MALAYSIA WEEKLY ECONOMIC NEWS

(7 August 2017 – 11 August 2017)

Topics	Highlights
Malaysia's June IPI growth expected to be slower	Malaysia's factory output, as measured by the Industrial Production Index (IPI), is expected to remain robust in June, although growth will likely be slower than the preceding month due to the softer pace of exports growth. According to the median forecast in a Bloomberg survey of 19 economists, the June IPI growth will be at 3% year-on-year (y-o-y) compared with the 4.6% y-o-y growth in May. In general, economists expect expansion in the country's June IPI - a gauge of output changes in manufacturing, mining and electricity – to be supported by exports growth, specifically the overseas demand for electronics products. For January-May 2017, the IPI grew 9.1% y-o-y, compared with 6.8% between January-May 2016. *(The Star, 7 August 2017)*
Online hiring sees slight improvement, according to MEI	Southeast Asia's Banking and Financial Services sector is displaying a cautious yet optimistic hiring outlook, exhibiting slight improvement in online hiring in Singapore and Malaysia. This is according to the latest Monster Employment Index (MEI), a monthly gauge of online job hiring activity by Monster.com. The Index tracks industries and occupations with the highest and lowest growth in online recruitment, which also includes data points from the Banking, Financial services and Insurance (BFSI) sector. Singapore and Malaysia both saw a 2% annual decline in demand for these professionals in June. *(The Star, 7 August 2017)*
Foreign funds like Malaysia more than most Southeast Asian markets	Malaysia has outpaced most of its Southeast Asian peers in being the beneficiary of net inflow of foreign funds, MIDF Research said. Despite Indonesia following closely between March and May, its trend has been on the reverse of late, the firm added. Foreign funds had been net buyers in 26 out of the 31 trading weeks so far this year, MIDF Research said in a report. The aggregate net inflow of foreign funds in the first six months of this year amounted to RM10.17 billion. This cumulative net inflow offsets about 30% of the total net outflow recorded in 2014-2016. MIDF Research said while the numbers had been tapering for Malaysia the past month, the country is still in a very strong position, with the cumulative net inflow nearing US$2.5 billion mark. Out of the total net inflows in the first half of 2017, which amounted to about RM10.2 billion net, major beneficiaries consist mainly of banking, oil and gas, and gaming related stocks. Optimism on the banking counters was underpinned by earnings growth, MIDF Research said. *(New Straits Times, 10 August 2017)*
June industrial output tad higher than expected	Malaysia's industrial output rose 4% in June, which was above economists' forecast of a 3% growth, mainly underpinned by the manufacturing sector's electrical and electronics (E&E) segment. The Statistics Department said on Thursday the increase was supported by positive growth in all sectors, with manufacturing recording a 4.7% growth, mining (2.4%) and electricity (2.1%). The major sub-sectors which recorded an expansion in June were the E&E products (8.3%); food, beverages and tobacco (6.7%); and petroleum, chemical, rubber and plastic products (2.8%). The mining sector recorded a 2.4% increase in output in June, which was turnaround from the decline of 2.3% in May. Underpinning the rebound were a 0.7% increase in the index for crude oil and 4.4% in the index for natural gas. The electricity output increased by 2.1% in June, but slower than the 2.5% rise in May. *(The Star, 10 August 2017)*

Wholesale, retail trade index up 7.6% in Q2 2017	The index of the wholesale and retail trade increased 7.6% to 155.6 points in the second quarter of 2017 (Q2 2017), compared with the same period in 2016, driven by growth in the retail trade sub-sector. The Statistics Department in a statement today said seasonally adjusted index of the wholesale and retail trade rose 2.7% against Q1 2017, contributed by the retail trade and wholesale trade which improved 4.5% and 2.8%, respectively. The wholesale trade sub-sector index increased 5.9% to 165.9 points year-on-year (y-o-y) driven mainly by other specialised wholesale (7.5%), wholesale of agricultural raw materials and livestock (7.3%) and wholesale of machinery, equipment and supplies (6.2%). Meanwhile, the retail trade sub-sector, which surged 11.5% to 157.5 points y-o-y, was spurred by the retail sale of other goods in specialised stores (13.5%), retail sale of non-specialised stores (12.7%) and retail sale of information and communication equipment in specialised stores (12.5%). *(New Straits Times, 10 August 2017*

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