



# MACRO OUTLOOK & FORECASTS

*Sample report | NOT FOR PUBLIC DISSEMINATION*

**February 2023**



*Not for public dissemination*

## Contents

Executive summary .....	3
Malaysia Macro Forecasts .....	4
Baseline Scenario (50th Percentile) .....	4
Highly Optimistic Scenario (96th Percentile) .....	7
Optimistic Scenario (90th Percentile) .....	10
Mildly Optimistic Scenario (75th Percentile) .....	13
Mildly Negative Scenario (25th Percentile) .....	16
Negative Scenario (10th Percentile) .....	19
Highly Negative Scenario (4th Percentile) .....	22
Alternative Scenario – Climate Change Negative Scenario .....	25
GDP Performance in 4Q 2022 .....	28
Macroeconomic Analysis – Supply Side .....	29
Agriculture – Crude Palm Oil .....	29
Construction .....	29
Manufacturing .....	30
Mining .....	30
Services .....	31
Macroeconomic Analysis – Demand Side .....	31
External Trade .....	31
Labour market .....	32
Macroeconomic Analysis – Others .....	32
Monetary and Financial .....	32
Other developments .....	33
National Account Indicators .....	34
Monetary and Financial Indicators .....	34

### Executive summary

- Malaysia's GDP grew by **7.0% y-o-y in 4Q 2022**, higher than market consensus (Reuters poll: 6.6%). Growth was mainly underpinned by domestic demand while export demand moderated in line with the weaker global economic condition. That said, electrical and electronic (E&E) products and higher tourism activities continued to provide some support to exports. Overall, the Malaysian economy expanded by 8.7% in 2022 from 3.1% in 2021.
- Bank Negara maintained its **overnight policy rate (OPR) at 2.75%** in its latest meeting in January. The pause is to allow the central bank to “take stock” to see the impact of prior hikes and digest ongoing developments such as political uncertainty, policy uncertainty, and the reopening of China. Bank Negara also mentioned they are “not done yet” and that the timing and decision to hike will be data-driven. We expect OPR to stand at 3.00% by year-end.
- Meanwhile, the **US Federal Reserve raised the federal funds rate by 25 bps** to 4.50%-4.75%. The easing in inflationary pressures and still-robust labour market allowed the central bank to slow down the pace of its monetary policy tightening. Looking ahead, the Fed is still expected to raise rates given their statement that said “ongoing increases in the target range will be appropriate”. Projection materials back in December indicate that the US Federal Reserve may raise rates by another 50bps to 5.0%-5.25%. The next set of projections will be published end-March.

# RAM Macro Outlook and Forecasts

February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

## Malaysia Macro Forecasts

### Baseline Scenario (50th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The baseline forecast obtained is the preferred target range and has a mid-point range centred around the 50% percentile. As the “most likely” outcome, there will be equal probability of actual variables performing better or worse than the baseline forecast.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Highly Optimistic Scenario (96th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The highly optimistic scenario can be defined as being in the 96% percentile range and is indicative of an extreme economic boom. There is a 96% probability of actual variables underperforming the forecast and a 4% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*



### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key downside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Optimistic Scenario (90th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The optimistic scenario can be defined as being in the 90% percentile range and is indicative of an economic boom. There is a 90% probability of actual variables underperforming the forecast and a 10% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key downside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Mildly Optimistic Scenario (75th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The mildly optimistic scenario can be defined as being in the 75% percentile range and is indicative of a mild economic boom. There is a 75% probability of actual variables underperforming the forecast and a 25% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key downside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Mildly Negative Scenario (25th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**



# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The mildly negative scenario can be defined as being in the 25% percentile range and is indicative of a mild economic downturn. There is a 25% probability of actual variables underperforming the forecast and a 75% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key upside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Negative Scenario (10th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The negative scenario can be defined as being in the 10% percentile range and is indicative of an economic downturn. There is a 10% probability of actual variables underperforming the forecast and a 90% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key upside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Highly Negative Scenario (4th Percentile)

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The highly negative scenario can be defined as being in the 4% percentile range and is indicative of a severe economic downturn. There is a 4% probability of actual variables underperforming the forecast and a 96% chance that actual variables will outperform.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key upside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

