

MALAYSIA WEEKLY ECONOMIC NEWS

(3 July 2017 – 7 July 2017)

Topics	Highlights
<p>HDC sees 5%-6% halal exports growth in 2017</p>	<p>The Halal Industry Development Corp (HDC) expects the exports of halal products to grow between 5% and 6% in 2017 from RM42 billion recorded in 2016, supported by higher demand for local halal products, especially in the second half of 2017, due to the improving global economy. HDC observed that the country's halal industry development had evolved not just through the export figures or the number of investments, but also via the adoption of Industry 4.0 or automation and data exchange in manufacturing technologies. Towards that end, HDC would partner with various agencies to produce new innovation that would benefit the industry.</p> <p style="text-align: right;"><i>(The Star, 3 July 2017)</i></p>
<p>Stronger economic growth for 2017</p>	<p>Economists in the private sector are upgrading their growth predictions for Malaysia, with many expecting the pace of the country's economic expansion this year to exceed the Government's own forecast, backed by strong foreign demand and solid domestic demand. Malaysia reported a 5.6% growth in the first quarter of this year, buoyed by surging demand from overseas for electronic components used to make smartphones and other gadgets. Nomura Singapore Ltd senior economist said economic activity in Malaysia during the second half of the year would be driven by export activities, which will continue to be led by the technology sector. Nomura revised Malaysia's 2017 full-year gross domestic product (GDP) forecast to 5.3%, which is higher than last year's GDP of 4.2% and higher than consensus' forecast of 4.9% to 5%.</p> <p style="text-align: right;"><i>(The Star, 4 July 2017)</i></p>
<p>MIDF Research: Exports growth momentum to continue in 2H</p>	<p>Exports will remain growing at solid pace this year, given that economic performance in major as well as emerging economies are on uptick momentum together with gradual improvement in commodities prices, said MIDF Research. The research house said it expects the global trade outlook for second half of 2017 will remain bright given that market confidence in major economies are upbeat and threat of protectionism slowly waning. Based on current momentum, the research house said the average value of exports for the first five months was at RM75.6 billion while 2016's monthly average was at RM65.5 billion.</p> <p style="text-align: right;"><i>(The Star, 7 July 2017)</i></p>
<p>Domestic construction jobs in 1H fall 72%</p>	<p>Domestic contract awards in the construction sector totalled RM10.7 billion in 1H17, declining 72% year-on-year. HLIB Research noted that the steep fall was attributed to an exceptionally high base last year due to the award of the MRT2 underground works (RM15.5 billion), DUKE3 (RM3.7 billion) and Sarawak Pan Borneo Highway packages (RM3.2 billion). The research house said that domestic contract awards to listed contractors in the second quarter amounted to RM4.1 billion, declining 39% on-quarter and 49% on-year. Moving forward, the research house, which maintained its Overweight call on the sector, expects the flow of contract awards to pick up in 2H, aided by the rollout of LRT3 (RM9 billion).</p> <p style="text-align: right;"><i>(The Star, 7 July 2017)</i></p>

**Malaysia's May
2017 exports
grow 32%,
exceeds
forecasts**

Malaysia's exports for May 2017 exceeded forecasts, growing by 32.5% to RM79.4 billion against analyst expectations of a 23.4% growth. The growth was supported mainly by increased exports of electrical and electronic (E&E) products and petroleum products, chemicals and chemical products, and palm oil and palm oil-based agriculture products. Trade with Asean countries increased by 34.1% to RM42.2 billion in May 2017 and accounted for 27.5% of the country's total trade, as trade with Singapore grew by a significant 45% to RM12.32 billion. Malaysia's total trade for the month registered a value of RM153.3 billion and grew by 31.5% against RM116.6 billion recorded a year ago.

(The Star, 7 July 2017)b

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