MALAYSIA WEEKLY ECONOMIC NEWS

(3 December 2018 – 7 December 2018)

Topics	Highlights
October exports at record high of RM96b, boost from China	Malaysia's exports in October surged by 17.7% on-year to RM96.38bil, which is a historic high for the country, powered by manufactured goods, with exports to China picking up strongly. Exports of manufactured goods registered a strong growth of 19.9% on-year to RM80.99bil and accounted for 84% of Malaysia's total exports. Trade with China which absorbed 16.8% of Malaysia's total trade expanded by 19.1% on-year. Exports to China picked up strongly in October 2018, rising by 33% from a decline of 0.6% in September 2018. This was on the back of significant increases in exports of E&E products, petroleum products, chemicals and chemical products as well as LNG. Imports from China were higher by 7.6%. Commenting on the October's strong export growth, it said the expansion was driven mainly by higher E&E products, petroleum products, chemicals and chemical products as well as manufactures of metal. Higher exports were also recorded for liquefied natural gas (LNG) and crude petroleum. However, exports of agriculture goods which accounted for 6.3% of total exports contracted by 12.3% mainly due to lower exports of palm oil and palm oil-based agriculture products, particularly palm oil. *(Source: The Star, 5 December 2018)*
Malaysia manufacturing PMI for November dips to 48.2	The headline Nikkei Malaysia Manufacturing Purchasing Managers' Index (PMI) - a composite single-figure indicator of manufacturing performance, dipped to 48.2 in November 2018 from 49.2 recorded in October 2018. A PMI of more than 50 points represents expansion in the manufacturing sector, and below that, contraction. IHS Markit said Malaysia's manufacturing economy observed a deeper decline in business conditions during November, with the headline PMI falling to a six-month low. Both production and new orders fell at quicker paces, leading firms to reduce input buying and subsequently reduce their stocks of purchases. However, weaker demand did lead to a softer lengthening of input delivery times. IHS Markit said firms also hired extra staff to the weakest extent since August. Survey data continued to highlight strong cost pressures, causing firms to raise output charges as part of efforts to alleviate margin erosion. Meanwhile, new orders also decreased markedly in November and to the greatest extent for six months, while the rise in new business from overseas was only marginal. *(Source: The Edge Market, 3 December 2018)*
PPI for local production increases 0.7% in October	Malaysia's producer price index (PPI) for local production expanded by 0.7% in October 2018 against a 0.2% decline in September 2018. The index provides a short-term indicator that measures the average changes in the price of commodities charged by domestic producers of an industry. The growth was attributed to an increase in the mining (+30.6%), and electricity & gas supply (+1.0%) indices. Meanwhile, indices that registered decreases were agriculture, forestry & fishing (-17.6%), water supply (-1.0%) and manufacturing (-0.7%). On a month-on-month basis, the PPI for local production grew by 0.3% in October 2018, mainly due to the growth in the mining (+2.1%) and manufacturing (+0.4%) indices. In contrast, the indices for agriculture, forestry & fishing, water supply & electricity decreased by 2.8%, 1.0% and 0.1%, respectively. *(Source: Malay Mail, 1 December 2018)*

Economics and Policy Division
SME Corp. Malaysia
12 December 2018