MALAYSIA WEEKLY ECONOMIC NEWS

(9 October 2017 – 13 October 2017)

Topics	Highlights
Business confidence among Malaysian firms improves for the third consecutive quarter	Business sentiment among Malaysian companies improved further for the third consecutive quarter in the fourth quarter (4Q17), reaching its new peak in six consecutive quarters. According to Dun & Bradstreet (D&B) Malaysia's Business Optimism Index (BOI) study, overall BOI climbed from 3.4% in Q3 17 to 5.52% in 4Q17. On a year-on-year basis, BOI rose from 3.83% in 4Q16 to 5.52% in 4Q2017. D&B expects the outlook for Malaysian businesses to end off on a relatively good note for 2017. This is largely attributed to positive growth within the construction sector as well as an increase in electronics, food and beverage manufacturing activities over the recent months. *(The Star, 10 October 2017)*
Slower second half economic growth seen	Malaysia's economic growth is likely to moderate in the second half of 2017 (2H17), largely due to a high base effect in total exports value, according to Socio Economic Research Centre (SERC). The country's gross domestic product (GDP) is expected to grow by 5.4% in 2H17, compared with 5.7% in the first six months of this year. For the full year, SERC sees Malaysia's GDP growing by 5.5% in 2017. SERC's GDP forecast for 2017 is higher than the World Bank's and the International Monetary Fund's upwardly revised estimates of 5.2% and 4.8% respectively. The Asian Development Bank had also upgraded its 2017 growth outlook for Malaysia to 4.7%. (The Star, 11 October 2017)
Furniture exporters expect 20% drop in business this year	Furniture manufacturers, struggling to meet growing overseas orders because of a worker shortage, are losing business to countries like Vietnam and Mexico. Most of the exports from Malaysia go to Australia, Japan, the United States and the Middle East. Furniture factories have been hit by a manpower shortage and will be unable to fill vacancies quickly once their foreign workers finish their contracts and return home this year. *(The Star, 12 October 2017)*
HR Ministry to announce new 2018 minimum wage, bridge income gap	The Human Resources Ministry will announce a new minimum wage in 2018 to bridge the income gap between Peninsular Malaysia and East Malaysia. The National Wage Consultative Council (MPGN) will the study the feasibility of the move to benefit all. This was in light of the plea made by Malaysians residing in Sabah, Sarawak and Labuan to address the high cost of living there. The main reason for the income gap is the median wage, which is the difference in employers' capability and capacity in both parts of the country, to pay wages to their employees and that's why the minimum income is lower in East Malaysia. However, the Government was able to narrow down the income gap in the last two wage reviews. In the first review, the salary difference was RM100 where private sector workers in East Malaysia was paid RM800 while those in West Malaysia were paid RM900. In the review which was done last year, Government has managed to bring the gap closer whereby the minimum wage in East Malaysia is RM920 while employees in West Malaysia are paid RM1,000. *(New Straits Times, 12 October 2017)*

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