

# MALAYSIA WEEKLY ECONOMIC NEWS

(27 November 2017 – 30 November 2017)

Topics	Highlights
<p><b>Malaysia to block unfair EU resolutions on palm oil</b></p>	<p>Malaysia blocks the discriminatory European Union (EU) resolutions on palm oil prior to its full enforcement. In 2017, the EU Parliament passed two resolutions – to impose single certified sustainable palm oil (CSPO) scheme for Europe-bound palm oil exports after 2020 and to phase out palm oil from the EU biofuel programme by 2020. To put into perspective, the EU is the second biggest importer of Malaysian palm oil at 2.06 million tonnes last year after India. Hence, should the EU resolutions be enforced, they will bear grave repercussion on Malaysia's exports to Europe, possibly dampening crude palm oil (CPO) prices and more importantly, affect the livelihood of 650,000 local smallholders whose income are mainly generated from planting and selling palm fruits.</p> <p style="text-align: right;"><i>(The Star, 27 November 2017)</i></p>
<p><b>Malaysia named region's top emerging economy by WEF</b></p>	<p>The World Economic Forum (WEF) has named Malaysia as the region's top emerging economy in its Global Competitiveness Report (GCR) 2017-2018. The report listed Malaysia as 23rd out of 137 countries in Global Competitiveness Index, improving the nation's ranking from 25th last year, ahead of countries such as China, which was ranked 27th. Malaysia took second spot among nine ASEAN countries with Thailand ranked at (32), Indonesia (36), Brunei Darussalam (46), Vietnam (55), Philippines (56), Cambodia (94) and Laos (98). WEF has been measuring competitiveness among countries since 1979. The annual report measures national competitiveness, which is defined as 'the set of institutions, policies and factors that determine the level of productivity'. The study used 70% survey data from the United Nations and 30% data from 137 countries, and tracks the performance of the 137 countries on 12 pillars of competitiveness via the Global Competitiveness Index (GCI).</p> <p style="text-align: right;"><i>(The New Straits Times, 28 November 2017)</i></p>
<p><b>Unemployment rate below four percent</b></p>	<p>The unemployment rate in the country remains below the four per cent mark as of September, at 3.5%, or 504,100 unemployed individuals. A total of 131,600 job-seekers had a diploma or above qualification, and 37,250 had a Certificate of Higher Education (STPM) or below. There were 223,167 vacancies advertised by employers through Job Portal Malaysia, with the highest number in manufacturing followed by agriculture, forestry and fisheries, services, administration and support services, civil engineering, accounting, mechanical engineering, information technology and computer science.</p> <p style="text-align: right;"><i>(The Star, 29 November 2017)</i></p>

**AmBank: Overnight  
policy rate likely to  
stay at 3%**

AmBank is forecasting the overnight policy rate to stay at 3%, with a normalised rate in the range of about 3.50%. AmBank reckoned the first rate hike to be in the first quarter of 2018, while the second to come in either in the second half of 2018 or the first half of 2019. While a decent growth in retail loans in the banking system is expected, AmBank also forecast the gross impaired-loan ratio for banks to be at below 2%, similar to the levels seen in the second half of 2017. AmBank anticipates the OPR will likely be maintained at 3% and we believe the normalisation rate for OPR is around 3.50%, suggesting there could be two rate hikes with the first possibly in the first quarter of 2018 and second either in second half of 2018 or first half of 2019. On the back of a healthy gross domestic product growth of 5.9% this year, driven by factors such as strong private consumption from higher wages and income support measures, strong exports and infrastructure spending, AmBank foresees mild pressure on banks' net interest margin to linger.

*(The Star, 30 November 2017)*

Economics and Policy Division  
SME Corp. Malaysia  
4 December 2017