

# MALAYSIA WEEKLY ECONOMIC NEWS

(18 April 2016 – 22 April 2016)

Topics	Highlights
<p><b>Malaysia's strong domestic liquidity pool a buffer to withstand volatility</b></p>	<p>Malaysia has a strong domestic liquidity pool to allow a strong buffer to be put in place to withstand volatility that many markets face. Datuk Seri Ranjit Ajit Singh (Chairman of Securities Commission (SC)) said the country has built significant capabilities over the years, including the strength of the stock exchange and market institutions. He said Malaysia has built a broad and diversified capital market of RM2.82 trillion or about 2.5 times the size of Malaysia's gross domestic product. Malaysia has developed the third largest bond market in Asia, the largest unit trust industry in South-East Asia and the globally largest Islamic capital market.</p> <p>(Source: Bernama, 18 April 2016)</p>
<p><b>Malaysian consumers hold back on big ticket items such as cars</b></p>	<p>Malaysian consumers hold back on big-ticket items such as cars. Sales of Perusahaan Otomobil Kedua Sdn Bhd's (PERODUA) fell for the first quarter of 2016 as consumers responded to the weak economic sentiments and held off buying big-ticket items. PERODUA announced that its sales fell by 17.4% in the first quarter of 2016 from 57,200 units in 2015. The lower car sales, slower property market and slowdown in household loan growth could be a grim reading on the health of the country's consumer demand and the challenging times. Besides residential properties, cars would be the most expensive purchase most consumers would make in their lifetime. This explains why economists look to car sales to gauge the country's economic performance.</p> <p>(Source: The Star, 18 April 2016)</p>
<p><b>Affordable houses to dominate property market in 2016</b></p>	<p>Affordably priced houses are expected to dominate new property launches in 2016 based on 2015 performance, said Datuk Chua Tee Yong (Deputy Finance Minister). In 2015, residential units priced RM500,000 and below accounted for more than 50% of houses launched. Overall, new launches are expected to slow down in 2016 to ensure that the market can, from time to time, absorb unsold units. He said 362,105 transactions, worth RM149.9 billion, were recorded in 2015 compared with 384,060 units, worth RM163.0 billion sold in 2014. Of the total, houses costing RM300,000 and below accounted for 68% of sales while residential properties priced RM300,000 and RM500,000 accounted for 17.3%. Residential properties costing RM500,000 and above made up the rest. Various housing schemes introduced by the Government, including the First Home Deposit Funding Scheme and Bank Simpanan Nasional's Youth Housing Scheme are expected to provide support for first-time house buyers.</p> <p>(Source: Bernama, 19 April 2016)</p>
<p><b>Commercial property transactions down</b></p>	<p>Commercial property transactions were down in both value and volume in 2015 compared to 2014. According to the National Property Information Centre's (NAPIC) 2015 Property Market Report, a total of 31,776 transactions worth RM26.4 billion were recorded in the commercial property segment in 2015. This was down by 10.6% in volume and 17.1% in value compared to 2014. Penang was the only state that held strong despite fallen market activity, having registered an increase of 19% in terms of transaction value, while other major states recorded double-digit declines. Selangor remained in the lead with a 23.5% market share, followed by Johor (14.2%) and the Federal Territory (12.8). As for the shop sub-sector, there were a total of 17,181 transactions worth RM13.31 billion in 2015, making up 54.1% of the commercial property transactions. However, the sub-sector's volume was reduced by 14.7% and by 11.2% in value, indicating that market activity was on a downtrend.</p> <p>(Source: The Star, 20 April 2016)</p>

<p><b>BNM: Loan rejection rate lower</b></p>	<p>According to Bank Negara Malaysia (BNM), there is no reason to ease lending conditions as the overall rate of housing loan rejections has reduced from 30% in 2014 to about 20% in 2015. BNM said housing loans are, in fact robust and growing at double digits. The rejection rate is not benchmarked against BNM's 'restrictions' as what the banks have today is a broad set of guidelines.</p> <p>(Source: The Star, 20 April 2016)</p>
<p><b>FMM: 84% of manufacturers face manpower shortage</b></p>	<p>A survey by the Federation of Malaysian Manufacturers (FMM) showed that 84% of manufacturers are facing manpower shortage, with half of them reporting that they have not been able to fulfil existing orders. FMM said costs had also increased for manufacturers as some have to run on overtime or even outsource parts of their operations. About 146 companies indicated that they require 13,270 new workers in 2016 to meet their business needs and replace unfit or returning workers. The companies faced more difficulty as local workers have not been able to meet the demands of the industries, thus they continued to rely on foreign workers. The survey also indicated that only 35% of the respondents see automation as a solution to their manpower problems while the rest had either already automated or have cited the high investment cost and limited scope of labour savings from automating their processes. Therefore, FMM has requested the Government to review its current policy in order to help the local manufacturers.</p> <p>(Source: The Star, 20 April 2016)</p>
<p><b>Individuals counselled by AKPK settle RM407.9 million in debts since 2006</b></p>	<p>The Credit Counselling and Debt Management Agency (AKPK) has assisted 9,938 individuals in settling their debts amounting to RM407.9 million since 2006. Azaddin Ngah Tasir (CEO of AKPK) said the individuals who were mostly bankrupt, settled their dues with the help of AKPK. Since 2006 until now, AKPK have assisted 400,000 people with various debt situations. In 2016, at least 2,500 individuals out of 148,830 they have counselled, would be able to settle their loans. About 70% of the individuals that seek assistance faced with credit card mismanagement problems while the rest were saddled with personal loan management, automobile financing and loans from the National Higher Education Fund.</p> <p>(Source: Bernama, 21 April 2016)</p>
<p><b>Business confidence in Malaysia up</b></p>	<p>Business confidence in Malaysia picked up slightly in the first quarter of 2016, according to a joint-survey by the Association of Chartered Certified Accountants (ACCA) and the Institute of Management Accountants (IMA). The Global Economic Conditions survey showed that Malaysia's economy has at least weathered the fall in oil prices better than most big producers, growing by a relatively healthy 4.5% in fourth quarter 2015. The recovery in prices has helped to stabilise the ringgit, which is important given that Malaysia's foreign currency-denominated external debt is unusually high. The survey showed that the number of Malaysian companies reporting negative effects from recent currency movements fell from 66% in fourth quarter 2015 to 48% in the first quarter of 2016.</p> <p>(Source: The Star, 22 April 2016)</p>