# MALAYSIA WEEKLY ECONOMIC NEWS

***(1 May 2017 – 5 May 2017)***

| Topics | Highlights |
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| **Bandar Malaysia, a catalyst for economic growth** | The Bandar Malaysia project, which will be developed under the public-private partnership (PPP) model with an estimated cumulative gross development value of RM150 billion, has the potential to be a catalyst for future economic growth, said master developer TRX City Sdn Bhd. Bandar Malaysia will also generate skilled employment opportunities, for example, one of the early activation components for Bandar Malaysia is the Kuala Lumpur Internet City (KLIC), which is designed as the primary digital hub for the Digital Free Trade Zone (DFTZ). The DFTZ, as reported by the Malaysia Digital Economy Corporation or MDEC, is expected to double the growth rate of Malaysian small and medium enterprises, increase overall goods export by US$25 billion and create 60,000 jobs by 2025.<br><br>*(Sources: The Star, 2 May 2017)* |
| **Positive turnaround for Malaysian manufacturing sector** | Malaysia posted its first net improvement in manufacturing operating conditions since March 2015, supported by higher output and growth in new export orders, according to a poll. Nikkei and survey compiler IHT Markit said in a statement that the headline Nikkei Malaysia Manufacturing Purchasing Managers' Index (PMI) rose above 50 for the first time in two years to 50.7 in April 2017 (March: 49.5). Output volumes rose for a third month in a row during April. While growth was again modest, the statement said April's survey snapped a 25-month run of falling new business, amid reports of strengthened demand from abroad. The April survey showed that new export orders rose at a solid pace that was the best since July 2014, helping to offset ongoing weakness from domestic-based clients. The Nikkei Malaysia Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 450 industrial companies.<br><br>*(Sources: The Star, 3 May 2017)* |
| **Malaysian economy stays resilient, says IMF** | The Malaysian economy has performed well over the past few years and remained resilient despite the challenging global economic environment, said the International Monetary Fund (IMF) in its annual consultation report on Malaysia, which concluded on March 15. While real gross domestic product (GDP) growth slowed down, Malaysia is still among the fastest growing economies among its peers. The IMF also said that risks to the outlook were tilted to the downside, originating from both external and domestic sources. External risks include structurally weak growth in advanced and emerging market economies and retreat from cross-border integration. It said domestic risks were primarily related to the public sector and household debt, along with pockets of vulnerabilities in the corporate sector, adding that although the household debt-to-GDP ratio was likely to decline, household debt remained high, with debt servicing capacity growing only moderately. The IMF said Malaysia's real GDP growth rate was expected to increase moderately to 4.5% year-on-year (y-o-y) this year from 4.2% in 2016, with domestic demand, led by private consumption, continued to be the main driver of growth.<br>*(Sources : The Star, 3 May 2017)* |

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| **Malaysia at top spot in global Muslim travel market** | Malaysia has strengthened its position as the top performing destination of a sector expected to be worth US$220bil (RM952.6bil) by 2020, according to a release on the global Muslim travel market. The Mastercard-CrescentRating Global Muslim Travel Index (GMTI) 2017, which covers 130 destinations, saw Malaysia keep the top spot while Indonesia moved up to third place in the overall rankings. The Index showed a number of non-Organisation of Islamic Cooperation (OIC) destinations in Asia move up the rankings, a result of the concerted effort to adapt their services to cater to and attract the Muslim travel market. According to the research, the Muslim travel market is expected to grow a further US$80 billion (RM346.4 billion) to reach US$300 billion (RM1.3 trillion) by 2026. It was also revealed that in 2016, there were an estimated 121 million Muslim visitor arrivals globally - up from 117 million in 2015 - and this is forecast to grow to 156 million visitors by 2020 representing 10% of the travel segment. *(Source: The Star, 4 May 2017)* |
| **March exports surge past RM80 billion for first time** | Malaysia's exports for March 2017 surged to RM82.63 billion – exceeding the RM80 billion mark for the first time – underpinned by manufactured, mining and agricultural products. Exports rose 24.1% from a year ago, exceeding economists forecast of a 20% increase. This was the fourth consecutive month where exports posted double digit growth since December 2016. On a month-on-month basis, exports increased by 15.1%. Imports surged by 39.4% to RM77.22 billion – exceeding the forecast of a 28.6% rise. Trade balance was RM5.41 billion, making it the 233rd consecutive month of trade surplus since November 1997. Exports of manufactured goods jumped 22.1% to RM67.26 billion. This segment accounts for 81.4% of total exports in March. Mining also recorded an increase in exports by 36.1% to RM7.67 billion. Mining goods accounted for 9.3% of total exports mainly crude petroleum and liquefied natural gas due to the higher average unit value and volume. Palm oil underpinned the strong growth of agricultural exports. Exports rose 25.4% to RM6.89 billion, boosted by palm oil exports which jumped to RM3.76 billion. The main driver of exports in March were E&E products at RM29.26 billion and accounted for 35.4% of total exports. E&E products increased by 21.2% from a year ago. Petroleum products recorded a 52.8% increase to RM6.58 billion while chemical and chemical products reported a slower rise of 20.6% to RM6.13 billion. *(Source: The Star, 5 May 2017)* |

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