MALAYSIA WEEKLY ECONOMIC NEWS

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Topics	Highlights
FDI key to breaking free from middle-income trap	Foreign direct investment (FDI) is one of the key factors that helps developing countries like Malaysia break away from the middle-income trap, says Dr Park Dong-hyun. The principal economist of Asian Development Bank's Economics Research and Regional Cooperation Department was part of a study group that found three common factors which propelled countries like Singapore, South Korea and Taiwan to become high-income nations. Dr Park explained that the middle-income trap was especially severe for countries in Latin America, with others such as Peru and Guatemala remaining as middle-income countries for over four decades. For Malaysia to grow, it is recommended that the country focused on developing its human capital to address the skills shortage. On a positive note, Malaysia, which is a resource-dependent country, has successfully diversified its economy. It has a pretty well developed manufacturing sector. *(Source: The Star, 23 January 2017)*
Najib: Malaysian economy will remain strong even without TPPA	The Malaysian economy will remain strong despite the absence of the Trans Pacific Partnership Agreement (TPPA), said YBhg. Datuk Seri Najib Tun Razak. In a blog post, the Prime Minister wrote that Malaysians need not worry about the economy if TPPA does not come to be. He said Malaysia and the 10 other countries in TPPA will meet to discuss the next step following the withdrawal of the United States from the agreement. He added that Malaysia is also working out free trade agreements (FTAs) with countries involved in TPPA. The new US administration of President Donald Trump said Friday its trade strategy to protect American jobs will start with withdrawal from the 12-nation Trans-Pacific Partnership (TPP) trade pact. *(Source: The Star, 24 January 2017)*
TPPA countries discussing 'best options' after US' withdrawal	Malaysia will consult other Trans Pacific Partnership (TPP) countries to consider all options following the United States' withdrawal from the free trade agreement. International Trade and Industry Minister YBhg. Datuk Seri Mustapa Mohamed said chief negotiators from the other 11 TPP countries "will be in constant communication with each other" and decide on the best way forward. They have been working closely in the last five years and will continue to communicate with each other," he said in a statement. President Donald Trump on Monday signed the Executive Order that would allow the US to withdraw from the Trans Pacific Partnership Agreement (TPPA). Trump had vowed during his election campaign to take the US out of the agreement which he referred to as a "potential disaster" for the American economy. Mustapa rejected Trump's contention that the TPPA would cause job losses in the US and outflow of funds to other TPPA countries. *(Source: The Star, 25 January 2017)*
Matrade expects 1%-2% export growth in 2016	The Malaysia External Trade Development Corp (Matrade) expects export growth of around 1% to 2% for 2016 amid the challenging market conditions for trade internationally. The recently announced Leading Index (LI) for the month of November by the Statistics Department showed the steepest contraction in seven months. Year-on-year (y-o-y), Malaysia's LI declined by 1.4% in November. MIDF Research said in a report that real imports of other metals and expected manufacturing sales also trended lower, indicating a more subdued domestic demand and production ahead. *(Source: The Star, 26 January 2017)*

UOB Malaysia survey shows Malaysians to spend 9% more this CNY	Malaysians are willing to fork out 9% more to usher in the Year of the Cockrel based on the annual United Overseas Bank (Malaysia) Bhd Chinese New Year (CNY) survey. It said on Friday that of their average budget of RM4,201 for the CNY festivities, (which is an increase from RM3,846 in 2016, the respondents said they would set aside RM1,008 to food, an increase of 14% over 2016.Travelling to be with loved ones is also an important focus for CNY. Respondents travelling overseas say they expect to spend an average of RM2,334, up 7% from a year ago (RM2,181) while those visiting family and friends within Malaysia expect to spend RM1,263, up 66% from 2016. UOB Malaysia economist Julia Goh said the larger food and travel budgets could be because consumers are not compromising on CNY traditions despite higher cost of living pressures. *(Source: The Star, 27 January 2017)*

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