

MALAYSIA WEEKLY ECONOMIC NEWS

(3 September 2018 – 7 September 2018)

Topics	Highlights
<p>BNM maintains OPR at 3.25%</p>	<p>Bank Negara Malaysia has maintained the overnight policy rate (OPR) at 3.25%. Following its Monetary Policy Meeting (MPC), the current level of the OPR is consistent with the intended policy stance. Bank Negara said supply disruption in the mining and agriculture sectors led to more moderate growth the second quarter of 2018. Looking ahead, private consumption which was boosted by the tax holiday will be driven by steady wage and employment growth. Investment activity is projected to be underpinned by continued capacity expansion in key sectors, particularly in the export-oriented industries, driven by favourable demand and efforts to enhance automation. Public sector spending however is expected to weigh on growth as the government embarks on reprioritisation of expenditure. The external sector will continue to benefit from the sustained global growth momentum. In the immediate term, the economy faces downside risks stemming from heightened trade tensions, prolonged weakness in the mining and agriculture sectors and some domestic policy uncertainty.</p> <p style="text-align: right;"><i>(Source: The Star, 5 September 2018)</i></p>
<p>Malaysia's exports hit record high in July</p>	<p>Malaysia's monthly exports hit a record high of RM86.12 billion in July 2018, leading to a rebound in overall trade surplus. While the export value rose by 9.4% year-on-year in July, the country's imports also recorded the highest monthly value after expanding by 10.3%. This led Malaysia's trade surplus to rebound by 1.7% (June'18: -41.1%), according to Ministry of International Trade and Industry. The July total trade rose by 9.8% y-o-y, supported mainly by higher trade with China, Hong Kong, Taiwan, ASEAN, India and Saudi Arabia. For the first seven months of 2018, Malaysia's total trade expanded by 6.1% to RM1.07 trillion, exports increased by 7.3% to RM568.72 billion while imports grew by 4.8% to RM499.91 billion. Year-to-date trade surplus surged by 29.7% to RM68.81 billion compared to the same period last year. Malaysia's trade with ASEAN and China continued to grow, while exports with the US rebounded for a higher total trade value.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 5 September 2018)</i></p>
<p>Minimum wage will be RM1,050 from 1 Jan 2019</p>	<p>Malaysia will have a uniformed minimum wage of RM1,050 per month or RM5.05 per hour starting next year. The Prime Minister's Department said that the move, which will be effective starting 1 Jan 2019, was made following recommendations by National Wage Consultative Council. The recommendations were made after the Minimum Wages Order 2016 was reviewed by the council. The order had allocated a minimum monthly salary of RM1,000 for peninsular Malaysia and RM920 for east Malaysia. No subsidies will be granted to employers due to the current financial constraints faced by the government. The minimum wage should be increased gradually so that businesses are not forced to shut down due to sudden increases in operating costs. Businesses and employers are also urged to no increase the price of good and services following the minimum wage increase as the Domestic Trade and Consumer Affairs Ministry have been asked to monitor the situation closely.</p> <p style="text-align: right;"><i>(Source: The Star, 5 September 2018)</i></p>

Economics and Policy Division
SME Corp. Malaysia
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