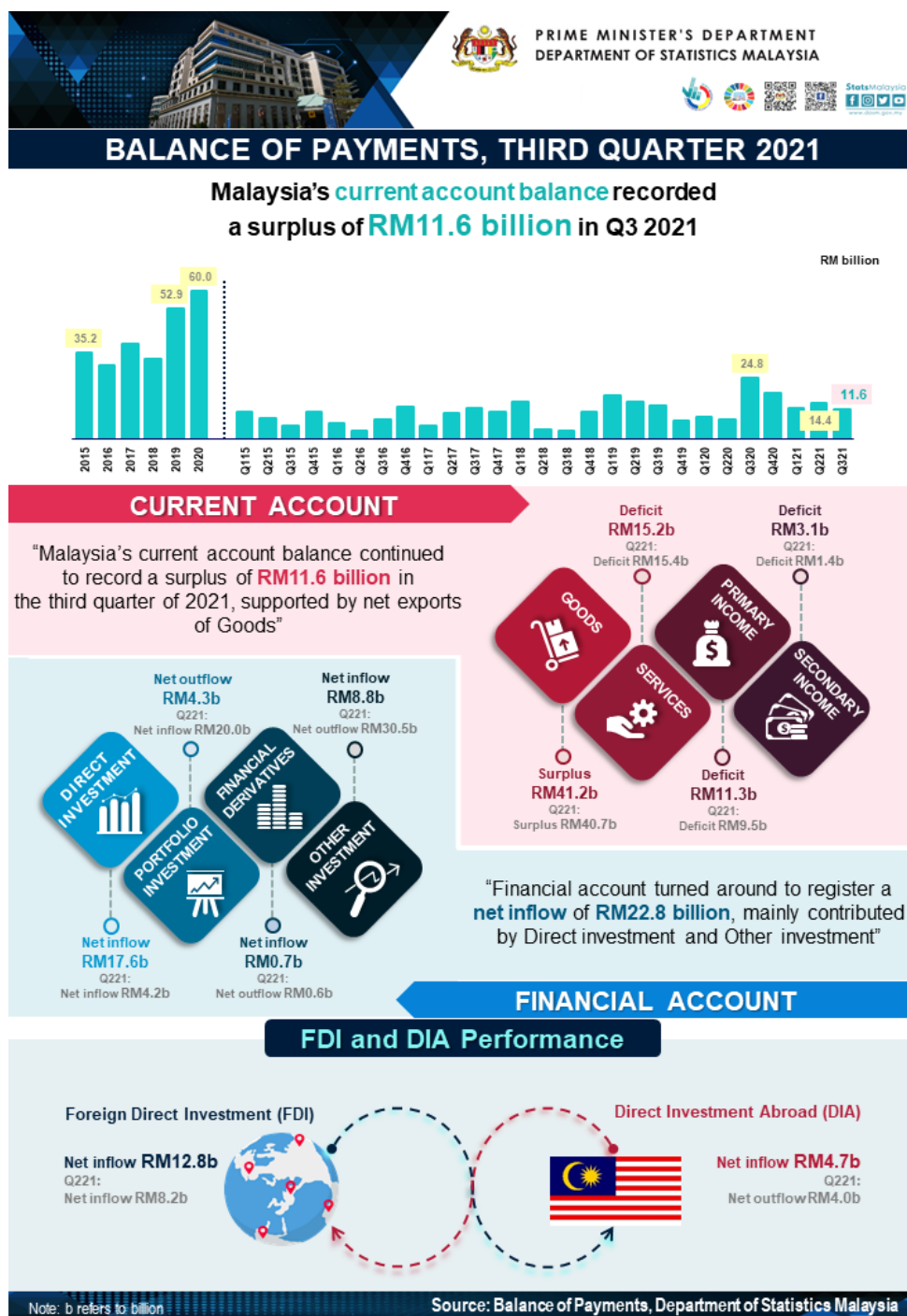




QUARTERLY BALANCE OF PAYMENTS, THIRD QUARTER 2021



Malaysia's Current Account Balance continued to record a surplus of RM11.6 billion in the third quarter of 2021 while International Investment Position registered a net asset of RM68.1 billion

Malaysia's Current Account Balance (CAB) recorded a surplus of RM11.6 billion in the third quarter of 2021, compared to RM14.4 billion in the previous quarter, still largely buoyed by the higher net exports in Goods account with RM41.2 billion as against RM40.7 billion in the previous quarter. When compared with the second quarter of 2021, the export of goods decreased at a slower rate than the imports that eventually contributed to higher net exports in this quarter. Exports declined 3.1 per cent quarter-on-quarter to

RM236.6 billion, mainly in Electrical & Electronics (E&E), Chemicals and Petroleum based products; largely to China, Singapore and the United States of America (USA). Similarly, imports of goods also fell by 3.9 per cent quarter-on-quarter to register RM195.4 billion as against the preceding quarter. It was observed a downward trend in the imports of Intermediate, Capital and Consumption goods mainly from China and Japan.

