



UCAPAN SALAM AIDILFITRI OLEH YB DATO' SRI MUSTAPA MOHAMED

Assalamualaikum w.b.t

*Allahu Akbar, Allahu Akbar, Allahu Akbar,
Walillah hil Hamd.*

Alhamdulillah segala pujian dirafakkan ke hadrat Allah SWT, kerana tidak lama lagi umat Islam di Malaysia dan serata dunia bakal menyambut 1 Syawal 1437H. Ini merupakan hari kemenangan yang ditunggu-tunggu, apatah lagi setelah sebulan kita berpuasa, berjihad melawan hawa nafsu serta menahan lapar dahaga.

Kemeriahan Aidilfitri 1437H akan lebih bermakna apabila kita dapat berkumpul dan meraikannya bersama keluarga yang dikasihi. Kepada warga MITI, marilah kita saling bermaaf-maafan serta memperkasa semangat muhibbah dan kerjasama antara kita yang telah terjalin selama ini.

Dalam kegembiraan meraikan Syawal kali ini, janganlah sesekali kita lupakan nasib saudara seagama kita baik dalam negara, mahupun di luar negara, termasuklah di negara-negara yang bergolak di Timur Tengah. Fenomena Arab Spring yang melanda beberapa negara pada tahun 2010 bukan sekadar gagal menjadi titik permulaan kepada sebuah kehidupan yang lebih baik, malah mengeruhkan lagi keharmonian sesama masyarakat. Kebanyakan negara yang terlibat masih dalam keadaan bergolak. Umpamanya pada hari ini kita menyaksikan peningkatan jumlah pelarian dari Syria saban hari, di mana angka terkini dilaporkan hampir mencecah 5 juta orang.

Ini merupakan satu fenomena yang cukup menyayat hati dan membimbangkan. Berat mata memandang, berat lagi bahu yang memikul. Justeru, kita sewajarnya menginsafi nikmat yang ada dan sentiasa menghulurkan bantuan terdaya bagi membantu meringkan beban mereka.

Akhir kata, saya mendoakan agar saudara-saudari sekalian selamat sampai ke destinasi yang ditujui masing-masing sewaktu sambutan Aidilfitri tahun ini. Saya juga berharap agar kita akan kembali bertugas dengan lebih bertenaga, ceria dan bersemangat berbekalkan fadilat serta rahmat sepanjang bulan Ramadan yang lalu. Sekali lagi saya dan keluarga serta warga Kementerian ingin mengambil kesempatan ini untuk mengucapkan Selamat Hari Raya Aidilfitri, Maaf Zahir dan Batin.

*Allahu Akbar, Allahu Akbar, Allahu Akbar, Walillah hil Hamd
Wabillahi Taufik Walhidayah. Wassalamualaikum w.b.t*

*Dato' Sri Mustapa Mohamed
Menteri Perdagangan Antarabangsa dan Industri*



Happy Retirement!!!

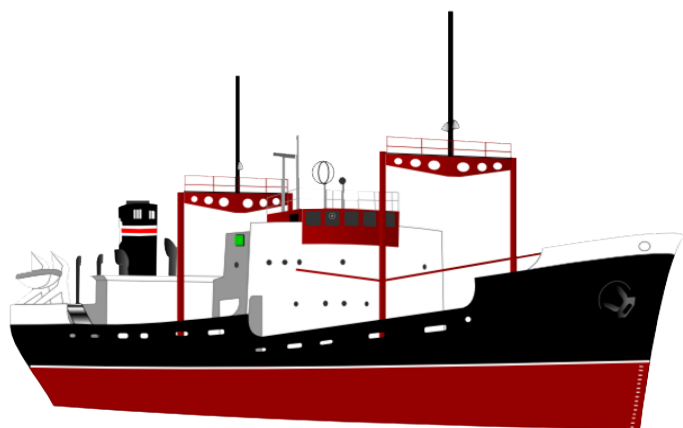
Tan Sri Dr. Rebecca Fatima Sta. Maria
Former Secretary General
Ministry of International Trade and Industry

*May you be blessed
with many more fulfilling
journeys ahead!*



Malaysia

Trade Performance, Jan - May 2016



Total Trade
RM576.6bil., ↑ 0.4%

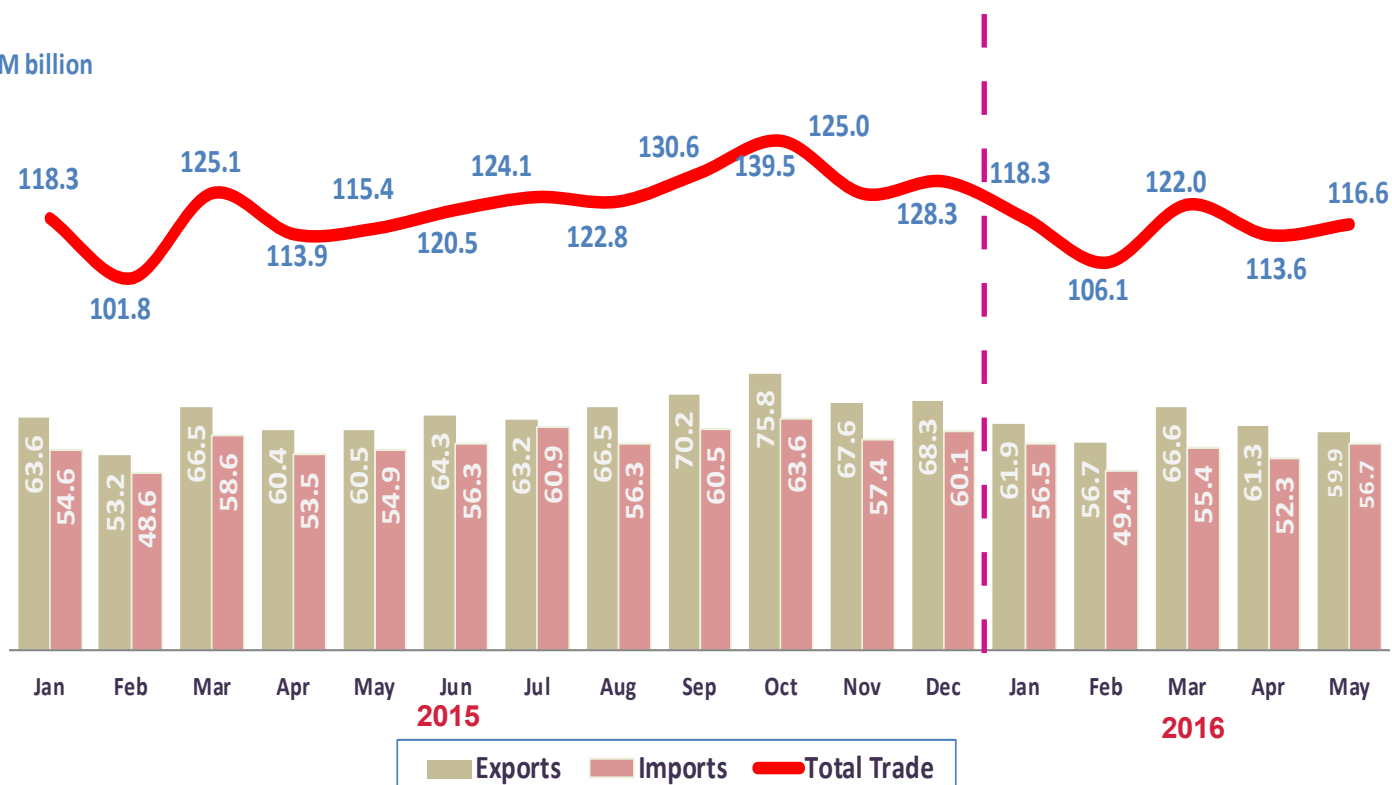
Exports
RM306.4bil.
↑ 0.8%

Imports
RM270.2 bil.
↓ 0.1%

Note: % refer to y-o-y growth





Monthly Trade, Jan 2015 - May 2016

RM billion



Major Export Destinations, Jan - May 2016


Total Exports
RM306.4bil

Country	Jan - May 2016	Share %
 Singapore	43,890.3 mil	14.3
 PRC	34,640.1 mil	11.3
 USA	32,082.5 mil	10.5
 Japan	25,954.8 mil	8.5
 Thailand	17,613.5 mil	5.7

