

MALAYSIA WEEKLY ECONOMIC NEWS

(20 November 2017 – 24 November 2017)

Topics	Highlights
<p>Malaysia economic growth likely to remain robust in 2018</p>	<p>Malaysia's economy should continue to grow at a decent pace over the next year, underpinned by robust exports and investment, economists at Capital Economics said. Data showed that private consumption, investment, Government spending and net exports all advanced at a faster pace in the third quarter. Looking ahead, exports are likely to remain a key driver for the coming quarters, economists said. Besides this, Malaysia's economy should continue to benefit from rising investment, they added. However, headwinds facing the economy are also growing, Capital Economics cautioned. For one, with inflationary pressures rising, we suspect that Bank Negara Malaysia will start to tighten monetary policy soon, possibly as early as January. Furthermore, high levels of household debt means that consumer spending is unlikely to maintain its current pace. The upshot is that growth should remain robust, even if it is unlikely to maintain its current pace.</p> <p style="text-align: right;"><i>(Business Insider, 21 November 2017)</i></p>
<p>MIER upgrades Malaysia economic growth to 5.6% for 2017</p>	<p>The Malaysian Institute of Economic Research (MIER) revised upwards its projection for Malaysia's economic growth this year to 5.6%, a 0.2% difference from its earlier forecast. In its 2018-2019 Malaysian Economic Outlook, MIER reported that the second revision was driven primarily by domestic demand and reinforced by stronger external demand. The outlook's executive summary also said that gross fixed capital formation was also revised upwards by 0.2%, to grow by 4.1%. Better than expected global demand has also caused Malaysia's import and export sector projection to be revised upwards to 13.6% and 13.4% respectively. Growth projection for 2018 is maintained at a range of 4.7 to 5.3%.</p> <p style="text-align: right;"><i>(The Malay Mail, 21 November 2017)</i></p>
<p>Bank Negara reins in digital currencies</p>	<p>In the first notable move to regulate the world of cryptocurrencies in Malaysia, Bank Negara has said it will deem all parties acting as exchanges as "reporting institutions", requiring them to provide detailed information on buyers and sellers of such currencies. Central bank governor YBhg. Tan Sri Muhammad Ibrahim also noted the possibility of digital currencies becoming the "new norm" and that the central bank "cannot be oblivious to these developments." The measure is to come into effect next year in 2018. Beginning 2018, Bank Negara will designate persons converting cryptocurrencies into fiat-money currencies as reporting institutions under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (Amla) 2001. This is to prevent the abuse of the system for criminal and unlawful activities and ensuring the stability and integrity of the financial system.</p> <p style="text-align: right;"><i>(The Star, 23 November 2017)</i></p>

**Inflation rate in
October climbed at
slower pace**

Malaysia's consumer price index (CPI), which measures changes in the prices paid by consumers for a basket of goods and services, rose 3.7% in October, although the rise was at a slower pace. The increase was due mainly to higher transport costs. The transport group index showed a significant increase of 12.1% on a year-on-year basis in October 2017, after rising 15.8% in September 2017. The average price of one litre of RON95 petrol was RM2.18 in October 2017 compared to RM1.80 in October 2016. As for RON97, the average price increased to RM2.48 in October 2017 compared to RM2.15 in October 2016. Fuels and lubricants for personal transport equipment accounted for 7.8% of the CPI weights. Core inflation, which excludes food and fuel, rose 2.3% in October 2017 compared with the same month of the previous year.

(The Star, 24 November 2017)

Economics and Policy Division
SME Corp. Malaysia
27 November 2017