SAMPLE REPORT



# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

### Alternative Scenario – Climate Change Negative Scenario

	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real GDP	RM billion	1,424	1,345	1,387	1,507	**	**	**	**	**
GDP	%, y-o-y	4.4	-5.5	3.1	8.7	**	**	**	**	**
Real GDP	USD billion	343.7	320.5	334.6	342.5	**	**	**	**	**
Nominal GDP	RM billion	1,513	1,418	1,545	1,788	**	**	**	**	**
Nominal GDP	USD billion	365.2	337.9	372.8	406.3	**	**	**	**	**
GDP Deflator	2015=100	106.2	105.4	111.4	118.6	**	**	**	**	**
Unemployment Rate	%, period-average	3.3	4.5	4.7	3.8	**	**	**	**	**
Employed Person	person million	15.1	15.1	15.3	15.8	**	**	**	**	**
CPI	2010=100	121.5	120.1	123.1	127.2	**	**	**	**	**
CPI Inflation	%, y-o-y	0.7	-1.1	2.5	3.3	**	**	**	**	**
PPI	2010=100	105.2	102.4	112.1	120.8	**	**	**	**	**
PPI Inflation	%, y-o-y	-1.4	-2.7	9.5	7.7	**	**	**	**	**
HPI*	2010=100	198.0	200.3	202.7	206.2	**	**	**	**	**
OPR	%, period-end	3.00	1.75	1.75	2.75	**	**	**	**	**
Exchange Rate	RM/USD, period average	4.14	4.20	4.14	4.40	**	**	**	**	**

	Units	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Real GDP	RM billion	**	**	**	**	**	**	**	**	**
GDP	%, y-o-y	**	**	**	**	**	**	**	**	**
Real GDP	USD billion	**	**	**	**	**	**	**	**	**
Nominal GDP	RM billion	**	**	**	**	**	**	**	**	**
Nominal GDP	USD billion	**	**	**	**	**	**	**	**	**
GDP Deflator	2015=100	**	**	**	**	**	**	**	**	**
Unemployment Rate	%, period-average	**	**	**	**	**	**	**	**	**
Employed Person	person million	**	**	**	**	**	**	**	**	**
CPI	2010=100	**	**	**	**	**	**	**	**	**
CPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
PPI	2010=100	**	**	**	**	**	**	**	**	**
PPI Inflation	%, y-o-y	**	**	**	**	**	**	**	**	**
HPI	2010=100	**	**	**	**	**	**	**	**	**
OPR	%, period-end	**	**	**	**	**	**	**	**	**
Exchange Rate	RM/USD, period average	**	**	**	**	**	**	**	**	**

# RAM Macro Outlook and Forecasts

## February 2023

Sample report for illustration purposes | NOT FOR PUBLIC DISSEMINATION

5-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	**	**	**	**	**	**	**	**	**

	Units	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023
FBM KLCI	01Jan1977=100, period-end	1,489	1,496	1,486	**	**	**	**	**	**
5-Year MGS Yield	%, period-end	3.94	3.87	3.57	**	**	**	**	**	**
10-Year MGS Yield	%, period-end	4.13	4.07	3.83	**	**	**	**	**	**

Note: Forecasted figures are in [blue font and shade](#).

The climate change negative scenario simulates a 3°C rise in temperature by 2100 relative to pre-industrial period. This approximately corresponds to the “negative scenario” of RCP 6.0 defined by the Intergovernmental Panel on Climate Change (IPCC). For comparison, the Paris Agreement target is for temperate rise to be contained "well below 2°C above pre-industrial levels" which approximately corresponds to RCP 2.6 scenario.

*The rest of this page is intentionally left blank*

### Key assumptions

- Assumption 1
- Assumption 2
- Assumption 3
- Assumption 4
- Assumption 5

### Key downside risks

- Risk 1
- Risk 2
- Risk 3
- Risk 4
- Risk 5

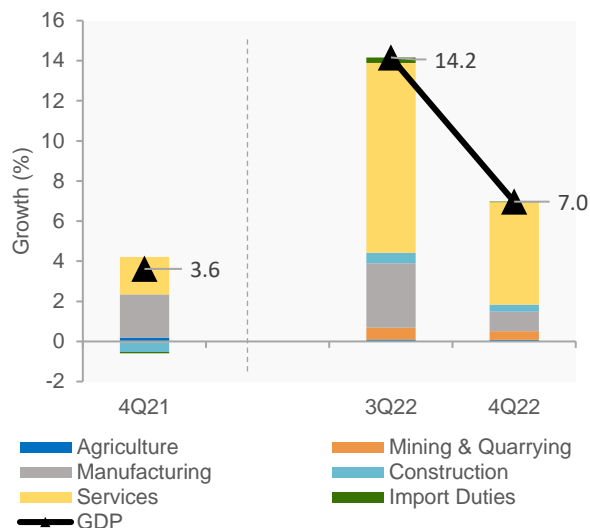
*The rest of this page is intentionally left blank*

