

MALAYSIA WEEKLY ECONOMIC NEWS

(5 November 2018 – 9 November 2018)

Topics	Highlights
<p>Malaysia's Sept industrial production growth gains pace</p>	<p>Malaysia's industrial production grew a tad faster than expected in September driven mostly by the manufacturing sector. The industrial production index, which is a measure of output from mines, power plants and factories, rose by 2.3% in September 2018 from a year earlier (Aug'18: 2.2%). The median forecast in a Nikkei Markets' poll was for a 2.2% increase. Economists said the latest data reinforces expectation of a slower growth at the Southeast Asia's third-largest economy amid rising risks to the export-reliant nation due to the U.S.-China trade tensions. Output from the key manufacturing sector increased by 4.8% from a year earlier, while electricity index rose by 4.2% in September. The mining output dropped by 6.2% year-over-year, the fifth-consecutive month of decline. On month-over-month seasonally adjusted basis in September, the manufacturing & electricity indexes edged higher by 1.5% & 1.4% respectively, while mining activity declined by 6% from August. Manufacturing sales for September rose by 8.2% on year to RM70.8 billion.</p> <p><i>(Source: Nikkei Asian Review, 9 November 2018)</i></p>
<p>Bank Negara maintains OPR at 3.25%</p>	<p>Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate (OPR) at 3.25% at the Monetary Policy Committee (MPC) meeting today. At the current OPR level, the degree of monetary accommodativeness is consistent with the intended policy stance. BNM said the domestic economy continued to face downside risks stemming from any further escalation in trade tensions and prolonged weakness in the mining and agriculture sectors. Nevertheless, on balance, the Malaysian economy is expected to remain on a steady growth path in 2018 and 2019. The annual average headline inflation would also be low in 2018. Malaysian economy's latest indicators point towards continued expansion in private sector activity with private consumption remaining as the main driver of growth, supported by conducive labour market conditions. On the external front, it said exports are projected to provide an additional lift to growth, albeit to a lesser extent, due to moderating global growth momentum. Moving into 2019, BNM said headline inflation is projected to increase primarily due to higher projected global oil prices and the floating of domestic fuel prices.</p> <p><i>(Source: News Straits Times, 8 November 2018)</i></p>
<p>Malaysia's Sept exports expand 6.7%, trade surplus the highest since Oct 2008</p>	<p>Malaysia's exports in September expanded by 6.7% to RM83.05 billion from last year, while imports declined by 2.7% to RM67.78 billion. As a result, trade surplus posted a double digit increment of 85.9%, amounting to RM15.26 billion, the largest trade surplus ever recorded since October 2008. This surplus marked the 251st consecutive month of trade surplus since November 1997. The country registered a total trade of RM150.83 billion in September 2018, an increase of 2.3% from RM147.51 billion in September last year. Ministry of International Trade and Industry said the expansion in trade was seen with major trading partners, namely Hong Kong, ASEAN, Taiwan, Australia, Saudi Arabia and the US. The higher exports was driven mainly by higher exports of E&E products, chemicals & chemical products, iron & steel products as well as optical & scientific equipment. The increase in exports was mainly driven by manufactured goods which increased by 7.9% year-on-year and accounted for 84.7% of Malaysia's total exports. For the first nine months of 2018, total trade expanded by 5.5% to RM1.38 trillion y-o-y.</p> <p><i>(Source: News Straits Times, 5 November 2018)</i></p>