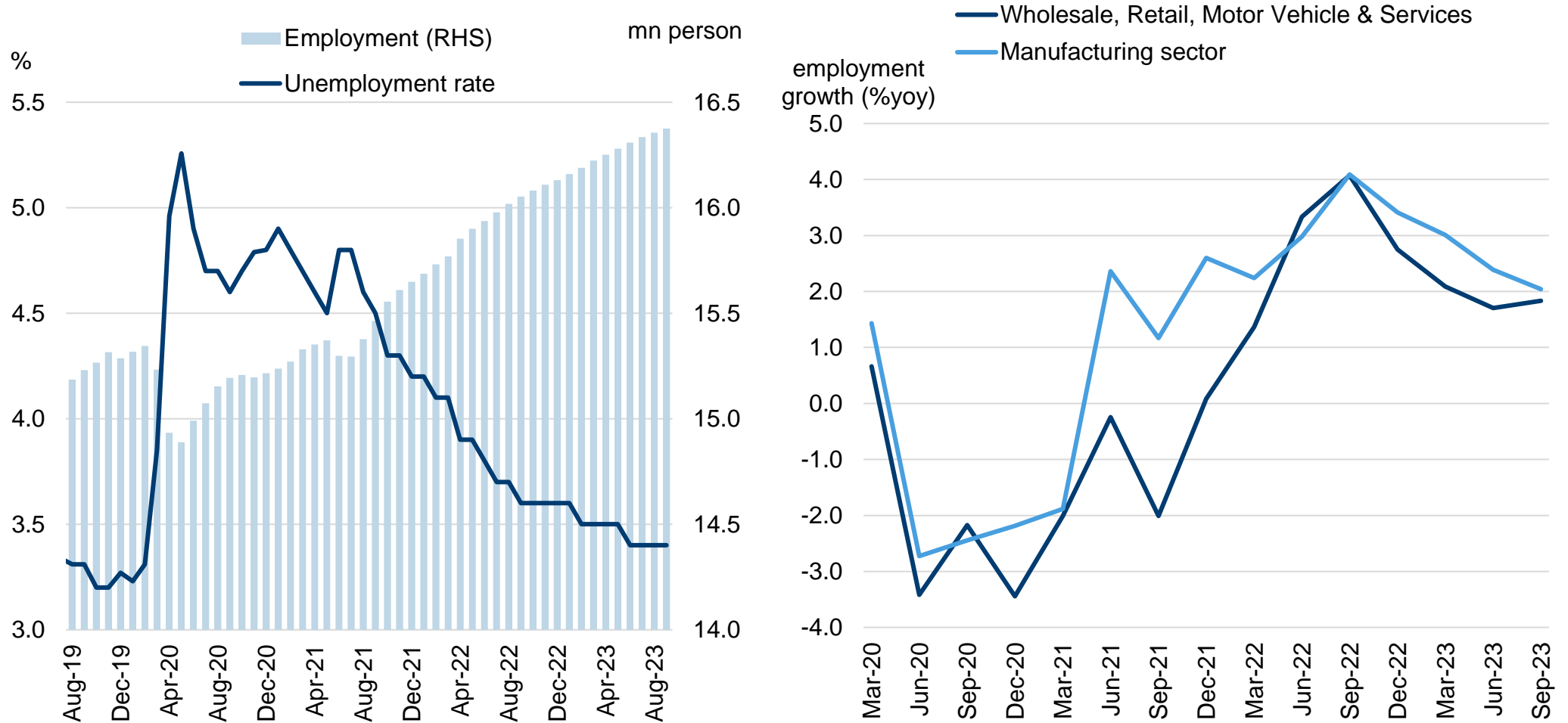


Source: MOF, Affin Hwang forecast



Labour market condition remains stable in supporting economic growth

Most of the sectors continued to register positive albeit slower growth in employment



