MALAYSIA WEEKLY ECONOMIC NEWS

(23 April 2018 – 27 April 2018)

Topics	Highlights
Concerns about Malaysia's household debt: Moody's poll	The level of household debt in Malaysia remains a concern among 52.4% of respondents despite recent structural improvements, according to a poll by Moody's Investors Service. Moody's considers that credit risk in the household sector is receding, driven by deleveraging, as household debt decreased to 84.3% of GDP at the end of 2017 (2016: 88.3%). Moody's maintains stable outlooks on all rated Malaysian banks and expect that they will benefit from stable macroeconomic conditions. The survey showed that credit conditions for domestic banks are expected to remain stable. Also, the stable global and regional credit conditions will support Malaysia's credit outlook. The poll participants considered trade protectionism and unexpected tightening in funding conditions to be the top downside risks. Moody's expects global growth to peak in 2018 and then to moderate as global monetary conditions very gradually tighten. The stable global and regional macroeconomic backdrop will support growth dynamics in Malaysia. *(Source: The Star Online, 23 April 2018)*
Malaysia's consumer sentiment stays below optimism threshold	Consumer sentiment in Malaysia hobbled below optimism threshold despite edging higher in the first quarter while business conditions weakened, indicating potential slowdown in economic growth, MIER reported. The Consumer Sentiment Index was at 91 in January-to-March, remained below 100 points-meaning that pessimists outnumber optimists--since the third quarter of 2014. Jobs & income continue to remain vulnerable for now despite boost from seasonal factors, such as salary increments and bonus pay-outs. MIER's Business Conditions Index fell to 98.6 points in the first three months of the year. Economists said the decline in business conditions index suggests slight slowdown in economic growth in the first quarter after the index topped 100-point mark for four consecutive quarters. *(Source: Nikkei Asian Review, 23 April 2018)*
High oil prices to boost Malaysian economy and government coffer	Oil prices which recently hit 3.5-year high at US$74 per barrel is expected to boost Malaysia's economy growth and government coffer. The government is expected to collect additional oil and gas revenue of RM5 billion due to the oil price rise recently, CIMB Research said. In a separate report, Nomura Research also highlighted that Malaysia is one of the clear-cut winners of higher oil prices. However, as Malaysian government has removed fuel subsidies, the country's inflation is therefore more sensitive to oil prices and inflation might increase. Nomura also said that higher oil prices would raise upside risks to Malaysia's GDP growth forecast of 5.5% in 2018 from 5.9% in 2017. According to the report, other clear cut winners amid rising oil prices are Saudi Arabia, Nigeria and Colombia. *(Source: Xinhua.net, 26 April 2018)*

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