Note : * Share to total exports

Major Import Sources, Jan - May 2016

Total Imports
RM270.2bil

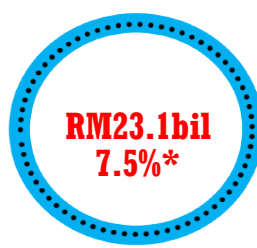
Country	Jan - May 2016	Share %
 PRC	53,289.4 mil	19.7
 Singapore	28,472.2 mil	10.5
 USA	23,236.5 mil	8.6
 Japan	22,452.5 mil	8.3
 Thailand	17,286.8 mil	6.4

Note : * Share to total imports

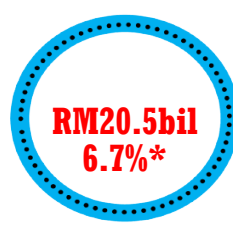
Top Five Export Products, Jan - May 2016



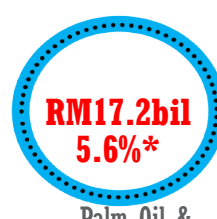
E & E Products



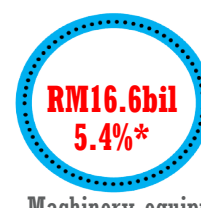
Chemicals &
Chemicals Products



Petroleum Products



Palm Oil &
Palm-Based Agriculture
products



Machinery, equipment
& parts

Note : * Share to total exports

Source : Department of Statistics, Malaysia

Labour Force Market , April 2016

Working Age Population*



Labour Force
14.7 million, **↑ 0.7%**

- **Employed** 14.2 mil, **↑ 0.2%**
- **Unemployed** 0.5 mil, **↑ 18.0%**

Outside Labour force**
7.0 million
↑ 1.8%

Note : * Age between 15 to 64 years

**All persons not classified as employed or unemployed such as housewives, students (including those going for further studies), retired, disabled persons and those not interested in looking for a job.

% : Year-on-Year Growth



Labour Force Participation Rate*

April 2015
67.9%

April 2016
67.7%

% change ↓ 0.2%

Unemployment Rate**

April 2015
3.0%

April 2016
3.5%

% change ↑ 0.5%



Source : Department of Statistics, Malaysia

Highlights Of Distributive Trade Sector April 2016

Sales Value of Distributive Trade

March
2016
4.2%

April
2016
3.3%

The Distributive Trade sector recorded sales value of **RM84.4 billion** in April 2016 with a growth of **3.3 per cent** as compared to the corresponding period in 2015.



-7.4%

Motor Vehicles

Sales value
RM10.8b



3.5%

Wholesale Trade

Sales value
RM41.5b



7.3%

Retail Trade

Sales value
RM32.0b



Index of Distributive Trade

-8.9%



Motor Vehicles

8.4%



Wholesale Trade

5.5%



Retail Trade

The **Index** of Distributive Trade for **April 2016** posted an increase of **4.7 per cent**, year-on-year.

March
2016
5.4%

April
2016
4.7%

Source : Department of Statistics, Malaysia



ASEAN

and You'



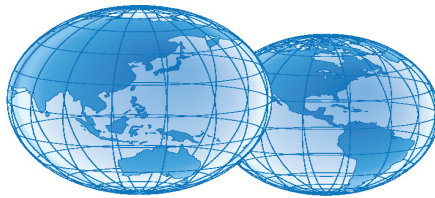
Global Trade of ASEAN Countries, 2015^p

	Exports	Imports	Total Trade
	USD million		
ASEAN	1,185,235.30	1,091,204.70	2,276,440.00
Singapore	366,344.33	296,764.92	663,109.25
Thailand	214,396.23	202,751.16	417,147.40
Malaysia	199,869.23	175,961.05	375,830.27
Viet Nam	162,013.85	165,729.90	327,743.75
Indonesia	150,282.26	142,694.80	292,977.06
Philippines	58,648.44	70,295.32	128,943.75
Myanmar	11,431.79	16,843.60	28,275.39
Cambodia	9,825.45	12,933.89	22,759.35
Brunei	8,709.42	4,180.86	12,890.28
Lao PDR	3,714.27	3,049.20	6,763.48

Note:

p- preliminary data

Source: ASEAN Merchandise Trade Statistics Database (compiled/computed from data submission, publications and/or websites of ASEAN Member States' national



NEGARA-NEGARA AHLI TPPA



TERDAPAT KEBIMBANGAN PENYERTAAN DALAM TPPA AKAN MENYAKSIKAN PEMANSUHAN 40 PERATUS CUKAI IMPORT TERHADAP BERAS, MEMBERI RUANG KEPADA KEMASUKKAN BERAS AMERIKA SYARIKAT YANG DIDAKWA JAUH LEBIH MURAH DARI BERAS TEMPATAN. AKIBATNYA INI AKAN MENJEJASKAN PESAWAH DAN NEGARA AKAN BERTANGTUNG KEPADA BEKALAN DARI AMERIKA.

Dakwaan ini tidak berasas kerana walaupun sekarang kita menetapkan cukai import beras setinggi 40 peratus tetapi Kerajaan tidak mengenakan cukai ini kerana mahu memastikan harga beras di pasaran kekal berpatutan.

Dakwaan bahawa beras import dari Amerika Syarikat akan lebih rendah dari beras keluaran tempatan juga tidak benar. Harga beras import daripada Amerika Syarikat ialah di antara RM3.90 dan RM9.00 sekilogram, berbanding di antara RM1.65 dan RM2.60 sekilogram bagi beras tempatan.

Import beras daripada Amerika Syarikat hanyalah mewakili 0.05 peratus daripada jumlah import beras Malaysia pada tahun 2014. Sebahagian besar sumber import beras utama kita adalah daripada negara-negara bukan TPPA iaitu Thailand, Pakistan, Cambodia dan India.

PERSOALAN

4



ANCAMAN KEDAULATAN NEGARA

KESELAMATAN & MAKANAN

Dalam TPPA, Malaysia telah mendapat pengecualian ke atas mekanisme pengimportan dan pengedaran beras. Dengan pengecualian ini, Malaysia boleh melaksanakan apa juga kaedah kawalan pengimportan termasuk mengekalkan peranan pengimport tunggal untuk menjamin bekalan dan menstabilkan harga dalam negara. Oleh itu, penghapusan duti import beras dijangka tidak memberi kesan kepada pesawah ataupun pengguna.

PERANAN BERNAS SEBAGAI PENGIMPOR DAN PENGEDAR TUNGGAL BERAS NEGARA TIDAK TERJEJAS DALAM PERJANJIAN INI. BERNAS AKAN TERUS BEKERJASAMA DENGAN KERAJAAN UNTUK MEMBERI SOKONGAN KEPADA INDUSTRI PADI DAN BERAS NEGARA. DASAR-DASAR SEDIA ADA BAGI PADI DAN BERAS NEGARA AKAN TERUS DIKEKALKAN.



PERSOALAN

5

ANCAMAN KEDAULATAN NEGARA

KERAHSAIAN RUNDINGAN

TERDAPAT KEBIMBANGAN KERANA RUNDINGAN TPPA DIBUAT SECARA RAHSIA. ADA PIHAK MENDAKWA HAMPİR SEMUA AHLI PARLIMEN TIDAK DIBERI MAKLUMAT TENTANG RUNDINGAN TERSEBUT.

Dalam rundingan di peringkat antarabangsa, hanya teks rundingan sahaja yang tidak boleh didedahkan kepada umum. Walau bagaimanapun, isu-isu dalam rundingan TPPA telah dibincangkan secara terbuka bersama pihak-pihak berkepentingan.

Sejak Malaysia menyertai rundingan hinggalah rundingan dimuktamadkan, Kerajaan sentiasa mengadakan pertemuan dengan pelbagai pihak termasuk menubuhkan Kaukus Parlimen yang terdiri dari Penyokong Kerajaan dan Pembangkang. Sehingga Ogos 2015 hampir 150 pertemuan dengan Persatuan-Persatuan Perniagaan, Badan Bukan Kerajaan (NGOs), Akademik, *Think Tank*,

Kumpulan Industri dan Kaukus Parlimen telah diadakan bagi memberi penerangan dan mendapat maklum balas.

