

MALAYSIA WEEKLY ECONOMIC NEWS

(2 December 2019 – 6 December 2019)

Topics	Highlights
<p>Malaysia's economy likely to grow in January-March 2020</p>	<p>The Malaysian economy is expected to grow from January to March 2020 based on the September 2019 Leading Index which indicates that the country is in a recovery phase, said Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin. He said the Leading Index is a yardstick to measure the expected course of the overall economic movements in the future, which is capable of predicting the direction of the economy in the next four to six months. The Leading Index was visualised through the Malaysia Business Cycle Clock (MBCC) -- a new innovation by the Department of Statistics to provide consumers with a clearer and more friendly understanding of the economic cycle visually than time series data, he added. "The September 2019 Coincident Index is in a slowdown phase, which is indicative of a slowing economy in September 2019," he said. Mohd Uzir said the development of the MBCC put Malaysia on par with the initiative of the National Statistical Office, which was only released in some developed countries such as the Netherlands, South Korea and the Organisation for Economic Cooperation and Development.</p> <p style="text-align: right;"><i>(Source: The Star, 5 December 2019)</i></p>
<p>Malaysia's October exports contract 6.7% to RM90.6b but at year high</p>	<p>Malaysia's exports in October contracted by 6.7% year-on-year (y-o-y) to RM90.59bil as manufactured goods exports fell but slightly offset by higher exports of optical and scientific equipment. The Ministry of International Trade and Industry (MITI) said the October exports were the highest monthly export value recorded in 2019. The exports were also above analysts' expectations. "Exports contracted by 6.7% year-on-year (y-o-y) due to high base effect of RM97.12bil in October 2018. Exports of manufactured goods -- 85.8% of total exports -- contracted by 4.5% to RM77.76bil. However, exports of optical and scientific equipment hit a new monthly record high of RM4.03bil, with a double digit expansion of 17.6% from October 2018. Meanwhile the total imports in October 2019 slipped by 8.7% to RM73.27bil from RM80.27bil in October 2018.</p> <p style="text-align: right;"><i>(Source: The Star, 4 December 2019)</i></p>
<p>Consumer confidence stable in third quarter</p>	<p>Malaysia remains the 10th most confident country in the world based on the latest Consumer Confidence Index (CCI) for the third quarter of this year (Q3'19). With an index score of 109 points, the country is still ranked 10th globally on the CCI in line with the 110 points posted in Q2'19. The CCI is driven by three indicators, which are consumers' perception on local job prospects, personal finances and intentions/readiness to spend. In Q3'19, 62% of Malaysians believed the state of their personal finances in the next 12 months will be excellent or good (versus 63% in Q2'19, 75% in Q3'18). The survey showed more than 70% of Malaysians believe that the country is currently in a recession (73% versus 70% Q2 19); among these, 34% are optimistic about an economic recovery in the next 12 months (versus 38% in Q2 19). In Q3'19, Malaysians' top concerns were the economy, job security, work-life balance, political stability and debt, it noted.</p> <p style="text-align: right;"><i>(Source: The Star, 2 December 2019)</i></p>
<p>Google to charge 6% digital tax in Malaysia starting Jan 1, 2020</p>	<p>Google Malaysia has announced that a 6% digital tax will take effect on its service starting next year. So far, Google has confirmed that the 6% will be applicable on G Suite services. The tax will be charged on user purchases and reflected under Billing & Payments. The Malaysian government first announced that a 6% digital tax will be imposed on foreign service providers effective Jan 1, 2020 at last year's Budget tabling. The tax is expected to affect streaming services like Netflix and Spotify, digital advertising services offered by corporations like Google, and also digital game distribution companies such as Steam. Foreign companies providing such services have been allowed to register with the Customs Department from Oct 1. Registration for foreign service providers is mandatory when the total value of digital services provided to a consumer in Malaysia exceeds RM500,000 per year.</p> <p style="text-align: right;"><i>(Source: The Star, 2 December 2019)</i></p>