

MALAYSIA WEEKLY ECONOMIC NEWS

(14 May 2018 – 18 May 2018)

Topics	Highlights
<p>GDP growth slows to 5.4%</p>	<p>Malaysia's economy has moderated to its slowest pace in four quarters, as private investment decelerates while public spending continues to decline. Data from Bank Negara showed that Malaysia grew by 5.4% in the first quarter of 2018 (4Q'17: 5.9%), underpinned by continued expansion in private-sector activity and strong support from net exports. Governor of Bank Negara, Tan Sri Muhammad Ibrahim said although growth in the first quarter of 2018 was slower than projected, the outlook for the full year remained favourable, supported by healthy domestic demand and improving global growth and trade activities. Malaysia's export growth would continue to benefit from sustained demand from key trading partners, expansion in global technology cycle and increased domestic production capacity. The GDP growth target for 2018 would be maintained at 5.5% to 6%, pending further assessment of the policy initiatives under the new government.</p> <p><i>(Source: The Star Online, 17 May 2018)</i></p>
<p>Zero-rated GST starting June 1</p>	<p>The Finance Ministry has determined that goods and services that are made in Malaysia, as well as imported goods and services that are imposed with GST at a standard rate of 6%, to be imposed with GST at zero rate. The Finance Ministry said that the measure to impose GST at zero rate will take effect starting June 1, 2018 and applies to the whole country until further notice. Such determination does not include goods and services that are listed in the Goods and Services (Exempt Supplies) Order 2014 which will remain excluded from GST. Therefore, all registered traders must comply with this imposition of zero rate. At the same time, all registered traders are still subjected to all current regulations set. Among them are the issuance of tax invoices, the delivery of tax returns within the stipulated taxable period and input tax credit claims. The traders must also ensure that the prices of goods and services comply with the Price Control Act and Anti-Profiteering Act 2011.</p> <p><i>(Source: The Borneo Post, 16 May 2018)</i></p>
<p>Consumers, construction among sectors heavily impacted post-GE14</p>	<p>Consumers and construction sector are likely to be largely impacted following the 14th GE14, pending updates of the new government's policies moving forward. MIDF Research said that the move to review mega projects is short term negative for the construction sector but the existing projects that are underway will be run as normal although we don't rule out the possibility of the review of the costs involved. Meanwhile, the measures to improve the people's well-being including removal of GST and tolls, and lowering of car prices are expected to improve consumer sentiment and domestic demand which bodes well for the consumers and automotive sectors. For construction, negative near-term performance is expected due to contract uncertainties and project delays such as the Klang Valley MRT Line 3 (MRT3), Gemas-Johor Bahru Electrified Double Tracking (EDT) and Kuala Lumpur-Singapore High Speed Rail (HSR). Projects awarded to Chinese contractors, such as the RM55 billion East Coast Railway Link and RM9 billion Electrified Double Track projects, will also be reviewed.</p> <p><i>(Source: The Borneo Post, 16 May 2018)</i></p>