Adalah bukan hasrat Kerajaan untuk merahsiakan teks rundingan TPPA sewaktu rundingan dijalankan. Apabila persetujuan dicapai, teks penuh TPPA telah dihebahkan kepada umum pada jam 3 petang Khamis, 5 November 2015. Teks tersebut mengandungi 30 bab dan melebihi 6,000 muka surat termasuk jadual dan lampiran.

MITI juga telah memuat naik jawapan kepada soalan-soalan lazim di laman sesawang MITI bagi memudahkan orang ramai lebih memahami kandungan TPPA.

Dua kajian kos faedah iaitu Kajian Kepentingan Negara oleh ISIS dan Kajian Penilaian Impak TPPA Ke Atas Ekonomi Malaysia oleh PwC juga telah dimuat naik di laman sesawang MITI. Teks penuh TPPA dan kedua kajian juga telah dicetak dan diedarkan kepada ahli-ahli Parlimen pada 3 Disember lalu.



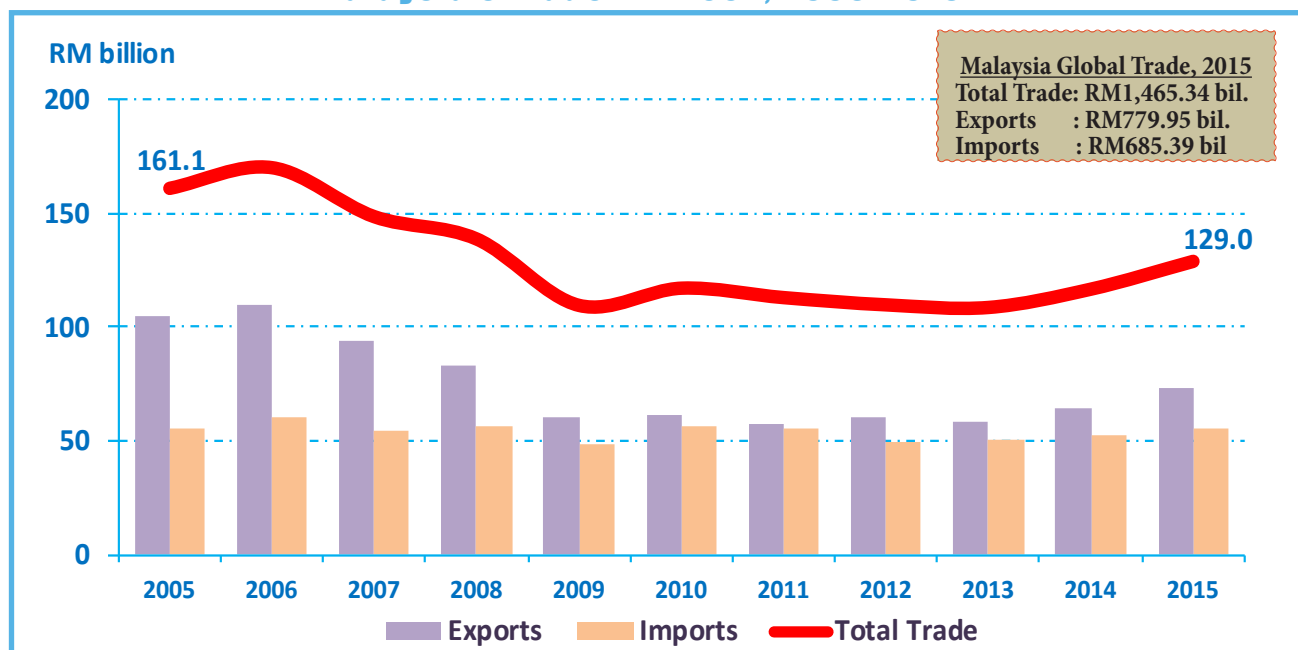
International Report

U.S. Economic Indicators January - May 2016

Economic Indicators	2016				
	May	Apr	Mar	Feb	Jan
Inflation Rate (%)	1.0	1.1	0.9	1.0	1.4
Unemployment Rate (%)	4.7	5.0	5.0	4.9	4.9
Consumer Price Index	240.2	239.3	238.1	237.1	236.9
Gross Domestic Product (GDP) - quarterly basis (%)	1.1 Q1 2016, Third Estimate	0.8 Q1 2016, Second Estimate	0.5 Q1 2016, Advance Estimate	1.4 Q4 2015, Third Estimate	1.0 Q1 2016, Second Estimate

Source: <http://www.bea.gov/index.htm>

Malaysia's Trade with USA, 2005-2015



Number and Value of Preferential Certificates of Origin (PCOs)

Number of Certificates (Provisional data)

	8 May 2016	15 May 2016	22 May 2016	29 May 2016	5 Jun 2016	12 Jun 2016	19 Jun 2016	26 Jun 2016
AANZFTA	609	763	758	874	684	848	807	722
AIFTA	605	619	709	597	636	795	625	542
AJCEP	189	144	261	216	196	197	207	151
ATIGA	3,876	4,275	4,495	4,489	4,932	4,438	4,585	3,981
ACFTA	1,416	1,379	1,478	1,514	1,525	1,491	1,584	1,327
AKFTA	722	1,130	1,284	911	868	945	909	911
MICECA	288	264	384	315	339	300	329	296
MNZFTA	6	7	1	9	9	8	3	8
MCFTA	70	44	58	45	61	56	65	51
MAFTA	325	421	449	423	397	332	394	440
MJEPA	798	708	886	774	876	709	777	834
MPCEPA	146	168	234	137	181	137	185	130
GSP	115	155	142	106	120	116	134	103
MTFTA	167	139	230	198	235	187	247	172

Notes: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.



AANZFTA: ASEAN-Australia-New Zealand Free Trade Agreement
(Implemented since 1 January 2010)



ATIGA: ASEAN Trade in Goods Agreement
(Implemented since 1 May 2010)



AJCEP: ASEAN-Japan Comprehensive Economic Partnership
(Implemented since 1 February 2009)



ACFTA: ASEAN-China Free Trade Agreement
(Implemented since 1 July 2003)



AKFTA: ASEAN-Korea Free Trade Agreement
(Implemented since 1 July 2006)



AIFTA: ASEAN-India Free Trade Agreement
(Implemented since 1 January 2010)



MPCEPA: Malaysia-Pakistan Closer Economic Partnership
Agreement (Implemented since 1 January 2008)



MJEPA: Malaysia-Japan Economic Partnership
Agreement (Implemented since 13 July 2006)



MICECA: Malaysia-India Comprehensive Economic
Cooperation Agreement (Implemented since 1 July 2011)



MNZFTA: Malaysia-New Zealand Free Trade Agreement
(Implemented since 1 August 2010)



MCFTA: Malaysia-Chile Free Trade Agreement
(Implemented since 25 February 2012)

