

MALAYSIA WEEKLY ECONOMIC NEWS

(5 March 2018 – 9 March 2018)

Topics	Highlights
<p>US tariff on steel, aluminium imports will impact Malaysia</p>	<p>The imposition of tariffs on the import of steel and aluminium products by the United States (US) will also impact Malaysia. Malaysia has already been affected by the earlier imposition of tariffs on solar panels by the US President Donald Trump announced that he would impose tariffs of 25 per cent and 10 per cent respectively on the import of steel and aluminium products, under Section 232 of the US trade law on grounds of national security interests.</p> <p style="text-align: right;"><i>(The Star, 5 March 2018)</i></p>
<p>Malaysians' increased overseas spending a sign of healthy economy</p>	<p>The increase of RM5 billion in Malaysians' overseas spending is a positive economic indicator said Second Finance Minister YBhg. Datuk Seri Johari Abdul Ghani. In 2015, Malaysians spent RM41 billion when travelling overseas and in 2016 they spent over RM46 billion. In 2016, there were 66,000 retail outlets which grew to 73,000 outlets in 2017.</p> <p style="text-align: right;"><i>(The Star, 6 March 2018)</i></p>
<p>Bank Negara keeps OPR at 3.25%, expects strong economic growth in 2018</p>	<p>The Monetary Policy Committee (MPC) of Bank Negara Malaysia has decided to maintain the Overnight Policy Rate (OPR) at 3.25%. It said at the current level of the OPR, the degree of monetary accommodativeness was consistent with the policy stance to ensure the domestic economy continues on a steady growth path amid lower inflation. The last time it raised the OPR was in January when it increased it by 25 basis points to 3.25%. Bank Negara said the strong growth performance in the fourth quarter of 2017 continued to be anchored by private sector spending. As for inflation, Bank Negara projects it to average lower in 2018, on expectations of a smaller effect from global cost factors.</p> <p style="text-align: right;"><i>(The Star, 7 March 2018)</i></p>
<p>IMF praises our economic growth</p>	<p>The International Monetary Fund (IMF) has commended Malaysia for its strong and resilient economic performance, underpinned by accommodative monetary policy and gradual fiscal consolidation. In recent years, the economy has shown resilience and continued to perform well despite external shocks, while fiscal consolidation proceeded. Progress was made towards achieving high-income status and improving inclusion. After surprising on the upside in 2017, real Gross Domestic Product (GDP) growth is projected to remain above potential at 5.3% in 2018. Last year, the economy expanded 5.9%. Growth will likely remain above potential in 2018, inflationary pressures appear to be contained and risks to the outlook are balanced. Moving forward, the IMF emphasised the importance of supporting economic growth while maintaining stability and raising productivity through structural reform. Last year's federal budget deficit edged lower to 3.0% of GDP against 3.1% in 2016, in line with budget plans, and it is expected to further fall to 2.8% this year. The IMF recommended that fiscal consolidation should prioritise higher revenue and assist the adoption of fiscal measures to support external rebalancing. It also supported Malaysia's January increase in the monetary policy rate.</p> <p style="text-align: right;"><i>(The Star, 9 March 2018)</i></p>