

MALAYSIA WEEKLY ECONOMIC NEWS

(8 May 2017 – 12 May 2017)

Topics	Highlights
<p>PM sees economy growing up to 4.8% this year</p>	<p>Prime Minister, YBhg. Datuk Seri Najib Tun Razak said a rebound in exports of commodities and the electronics & electrical products will help spur the manufacturing sector. Prime Minister said gross exports were expected to accelerate at a faster pace of 2.7% in 2017 due to this. "The economy continues to thrive despite headwinds. Last year, we recorded a GDP growth and the economy is expected to grow between 4.3% and 4.8% this year supported by healthy domestic demand and robust private sector investment," he said. To recap, Malaysia's exports for March 2017 surged to RM82.63 billion – exceeding the RM80 billion mark for the first time – underpinned by manufactured, mining and agricultural products. Exports rose 24.1% from a year ago, exceeding economists forecast of a 20% increase. Exports of manufactured goods jumped 22.1% to RM67.26 billion. This segment accounts for 81.4% of total exports in March. The increase was attributed to higher exports of E&E products, especially electronic integrated circuits.</p> <p style="text-align: right;"><i>(Sources : The Star, 8 May 2017)</i></p>
<p>Bright outlook seen for gas industry</p>	<p>The outlook for Malaysia's gas industry is bright, underpinned by industry reform efforts embracing legal and regulatory requirements, infrastructure and pricing, to make it more competitive and innovative. Malaysian Gas Association president Hazli Sham Kassim said these efforts would ultimately benefit users in terms of supply choices, competitive pricing and gas supply security. The concern for the environment and commitment to reduce greenhouse gas emissions will also encourage more gas usage as it is the cleanest fossil fuel, and perfect for complementing renewable energy," he said at the launch of the "Natural Gas: Flipping The Switch" report by Investvine.</p> <p style="text-align: right;"><i>(Sources: The Star, 10 May 2017)</i></p>
<p>Malaysia's manufacturing sector continues to grow</p>	<p>Provisional data for March from the Statistics Department show that Malaysia's manufacturing sector continues to grow, with sales jumping 13.6% to RM65.9 billion compared to the same month a year ago. Electrical and electronic (E&E) products; petroleum, chemical, rubber and plastic products; as well as non-metallic mineral products, basic metal and fabricated metal sales contributed to the significant increase in sales value. Data also showed a 2.1% increase in the number of employees in the sector for the month of March, while salaries and wages increased 7.8% to RM3.45 billion. Meanwhile, the industrial production index (IPI), which measures factory output, expanded by 4.6% in March compared to the same month a year ago supported by growth in the manufacturing and mining indices. The electricity index saw a marginal decline. Economists who were surveyed before the release of the March data expected a 4.8% growth in the IPI.</p> <p style="text-align: right;"><i>(Sources : The Star, 12 May 2017)</i></p>
<p>MIDA: M'sia seeks to be distribution hub for global firms</p>	<p>Malaysia wants to position itself as the leading regional distribution hub for companies from all over the world to distribute their products, parts and components in the region. Malaysian Investment Development Authority (MIDA) chief executive officer YBhg. Datuk Azman Mahmud said it was in talks with automotive makers to set up their distribution facilities in the country. He said the country has the right ecosystem to attract them to choose Malaysia over other countries in the region as their regional parts distribution centres. MIDA did not dictate investors planning to invest in Malaysia to choose certain states to set up their facilities as the final decision came from the top management of the companies. The new parts distribution centre will be supplying o Malaysia, Singapore, Thailand, South Korea, Australia, New Zealand, Indonesia, Taiwan,</p>

	<p>Hong Kong, Macau, Brunei, the Philippines, Laos, Cambodia and Myanmar. Others are Vietnam, Bangladesh, Mongolia, Sri Lanka, Tahiti, New Caledonia, Fiji and Guam. The new centre is also expected to create 120 job opportunities.</p> <p style="text-align: right;"><i>(Sources : The Star, 12 May 2017)</i></p>
<p>Najib confident DFTZ will be new hub of digital economy</p>	<p>Prime Minister Datuk Seri Najib Tun Razak is confident the Digital Free Trade Zone (DFTZ) will be the new hub of the digital economy, with more Malaysians, both in the rural and urban areas, benefiting from it. He said the DFTZ could definitely learn from China's e-trade and Alibaba Group's achievements, adding that it saw the future and was quick to embrace the new way to trade in the 21st century. He said with the DFTZ, the ecosystem of small and medium enterprises (SMEs) and entrepreneurship will change and be more inclusive. Expect to see an increase in the value chain and 60,000 new jobs. The DFTZ is aimed at spurring Malaysia's economic growth by providing cross-border e-trade facilities for SMEs, which in the past found it difficult to penetrate the international market.</p> <p style="text-align: right;"><i>(Sources : The Star, 12 May 2017)</i></p>
<p>Bank Negara holds key rate, sees growth strengthening</p>	<p>Bank Negara left its key interest rate unchanged as expected, as it sees growth strengthening and the economy in better shape after a difficult 2016. All 10 economists polled by Reuters had forecast that Bank Negara would hold its overnight rate at 3%. "For Malaysia, the growth momentum since the second half of 2016 is expected to strengthen in the first quarter of 2017, and to be sustained for the rest of the year," the central bank said in a statement. Bank Negara said growth will mainly be driven by domestic demand amid continued wage and employment gains, and the implementation of new and ongoing investment projects. Headline inflation increased to 4.3% in the first quarter of the year, it said. In July, the central bank cut its key rate by 25 basis points, the first easing in over seven years.</p> <p style="text-align: right;"><i>(Sources : The Star, 12 May 2017)</i></p>
<p>MDEC signs MoU with China's Hangzhou Municipal Government and Alibaba</p>	<p>Malaysia Digital Economy Corporation (MDEC) has signed a three-way Memorandum of Understanding (MoU) with Hangzhou Municipal Government and Alibaba Company Ltd to facilitate cross-border trade among small and medium-sized enterprises (SMEs) under the Electronic World Trade Platform (eWTP). MDEC said by leveraging on Alibaba's Internet technology and big data, the parties would facilitate cooperation between public and private enterprises in Hangzhou and Malaysia to provide easier access to customs clearance, inspection and permit issuance for SMEs to do cross-border trade. Malaysia is turning the DTFZ vision into a reality. The focus is clear – we want to help Malaysian SMEs overcome the complexity of doing cross-border trading, remove barriers, support them in realising their full economic potential and ensure that they can also enjoy the benefits of global commerce. DFTZ will be a boost to Malaysia's eCommerce roadmap that was introduced in 2016, which aims to grow the nation's eCommerce growth and increase the country's GDP contribution to RM211 billion by year 2020.</p> <p style="text-align: right;"><i>(Sources : The Star, 12 May 2017)</i></p>

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