### GDP Performance in 4Q 2022

#### SUPPLY SIDE

Broad-based moderation across all sectors

- Manufacturing activity moderated to 3.9%, with growth mainly due to continued demand for E&E products.
- The services sector grew by 8.9% with the continued recovery in tourism activity providing some support.
- The construction sector charted a relatively healthy growth rate of 10.1% underpinned by civil engineering works.
- Growth in agricultural activity still marginal, expanding by 1.1% in 4Q 2022 while mining sector growth slowed down to 6.8%.

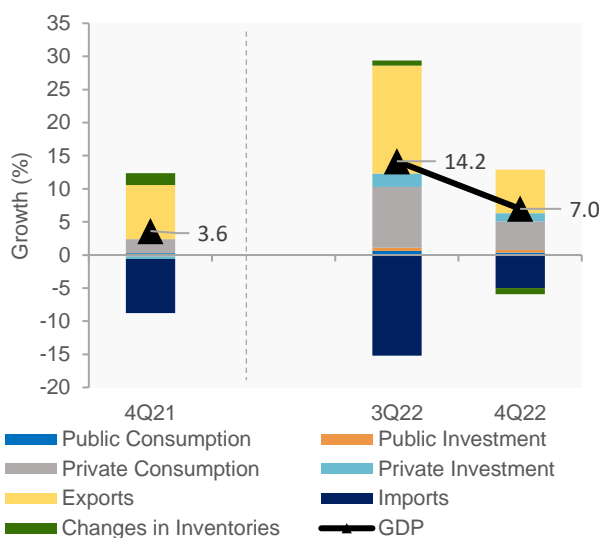


Sources: Department of Statistics Malaysia (DoSM), RAM

#### DEMAND SIDE

Private consumption supported growth

- The private sector provided support to growth in 4Q 2022 with private investment charting double-digit growth at 10.3%.
- Private consumption expanded by 7.4% as household spending remained robust.
- Meanwhile, public investment and public consumption moderated to 6.0% and 2.4% respectively.
- Export and import growth also decelerated in 4Q 2022 to 9.6% and 8.1% respectively, likely a result of global demand slowing down.

