



MEDIA RELEASE

MINISTER OF FINANCE MALAYSIA

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CONFIDENCE THAT MALAYSIA'S 2019 FISCAL DEFICIT TARGET OF RM52 BILLION OR 3.4% OF GDP WILL BE ACHIEVED BASED NOT JUST ON PUBLIC PERFORMANCE BUT ALSO ASSESSMENT BY INVESTORS AND INTERNATIONAL CREDIT RATINGS AGENCIES

Malaysia's 2019 fiscal deficit target of RM52 billion or 3.4% of GDP will be achieved based not just on public performance but also assessment by investors and international credit ratings agencies

As shared previously through a statement dated 26 September 2019, the Government plans its budget on a yearly basis. A proper analysis of month-by-month fiscal deficit must account for the yearly plan.

The latest full-year plan estimates that the Government will raise RM135 billion worth of gross direct debt, and redeem RM83 billion. As a result, the net direct debt to be raised for the whole of 2019 is estimated to be RM52 billion. This has been outlined in the 2019 Budget as approved by the Parliament last year. Chart 1 shows the full year plan together with actual figures for the January-October 2019 period and the projected figures for the November-December 2019 period.

Chart 1: Issuance and redemption of the Government's direct debt

Details (RM billion)		Jan-Okt 2019 (Actual)	Nov-Dis 2019 (Projected)	Full 2019 Plan
		(A)	(B)	(A)+(B)
Issuance	(1)	121.0	14.2	135.2
Redemption	(2)	61.7	21.6	83.3
Net Issuance	(1-2)	59.3	-7.4	51.9

Note: Figures presented may not add up precisely due to rounding

Status up to October 2019

For the January-October 2019 period, the Government has raised RM121 billion worth of gross direct debt, comprising of RM51.5 billion Malaysian Government Securities (MGS), RM50.5 billion Malaysian Government Investment Issues

(MGII), RM11.5 billion Treasury bills and RM7.5 billion worth of other instruments including the Samurai bond. Meanwhile, RM61.7 billion worth of direct debt has been redeemed during the same period. This is shown in Chart 1 above.

Specifically for the month of October 2019, the Government has issued RM10.0 billion worth of direct debt. At the same time, the Government has redeemed RM11.8 billion worth of direct debt. Therefore, the net direct debt issued in October 2019 was -RM1.8 billion (Chart 2). Those claiming otherwise shows that they are either serial liars, ignorant or unable to read financial data accurately.

Chart 2: Issuance and redemption of direct debt in October 2019

Details (RM billion)		October 2019
Issuance	(1)	10.0
Redemption	(2)	11.8
Net issuance	(1-2)	-1.8

Note: Figures presented may not add up precisely due to rounding

Financing activities for November-December 2019

For the final 2 months of the year, the Government is expected to issue RM14.2 billion worth of gross direct debt, while will redeem RM21.6 billion worth of direct debt. Therefore, the net direct debt issuance for the period will be -RM7.4 billion. This is also shown in Chart 1.

The Government's financing activities are proceeding as planned, as demonstrated by the actual issuance and redemption of the Government's direct debt. The Government has no intention to change its direct debt issuance and redemption plan for the rest of the year.

Therefore, the Government is confident of meeting its 2019 fiscal deficit target of RM52 billion or 3.4% of GDP, which is lower than the 2018 fiscal deficit of RM53.4 billion or 3.7% of GDP (Chart 3). This confidence is shared by all the top three credit rating agencies, which have affirmed Malaysia's sovereign credit rating high at A- or A3 with a stable outlook since the new Pakatan Harapan government took over in 2018.

Chart 3: Fiscal deficit in 2018 and 2019

Details	2018 (Actual)	2019(Estimate)
Total	RM53.4 billion	RM51.9 billion
Relative to the GDP	3.7%	3.4%

This Government is committed towards greater transparency and will continue to disclose its full fiscal position fully

Sayangi Malaysiaku!

Lim Guan Eng

Minister of Finance
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Putrajaya
2 November 2019