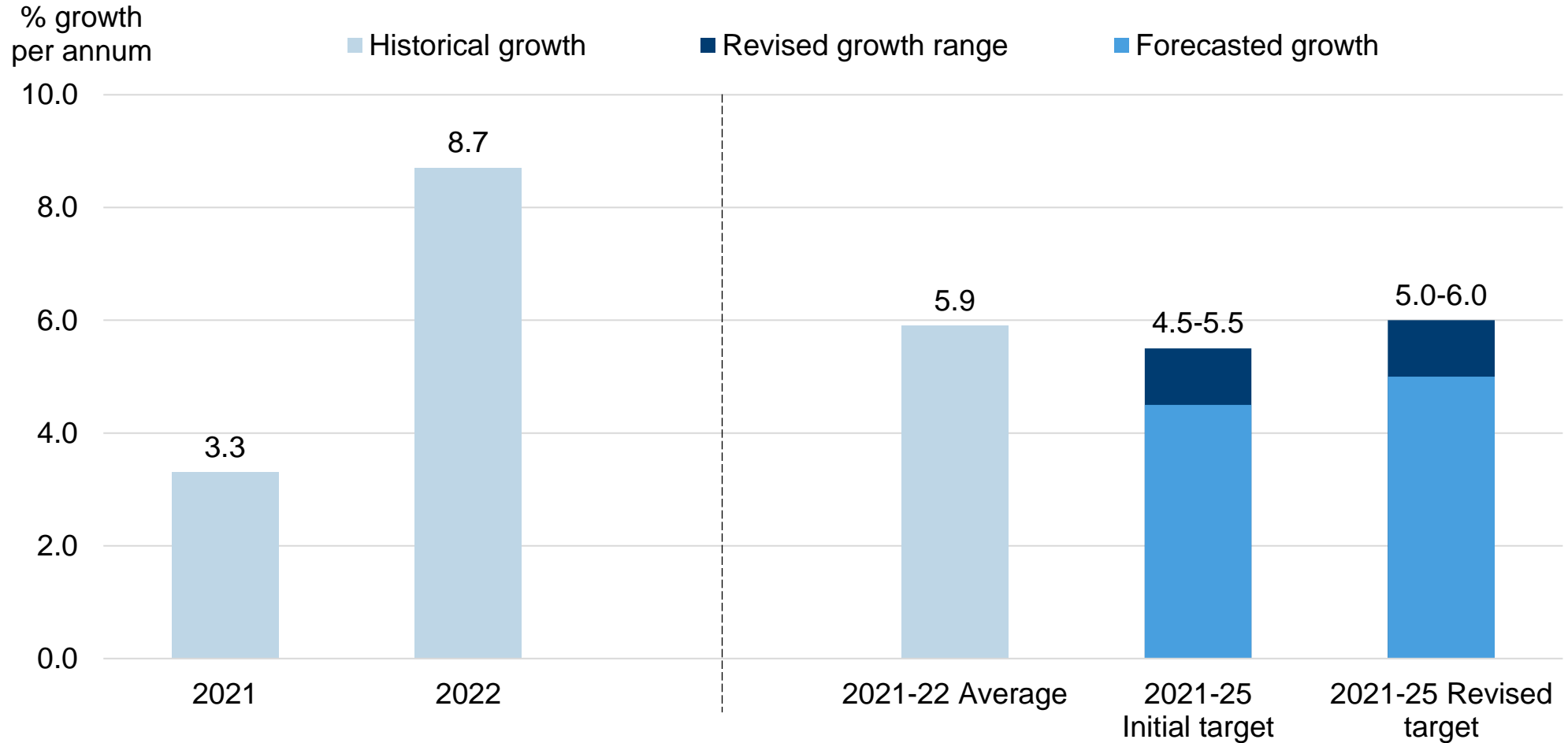
Source: Department of Statistics (DOSM)