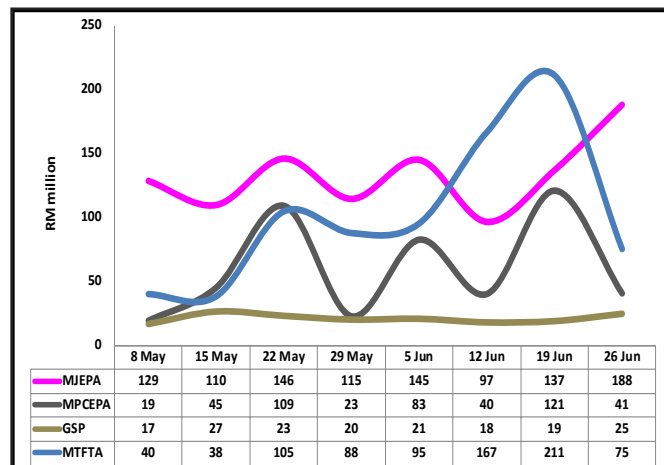
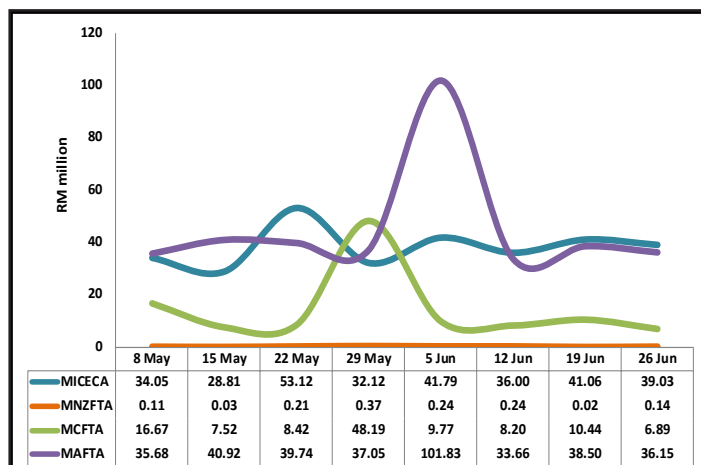
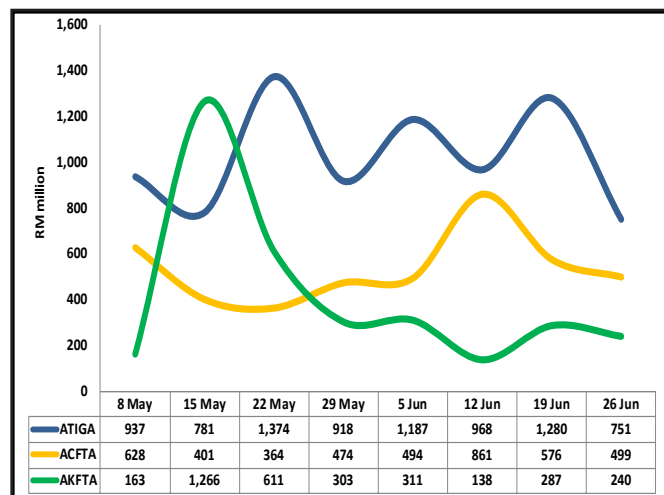
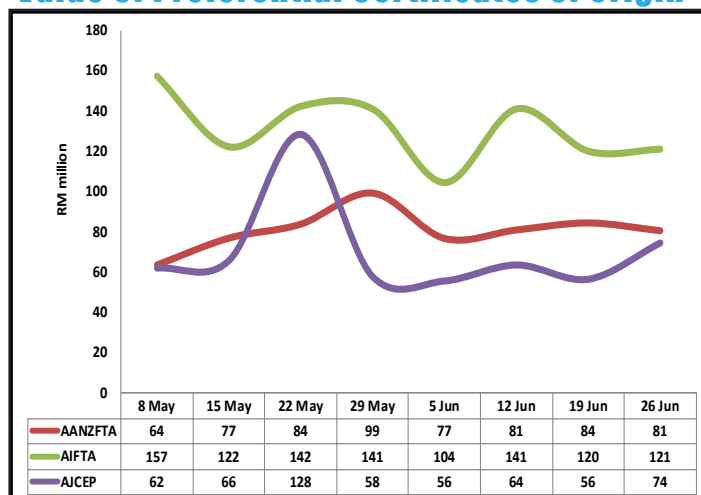


MAFTA: Malaysia-Australia Free Trade Agreement
(Implemented since 1 January 2013)



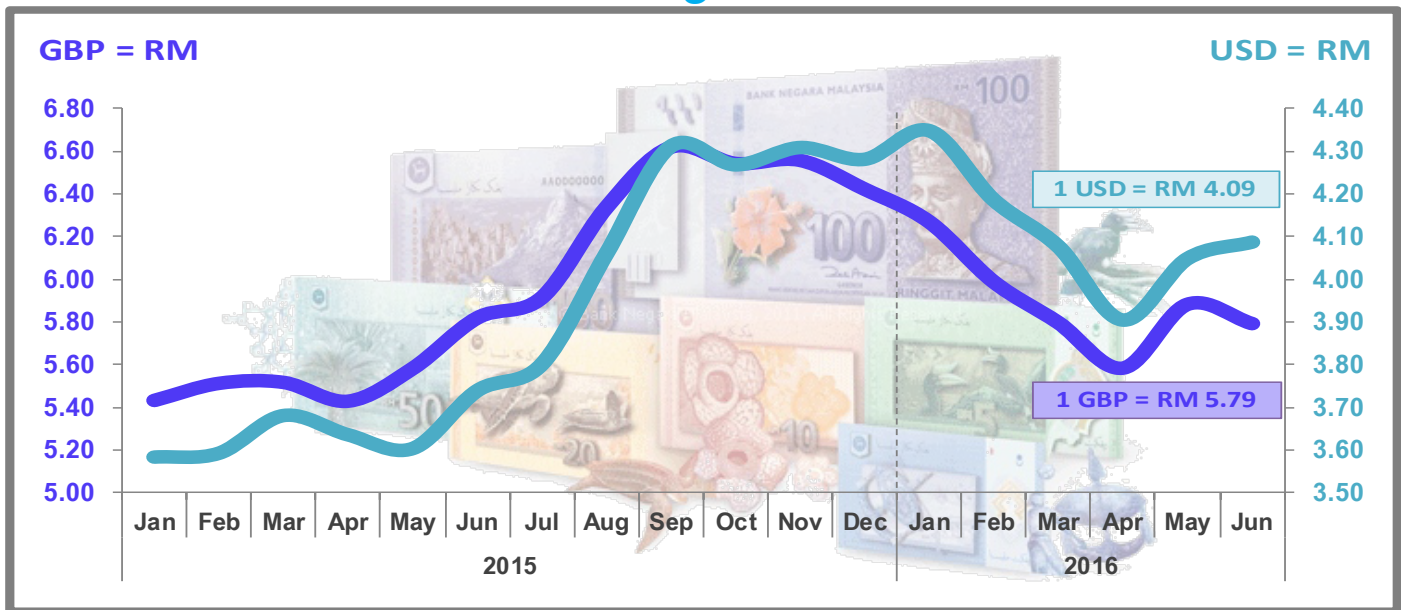
MTFTA: Malaysia-Turkey Free Trade Agreement
(Implemented since 1 August 2015)

Value of Preferential Certificates of Origin



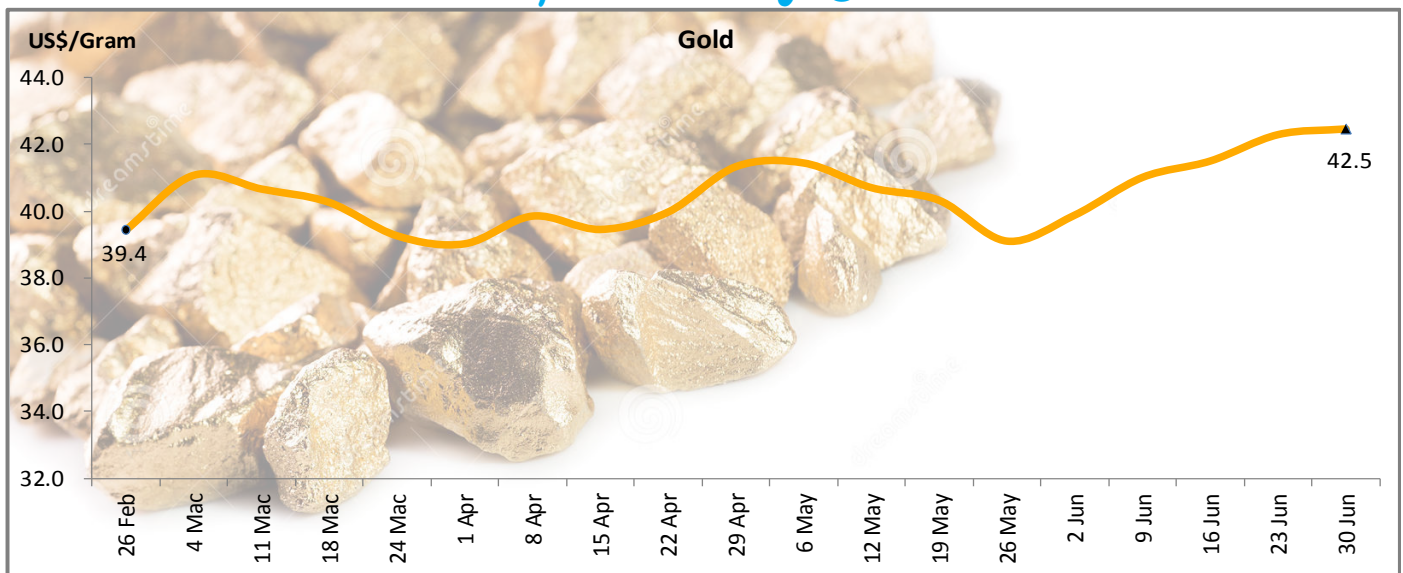
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Pound Sterling and US Dollar