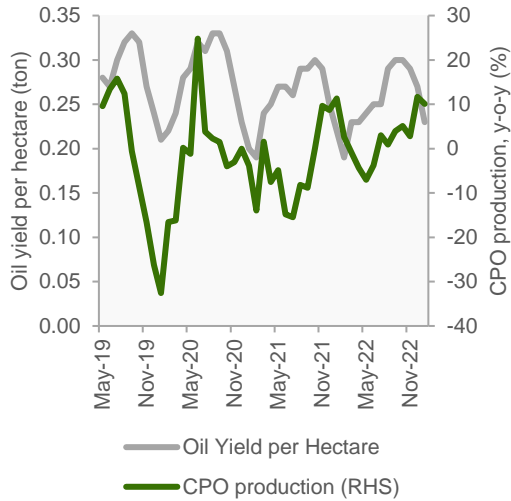


Sources: DoSM, RAM

### Macroeconomic Analysis – Supply Side

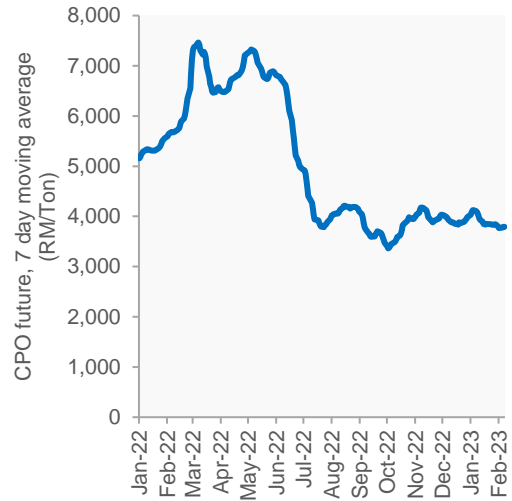
#### Agriculture – Crude Palm Oil

**Palm oil production growth relatively sustained at 10.1% in January**



Sources: Malaysian Palm Oil Board, RAM

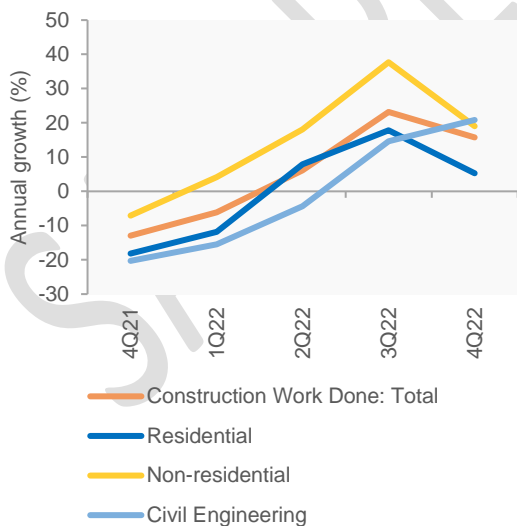
**CPO prices on a slight downward trend, hovering below RM3,800 per Ton in early-February**



Sources: Bursa Malaysia, RAM

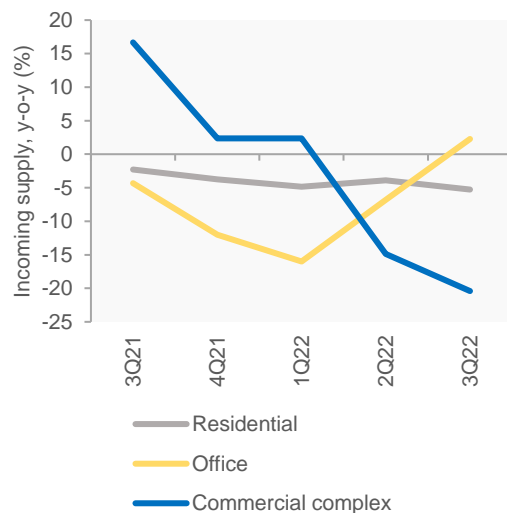
#### Construction

**Civil engineering construction work the only sub-segment that registered faster growth (20.8%) in 4Q 2022**



Sources: DoSM, RAM

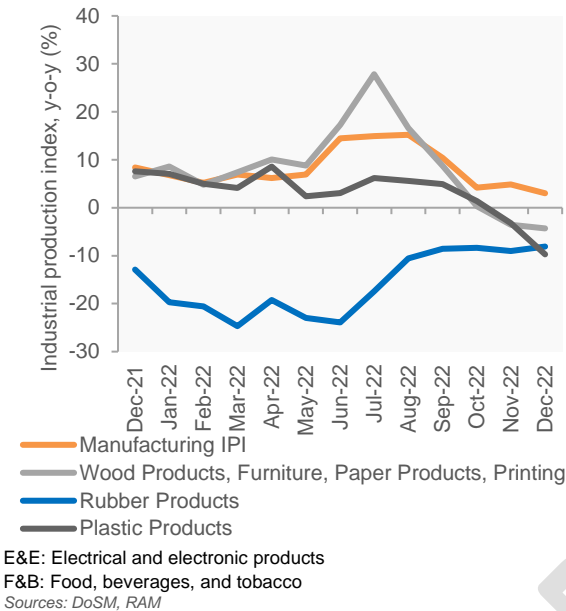
**Marginal growth for incoming supply of offices while residential and commercial complex continues to decline**



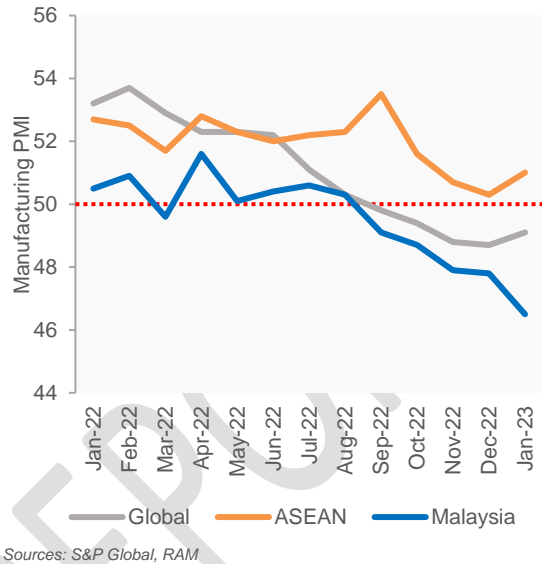
Sources: Valuation and Property Services Department, Ministry of Finance, RAM