Malaysia: 12th MP MTR– GDP forecast 2021-2025

Targeting 5.0-6.0% GDP growth by 2025

12th MP MTR– GDP forecast 2021-2025



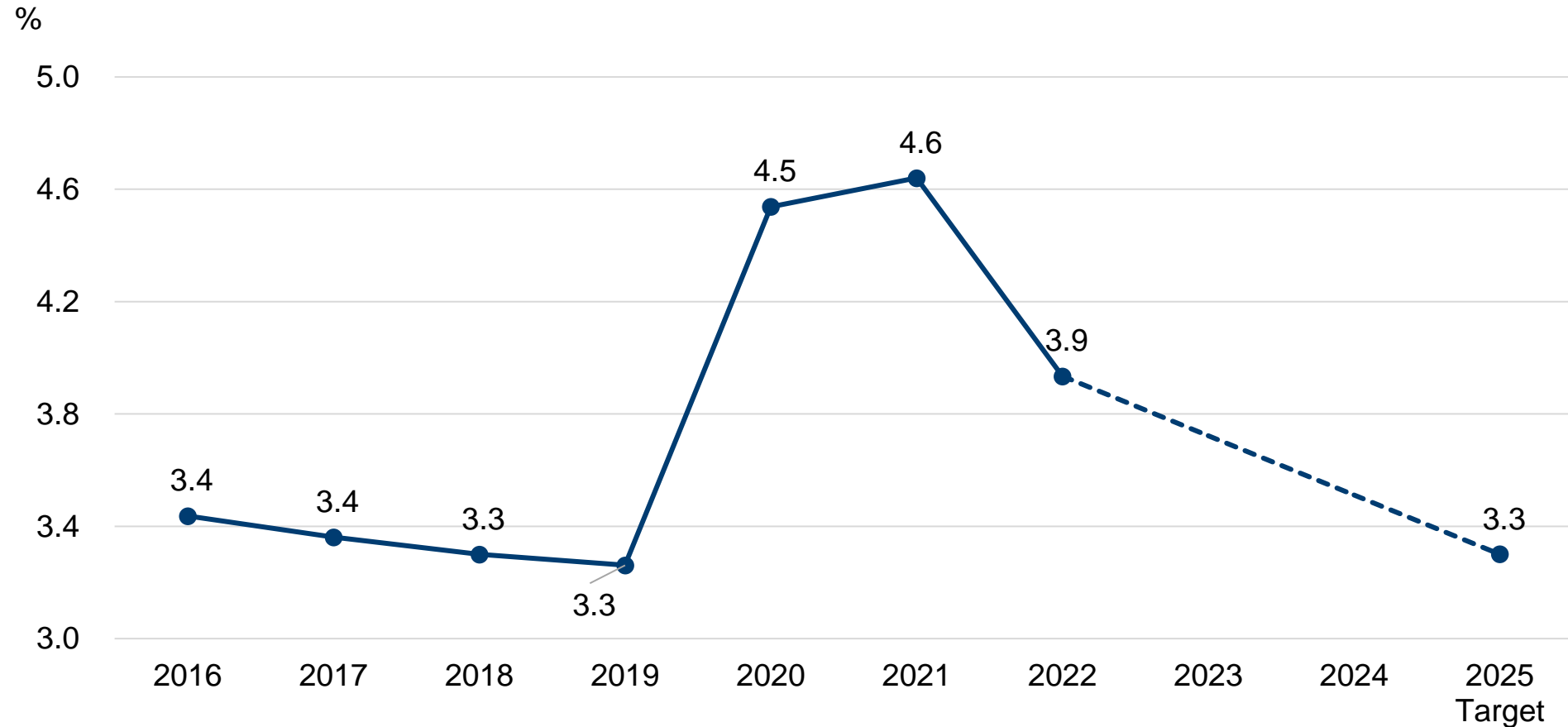
Source: MOF



Malaysia: Unemployment rate to improve to 3.3% by 2025

Labour market condition to be supportive of domestic demand, with lower unemployment rate

12th MP MTR – Unemployment rate to improve and trend downward



Source: Ministry of Economy, Ministry of Finance

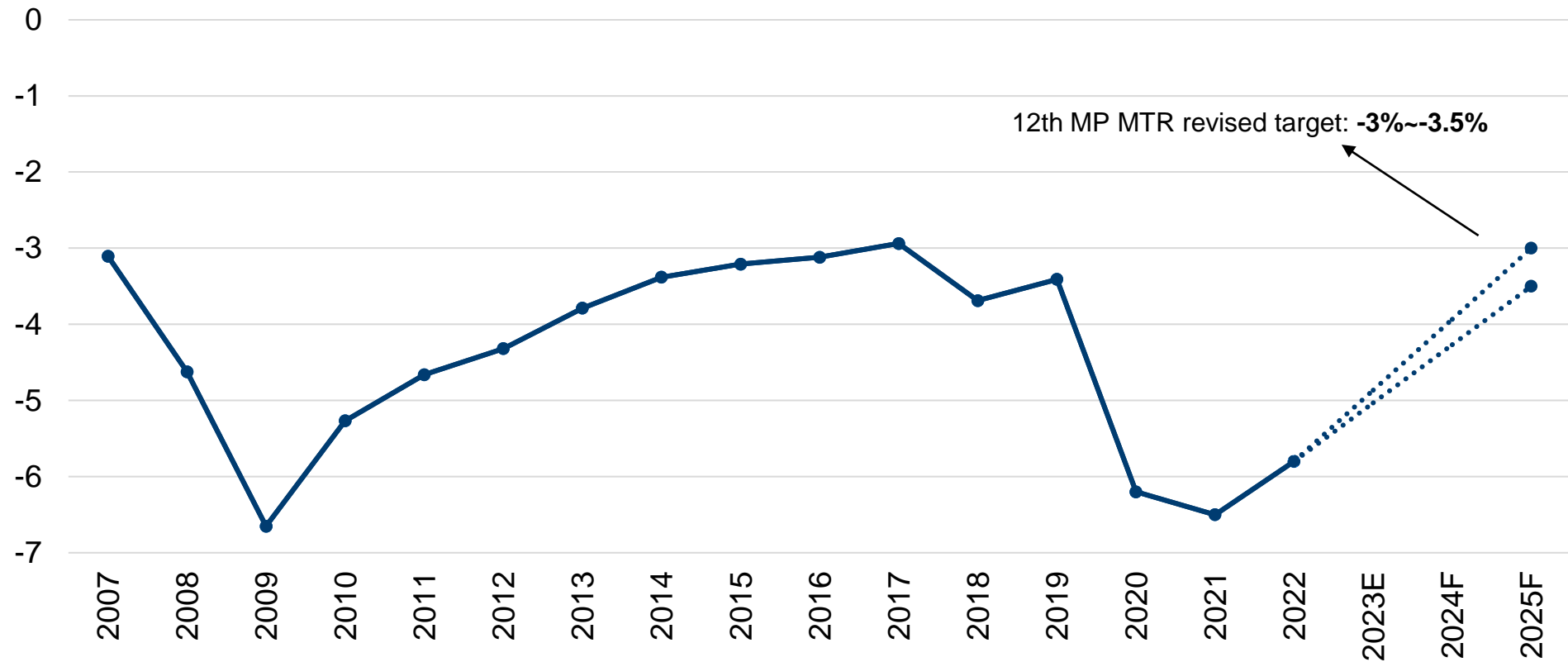


Malaysia: Fiscal consolidation continues

Government to remain committed towards fiscal discipline in managing fiscal deficit