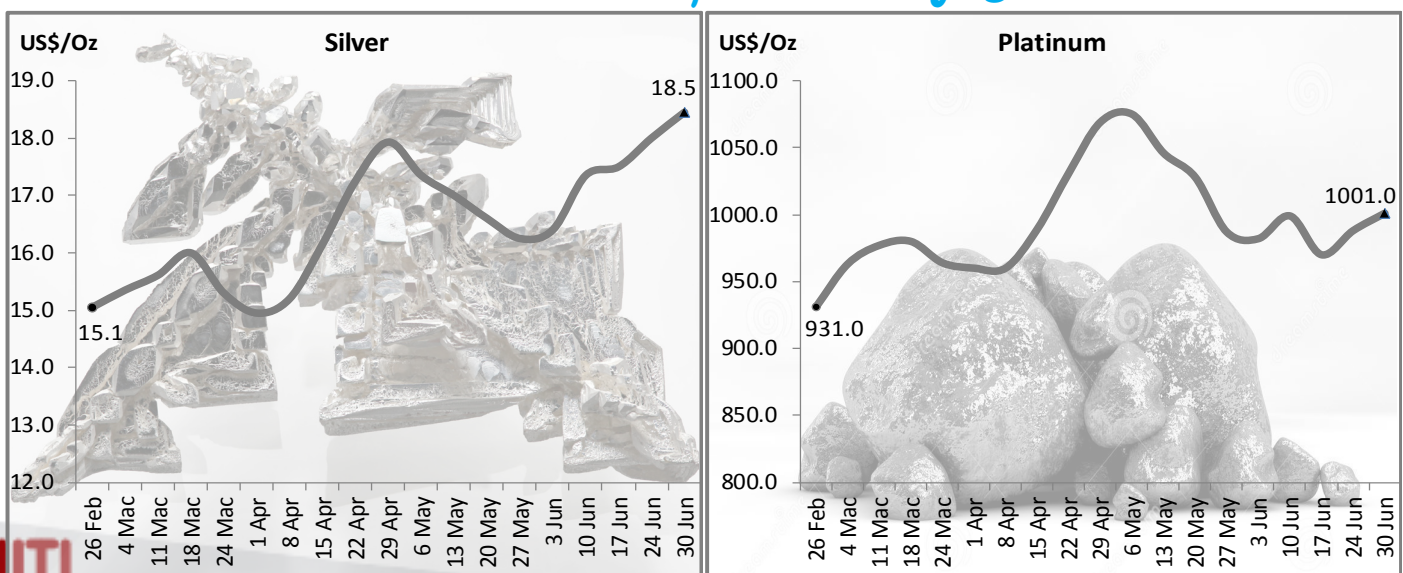
Source : Bank Negara, Malaysia

Gold Prices, 26 February - 30 June 2016



Source : http://www.gold.org/investments/statistics/gold_price_chart/

Silver and Platinum Prices, 26 February - 30 June 2016



http://online.wsj.com/mdc/public/page/2_3023-cashprices.html?mod=topnav_2_3023

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Commodity Prices



Commodity	Crude Petroleum (Brent) (per bbl)	Crude Palm Oil (per MT)	Sugar (per lbs.)	Rubber SMR 20 (per MT)	Cocoa SMC 2 (per MT)	Coal (per MT)	Scrap Iron HMS (per MT)
30 June 2016 (US\$)	49.7	700.0	20.3	1,314.0	2,075.8	43.5	230 (high) 220 (low)
% change*	↑ 2.6	↓ 0.6	↑ 6.1	↑ 2.8	↓ 0.7	unchanged	unchanged unchanged
2015 ⁱ	36.9 - 66.8	616.9	13.2	1,364.3	2,077.0	49.9	239.6
2014 ⁱ	59.5 - 114.8	823.3	16.6	1,718.3	2,615.8	59.8	370.0

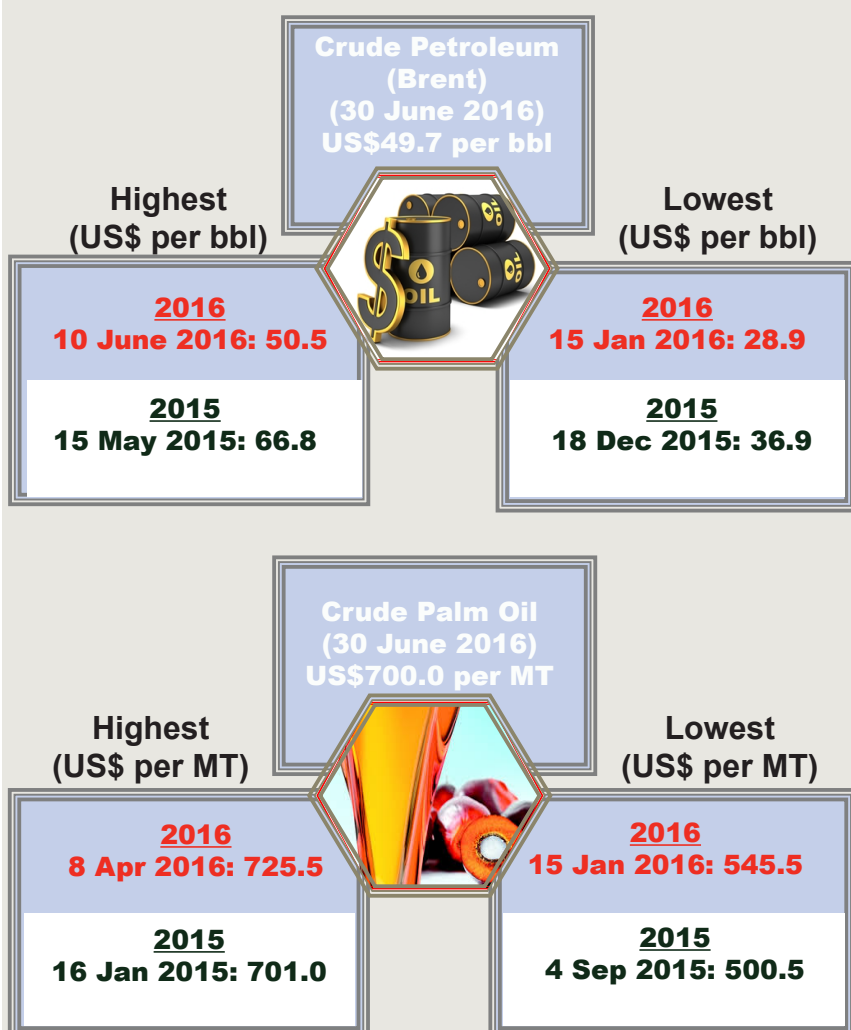
Notes: All figures have been rounded to the nearest decimal point

