

MALAYSIA WEEKLY ECONOMIC NEWS

(22 May 2017 – 26 May 2017)

Topics	Highlights
<p>Microfinance in Malaysia benefits over 1 million enterprises</p>	<p>Malaysia's microfinance landscape, which has evolved from being Government-driven into one with vibrant private sector participation, has benefited more than 1 million micro enterprises in the country, said Bank Negara Malaysia (BNM). Deputy Governor, Mr. Abdul Rasheed said microfinancing had enabled to improve the previously excluded segment of the society to create their own incomes, build assets and ultimately improve their standard of living. "With poverty eradication taking centre stage in the global public policy agenda, as outlined in the United Nations Millennium Development Goals, the development of microfinance is certainly the most powerful, and it is an important part of Malaysia's development agenda," he said. In 2016, BNM had introduced a comprehensive microfinance framework to promote the development of a sustainable microfinance industry in Malaysia. "This would give micro entrepreneurs greater access to financing, especially for those with no collateral, supported by simple application procedures, minimal documentation and quick turnaround times," said Abdul Rasheed. He said that microfinance was also evolving in the era of unprecedented technological change, adding that adaptability was key for its growth.</p> <p style="text-align: right;"><i>(The Star, 22 May 2017)</i></p>
<p>Minister: No plans to raise GDP forecast for now</p>	<p>The Government has no plans to raise its growth forecast of the Malaysian economy at this juncture despite the optimism following a stronger-than-expected performance in the first quarter of 2017. According to Second Finance Minister YBhg. Datuk Seri Johari Abdul Ghani, it is still too early to consider the robust first-quarter gross domestic product (GDP) growth as an indication to revise upwards the official forecast of the country's growth, as the trend is merely reflective of global trends. "It is still too early to talk about revising our GDP growth forecast. Last week, Bank Negara revealed that Malaysia's GDP in the first three months of the year grew 5.6%, which significantly exceeded consensus estimate of 4.6%. "The Government will maintain its GDP growth forecast at a range of 4.3% to 4.8% this year at this juncture, while continuing to assess the global situation," Johari said. According to the report, Malaysia has achieved one of the highest levels of financial inclusion among South-East Asian countries, due in part to policies taking advantage of mobile phones and banking agents to expand access. The Global Findex Database of the World Bank, which collects data on financial inclusion in countries around the world every three years, revealed that 81% of Malaysia's adults had an account at a licensed financial institution in 2014. Globally, 61% of all adults have accounts. "Currently, there are still 8% of unbanked populations in Malaysia.</p> <p style="text-align: right;"><i>(The Star, 23 May 2017)</i></p>
<p>MPC targets 2.6% productivity growth in manufacturing sector</p>	<p>The Malaysia Productivity Corporation (MPC) has set a minimum productivity growth target of 2.6% for the manufacturing sector. On May 8, Prime Minister YBhg. Datuk Seri Najib Tun Razak launched the Malaysia Productivity Blueprint, setting the target of achieving a national labour productivity growth of 3.7% per annum up to 2020 to boost the nation's economy. Among other things, the blueprint outlined five strategic thrusts, 10 national initiatives, 43 sectoral initiatives and 16 key activities.</p> <p style="text-align: right;"><i>(The Star, 23 May 2017)</i></p>

<p>MIDF Research still positive on local construction sector</p>	<p>MIDF Research has maintained its “positive” outlook on the domestic construction sector, amid the strong flow of liquidity in the industry. The research house said that total loans to the sector, as at March 2017, increased by approximately 14.1% on a year-on-year comparison, to RM7.43 billion. MIDF Research stressed that the sudden liquidity surge was not a welcome surprise, since liquidity impulse to the sector could stretch the construction sector’s valuation and consequently mask its lofty valuations.</p> <p style="text-align: right;"><i>(The Star, 25 May 2017)</i></p>
<p>Bank Negara: Provide more affordable housing</p>	<p>There is a growing shortage of affordable housing and increasing surplus in commercial property, according to Bank Negara. The shortage in affordable housing is expected to hit one million units by 2020. Governor YBhg. Datuk Muhammad Ibrahim said the country required a bold and pragmatic solution towards providing more affordable housing. He said “We estimate a shortage of 960,000 units of affordable housing. This is projected to reach one million units by 2020.” In 2016, the vacancy rate for prime office space in the Klang Valley stood at 21.8%, outstripping the regional average of 6.2%. Monthly rentals of prime office space in Kuala Lumpur are the lowest among regional cities. Signs of oversupply are also emerging in the retail segment in major urban centres in Malaysia. He pointed out that the concerns were not limited to effects within the commercial property sector, but have broader spillovers to other economic sectors.</p> <p style="text-align: right;"><i>(The Star, 26 May 2017)</i></p>

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