

MALAYSIA WEEKLY ECONOMIC NEWS

(25 March 2019 - 29 March 2019)

Topics	Highlights
<p>Malaysia's PPI down 1.6% in February 2019</p>	<p>The Producer Price Index (PPI) for local production decreased by 1.6% on a year-on-year basis in February 2019, led by the index of agriculture, forestry & fishing (-11.6%), water supply (-2.0%) and manufacturing (-1.3%). Conversely, the index of mining & electricity and gas supply increased by 2.4% and 0.8% respectively. On monthly basis, the PPI for local production rose by 0.6% as compared to January 2019, due to the index of mining (4.7%), manufacturing (0.2%) and agriculture, forestry & fishing (0.2%). However, the index of water supply and electricity & gas supply recorded a decline of 1% and 0.3% respectively. PPI for local production for the period January-February 2019 registered a decrease of 2.6% as compared to the same period last year. In February 2019, the PPI for local production at all stage of processing showed a decline as compared to the same month last year, contributed by crude materials for further processing (-2.9%), intermediate materials, supplies & components (-1.9%) and finished goods (-0.2%). As compared to the previous month, the PPI local production of crude materials for further processing rose 2.3%, followed by finished goods (0.2%) and intermediate materials, supplies and components (0.1%).</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 28 March 2019)</i></p>
<p>BNM Annual Report 2018: Malaysian economy to grow between 4.3-4.8% in 2019</p>	<p>Malaysian economy is projected to grow between 4.3-4.8% in 2019, mainly supported by gradual recovery from the unanticipated commodity disruptions in 2018. Headline inflation is expected to average 0.7-1.7% (2018: 1%), with projection taking into account some cost pass-through from domestic cost factors. The unemployment rate is projected to remain unchanged at 3.4%, thus enabling growth in private sector spending and consumption. Policy measures such as price ceiling on retail fuel prices, minimum wage adjustment and targeted cash transfers will lend further support to household expenditure. Unresolved trade tensions between US-China and slower-than-expected global growth will affect Malaysia via trade and investment channel. Volatility in global oil price could also affect exports performance and mining sector investment. BNM said Malaysia's strong fundamentals will help weather these risks while preserving macroeconomic and financial stability. These include healthy labour market, stable inflation rate, continued surplus in current account of the balance of payments, as well as a strong financial sector. Exchange rate flexibility and sufficient level of international reserves would enhance the economy's capability to withstand external shocks.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 27 March 2019)</i></p>
<p>Malaysian aerospace industry to generate RM16 bil in 2019</p>	<p>Growth in Malaysian aerospace industry is gaining momentum. The country's exports of aircraft parts & components have more than tripled from RM2.9 bil in 2014 to RM8.5 bil in 2018, with growth mainly driven by expansion of aerospace manufacturing activities. Among locally manufactured aerospace products for exports include fan casing, thrust reverser, forward leading edge, aircraft door, avionics equipment and carbon brakes. The industry generated a total revenue of RM14.4 bil in 2018, up 6.7% from RM13.5 bil in 2017. MITI aims to generate up to RM16 bil in revenue from the aerospace industry in 2019. This would be driven by the vibrant and thriving aerospace industry in Asia-Pacific region, which is expected to have the highest growth in new aircraft delivery for the next decade. MITI Minister said the government is looking to have better coordination between National Aerospace Industry Coordinating Office (NAICO) and other agencies in providing a better business environment. MITI said the aerospace manufacturing sub-sector contributed 48% revenue of RM6.97 bil, while the maintenance, repair and overhaul (MRO) sector recorded RM6.68 bil, representing 46% of the total revenue. In terms of investments, 11 aerospace projects with total investments of RM816.3 mil were approved in 2018 of which 41% were foreign investments. The approved projects are expected to generate a total of 2,442 employment opportunities. Currently, about 24,500 highly skilled workers are serving the industry.</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 27 March 2019)</i></p>