

MALAYSIA WEEKLY ECONOMIC NEWS

(23 December 2019 – 27 December 2019)

Topics	Highlights
<p>Malaysia on track towards developed nation status</p>	<p>The increase in the number of establishments operating in the wholesale and retail trade sector, coupled with the higher Internet usage among them, shows that Malaysia is moving towards a developed nation status, according to the Department of Statistics Malaysia (DoSM). Citing the Preliminary Report Wholesale and Retail Trade Census 2019 (WRC 2019) launched today, chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the number of establishments operating in wholesale and retail trade grew 4.8 per cent to 468,930 in 2018 from 370,725 in 2013. The wholesale and retail trade sector's establishments resulted in a surge in revenue generated in the sector, increasing 8.2 per cent annually to RM1.32 trillion in 2018 versus RM893.2 billion in 2013. Among states, Mohd Uzir said Selangor continued to dominate the number of establishments of wholesale and retail at 94,857 in 2018, increasing 6.9 per cent compared to that of 2013, followed by Kuala Lumpur (71,433) and Johor (46,530).</p> <p style="text-align: right;"><i>(Source: The Star, 27 December 2019)</i></p>
<p>Index projects brighter outlook for Feb-April</p>	<p>Malaysia's annual change of Leading Index (LI) rose 1.5% in October 2019 compared with 0.3% in the previous month – the highest increase since April 2018, says the Statistics Department. Chief statistician Datuk Seri Mohd Uzir Mahidin said the index – which predicts the country's economic direction – had improved in October 2019, expanding by 1.4% month-on-month to 120.3 points from 118.6 points in September 2019. "This (annual change) was the highest increase since April 2018. Thus, the economy is expected to experience a better growth in February to April 2020," he said. One of the main contributors to the increase was real imports of other basic precious and other non-ferrous metals (0.9%) which is mainly supported by imports of aluminium and platinum-based metals. Another contributor is real imports of semiconductors (0.4%), which is supported mainly by imports of electronic integrated components, in line with the increase in the global sales of semiconductors.</p> <p style="text-align: right;"><i>(Source: The Star, 25 December 2019)</i></p>
<p>Technology adaptation key to future quality investment</p>	<p>Malaysia needs to continue investing in infrastructure that can boost digital penetration to attract more Fortune 500 companies, as technology adaptation is seen as the key to future quality investment. Sage Asia vice-president and managing director Arlene Wherrett said since Malaysia first stepped into the industrialisation game, it has been regarded as an attractive destination for investment due to its low cost of doing business. Malaysia aims to roll out 5G next year and the government has invested RM21.6bil for the five-year National Fiberisation and Connectivity Plan (NFCP) to ensure quality high-speed connectivity throughout the country. Wherrett said Malaysia has also been ranked as one of the leading countries in the ease of doing business by the World Bank, proving that the country is on the right track in attracting investment. Malaysia climbed to the 15th position in the World Bank Doing Business 2019 Report from its 24th position the year before.</p> <p style="text-align: right;"><i>(Source: The Star, 23 December 2019)</i></p>
<p>Food imports, exchange rate and cost of living – Catch 22 situation</p>	<p>While addressing challenges in food production issues require relevant domestic policies and time, cost of living, on the other hand, will need to be tackled by raising productivity and improving education to lift income levels, as ultimately, cost of living issues go beyond just rising cost, said Bank Negara. Malaysia is, on the whole, self-sufficient for a considerable number of food items although its total import content for food which is about 24% is not insignificant. Since food items are globally traded commodities, global demand and supply are also important determinants of import prices. These fundamental factors serve to drive fluctuations in world food prices beyond the control of any given country.</p> <p style="text-align: right;"><i>(Source: The Star, 23 December 2019)</i></p>