

MALAYSIA WEEKLY ECONOMIC NEWS

(23 May 2016 – 27 May 2016)

Topics	Highlights
<p>Base rate raise by banks to relieve margin pressures</p>	<p>The move by Public Bank Bhd and Hong Leong Bank Bhd to raise their base rates (BR) is a positive move in alleviating some of the pressure on their net interest margins (NIM) amid an environment of declining interbank rates. Public Bank and Hong Leong Bank have raised their BR by about 10 basis points (bps) to 3.75% and 3.94% respectively, despite the three month KL interbank offered rate (3M KLIBOR) trending down by 17 bps to 3.67% from its recent peak of 3.84% in January 2016. Standard Chartered had also followed suit by raising their BR to 3.77%. This reflected the funding cost pressures that continue to impact the banks amid stiff competition for deposits and tighter liquidity.</p> <p>(Source: The Star, 23 May 2016)</p>
<p>Landed properties much sought after despite property glut</p>	<p>Demand for landed residential units is still promising despite the current property glut, said Encik Foo Gee Jen (Managing Director of CBRE WTW). Meanwhile, high rise developers are having to offer a lot more freebies, with some even offering their own financing. He emphasised that one of the biggest issues facing the current property sector is not oversupply, but instead a mismatch of supply and demand. Developers are putting the wrong products in the market and this is not what the masses want.</p> <p>(Source: The Star, 23 May 2016)</p>
<p>182 housing projects revived since 2009</p>	<p>A total of 226 private housing projects in Peninsular Malaysia have been abandoned since 2009. Datuk Halimah Mohd Sadique (Deputy Minister of Urban Wellbeing, Housing and Local Government) said the projects had affected 40,866 house buyers. The ministry helped revive 182 projects involving 32,641 buyers. She added that 20 abandoned projects involving 4,610 buyers are now in various stages of construction and there are plans to revive another 24 projects involving 3,615 buyers. Some of the reasons on why the projects were abandoned were such as poor management, lack of finances, poor response, legal disputes and rising cost of materials. In order to address these issues, amendments were made to the Housing Development Act to have impose stricter regulations on developers and provide house buyers more protection. For example, housing developers will have to put up a deposit of 3% of the project total cost with the housing fund compared to the previous RM250,000 deposit. Buyers can also now terminate their agreement with the developer if there is no sign of work at the project site for six months.</p> <p>(Source: The Star, 25 May 2016)</p>
<p>Job opportunities aplenty in tech, sales and marketing</p>	<p>Despite the shortage of work opportunities in the oil and gas and manufacturing sectors, the country has seen a rebound in the first quarter of 2016 for areas such as technology, sales and marketing. In the Asia Job Index for Q1 published by international recruitment consultant agency Robert Walters, the report said it was a surprise rebound as said areas have been driven by the popularity of e-commerce and consumerism. Digital marketing has continued its upward trend, creating positions for the technology infrastructure required to run these marketing activities. The strategic move by multinational corporations to hub global procurement functions in Malaysia has driven the demand for professionals skilled in supply chain and logistics. The merchandising and purchasing sector in the country has seen a strong 56% hike in tandem with the growth of e-commerce. These professionals are required for firms seeking stronger digital capabilities as they implement more creative and interactive online footprints.</p> <p>(Source: The Star, 26 May 2016)</p>

<p>E-visa draws 647,344 Chinese tourists in four months</p>	<p>The electronic visa (e-visa) programme for tourists from China drew some 647,344 tourists to Malaysia from January to April 2016. The figure showed an increase from 352,575 tourists over the corresponding period last year. The e-visa and electronic tourist registration and information (ENTRI) programmes have drawn more Chinese tourists to Malaysia. The Government is confident the target of four million Chinese tourists for 2016 can be achieved. The e-visa and ENTRI programmes were officially launched in Beijing, China on 1 March 2016. Chinese tourists can enter Malaysia with ease as they can apply for visas online and print out the e-visas from 1 March – 31 Dec 2016. The e-visa is for those who stay not more than 30 days by paying a processing fee of 200 yuan (RM125), while ENTRI is for those who stay not more than 15 days by paying a processing fee of 160 yuan (RM100).</p> <p>(Source: The Edge Financial Daily, 26 May 2016)</p>
<p>Lower duty on heavy machinery to boost sector's growth by 20%</p>	<p>Reduced import duty on heavy machinery and spare parts used in the construction sector will boost the sector's growth by at least 20%, said the Master Builders Association Malaysia (MBAM). The lower duties would encourage contractors to buy new machines and spare parts, hence, increasing the sector's productivity. MBAM hoped that the duty on the remaining seven tariff codes will be reduced to 5%. Malaysia's import duty was among the highest compared with other ASEAN countries, standing between 10 and 30%. For instance, Singapore has no import duty on these machineries. At present to avoid import tariffs the contractors use old or refurbished machines which slowed down productivity. On the outlook, MBAM said construction sector's growth would pick-up in the third quarter of 2016 with the development of the Mass Rapid Transit, Light Rail Transit and the Pan Borneo highway projects.</p> <p>(Source: Bernama, 27 May 2016)</p>

Economics and Policy Planning Division
SME Corp. Malaysia
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