

MALAYSIA WEEKLY ECONOMIC NEWS

(9 July 2018 – 13 July 2018)

Topics	Highlights
<p>BNM maintains OPR at 3.25%, risks tilted to downside on global trade tensions</p>	<p>BNM has maintained the Overnight Policy Rate (OPR) at 3.25% following the Monetary Policy Committee (MPC) meeting, on expectations for economic growth to sustain its positive trajectory driven by domestic and external demand. At current level of OPR, the degree of monetary accommodativeness is consistent with the intended policy stance. The central bank said the Malaysian economy continued to expand in the first half of the year (1H18), supported by private sector activity with additional impetus from net exports. Global trade continued to see sustained growth momentum, with rising income and policy support seen as continued growth drivers in advanced economies, while Asia will be held up by domestic activity and external demand. However, the balance of risks to the outlook has tilted to the downside, as the intensification of global trade tensions could affect sentiments and weigh on trade, investment and consumption. Ongoing monetary policy normalisation in the advanced economies, shifting investor expectations and sentiments could lead to further capital outflows and financial market adjustments in some emerging economies.</p> <p style="text-align: right;"><i>(Source: The Malaysian Reserve, 12 July 2018)</i></p>
<p>Cyber attacks may cost Malaysia US\$12.2b in economic losses</p>	<p>Malaysia faces the possibility of incurring US\$12.2 billion (US\$1=RM4.04) in economic losses, which is 4% of its GDP of US\$296 billion, due to cyber security incidents. Based on a study by Microsoft and US consulting firm, cyber security attacks have resulted in job losses across different functions in three out of five organisations that have experienced cyber incidents over the last 12 months. The losses could be in the form of direct financial losses while indirect losses may be in the form of reputation loss as a result of opportunity cost to the organisations and induced cost arising from the impact of cyber breaches across the ecosystem and economy. Microsoft Malaysia national technology officer, Dr.Dzaharudin Mansur emphasised that cyber security incidents would undermine organisations' ability to capture future opportunities in the digital era. Those that rely on Internet connectivity, such as smart cities, autonomous vehicles and the power industry, could be affected if proper measures are not taken.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 12 July 2018)</i></p>
<p>Malaysia's May factory output up 3% y-o-y</p>	<p>Malaysia's industrial production index grew at a slower pace of 3.0% year-on-year (y-o-y) in May 2018, as compared to the 4.6% growth recorded in the previous month, supported by the increase in manufacturing and electricity output. The Department of Statistics Malaysia said the growth of IPI in May was supported by the increase in the index of manufacturing segment by 4.1% and the index of electricity by 2.6%. Meanwhile, the index of mining posted a decrease of 0.5%. The manufacturing sector output rose by 4.1% in May 2018, after recording a growth of 5.3% in April 2018. The major subsectors which registered increases in May 2018 were E&E products (4.8%), petroleum, chemical, rubber & plastic products (3.7%), and non-metallic mineral products, basic metals and fabricated metal products (5.0%). The report also stated that the mining sector output decreased by 0.5% in May this year, due to the decrease in the index of natural gas, which saw a decline of 4.8% y-o-y.</p> <p style="text-align: right;"><i>(Source: News Straits Times, 13 July 2018)</i></p>