

MALAYSIA WEEKLY ECONOMIC NEWS

(16 May 2016 – 20 May 2016)

Topics	Highlights
<p>April vehicle sales down 6.7% to 42,177 units</p>	<p>Stricter hire purchase loan approvals and cautious consumer sentiment continued to weigh down April vehicle sales, which saw only 42,177 units. The Malaysian Automotive Association (MAA) said that the total industry vehicles sold in April were down 6.7% from the 45,187 units a year ago and it expected the sales volume to remain the same in May 2016. Sales volume in April 2016 was 13.6% or 6,611 units lower than March 2016, whereby 37,893 out of 42,177 units sold were passenger vehicles and 4,284 were commercial vehicles. The MAA data also showed manufacturers scaled back their output in April 2015 with production falling 27.3% to 44,794 units from 61,634 units a year ago.</p> <p>(Source: The Star, 16 May 2016)</p>
<p>Malaysia recorded RM9.9 billion FDI inflow in first quarter of 2016</p>	<p>Datuk Chua Tee Yong (Deputy Minister of Finance) said that a total of RM9.9 billion in foreign direct investment (FDI) inflow was recorded in the first quarter of 2016, which shows that there is a rising trend. He also said that foreign investors still have confidence in the Malaysian economy. Malaysia recorded RM43 billion in FDI in 2015 compared to RM35 billion in 2014.</p> <p>(Source: NST, 17 May 2016)</p>
<p>Malaysia consumer confidence remains stable</p>	<p>According to the latest 1Q 2016 Nielsen Global Survey of Consumer Confidence and Spending Intentions, Malaysian consumer confidence remained stable at the start of the first quarter of 2016 with 79 percentage points (pp). Nielsen said Malaysia maintained its ranking as 36th most confident country in the first quarter of 2016 (unchanged from last quarter survey). The average global consumer confidence is 98 pp. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism. The confidence levels in South-East Asia continue to remain resilient with four out of six countries in the region scoring above the 100 pp mark. The Philippines (119 pp), Indonesia (117 pp), Vietnam (109) and Thailand (105) are the bright spots in the region's growing and emerging market. With no real changes in the economic outlook, Malaysians' confidence remains low and this trend will continue to be the case until the pressure on the ringgit eases. According to Nielsen, the economy and job security remained the top concerns of Malaysian consumers. While the nation's fiscal status (52% compared with 50% in prior quarter) continues to top the list of major concerns among Malaysian consumers, nearly a quarter of the respondents have cited that job security is now their second top worry (22%). Recessionary sentiments among Malaysians continued to remain high. About one third of Malaysians were also focused on building their financial nest by channelling extra cash towards investing in shares of stock/mutual funds (32%) and retirement fund (27%) while two in five respondents use any extra monies to clear debts, credit cards or loans (41%).</p> <p>(Source: The Star, 18 May 2016)</p>
<p>34,159 online businesses registered with CCM</p>	<p>A total of 34,159 online businesses were registered with the Companies Commission of Malaysia (CCM), as at 30 April 2016. There was a significant increase due to the awareness generated by the Online Networking Entrepreneurs (One) carnivals held in 2015. In 2015, CCM only received 30,300 registrations but for 2016 the number of new registrations continued to increase. CCM is expecting about 12,000 more companies to be registered from now until year-end.</p> <p>(Source: The Star, 18 May 2016)</p>

<p>OPR stays at 3.25 %</p>	<p>Bank Negara Malaysia (BNM) has maintained the Overnight Policy Rate at 3.25%, meeting market expectations. Its monetary policy committee said the current level is supportive of economic activity. There are downside risks in the global economic and financial environment and the committee is closely monitoring and assessing their implications on domestic price stability and growth. Going forward, economic activity is expected to improve with domestic demand remaining the key driver of growth. Private consumption is expected to expand further, supported by continued growth in wages and employment, and the additional disposable income from measures announced during the 2016 Budget Recalibration.</p> <p>(Source: NST, 19 May 2016)</p>
<p>Higher booze, tobacco prices push April inflation up</p>	<p>Malaysia's inflation rate for April 2016 rose by 2.1% (March'16: 2.6%) as compared to April 2015. The Consumer Price Index (CPI) was in line with economists' survey of 2.1%. The higher CPI in April 2016 was due to the 20.1% spike in the index for alcoholic beverages & tobacco; food & non-alcoholic beverages (+4.2%); restaurants & hotels (+2.7%). On a monthly basis, CPI for April 2016 increased 0.4% to 114.3 from 113.8. The CPI for the period January to April in 2016 registered an increase of 3.2% as compared to the same period last year.</p> <p>(Source: The Star, 20 May 2016)</p>
<p>MIDF to launch two syndicated loans worth RM6 billion</p>	<p>MIDF will launch two syndicated loans in May 2016 with a total value of RM6 billion. The first loan amounting to RM5 billion is for the KL118 development project while the other loan, worth RM1 billion is for a Sarawak Corridor of Renewable Energy (Score) project. MIDF hoped that there will be a trickle-down impact due to the multiplier effect of the construction industry.</p> <p>(Source: The Star, 20 May 2016)</p>

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