However, the narrowing current account surplus in this quarter was led by the higher deficit in the income accounts. The Primary income account recorded a higher deficit of RM11.3 billion as against RM9.5 billion in the second quarter of 2021. This was mainly attributed by foreign companies in Malaysia earning higher income of RM26.3 billion, an increase of 3.3 per cent from the preceding quarter, particularly in Direct Investment. These companies were primarily involved in the Manufacturing and Financial sectors where the income was mostly channelled to Singapore, the Netherlands and the USA. Meanwhile, Malaysian companies abroad earned a lower income of RM18.0 billion as compared to RM19.3 billion in the previous quarter, especially in Other Investment. Most of these companies were located in Indonesia, the USA and Singapore, principally engaged in Financial and Mining sectors.

Furthermore, Secondary income account posted a higher deficit of RM3.1 billion as against RM1.4 billion last quarter. This account recorded lower receipts of RM4.3 billion owing to lower settlements received from abroad, while payments was RM7.4 billion in this quarter.

In this quarter services trade improved slightly after it recorded increasing deficit for the past seven consecutive quarters since the end quarter of 2019. Services logged a deficit of RM15.2 billion as compared to RM15.4 billion in the preceding quarter of 2021. This was partially offset by Transport, Other business services and Construction components, albeit Travel remains in the negative trend by posting a higher deficit of RM3.7 billion as against RM3.6 billion deficit in the second quarter of 2021 following the border closure for international tourist arrivals.

In the third quarter of 2021, the increase in exports of Services was 1.9 per cent quarter-on-quarter to RM21.5 billion, faster than imports which rose marginally by 0.5 per cent to RM36.7 billion. Transport posted a lower deficit of RM8.0 billion as compared to RM8.1 billion in the preceding quarter, predominantly driven by the increase in exports of freight activities. A similar trend was noticed in Other business services with a lower deficit of RM1.1 billion, improved by 7.1 per cent as against the previous quarter, mainly in business and management consulting activities. Simultaneously, Construction posted a surplus of RM19.6 million from a deficit of RM245.1 million in the second quarter of this year due to lower payments for existing projects in this country following the implementation of Movement Control Order starting May 2021 to contain the COVID-19 spread.

Financial account turned around to register a net inflow of RM22.8 billion in this quarter, from a net outflow of RM7.0 billion in the previous quarter. This was mainly attributed by inflows in Direct investment and Other investment which posted of RM17.6 billion and RM8.8 billion respectively. The inflows were contributed by higher investment from foreign investors precisely in equity and investment fund shares, as well as an additional allocation of Special Drawing Rights (SDRs) to Malaysia of SDR3.5 billion, equivalent to USD5.0 billion, by the International Monetary Fund (IMF).

Meanwhile, Foreign Direct Investment (FDI) expanded by RM4.6 billion to record a higher inflow of RM12.8 billion for this quarter, mostly in the form of equity and investment fund shares. Manufacturing remains as the main sector for foreign investment in Malaysia, followed by Financial and Wholesale & retail trade. The main FDI sources were from Singapore, the Netherlands and the USA. In the meantime, Direct Investment Abroad (DIA) switched to net inflow of RM4.7 billion from a net outflow of RM4.0 billion in the previous quarter due to capital reduction and loans received from abroad. The major sectors which contributed to the inflows were Financial and Mining. The top three DIA inflows were from Mauritius, Switzerland and Austria.

As at the end of third quarter of 2021, FDI position improved by RM39.3 billion to register RM769.6 billion, while DIA position was RM543.9 billion. Malaysia's International Investment Position (IIP) continued to record a net asset of RM68.1 billion. The Malaysia's international reserves increased to RM482.5 billion from RM461.5 billion as at end of the previous quarter.

The full publication of Quarterly Balance of Payments, Third Quarter 2021 can be downloaded through [eStatistik](#) portal.