* Refer to % change from the previous week's price

ⁱ Average price in the year except otherwise indicated

n.a Not available

Highest and Lowest Prices, 2015/2016

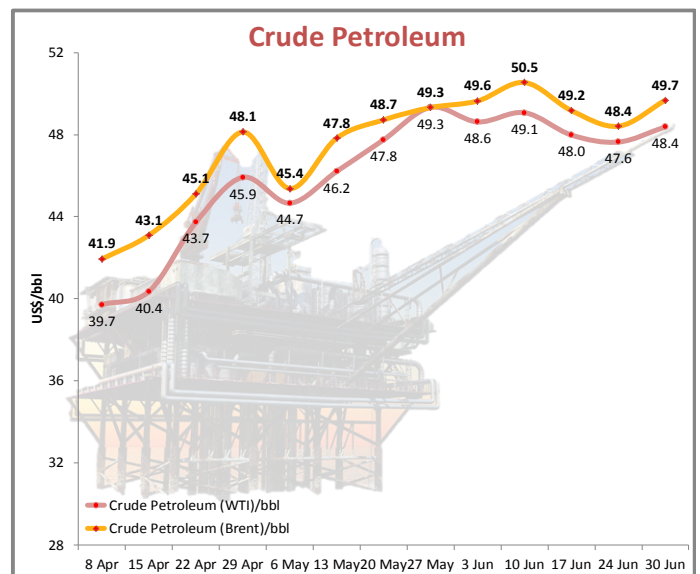
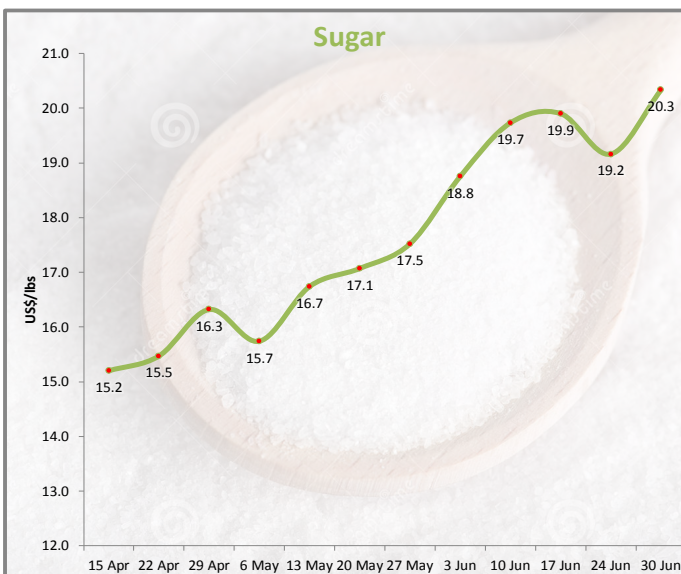
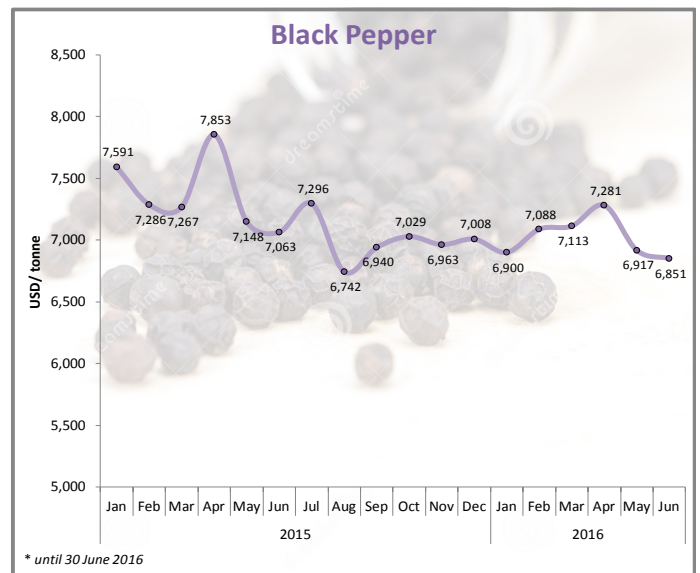
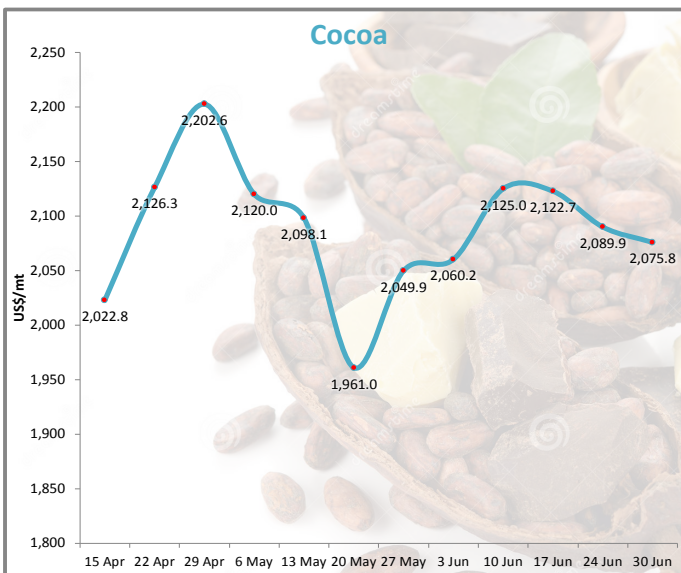
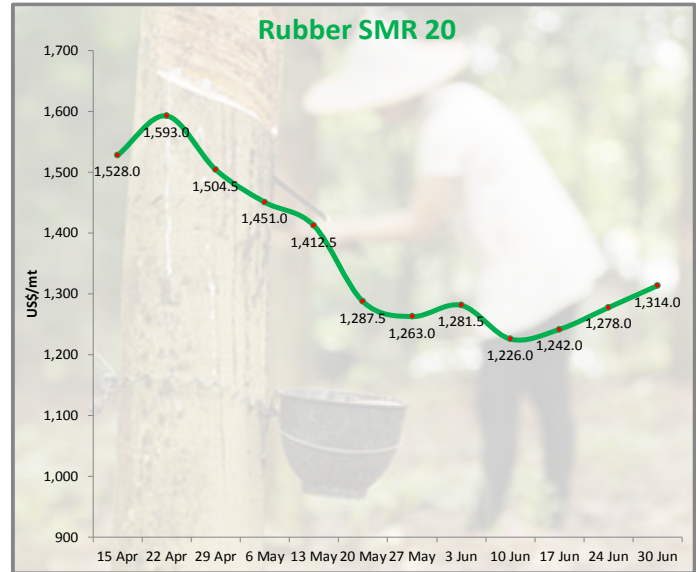
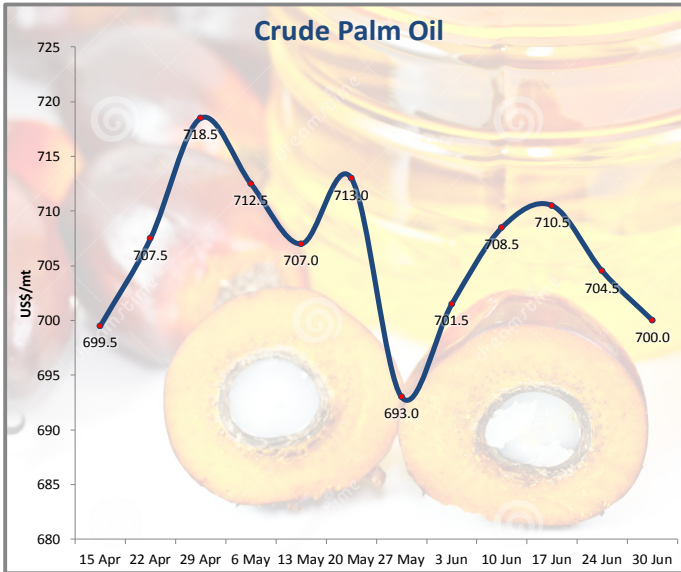


