

# MALAYSIA WEEKLY ECONOMIC NEWS

(18 June 2018 – 22 June 2018)

Topics	Highlights
<p><b>Malaysia's inflation rate in May rises at fastest pace in four months</b></p>	<p>Malaysia's consumer price index (CPI) increased 1.8% y-o-y in May 2018, which is the fastest pace in four months due to a strong recovery in transport prices. Among the major groups which recorded increases were transport (+3.8%); food &amp; non-alcoholic beverages (+2.2%); housing, water, electricity, gas &amp; other fuels (+2.1%); restaurants &amp; hotels (+2.1%); health (+1.9%); and furnishings, household equipment &amp; routine household maintenance (+1.5%). MIDF Research expects inflation to moderate in the upcoming months amid zero-rated GST, tax holiday period until the implementation of the Sales and Services Tax (SST) in September and stable retail fuel prices, which will reduce business costs. For the first five months of the year (Jan-May 2018), the CPI registered an increase of 1.7% against the same period last year.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 20 June 2018)</i></p>
<p><b>Alibaba to help Malaysians go cashless</b></p>	<p>Malaysian users of the e-wallet service, provided by Touch 'n Go (TnG) Sdn Bhd and Alipay's Ant Financial Services Group, will be able to use this app to shop in China soon. Executive Chairman of Alibaba, Jack Ma stressed that Alibaba's strategy was to work with local partners to develop Malaysia's very own e-wallet and logistics centre. Alibaba Cloud, which is part of the group's CityBrain initiative and aimed at helping to solve traffic congestion in Kuala Lumpur through big data analytics, opened its data centre in Kuala Lumpur. Alibaba had so far invested RM429mil in Malaysia, which is its first e-World Trade Platform (eWTP) hub outside of China. The group was now in its second phase of investment, with a focus on training talents and assisting the Government to develop cloud technology, export and logistics. In November last year, Ma was in town to launch the KLIA Aeropolis Digital Free Trade Zone (DFTZ) Park together with former Prime Minister Datuk Seri Najib Tun Razak. It was Alibaba's first regional e-Fulfilment hub outside China.</p> <p style="text-align: right;"><i>(Source: The Star Online, 19 June 2018)</i></p>
<p><b>Malaysian consumers expect economy to improve with zero GST: Survey</b></p>	<p>Based on survey by Nielsen Malaysia, Malaysian consumers are optimistic about the country's economic outlook after the zero rating of the GST, with 82% of them opining that the economy will improve in the next 12 months. While Malaysians were initially uncertain towards the GST introduction when it was first announced in 2015, having experienced the effects of the GST over the past three years, they appear to welcome the move to effectively eliminate the tax, perhaps due to the gradual increase in the cost of goods and services that has occurred since its implementation. Some 57% of consumers expect price of goods and services to drop while 33% believe prices will stay at current levels. The optimism level could mean good news for manufacturers and retailers, with consumer spending intentions likely to rise.</p> <p>The survey showed that 69% expect their purchase habits to change following the reduction of GST, with 30% saying they would spend more money on essential items such as apparel &amp; clothing, perishable &amp; non-perishable foods and baby products. Malaysians also willing to increase their spending on non-essential purchases such as holidays &amp; leisure trips (33%), new property (27%) and out-of-home entertainment (26%). A quarter of them said they will be able to channel their money towards paying off debts once the GST is zero-rated. Nielsen said that the recent policy announcements made by the new government have gained the approval of majority of Malaysians.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 18 June 2018)</i></p>