

MALAYSIA WEEKLY ECONOMIC NEWS

(24 July 2017 – 28 July 2017)

| Topics | Highlights |
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| <p>IMF raises Malaysia's growth forecast to 4.8%</p> | <p>The Inter-national Monetary Fund has upgraded its 2017 growth forecast for Malaysia to 4.8% from 4.5%. IMF Research Department economic counsellor and director Maurice Obstfeld said there is “a very steady hand in monetary policy for Malaysia and IMF is optimistic in Malaysia”. South-East Asia’s third largest economy is seeing a gradual economic recovery, after tepid demand for Malaysia’s oil and other commodity exports slowed growth over the two previous years. In the first quarter of 2017, Malaysia’s economy grew at a better-than-expected 5.6% annual rate, the quickest pace in two years, on robust exports and strong domestic demand.</p> <p style="text-align: right;"><i>(The Star, 24 July 2017)</i></p> |
| <p>MIER ups GDP growth to 4.8% for 2017</p> | <p>The Malaysian Institute of Economic Research (MIER) has revised upwards its Gross Domestic Product (GDP) growth outlook to 4.8% this year. The GDP was higher than the earlier forecast of 4.5% due to the stronger-than-expected growth of 5.6% in Q1. MIER executive director said the forecast was driven primarily by domestic demand and reinforced by stronger external demand. Domestic demand is expected to grow by 4.6% and private consumption at 6%. The growth in goods and services exports, as well as imports this year, are maintained at 1.8% and 1.5%. On inflation, it was expected to rise 3.6% this year, a significant increase for only 2.1% last year, due to higher transport costs and the weak ringgit. On the ringgit, it is expected to remain stable and trade between 4.2 and 4.25 to the US dollar.</p> <p style="text-align: right;"><i>(The Star, 25 July 2017)</i></p> |
| <p>Malaysia's capital market grew 9% to RM3.1tril in first half of 2017</p> | <p>Malaysia's capital market increased 9% to RM3.1 trillion in the first six months of this year and is now ranked fifth in Asia, relative to the gross domestic product (GDP), Prime Minister YBhg. Datuk Seri Najib Tun Razak said. He said Malaysia is also home to the largest number of listed companies in ASEAN and at US\$29 billion, Bursa Malaysia also recorded the highest in funds raised in the last five years among the 10-member regional bloc. He said among the major investments pledged by foreign companies in Malaysia include China's Huawei, which is making the country its global operations headquarters, data hosting and global training centre, at a project cost of RM2.2 billion, while employing more than 2,370 people.</p> <p style="text-align: right;"><i>(The Star, 25 July 2017)</i></p> |
| <p>Govt to set up a single authority to regulate property sector</p> | <p>The Government is looking to establish a single regulatory body to regulate the property sector. The Second Finance Minister YBhg. Datuk Seri Johari Abdul Ghani said that the issue of residential house prices being unaffordable is due to this. “All these happens because there is no one single regulatory body to supervise us. The problem with our property market is there is no one single body to basically supervise us,” he said.</p> <p style="text-align: right;"><i>(The Star, 25 July 2017)</i></p> |

Private investment to drive growth

Private investment is expected to be the key driver of the Malaysian economic growth this year, in tandem with the acceleration of domestic economic activities. MIDF Research projects domestic private investment to grow by 5.6% in 2017 and in turn, spurring the country's gross domestic product (GDP) which is anticipated to grow by 5.1%. Since 2012, private investment has been moderating. Tepid growth in the volume of world trade in goods & services is among major factors dragging down investment activities globally. Moving forward, MIDF Research added that demand-driven factors will be imperative in propelling investment upwards. Positive performances in loan approvals, working capital and motor vehicles sales in recent times provide strong hint about the direction of private investment in Malaysia.

(The Star, 28 July 2017)

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