MALAYSIA WEEKLY ECONOMIC NEWS

(9 April 2018 – 13 April 2018)

Topics	Highlights
Investment – the preferred engine of growth	Since the oil price crash in 2015, private investment growth averaged between 4% and 7% year-on-year (y-o-y), from a double-digit growth previously. Fortunately, private investment growth recovered to a 9.3% y-o-y expansion in 2017 as firms benefited from favourable external and domestic conditions following a synchronised global growth recovery. On the other hand, fuelling growth further, private consumption registered its fastest pace of 7% since 2013, accounting for an all-time high of 54% in its contribution to real Gross Domestic Product. Although private consumption is commonly dubbed as the “engine of growth”, it is not a reliable growth mover, as it leads to imbalances in the form of credit growth and higher household debt. *(The Star, 9 April 2018)*
Bank Negara refutes report on living wage	Bank Negara said the living wage was a benchmark on the income needed to attain a minimum acceptable living standard. It is not a benchmark to assess the extent of poverty. In addition to meeting basic needs, the living wage also provides for a meaningful participation in society, the opportunity for personal and family development, and freedom from severe financial stress. Bank Negara said that the living wage mainly served as a guide for employers to consider paying employees according to the needs of a minimum acceptable living standard. The living wage does not supersede the relevance of the current minimum wage of RM920-RM1,000. The minimum wage is legally binding and aims to address the basic needs of households. *(The Star, 9 April 2018)*
February 2018 industrial output below survey as mining slips	Malaysia's industrial output, as measured by the industrial production index (IPI) grew at a slower pace of 3% in February 2018, which was below a Bloomberg survey of 3.3% increase. The expansion in February was supported by the positive growth in the manufacturing index (4.7%) and the electricity index (2.8%), however, the mining index recorded a decline of 1.6%. The IPI in January 2018 was revised to 5.4% year-on-year. On a yearly basis, manufacturing sector output grew by 4.7%t in February 2018 after a strong growth of 6.9% in January. The main sub-sectors which recorded increases in February 2018 were: petroleum, chemicals, rubber and plastics products (7.0%); electrical and electronic equipment products (5.4%); and non-metallic mineral products, basic metal and fabricated metal products (5.0%). *(The Star, 11 April 2018)*
Fiscal deficit plan unaffected by additional BR1M payout	Second Finance Minister YBhg. Datuk Seri Johari Abdul Ghani said the additional BR1M payout was derived from the hike in oil prices, which improved to US$67 per barrel compared with US$52 per barrel when Budget 2018 was tabled last October 2017. Meanwhile, commenting on the World Bank’s revised projection of the Malaysian economy’s growth to 5.4% for 2018, Johari said this proved that the country had solid economic fundamentals, with the ringgit also strengthening. *(The Star, 13 April 2018)*

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