

MALAYSIA WEEKLY ECONOMIC NEWS

(26 March 2018 – 30 March 2018)

Topics	Highlights
<p>Kuala Lumpur living wage below median of RM9,073</p>	<p>Bank Negara is recommending that employers provide a living wage that better reflects the cost of living. The central bank had commissioned a report based on a survey of the cost of living in Kuala Lumpur. The survey showed that in Kuala Lumpur, the provisional estimates of a living wage ranged between RM2,700 and RM6,500 per month. It said the living wage for a single adult was RM2,700 per month; RM4,500 per month for a couple without children; and RM6,500 per month for a couple with two children. Taking these statistics into consideration, the central bank said a living wage could only be effective if set at a realistic and sustainable level. The central bank also said the living wage estimates in Kuala Lumpur were below the median income (in Kuala Lumpur) of RM9,073, emphasising that up to 27% of households were earning below the living wage.</p> <p style="text-align: right;"><i>(The Star, 29 March 2018)</i></p>
<p>Malaysian economy ripe for shift</p>	<p>The time is ripe for Malaysia to implement deep-seated economic reforms, given that the country's economy is humming along. Expecting robust growth to continue for the next two years following a strong performance last year, Bank Negara governor said policymakers have ample policy space to institute the necessary reforms to steer the economy towards a sustainable growth path. According to Bank Negara's projection, Malaysia's gross domestic product (GDP) will grow between 5.5% and 6% in 2018. The central bank expected private domestic demand to remain the anchor of growth. Last year, the country's GDP growth accelerated to 5.9% from 4.2% in 2016.</p> <p style="text-align: right;"><i>(The Star, 29 March 2018)</i></p>
<p>Malaysia should diversify into complex industries</p>	<p>For Malaysia's economy to move up the value chain, it needs to diversify into more complex industries. Bank Negara said that to enable this, the Government's focus should be directed towards modernising and augmenting the supporting ecosystem of important industries. The strategy should centre on four key pillars which are proven enablers of rapid diversification in the past – talent, financing, infrastructure and regulations. It noted that a sustainable supply of a well-educated and experienced talent pool must form the bedrock for the diffusion of knowledge within and across industries. Bank Negara highlighted the emergence of new trends such as Industry 4.0 that would have significant consequences on the labour market, and this requires an adaptable workforce that can be reskilled and retooled.</p> <p style="text-align: right;"><i>(The Star, 29 March 2018)</i></p>
<p>Bank Negara cautions of severe property market imbalances</p>	<p>Severe property market imbalances due to the acute oversupply of the office space and shopping complex segments, if left unchecked, can pose risks to macroeconomic and financial stability, warns Bank Negara Malaysia. Bank Negara pointed out that activities in the commercial property segment (comprising shops, office space and shopping complexes) remained soft, amid an oversupply in these segments and challenges faced by businesses in the oil and gas (O&G) sector.</p> <p style="text-align: right;"><i>(The Star, 29 March 2018)</i></p>