

# MALAYSIA WEEKLY ECONOMIC NEWS

(28 October 2019 – 1 November 2019)

Topics	Highlights
<p><b>Manufacturing sector started 4Q on strong footing</b></p>	<p>Malaysia's manufacturing sector gained traction at the start of the fourth quarter, with the headline index climbing to a six-month high, says US-based critical information, analytics and solutions provider IHS Markit Ltd. The IHS Markit Malaysia Manufacturing Purchasing Managers' Index's (PMI) main gauge of production growth has risen to its highest for a year, broadly indicative of the economy growing at an annual rate in excess of 5%. The production was buoyed by improved domestic demand in particular, but external conditions remain challenging, dampening export growth once again and raising concerns about how much further momentum can continue to build in the absence of improved global economic conditions. According to IHS Markit's survey, the headline PMI, a composite single-figure indicator of manufacturing performance, increased to 49.3 in October from 47.9 in September, its highest level for six months and reviving to sit broadly in line with its historical average. The rise in the PMI was driven by new orders and output, with both indicators showing signs of improvement and subsequently strengthening the business outlook while employment rose as an increasing number of firms reported renewed expansion plans.</p> <p style="text-align: right;"><i>(Source: The Star, 1 November 2019)</i></p>
<p><b>RAM sees Sept exports down 0.6%, possible India trade curbs weigh</b></p>	<p>RAM Ratings expects Malaysia's exports to decline 0.6% in September (August:-0.8%) with more downside risks from possible India's trade curbs. It said on Friday it envisaged imports to contract 0.4% contraction, albeit still a notable recovery after the sharp 12.5% fall in August. "This will bring Malaysia's overall trade surplus to RM15.3 bil at month-end. The lacklustre showing is underlined by subdued global trade and industrial performance in the same month," it said. However, a Bloomberg survey was more upbeat as the consensus was September exports to climb 0.2% and imports to increase by 2.3%. RAM said recent reports that India may consider imposing trade curbs against Malaysia contribute further downside risks to the latter's export prospects amid the already challenging global landscape.</p> <p style="text-align: right;"><i>(Source: The Star, 1 November 2019)</i></p>
<p><b>PM: GLCs must not stifle private sector</b></p>	<p>The call has become louder for government-linked companies (GLCs) to not crowd out the private sector, and to reassess their priorities. Speaking at the Permodalan Nasional Bhd (PNB) Corporate Summit 2019, Tun Dr Mahathir Mohamad said this was necessary in order to build a solid and inclusive future for the country. While these companies were initially set up with specific mandates, he said GLCs and GLICs had now become "very involved" in almost every sector of the economy. "While this has created corporate juggernauts, it needs to be recognised that it is not their role to smother the opportunities of others. "They should not crowd out and directly compete with the private sector, especially in non-strategic businesses," he added.</p> <p style="text-align: right;"><i>( Source: The Star, 31 October 2019)</i></p>
<p><b>Malaysia confident in China-Asean FTA upgrade</b></p>	<p>MALAYSIA'S agricultural sector received a boost in June, after the country started shipping whole frozen durian to China. With the upgrade protocol of the free trade area between China and the Association of Southeast Asian Nations (Asean), Malaysian officials are confident that Malaysia will have greater access to the Chinese market. Trade between Malaysia and China is set for a further growth with the upgrading protocol of China-Asean Free Trade Area (CAFTA), especially in agricultural products, predicted Malaysian Agriculture and Agro-based Minister Salahuddin Ayub. "Malaysia welcomed every effort to smoothen trade and increase exports of Malaysian agricultural products from local farmers to Chinese consumers, benefiting both sides in a win-win situation," he said.</p> <p style="text-align: right;"><i>(Source: The Star, 28 October 2019)</i></p>