### Manufacturing

**Manufacturing IPI growth moderated to 3.0% in December; Large contraction in wood, rubber, and plastic products production output**

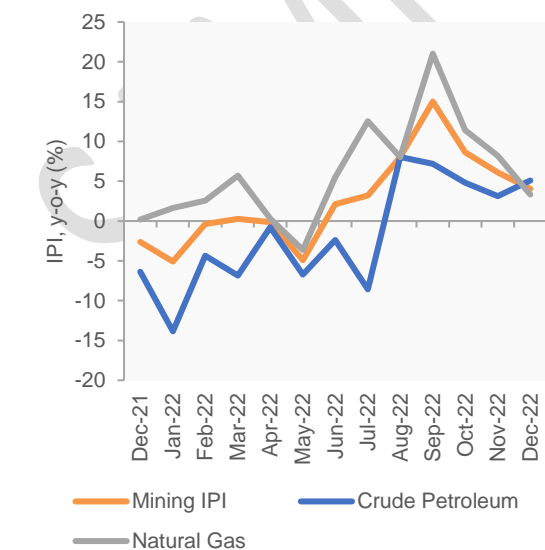


**Malaysia's PMI recorded 46.5 (Dec: 47.8) as domestic and global economic weaknesses weighed on production and demand**

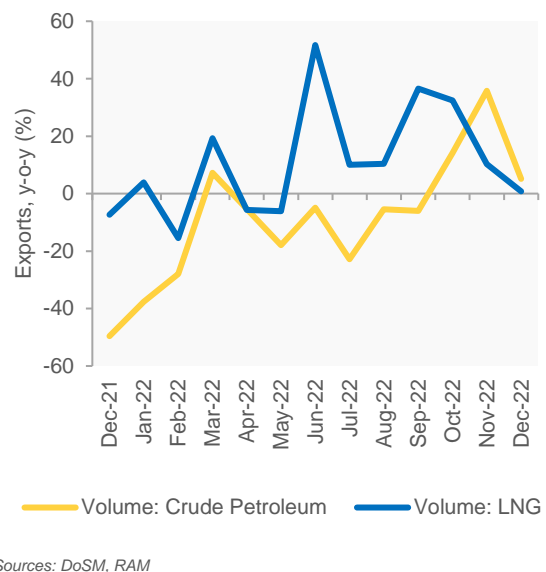


### Mining

**Slower growth in natural gas IPI pulled down overall mining IPI performance in December**

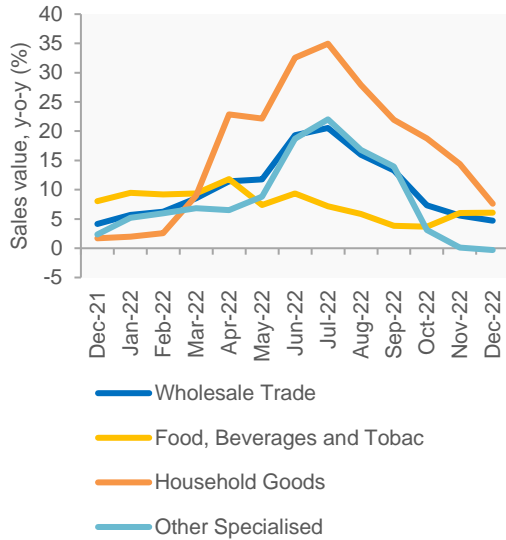


**LNG exports grew at a marginal 0.8% as low base effect fades while crude petroleum export growth slowed to 5.1%**



### Services

**Wholesale trade sales grew by 4.7% in December; growth for the largest subsector, Other Specialised goods, turned negative**



Other specialised goods include fuels, metals, construction material, waste and scrap  
Sources: DoSM, RAM