Average Domestic Prices, 24 June 2016



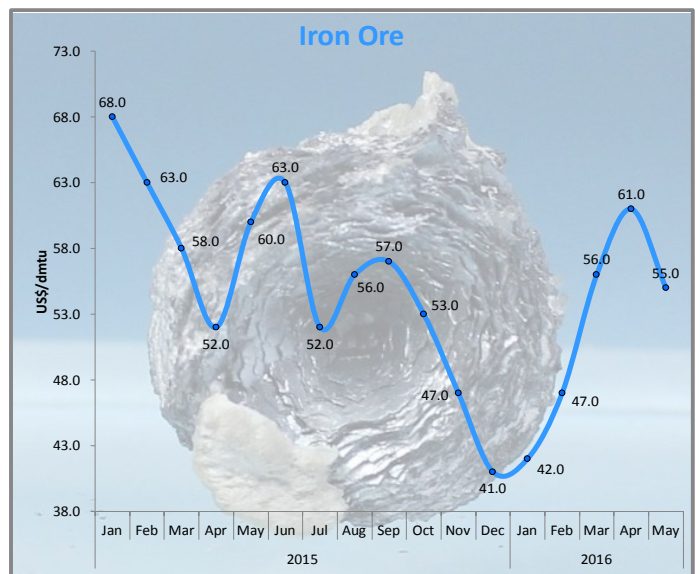
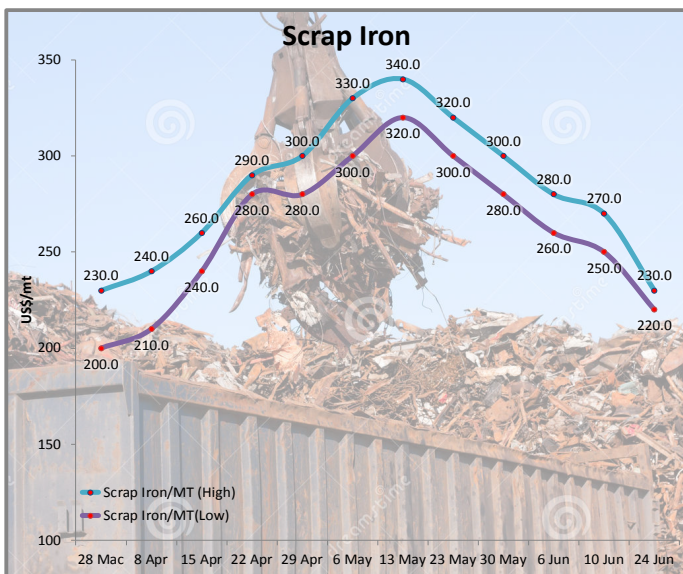
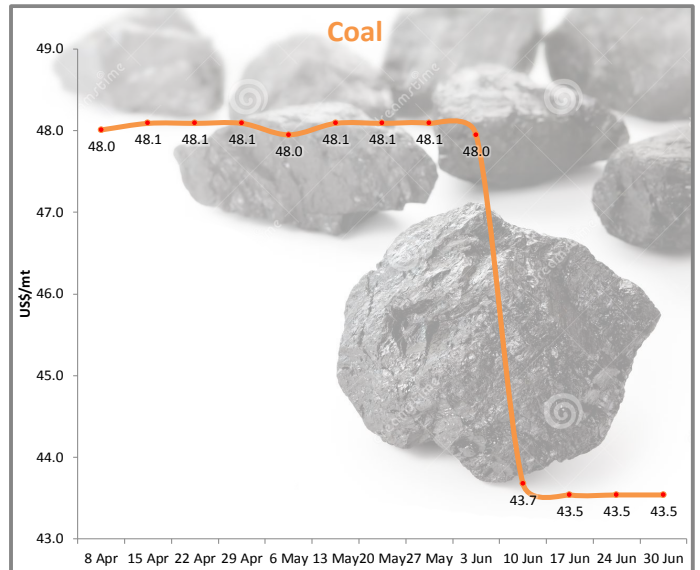
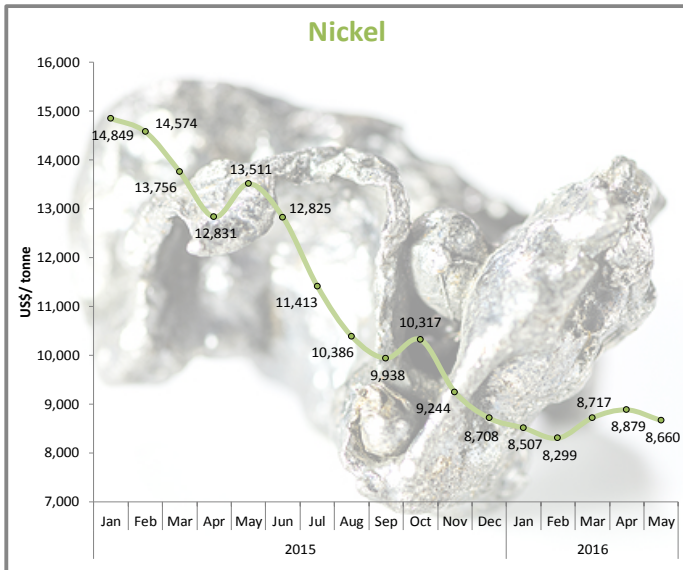
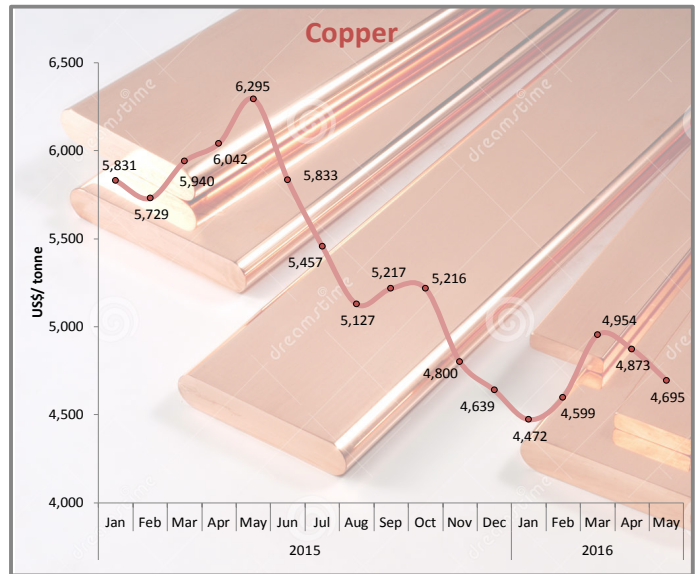
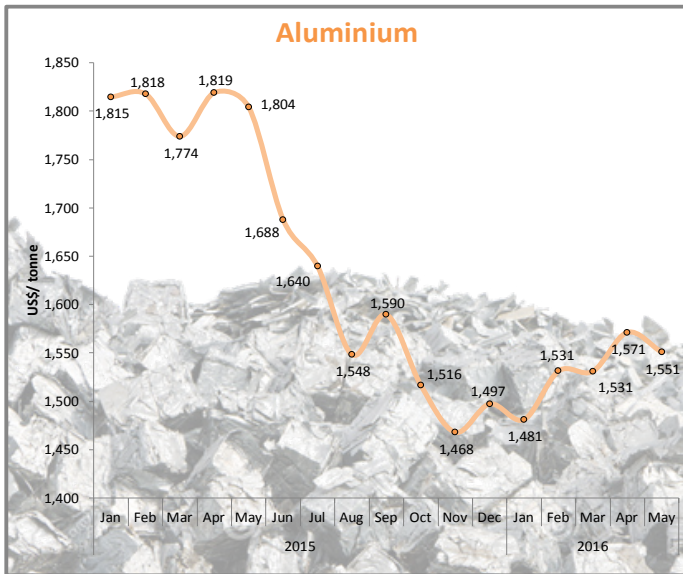
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

Success Story



A World Leader In Air Conditioning Technology
MALAYSIA

Background

Daikin Malaysia Sdn. Bhd. (DAMA) is the only air conditioning manufacturer in Malaysia producing a wide range of HVAC equipment for the Malaysian and global export markets from basic residential air-conditioners to high technology light commercial and commercial heat pump, air-cooled and water-cooled chillers. Group Associated (C&L) Sdn Bhd (GA) is subsidiary company of Daikin Industries, Ltd. Japan and marketing company for DAIKIN air conditioner (unitary products) and DEWPOINT products in Malaysia. Since its establishment in 1975, the company has been experienced unparalleled growth and development through its efforts in bringing cool comfort to millions of Malaysian.

In 1991, GA continued to reach greater heights by becoming one of the subsidiaries of Daikin Malaysia Sdn Bhd (Previously known as O.Y.L. Manufacturing Company Sdn. Bhd), one of the leading manufacturer of HVAC products (heating, ventilation and air-conditioning) and also a member of the DAIKIN group Japan. Additionally in 15th October 2014, GA has granted the opportunity to distribute the DAIKIN Brand.

Over the years, GA has dedicated to giving customers the very best of high quality air conditioner products with fast and excellent services. Up to date, there are ten branches, with head office in Selangor, strategically located throughout Malaysia including Sabah and Sarawak supported with integrated advanced computer system enables GA to provide fast and reliable services to customers.

Achievement

When it comes to achievement, Daikin Malaysia has gained a good reputation in industry as the group has been recipient of numerous award both in local and international stages. In 2015, Daikin's premium product Daikin Wall Mounted Infinity Premium Series has won Good Design Award 2015 from Japan in recognition of product design excellence, innovation and creativity. Furthermore, the product was granted the 2016 Malaysia Good Design Mark in recognition for its innovative and excellence design. The highest milestone is that Daikin Malaysia has been honoured with Reader Digest 2016 Trusted Brand Gold Award in both Malaysia and Asia region in air conditioning category for year 2016 on 24th May 2016. General Manager of Group Associated (C&L) Sdn Bhd (GA), Mr. Lawrence Song said, "Trust is difficult to gain and easy to lose. Daikin is proud and honoured to be recognized as a trusted brand by customers in Malaysia. It is proven that trustworthiness and commitment to good quality, innovation and excellent after sales service and satisfying customers. Fast cooling, product reliability and excellent after sale service are our promises to customers".