Chart 1: Current Account Balance, 1985-2020 and Q1 2018 - Q3 2021

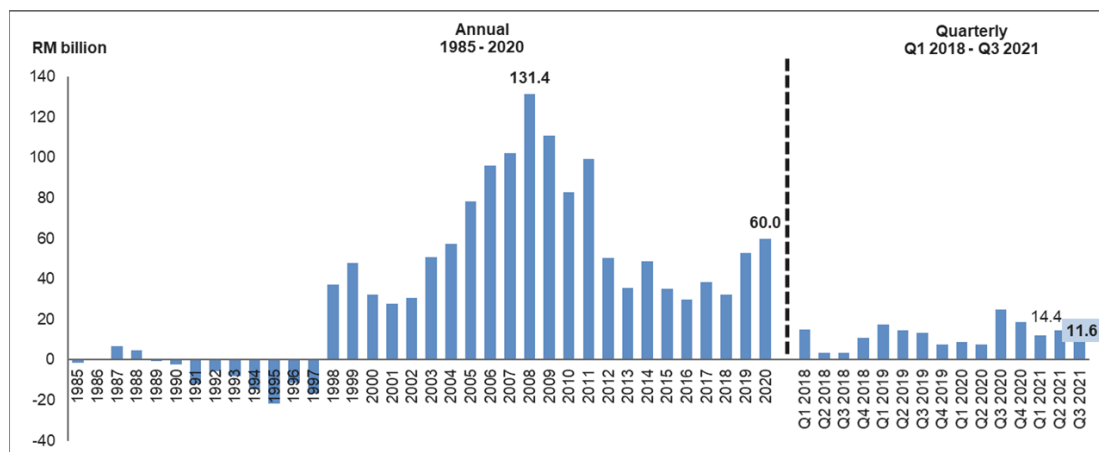


Chart 2: Exports of Services, 1985-2020, Q1 2018 - Q3 2021

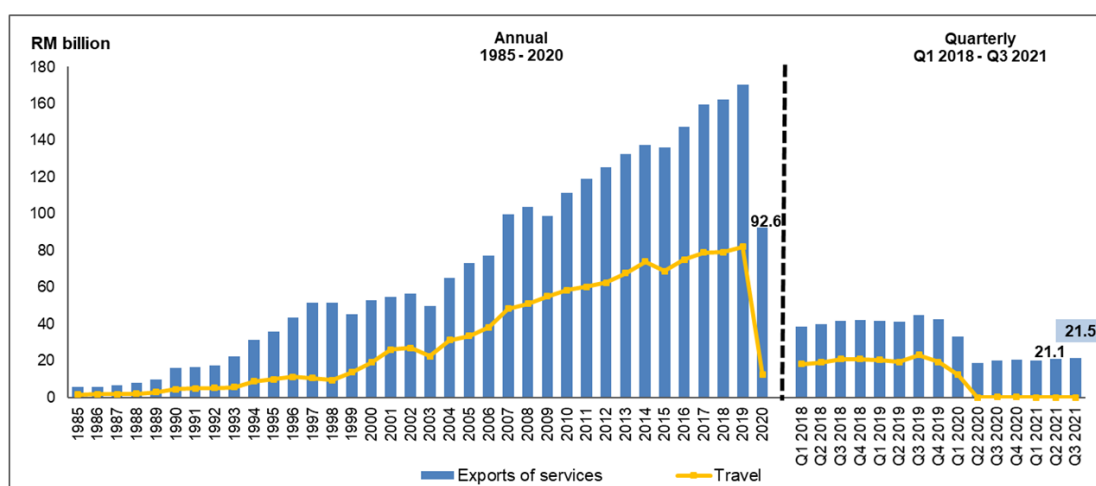


Chart 3: Foreign Direct Investment (FDI) in Malaysia Flows and Position,

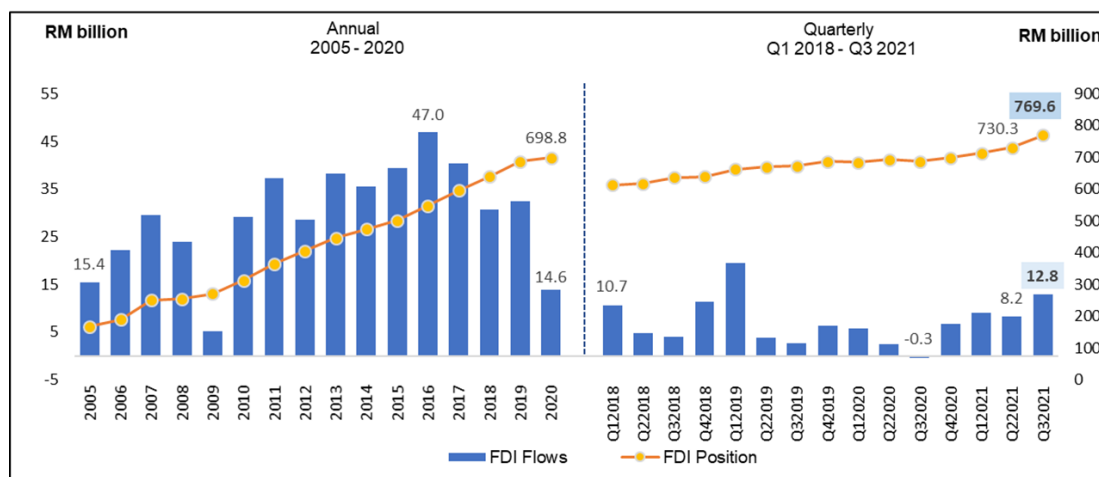


Chart 4: Direct Investment Abroad (DIA) Flows and Position,