12th MP MTR – Fiscal deficit to be addressed

% of GDP



Source: Ministry of Economy, Ministry of Finance



Budget 2024: Federal Government Finance

Government revenue is expected to outpace operating expenditure with likely implementation of targeted fuel subsidies

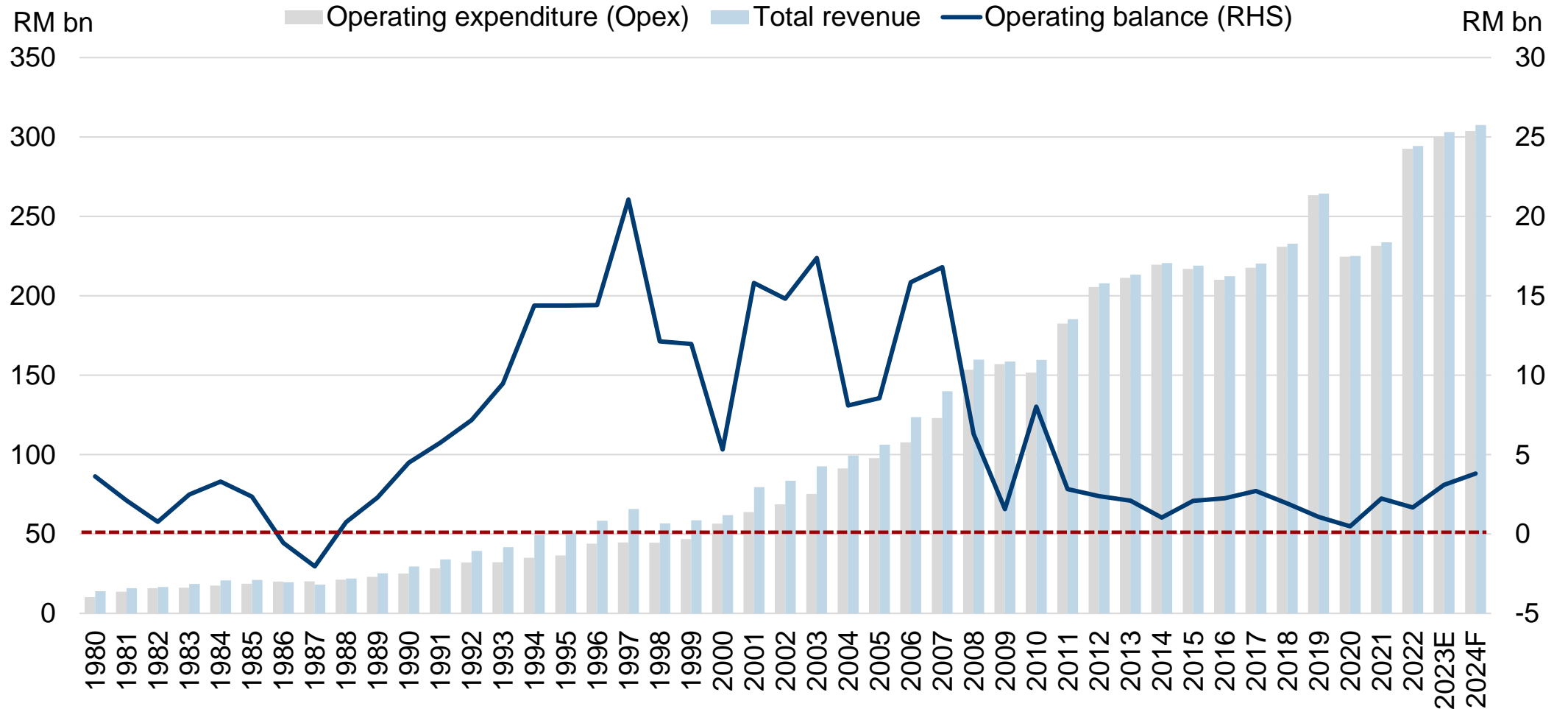
Government Finances	Budget 2024 (RM bn)			
	2021	2022	2023E	2024F
Total revenue	233.8	294.4	303.2	307.6
Operating expenditure	231.5	292.7	300.1	303.8
Gross development expenditure	64.3	71.6	97.0	90.0
Overall balance	-98.7	-99.5	-93.2	-85.4
% of GDP	-6.4	-5.6	-5.0	-4.3

