MALAYSIA WEEKLY ECONOMIC NEWS

(19 March 2018 – 23 March 2018)

Topics	Highlights
Malaysia’s debt-to-GDP ratio runs high among A-rated sovereigns, says Moody's	Malaysia’s Government debt to gross domestic product ratio of 51% is ”quite high” compared with other countries with an ”A” sovereign credit rating. The high debt, however, was largely denominated in ringgit, mitigating external risks to the Southeast Asian nation. Moody’s, which affirmed the Malaysia’s local and foreign currency issuer and senior unsecured bond ratings at A3 in December 2017. With most of the government debt denominated in the local currency, Malaysia was insulated from global economic events to some extent. Possible risks to Malaysia cited by Moody’s include a slowdown or stall in economic growth, if the government debt burden continues to rise at a rapid pace or any external shocks that could weaken the ringgit. *(The Star, 21 March 2018)*
Bank Negara: Retailers can't impose surcharges for payments using debit cards	Retailers are not permitted to impose surcharges for payments using debit cards and a similar prohibition is applied for credit card payments under the rules of international card schemes such as Visa and Mastercard under the Payment Card Reform Framework, said Bank Negara Malaysia (BNM). BNM said the prohibition on surcharges was monitored and enforced by the banks that provided e-payment facilities to merchants (acquiring banks). Consumers who encounter merchants that impose surcharges are advised to lodge a complaint with their respective banks or payment card issuers. BNM said one of the reasons retailers imposed a surcharge was to recover the cost incurred by them when accepting card payments whereby they were typically charged a transaction fee, also known as the merchant discount rate (MDR). *(The Star, 21 March 2018)*
Nomura Research sees Malaysia’s inflation averaging 3% for 2018	Nomura Global Markets Research has forecast an average consumer price index (CPI) inflation of 3% for 2018 after the February inflation rate declined from January 2018. CPI fell to 1.4% year-on-year in February from 2.7% in January, well below consensus expectations of 1.9% but closer to forecast of 1.6%. The decline in February CPI inflation was mainly driven by the transport component falling to -0.3% year-on-year from 5.7% in January because of a slight decline in fuel prices this year in addition to a base effect from substantial fuel price hikes in 2017. Nomura Research said the official measure of core inflation fell to 1.8% in February from 2.2% in January. *(The Star, 22 March 2018)*
ACCCIM: Businessmen upbeat over country’s economy	The Associated Chinese Chambers of Commerce and Industry in Malaysia’s (ACCCIM) survey report on the economic situation in Malaysia for the second half of 2017 showed that 55% of the respondents were optimistic about the economy in 2018. The general outlook for the coming years was also encouraging, with the percentage increasing to 63% and 71% for 2019 and 2020 respectively. Among the key areas of interest were the developments of the Fourth Industrial Revolution (IT 4.0) and digital economy, including the country’s Digital Free Trade Zone (DFTZ). *(The Star, 23 March 2018)*

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