2005 - 2020 and Q1 2018 - Q3 2021

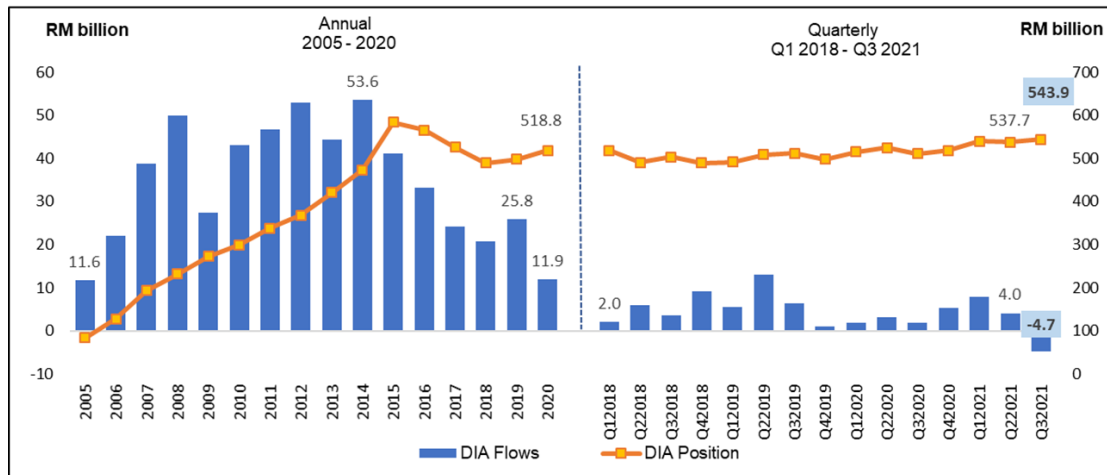
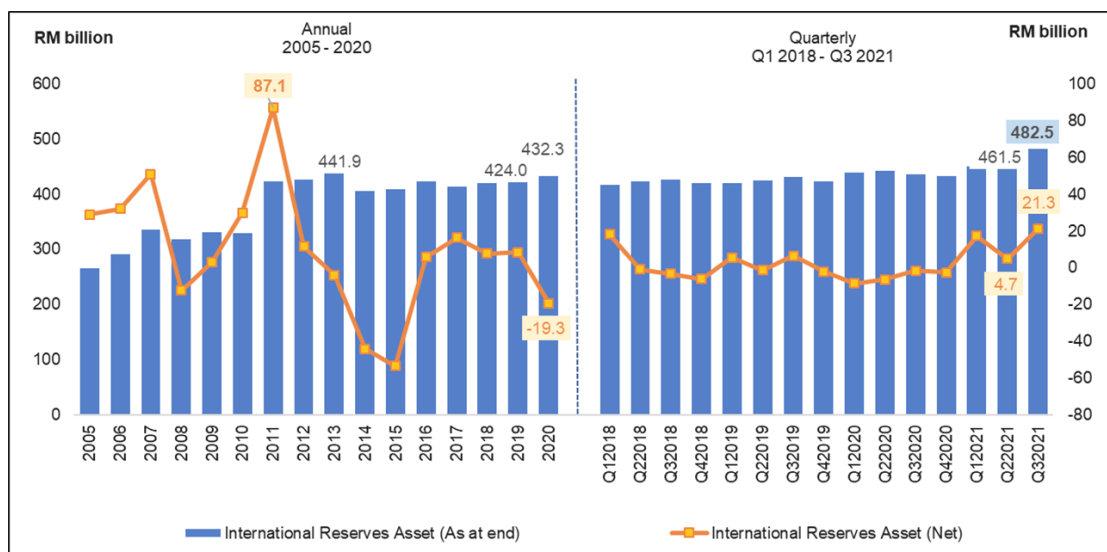


Chart 5: International Reserve Assets 2005 - 2020 and Q1 2018 - Q3 2021



Download: [Summary Table of Balance of Payments, Q3 2021](#) [Quarterly Bulletin FDI and DIA, Q3 2021](#)



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