

MALAYSIA WEEKLY ECONOMIC NEWS

(31 October 2016 – 4 November 2016)

Topics	Highlights
<p>Producer Price Index shows growth for first time in 24 months</p>	<p>Malaysia's domestic Producer Price Index (PPI) was up 0.4% in September 2016 to 102.0 from a year ago, the first positive growth in 24 months. Department of Statistics, Malaysia said the highest was recorded by agriculture, forestry and fishing index (+28.3%), followed by water supply (+2.4%) and electricity and gas (+1.4%). It said the index for mining and manufacturing decreased by 11.3% and 1.1%, respectively. The PPI for local production increased by 1.8% in September compared with August 2016. This is due to increase in three sectors, namely agriculture, forestry and fishing (+5.1%), manufacturing (+1.7%) and water supply (+0.4%). However, it said the mining index declined by 1.1% while electricity and gas index remained unchanged.</p> <p>(Source: Bernama , 31 October 2016)</p>
<p>MAVCOM revises airport passenger service charges</p>	<p>The Malaysian Aviation Commission (MAVCOM) is introducing a new passenger service charge (PSC) tier for travel to ASEAN countries at RM35 per departing passenger from the current RM65. This makes Malaysia the first ASEAN country to introduce such a tier. The new tier for ASEAN is set between the revised PSC rate of RM11 for all domestic flights, RM73 for international flights out of all airports and RM50 for the KLIA2. Currently, the PSC rate for domestic flights is RM9 for international airports and RM6 for the KLIA2. Rates for international flights, including ASEAN countries, is RM65 for international airports and RM32 for the KLIA2. The revised rates are effective 1 January 2017. The introduction of the ASEAN PSC tier may increase the possibility of opening secondary gateways in ASEAN and consequently increasing traffic inflows into points in Malaysia. It is also in line with the ASEAN Single Aviation Market (ASEAN-SAM), also known as the ASEAN Open Sky Policy, the region's major aviation policy.</p> <p>(Source: The Star, 31 October 2016)</p>
<p>Bank Negara to launch code of conduct for wholesale money, forex markets</p>	<p>Bank Negara Malaysia (BNM) is expected to unveil a new code of conduct for the Malaysian wholesale money and foreign exchange (forex) markets by January 2017 to enhance the professional and ethical standards of financial industry. According to Governor Datuk Muhammad Ibrahim, the consultation paper on the new code for the wholesale money and forex markets would undergo a one-month period of gathering feedback from industry players before being finalised and launched early 2017. The proposed new code of conduct would be adopted by the industry and would scope all activities within the foreign exchange and money markets as well as activities of regulated entities in other markets.</p> <p>(Source: The Star, 31 October 2016)</p>
<p>Malaysian, Chinese firms sign agreements worth RM144 billion</p>	<p>Malaysian and Chinese companies made history on 1 November 2016 with the signing of 14 agreements worth RM144 billion held at the Malaysia-China Business Forum. Prime Minister Datuk Seri Najib Tun Razak said the amount was the biggest ever recorded in conjunction with his official visit overseas and it was a historic achievement.</p> <p>(Source: Bernama, 1 November 2016)</p>
<p>Bank Negara official: Malaysia could consider yuan-ringgit framework</p>	<p>BNM said Malaysia could consider a framework for the yuan-ringgit cross currency market as it looks to boost the use of the Chinese currency in its market, BNM is also developing a framework to help Malaysian investors hedge foreign exchange exposures up to a certain limit. The soon-to-be finalised framework is specific to the dollar-yuan and yuan-ringgit pairs. Malaysia should also give special attention to yuan trade financing and look to develop more investment products in yuan.</p> <p>(Source: The Star, 2 November 2016)</p>

<p>Bank Negara mulling customer index for financial service providers</p>	<p>BNM is considering publishing a customer service index for financial service providers. BNM also said that over time the survey findings will drive the industry's performance measurement. It is understood the BNM is still working on the index and no timeline is fixed for its introduction. Meanwhile, the primary mandate of the OFS is to settle disputes between consumers and its members who are financial service providers licensed or approved by BNM. Members include banks, Islamic banks, insurance companies and takaful operators, financial advisers, and other financial institutions.</p> <p>(Source: The Edge Financial Daily , 3 November 2016)</p>
<p>Malaysia's September exports down 3% to RM68b</p>	<p>Malaysia's September exports fell 3% to RM68.03 billion, which was steeper than a survey of 2% forecasted. Department of Statistics Malaysia said that on a month-on-month basis, exports increased RM453 million (+0.7%) from RM67.6 billion. Re-exports in September were valued at RM10.2 billion and accounted for 14.9% of total exports. On a month-on-month basis, exports increased due to the rise in exports to Taiwan (+RM651.3 million), Singapore (+RM394.5 million), Turkey (+RM232.3 million) and Japan (+RM206.5 million). As for imports, it fell 0.1% to RM60.74 billion, which was slower than the 1.6% decline forecasted. Higher imports were mainly from EU (+RM661.2mil), India (+RM499.4mil), Australia (+RM456.7 mil) and Singapore (+RM355.5mil). The Statistics Department said total trade in September 2016 was valued at RM128.5bil, up 1.5% or RM1.9bil from August. However, on a year-on-year basis, it fell RM2.2bil or 1.6%. A trade surplus of RM7.6bil was recorded and this was a decrease of RM946.7mil (-11.1%) from the previous month.</p> <p>(Source: The Edge Financial Daily , 4 November 2016)</p>

Economics and Policy Division
SME Corp. Malaysia
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