Source: MOF



Budget 2024: Operating balance remain in surplus

The Government is committed to improve its fiscal strength by increase its revenue





Operating expenditure is expected to remain manageable

Overall operating expenditure is expected to be manageable amid the lower subsidy bill

	RM bn			Change (%)		
	2022	2023E	2024F	2022	2023E	2024F
Emolument	87.8	91.3	95.6	2.3	4.0	4.8
Retirement charges	31.4	32.1	32.4	7.9	2.2	1.1
Debt service charges	41.3	46.1	49.8	8.4	11.7	8.0
Grants and transfers to state governments	8.1	8.1	8.7	7.6	-0.6	8.3
Supplies and services	34.7	34.0	38.0	39.2	-2.0	11.8
Subsidies and social assistance	67.4	64.2	52.8	192.3	-4.6	-17.9
Asset acquisition	0.8	0.9	1.7	28.8	18.8	87.0
Refunds and write-offs	0.5	0.5	0.5	13.9	-16.4	16.3
Grants to statutory bodies	14.0	15.3	15.6	4.7	9.0	2.5
Others	6.7	7.8	8.5	-20.9	15.2	9.8
Total Operating Expenditure	292.7	300.1	303.8	26.4	2.5	1.2
Share of GDP (%)	16.3	16.2	15.4	-	-	-

Source: MOF



Steady increase in government revenue

Overall tax revenue growth is expected to remain healthy

	RM bn			Change (%)		
	2022	2023E	2024F	2022	2023E	2024F
TAX REVENUE	208.8	229.0	243.6	20.2	9.7	6.4
Direct tax	153.5	173.0	185.0	18.0	12.7	6.9
CITA	82.1	98.4	106.4	2.9	19.8	8.1
Individuals	33.8	39.7	42.5	24.9	17.6	6.9
PITA	23.4	20.5	21.8	102.4	-12.4	6.0
Indirect tax	55.3	56.0	58.6	26.8	1.3	4.7
SST	31.4	34.2	35.8	22.5	9.0	4.7
Excise duties	12.6	13.1	13.6	22.6	4.3	3.8
Import duties	3.2	3.0	3.2	20.7	-4.8	5.3
Export duties	2.6	1.8	1.9	27.5	-31.4	5.6
NON-TAX REVENUE	85.6	74.2	64.0	42.5	-13.3	-13.8
Licenses and permits	15.6	15.5	14.6	47.7	-1.0	-5.5
Investment income	58.2	47.8	39.7	66.3	-17.9	-16.9
Total Revenue	294.4	303.2	307.6	25.9	3.0	1.5
Share of GDP (%)	16.4	16.4	15.6	-	-	-

