

MALAYSIA WEEKLY ECONOMIC NEWS

(4 November 2019 – 8 November 2019)

Topics	Highlights
<p>Bank Negara cuts SRR to 3%</p>	<p>Bank Negara Malaysia will cut the Statutory Reserve Requirement (SRR) ratio to 3% from 3.5% effective Nov 16, 2019, to ensure sufficient liquidity in the domestic financial system. The last time BNM reduced the SSR was in 2016, when the ratio was lowered to 3.5% from 4%. "The decision to reduce the SRR is undertaken to maintain sufficient liquidity in the domestic financial system. "This will continue to support the efficient functioning of the domestic financial markets and facilitate effective liquidity management by the banking institutions," it said in a statement today. The central bank said the SRR is an instrument to manage liquidity and is not a signal on the stance of monetary policy. The Overnight Policy Rate (OPR) is the sole indicator used to signal the stance of monetary policy and is announced through the Monetary Policy Statement released after the Monetary Policy Committee meeting, it added.</p> <p style="text-align: right;"><i>(Source: The Star, 8 November 2019)</i></p>
<p>Strong PMI to help Malaysia achieve 4.7%</p>	<p>The Finance Ministry is confident the jump in Malaysia's Manufacturing Purchasing Managers' Index (PMI) in October to the highest pace in six months, will help the country achieve the 4.7 per cent Gross Domestic Product (GDP) growth target for this year. Its Minister, Lim Guan Eng said the sudden jump in PMI from 47.9 points in September to 49.3 points in October, gave confidence to continued sustainable growth for the country. "Many other economies are facing growth challenges caused by the trade war, with Singapore even stating that they would be lucky to record any positive economic growth this year," he said in a statement. The latest statistics shows that the labour force participation rate throughout the Malaysian economy rose to 68.6 per cent in August 2019, a 0.1 percentage point increase from July 2019. Total employed persons in August 2019 increased by 1.9 per cent year-on-year to 15.19 million people, while the unemployment rate remained low and stable at 3.3 per cent.</p> <p style="text-align: right;"><i>(Source: The Star, 6 November 2019)</i></p>
<p>Bank Negara's MPC retains OPR at 3%</p>	<p>The Monetary Policy Committee (MPC) of Bank Negara Malaysia maintained the Overnight Policy Rate (OPR) at 3% during its meeting on Tuesday. At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity. "The MPC will continue to assess the balance of risks to domestic growth and inflation, to ensure that the monetary policy stance remains conducive to sustainable growth amid price stability," it said. The MPC pointed out the global economy was expanding at a more moderate pace, with the slowdown becoming more synchronised across both the advanced and emerging economies. It also said there was also evidence of the weak global trade affecting domestic demand, particularly investment activity.</p> <p style="text-align: right;"><i>(Source: The Star, 5 November 2019)</i></p>
<p>September exports decline at much faster pace as E&E slows down</p>	<p>Malaysia's exports contracted by 6.8% to RM77.70bil in September, the lowest in three months and were much steeper than expected due to a decline in exports of electrical and electronic (E&E) products. The Ministry of International Trade and Industry said that manufactured goods in September 2019 amounted to RM66.34bil or 85.4% of total exports. Exports of these manufactured goods, contracted by 5.8% mainly due to lower exports of E&E products, petroleum products, chemicals and chemical products as well as textiles, apparels and footwear. September's total trade were RM147.07bil compared with RM151.11bil a year ago. The trade surplus fell to RM8.337bil, down 46.5% from RM15.5bil a year ago. It was also down 23.5% on-month.</p> <p style="text-align: right;"><i>(Source: The Star, 4 November 2019)</i></p>