**Retail trade sales expanded by 22.7% mainly supported by non-specialised stores**

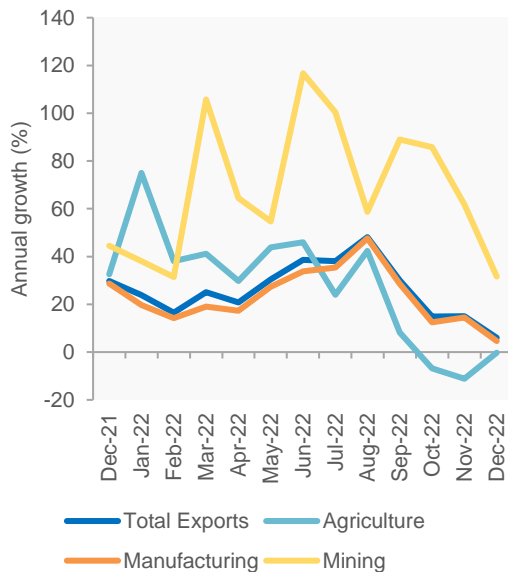


Non-specialised stores include supermarkets, convenience stores, mini markets, department stores, etc  
Sources: DoSM, RAM

### Macroeconomic Analysis – Demand Side

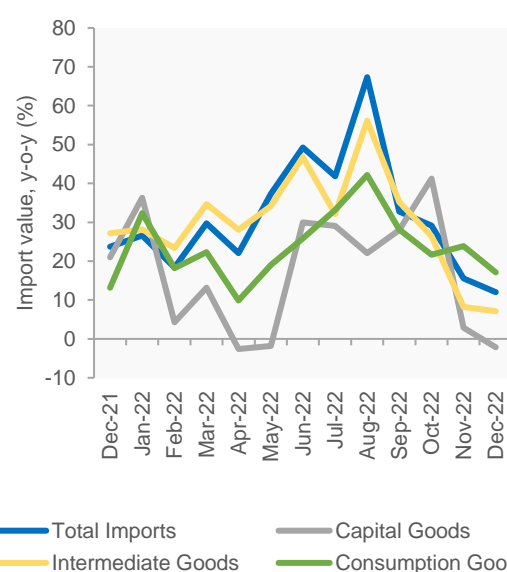
#### External Trade

**Agriculture exports declined by 0.2% in December, while manufacturing and mining growth moderated to 4.6% and 31.6%**



Sources: DoSM, RAM

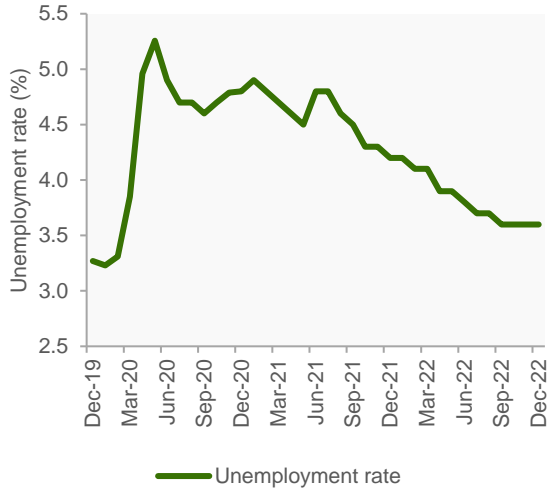
**Import growth decelerated as capital goods contracted by 2.2% while growth slowed for intermediate and consumption goods**