Source: MOF



ASEAN macroeconomic indicators

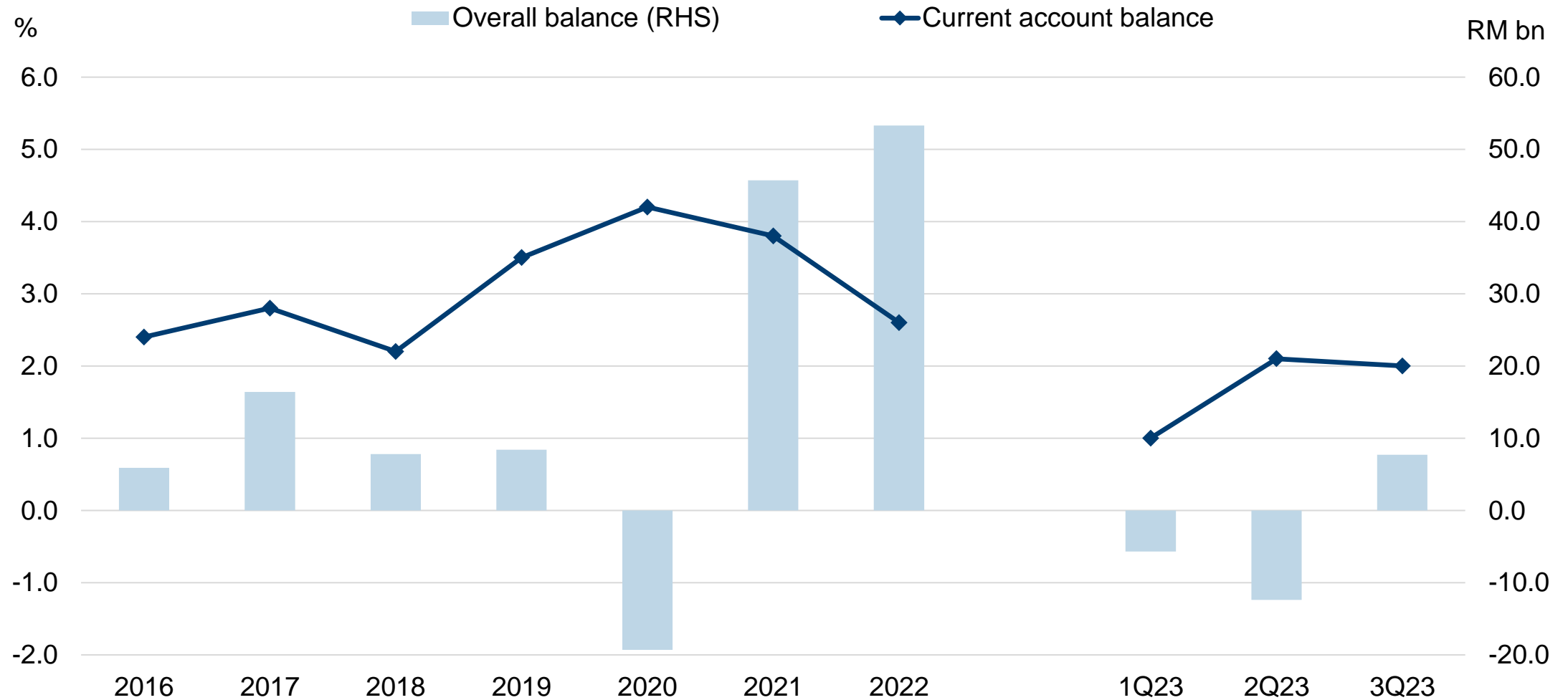
	Real GDP (%)					Current account					Fiscal balance				
	2020	2021	2022	1Q23	2Q23	2020	2021	2022	1Q23	2Q23	2020	2021	2022	1Q23	2Q23
Malaysia	-5.5	3.1	8.7	5.6	2.9	4.2	3.8	2.6	1.0	2.1	-6.2	-6.4	-5.6	-3.8	-5.2
Indonesia	-2.1	3.7	5.3	5.0	5.2	-0.4	0.3	0.7	0.9	-0.5	-6.1	-4.7	-2.4	2.5	0.5
Philippines	-9.5	5.7	7.6	6.4	4.3	3.3	-1.4	-6.3	-4.5	-3.4	-7.6	-8.6	-7.3	-4.8	-4.8
Singapore	-3.9	8.9	3.6	0.4	0.5	16.4	18	19.3	19.2	19.0	-10.5	0.3	-0.3	-6.9	6.3
Thailand	-6.2	1.6	2.6	2.6	1.8	4.2	-2.1	-3.4	1.5	-2.0	-5.2	-4.8	-3.5	-3.9	1.9

