MALAYSIA WEEKLY ECONOMIC NEWS

(30 April 2018 – 4 May 2018)

Topics	Highlights
MITI: March 2018 sees highest ever monthly export value recorded	Malaysia's exports for March 2018 was the highest ever monthly export value recorded, rising 2.2% year-on-year (y-o-y) to RM84.5 billion (Mar '17: RM82.6 billion). The performance was attributed to higher exports to Hong Kong, the European Union, India, South Korea, Taiwan and South Africa. Malaysia's total trade was at RM154.25 billion for March 2018, a 3.5 per cent decrease y-o-y compared with RM159.85 billion previously. Imports declined by 9.6% y-o-y to RM69.78 billion from RM77.22 billion. The trade surplus widened to RM14.69 billion, making it the 245th consecutive month of trade surplus since November 1997. For the first quarter of 2018, total trade stood at RM441.89 billion, a 2.6% growth compared with RM430.5 billion registered in the same quarter last year, while exports rose 5.8% to RM237.63 billion and imports fell 0.8% to RM204.26 billion. A trade surplus of RM33.37 billion was also recorded for the first quarter of 2018. *(Source: News Straits Times, 4 May 2018)*
Malaysia's A3 stable credit profile supported by economy, growth prospects	Malaysia's A3 credit profile is supported by its large and diversified economy, ample natural resources and robust medium-term growth prospects, says Moody's Investors Service. The rating agency pointed out the relatively high government debt burden was balanced by a favourable debt structure and large domestic savings. The stable outlook balances long-standing credit constraints against inherent credit strengths, including resilient economic growth and the presence of sizeable domestic institutions providing stable financing conditions for the government's debt. However, upward pressure on the sovereign's rating could arise from material convergence in government debt levels accompanied by improvements in debt affordability and continued fiscal deficit reduction; and reduction in external vulnerability risks. While downward rating pressure could come from significant worsening in Malaysia's debt dynamics; deterioration in the BOP position which puts further pressure on reserves; and long-lasting negative shock to the economy. *(Source: The Star, 4 May 2018)*
Malaysian manufacturing condition deteriorates further in April	Malaysian manufacturing condition deteriorated for the third successive month in April 2018 due to faster declines in output and new orders. The Nikkei Malaysia Manufacturing PMI fell to 48.6 in April from 49.5 in March, an IHS Markit survey showed. The health of the manufacturing economy deteriorated at the strongest pace since October 2017, reflecting lacklustre demand from domestic and international markets. The recent build-up of inflationary pressures faced by manufacturers softened in April, with input cost inflation broadly in line with the historical average. However, output charge inflation was solid and the fastest since last September. On the bright side, business sentiment towards the 12-month outlook for output was at the strongest level since October 2013. As firms were upbeat about their prospects, firms continued to expand capacity by raising their payroll numbers. *(Source: The Sun Daily, 2 May 2018)*

Economics and Policy Division
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