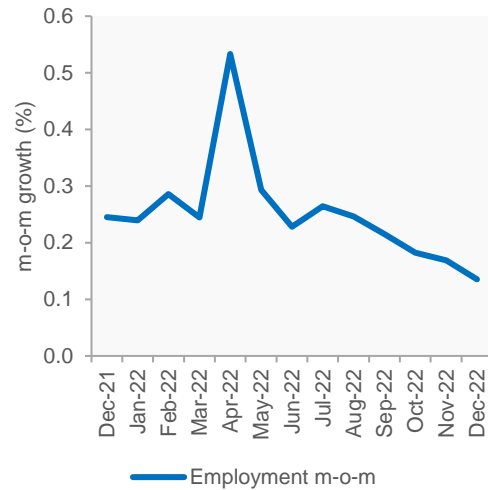
Sources: DoSM, RAM

### Labour market

**Unemployment rate at end-2022 recorded at 3.6%**



**Employment m-o-m growth slowed down to 0.1% in December**



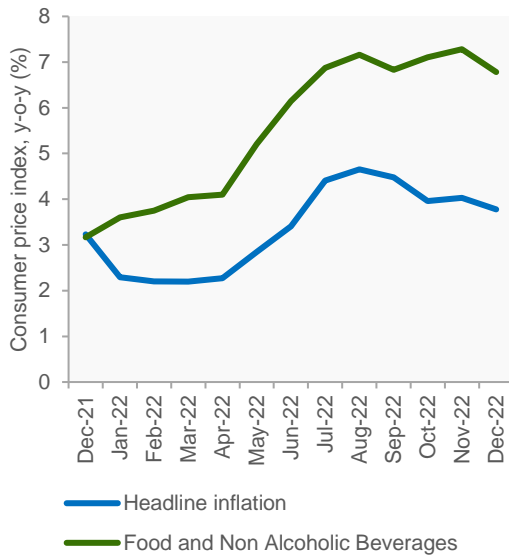
Sources: DoSM, RAM

Sources: DoSM, RAM

### Macroeconomic Analysis – Others

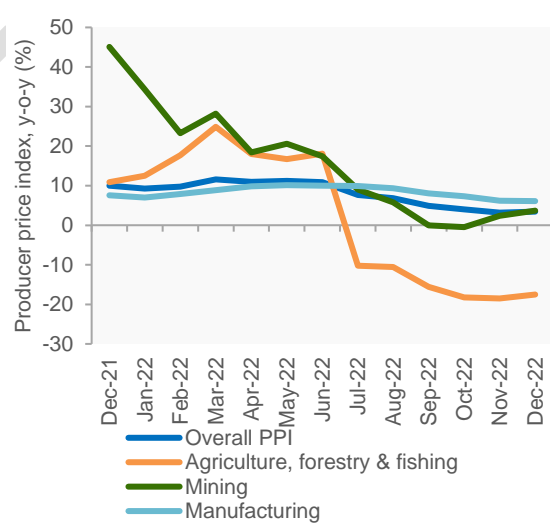
#### Monetary and Financial

**Headline inflation edged down to 3.8% in December amid easing in food inflation**



Sources: DoSM, RAM

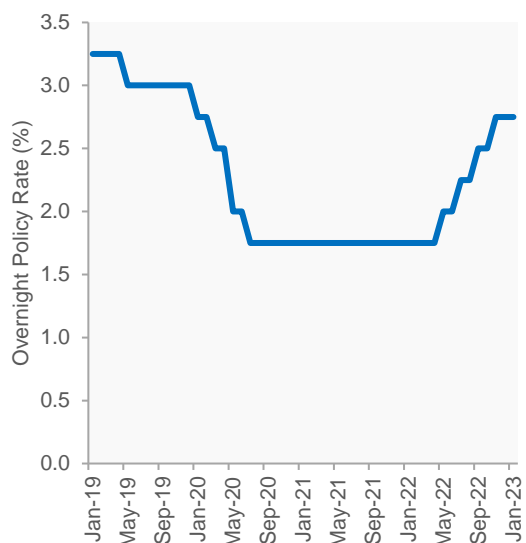
**PPI growth rose to 3.5% due to upside pressure from mining PPI**



Sources: DoSM, RAM



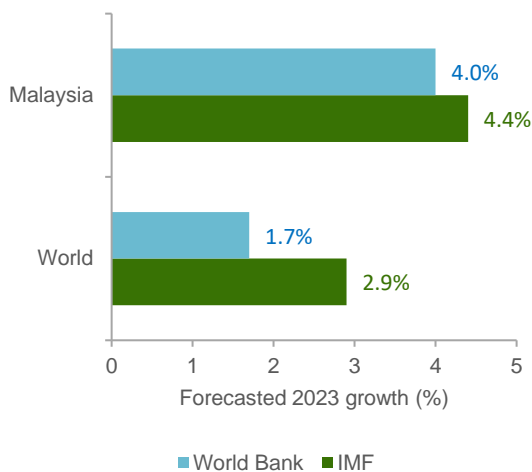
### Bank Negara maintained OPR at 2.75% in its January meeting as it takes a wait-and-see approach