Source: CEIC



Fundamental of Ringgit remain stable with current account surplus

Healthy balance of payment, with current account to remain in surplus



Source: CEIC

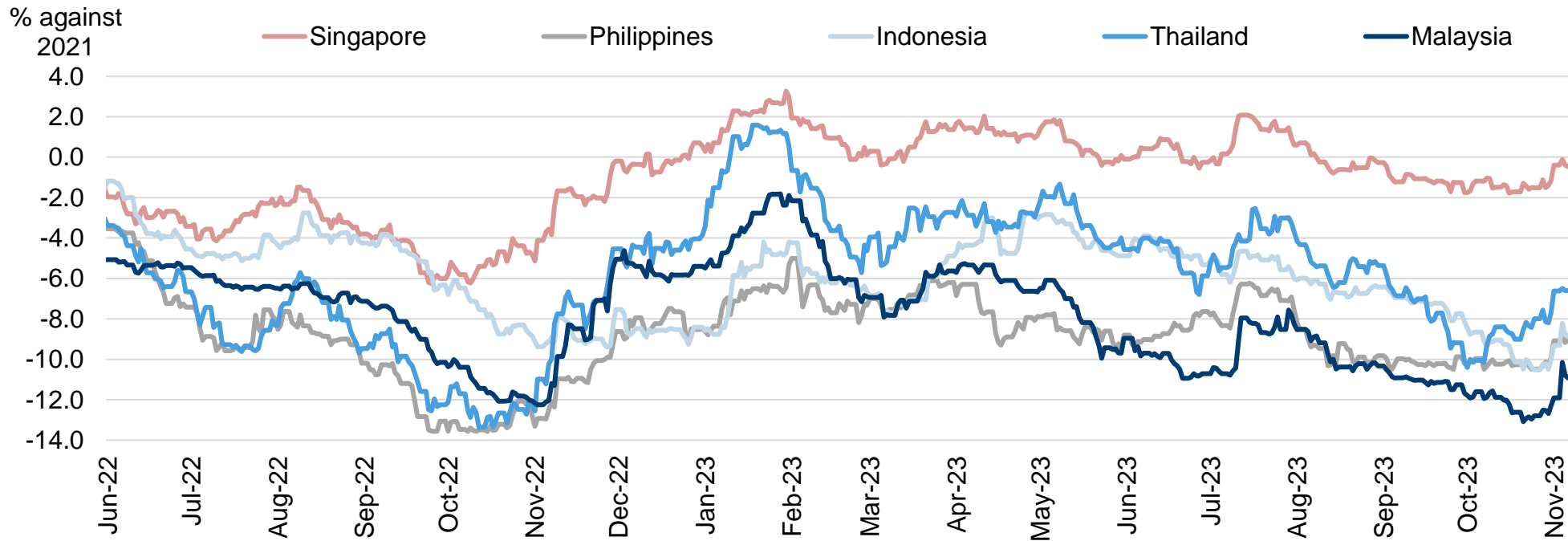


Malaysia Ringgit is expected to recover by end 2024

Market expectation of higher for longer US FFR will gradually fade in 2H24

	End period				Performance against USD (% change)		
	2020	2021	2022	8-Nov-23	2021	2022	2023 YTD
Indonesian Rupiah	14,050.00	14,263.00	15,573.00	15,653.00	-1.49	-8.41	-0.51
Philippine peso	48	51	56	56	-5.81	-8.52	-0.48
Singapore dollar	1.32	1.35	1.34	1.36	-2.22	0.78	-1.17
Thai baht	29.96	33.21	34.61	35.55	-9.79	-4.04	-2.66
Malaysia ringgit	4.02	4.17	4.40	4.68	-3.60	-5.32	-5.84

Currency movement among regional peers (% against end-2021)

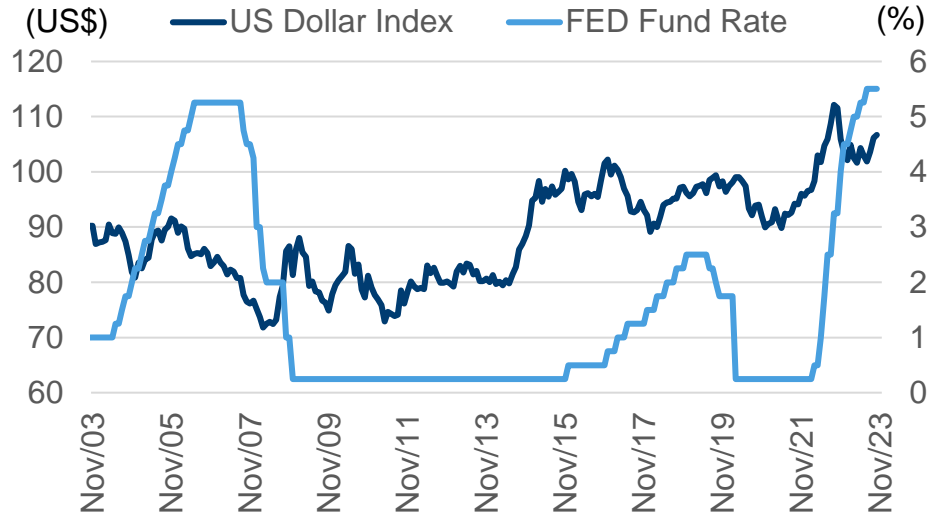


Source: Bloomberg



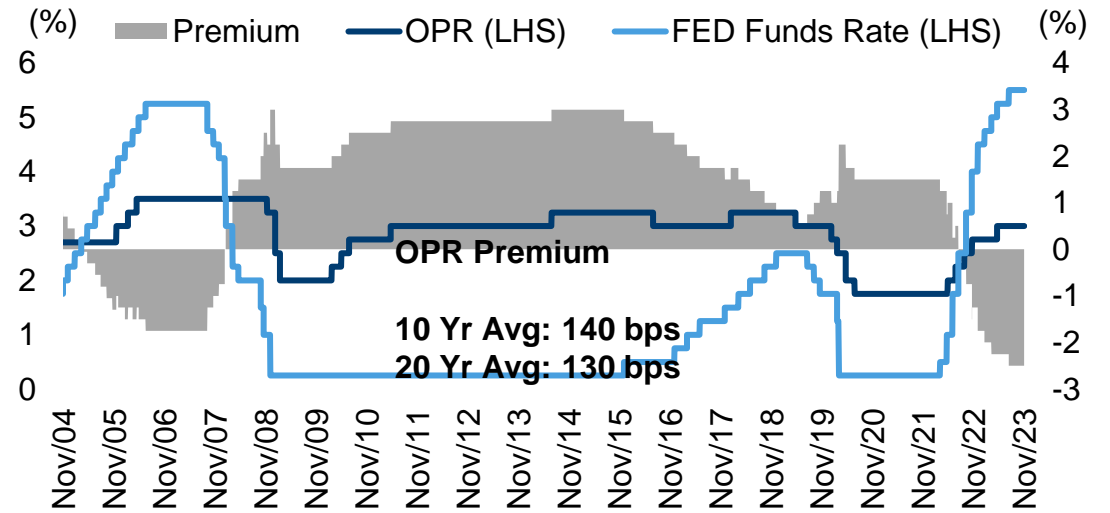
2024 Macro Outlook – Expect US\$ strength to ease in 2024