Capabilities & Technologies

Knowing the importance of developing innovative and high quality products to maintain competitive advantage, Daikin Malaysia Sdn Bhd has dedicated its extensive resources to research and development in HVAC.

Daikin R&D Sdn Bhd (Previously known as OYL Research and Development Centre) is the largest air-conditioner R&D centre in South-East Asia, with a total built-up area of 7,340 square meters. A total of USD13 million has been invested in the building and research facilities which include laboratories to develop innovative and sophisticated products with high quality to fulfil the market needs.

Our R&D Centre has 15 test rooms to simulate test conditions from the intense heat and humidity the freezing environment. Besides, the anechoic and reverberation test rooms is also one of the special test rooms to test the noise level accurately. These test rooms are certified by Intertek as a Recognized SATELLITE™ Laboratory and ETL Approved Performance Test Facility. Our research facility is one of the best in the world, and costs RM10 million yearly to operate and maintain. Over the years, there are many innovative products has been created and had set the benchmark in the air-conditioning industry. Examples of the R&D successes are the revolutionary Built-in Starter and Fast Cooling Technology.



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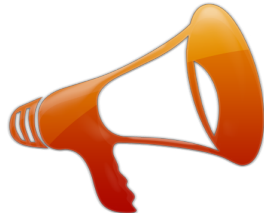
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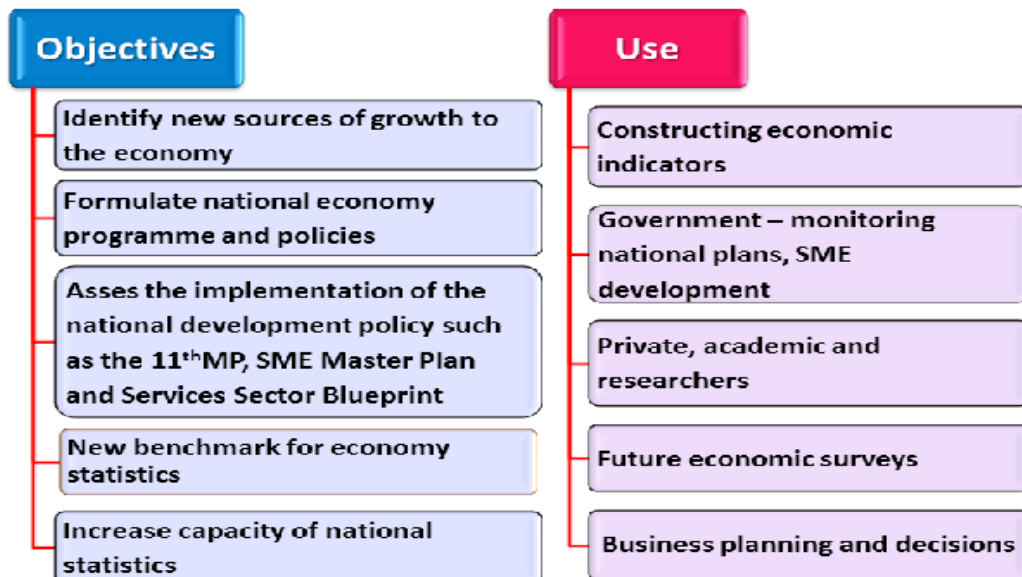



**ECONOMIC
CENSUS**

2016



Better Data for a Better Future



Benefits of Economic Census

Entrepreneurs, Companies & Business	Industry Associations & Chamber of Commerce	Government	To Update Economic Indicators
<ul style="list-style-type: none"> To identify industrial structure and product trends To monitor changing patterns and growth trends for future investment To make business planning and decisions To gauge their business performance To compare their business operations to industry norms 	<ul style="list-style-type: none"> To understand more about industrial structure; To share information about the industry with their members; To assist business in marketing and investment planning. 	<ul style="list-style-type: none"> To identify new sources of growth to the economy; To formulate national economy programmes; and To assess the implementation of the national development policy such as The Economic Transformation Programme, Eleventh Malaysia Plan and Small and Medium Enterprise (SME) Masterplan 2012 -2020. 	<ul style="list-style-type: none"> Rebasing of indices i.e. Gross Domestic Product (GDP) and Index of Industrial; Compilation of Supply & Use Table (SUT), Input-Output Table (I-O), Tourism Satellite Account (TSA), Information & Communication Technology Satellite Account and System of Environmental – Economic Accounting (SEEA); Development of SME's profile.

Source : Department of Statistics, Malaysia

MEDIA RELEASE
by
Bank Negara Malaysia

MONETARY AND FINANCIAL DEVELOPMENTS
May 2016

Price Conditions: Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), was slightly lower at 2.0% in May (April: 2.1%). The decline was broad-based, with ten out of twelve categories recording lower inflation during the month. Inflation in the housing, water, electricity, gas and other fuels category was lower at 2.4% (April: 2.6%), reflecting the smaller increase in rental across all types of property. Inflation in the food and non-alcoholic beverages category moderated slightly to 4.1% (April: 4.2%). However, prices of fresh vegetables increased by a higher rate of 15.3% (April: 12.5%) due mainly to shortages of supplies amid the irregular weather conditions.

Monetary Conditions: Interbank rates beyond the 1-month tenure continued to moderate as the pressures arising from competition for stable funding and the uneven distribution of liquidity among banks eased in the money market in May. The weighted average Base Rate (BR) increased slightly from 3.81% in May (April: 3.79%), while the weighted average lending rates remained relatively unchanged during the month. Net financing to the private sector registered a slightly lower annual growth of 7.2% in May (April: 7.4%), due to a moderation in both the growth of loans extended by the banking system and development financial institutions (DFIs), and in net outstanding issuances of corporate bonds. Although business loans extended by the banking system registered a more moderate growth of 4.5% during the month (April: 5.0%), the level of loans disbursed to businesses increased during the month with a larger volume of loans extended to manufacturing; transport, storage and communication and wholesale and retail trade, and restaurants and hotels. The level of loan applications and loan approvals for businesses also increased during the month. The annual growth of loans to households registered a growth of 6.2% in May (April: 6.3%), reflecting continued moderation across most purposes. On an annual basis, broad money (M3) growth increased to 2.2% in May (April: 1.4%). The expansion in M3 was driven mainly by the continued extension of credit to the private sector by the banking system. The expansion, however, was partially offset by other influences, reflecting the continued issuance of equity by banks. The reclassification of Islamic Investment Accounts that took place in July 2015, also had a negative impact on M3 and is reflected in other influences.

Banking System: The banking system maintained a strong capital position. The Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio stood at 12.9%, 13.8% and 16.4%, respectively. Net impaired loans accounted for 1.2% of net loans. The loan loss coverage ratio declined slightly to 91.2%.

Exchange Rates and International Reserves: In May, the ringgit depreciated against the currencies of Malaysia's major trade partners. During the month, the ringgit, along with most regional currencies, depreciated against the US dollar. The depreciation was due mainly to the strengthening of the US dollar following heightened expectations for a policy rate increase by the Federal Reserve. Although other regional currencies also depreciated against the US dollar, the extent of the decline in the ringgit was the largest. This was due to the weaker sentiments following intermittent declines in Brent crude oil price earlier in the month, which led to capital outflows. The international reserves of Bank Negara Malaysia amounted to RM383.2 billion (equivalent to USD97.4 billion) as at 15 June 2016. This level remains ample to facilitate international transactions and is sufficient to finance 8.1 months of retained imports and is 1.2 times the short-term external debt¹.

1 Refers to the redefined short-term external debt, which includes short-term offshore borrowing, non-resident holdings of short-term ringgit debt securities, non-resident deposits with the banking system and other short-term debt. For more information, please refer to the box article titled 'The Redefinition of External Debt' in the Quarterly Bulletin on Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2014.

Source: http://www.bnm.gov.my/files/publication/msb/2016/5/i_en.pdf



*Strategic Planning
Ministry of International Trade and Industry, Malaysia*



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