Sources: Bank Negara Malaysia

### Other developments

#### IMF more optimistic about growth prospects this year compared to the World Bank



Sources: World Bank and International Monetary Fund

### National Account Indicators

Annual Change (%)	2Q 2022	3Q 2022	4Q 2022	2021	2022	2023f
<b>Overall GDP</b>	8.9	14.2	7.0	3.1	8.7	**
Private Consumption	18.3	15.1	7.4	1.9	11.3	**
Public Consumption	2.6	4.5	2.4	5.3	3.9	**
Private Investment	6.3	13.2	10.3	2.6	7.2	**
Public Investment	3.2	13.1	6.0	(11.3)	5.3	**
Exports	10.4	23.9	9.6	15.4	12.8	**
Imports	14.0	24.4	8.1	17.7	14.2	**
Agriculture	(2.4)	1.2	1.1	(0.2)	0.1	**
Mining	(0.5)	9.2	6.8	0.3	3.4	**
Manufacturing	9.2	13.2	3.9	9.5	8.1	**
Construction	2.4	15.3	10.1	(5.2)	5.0	**
Services	12.0	16.7	8.9	1.9	10.9	**

Sources: DoSM, RAM

### Monetary and Financial Indicators

	2021	2022	2023f
OPR (% , year-end)	1.75	2.75	**
CPI (% , annual change)	2.5	3.3	**
USD/MYR (average)	4.15	4.40	**
Gross Government Bond Issuance (RM billion)	163.9	171.5	**
Gross Corporate Bond Issuance (RM billion)	114.3	153.0	**

Sources: Bank Negara Malaysia (BNM), DoSM, Bond Pricing Agency Malaysia (BPAM), RAM

The contents of the report are for illustrative purposes only. Nothing herein should be construed or relied upon as advice.

**Analytical contacts:**

**Woon Khai Jhek**

Head & Senior Economist, Economic Research  
khaijhek@ram.com.my

**RAM Rating Services Berhad**

Level 8, Mercu 2, KL Eco City  
No.3, Jalan Bangsar, 59200  
Kuala Lumpur, Malaysia  
Tel: +603 3385 2488  
Fax: +603 3385 2582

### About RAM Ratings Services Berhad

RAM Rating Services Berhad (RAM Ratings) is the leading and largest credit rating agency in Malaysia and South-East Asia (ASEAN). Renowned for our independent and insightful views, our credit ratings and assessments are highly regarded in both the domestic and regional markets and are used by investors and market participants to make sound decisions.

Established in 1990 by the central bank of Malaysia and now regulated by the Securities Commission Malaysia as part of the “institutional infrastructure” to support the development of Malaysia’s bond market, RAM has rated more than USD450 billion of bonds issued by over 750 entities. Its rating coverage includes corporates, financial institutions, insurance & nonbank financial institutions, project finance and structured finance obligations. RAM also supports the financial markets with deep macroeconomic research and data analytics services in Asia and globally.

RAM Ratings is also the world's leading rating agency for securities issued under Islamic principles, or sukuk. Our vast experience and contributions in the rapidly expanding sukuk market has won us numerous awards, including *GIFA Power Award (Islamic Rating) 2021* by Global Islamic Finance Awards, *Best Rating Agency (South-East Asia)* in both 2018 and 2017 by CPI Financial, and *Best Islamic Rating Agency* in 2016 by Islamic Finance News.

On 26 May 2016, RAM joined the line-up of pioneer credit rating agency signatories to the United Nations-supported Principles for Responsible Investment’s Statement on Environment, Social and Governance (ESG) in Credit Ratings. The Statement on ESG in Credit Ratings is a way for RAM Ratings to communicate our commitment to a more systematic and transparent incorporation of ESG into credit ratings and analysis.

For more information, log on to [www.ram.com.my](http://www.ram.com.my)

Published by RAM Rating Services Berhad

© Copyright 2023 by RAM Rating Services Berhad

All rights reserved. This material may not be published, reproduced, broadcast, rewritten, or redistributed without prior permission.

### Disclaimer

The information herein published by RAM Ratings is strictly for informational purposes only and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose, and is also not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to its laws or regulations. This publication is not an offer, recommendation, solicitation or advice to buy or sell any investment product/securities/instruments. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice and you are advised to consult your own professional advisors for advice.

The information contained in this publication is based on certain assumptions and analysis of publicly available information and reflects prevailing conditions as of the date of the publication. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The views expressed reflect RAM Ratings’ judgment as at the date of this publication and are subject to change.

Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this publication, RAM Ratings makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accept no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this publication.

### RAM Rating Services Berhad

Level 8, Mercu 2

KL Eco City

No.3, Jalan Bangsar

59200, Kuala Lumpur

Malaysia

T: (603) 3385 2488

F: (603) 3385 2582

E: [ramratings@ram.com.my](mailto:ramratings@ram.com.my)

W: [www.ram.com.my](http://www.ram.com.my)