DXY vs Fed Fund Rate



Source: Bloomberg

Malaysia OPR vs Fed Fund Rate



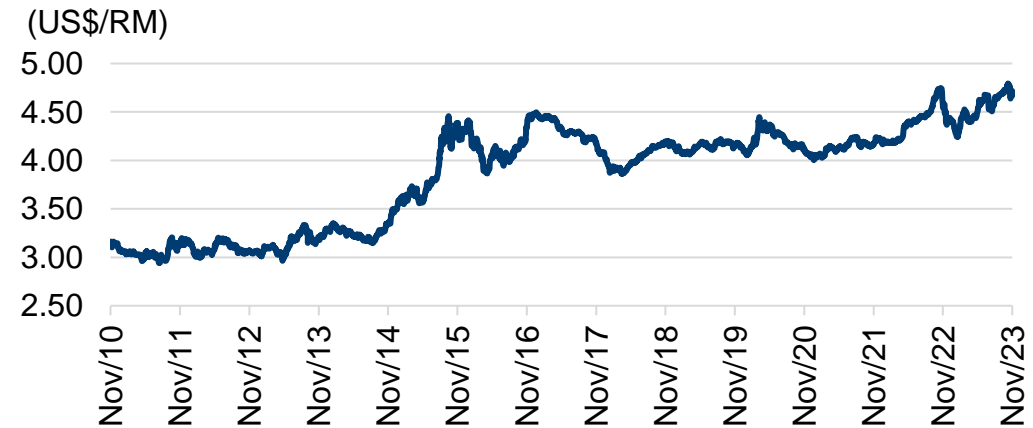
Source: Bloomberg

Oil Prices



Source: Bloomberg

RM/US\$



Source: Bloomberg

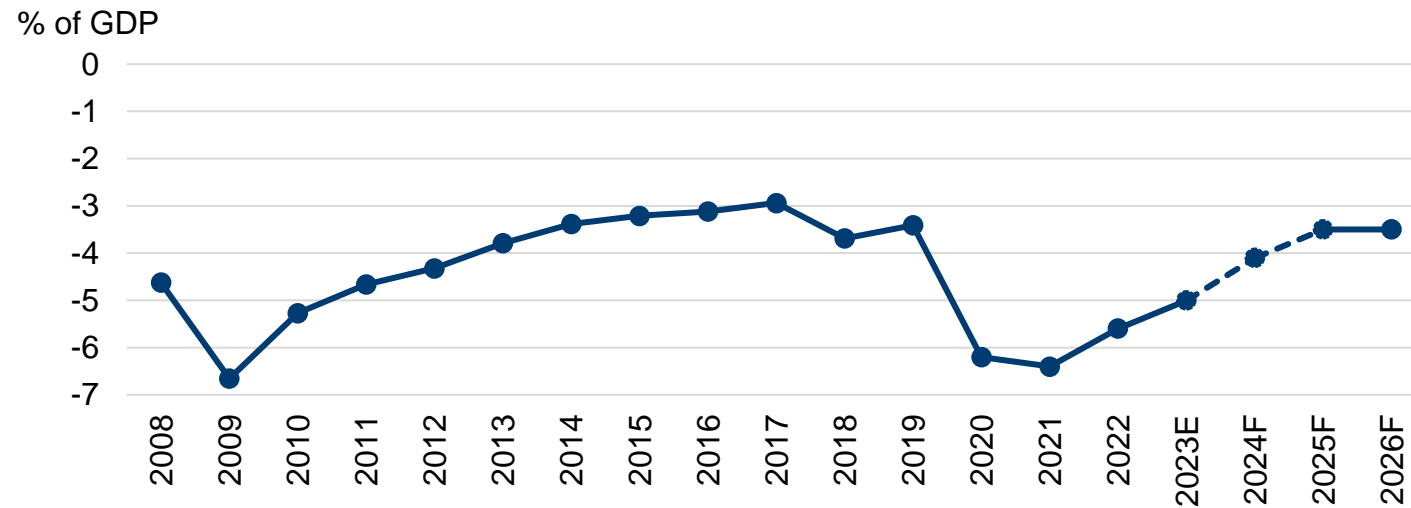


Malaysia's sovereign rating comparison

Standard & Poor's Ratings Services (S&P) and Fitch have maintained the country's stable long-term foreign outlook

Moody's			S&P			Fitch		
Date	Ratings	Outlook	Date	Ratings	Outlook	Date	Ratings	Outlook
11-Jan-16	A3	Stable	26-Jun-20	A-	Negative	9-Apr-20	A-	Negative
28-Jan-21	A3	Stable	26-Jun-22	A-	Stable	4-Dec-20	BBB+	Stable
14-Apr-23	A3	Stable	27-Jun-23	A-	Stable	17-Feb-23	BBB+	Stable

Fiscal Deficit target under 12MP (% of GDP)



Source: Moody's, S&P and Fitch, MOF Economic Report 2022/2023, Ministry of Economy

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