

MALAYSIA WEEKLY ECONOMIC NEWS

(4 February 2019 – 8 February 2019)

Topics	Highlights
<p>Malaysia factories off to slow start in 2019</p>	<p>After hitting a record low in December 2018, Malaysia's manufacturing industry rose marginally in January 2019 but remains in negative territory, according to Nikkei Malaysia's Purchasing Manager Index (PMI). Malaysia recorded a PMI of 47.9 in January 2019, up from 46.8, and making it four consecutive months of contraction. PMI with score below 50 signifies contraction while those above 50 indicates expansion. Although there was a marginal up-tick in employment, costs were cut elsewhere as input buying decreased and stocks were scaled back. Nikkei Malaysia stated that survey data indicated falling purchasing prices, thus enabling firms to raise their own prices more slowly. However, easing demand pressures enabled firms to reduce work backlogs, albeit at the weakest rate since September. New orders also declined strongly since December 2018, with respondents citing unfavourable conditions and weak demand from China, Japan and South Korea, three of the world's major manufacturing nations. Previously, the government sought to reassure Malaysians about its policies to revive the local economy. Malaysia's economic growth is expected to ease to 4.5% in 2019, from the expected 4.9% full-year figure for 2018.</p> <p style="text-align: right;"><i>(Source: Malay Mail, 4 February 2019)</i></p>
<p>International investors confident in Malaysia's economic potential : Minister of Finance</p>	<p>International investors are confident in Malaysia's economic potential, as well as the government's ability to drive the nation's economy forward, said Minister of Finance (MOF), Lim Guan Eng. The Minister said Malaysia continues to be an attractive investment destination for investors, particularly Japanese investors. They are confident that their investments will be used to grow Malaysia's economy to the fullest. The purpose of the Japanese trip was to promote Malaysia as a stable and high-potential investment destination. The trip was also aimed at giving the international investing community confidence to take part in the forthcoming Samurai Bond issuance valued at 200 billion yen and guaranteed by the Japan Bank of International Cooperation (JBIC). The Japanese government not only facilitated the bond's issuance in a short span of time, they also opened up potential trade opportunities in other areas. MOF added that the long-held close relationship and cooperation between the two governments is expected to develop further and deliver positive impact for all Malaysians. MOF expressed the hope that the relationship between the two countries will attain great heights to that when the Look East policy was first introduced by Prime Minister, Tun Dr Mahathir Mohamad, when Japan played a major role in Malaysia's economic development at that time.</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 8 February 2019)</i></p>
<p>Malaysia's construction sector work-done value grows 5.1% y-o-y in 2018</p>	<p>Malaysia's construction sector work-done value for 2018 rose by 5.1% to 145.5 billion ringgit (about USD35.73 billion). As comparison, the work-done value in 2017 surged by 9.2 % year-on-year to RM138.5 billion. Department of Statistics, Malaysian said in a statement that the construction sector work-done value rose by 4.1 % year-on-year to RM36.5 billion (about USD8.96 billion) in the fourth quarter last year. The expansion in value of construction work done in the fourth quarter was driven by the positive growth in the civil engineering, special trades activities and non-residential buildings sub-sectors, which grew by 14.3 %, 8.2 % and 2.5 %, respectively. However, the residential buildings sub-sector declined to 9.2 %. In terms of contributions, civil engineering sub-sector continued to dominate the performance of value of construction work done with 42.6% share, followed by non-residential buildings which accounted for 28.4%. Residential buildings and special trades activities made up of 24.2% and 4.8% respectively. The private sector continued to propel the construction activity with 56.2% share as compared to the public sector with 43.8% share.</p> <p style="text-align: right;"><i>(Source: Xinhua.net, 10 February 2019)</i></p>