

MALAYSIA WEEKLY ECONOMIC NEWS

(26 February 2018 – 2 March 2018)

Topics	Highlights
<p>Both Malaysian and Chinese businesses benefit from bilateral ties</p>	<p>Prime Minister YBhg. Datuk Seri Najib Tun Razak says Malaysia welcomes ties with China and cherishes the strong bonds of friendship between the two nations as such ties are good for both Chinese firms and investors and also for Malaysians. This is in keeping with Malaysia's history as a seafaring, trading nation, open to the world and steadfast in belief that it is building relationships, rather than closing the door, that will bring prosperity to all. Bilateral trade between Malaysia and China last year remained strong at US\$96.3 billion (RM375.6 billion). From January to October 2017, the nation saw 1.89 million Chinese tourist arrivals.</p> <p style="text-align: right;"><i>(The Star, 27 February 2018)</i></p>
<p>CPI up 2.7% in January 2018</p>	<p>The Consumer Price Index (CPI), which measures headline inflation, rose by 2.7% to 121.3 in January from 118.1 in the same month in 2017 due to higher prices in 10 main groups. The groups recording the biggest price growth were transport (5.7%), food and non-alcoholic beverages (3.8%), and furnishings, household equipment and routine household maintenance (2.6%). These were followed by restaurants and hotels (2.4%), health (2.3%), housing, water, electricity, gas and other fuels (2.2%) and education (1.2%). The remaining groups were miscellaneous goods and services (0.9%), recreation services and culture (0.5%) and alcoholic beverages and tobacco (0.2%). Starting last month, Malaysia's CPI has been calculated using an updated basket of goods and services based on the Household Expenditure Survey 2016. The new basket comprises 552 items.</p> <p style="text-align: right;"><i>(The Star, 1 March 2018)</i></p>
<p>High salary increments unlikely</p>	<p>While the confidence of Malaysian businesses has increased in 2018, employers are staying cautious when it comes to increasing headcount and salaries. A poll conducted by recruitment company Hays in the 2018 Hays Asia Salary Guide, which polled more than 3,000 employers across Malaysia, Singapore, Japan, Hong Kong and China, revealed that 73% of firms surveyed are expecting business activities to grow in 2018. However, when it comes to increasing headcount and salaries, only 46% and 49% respectively are intending to do so this year. The survey also found that 66% of employers polled saw an uptick in business activity in the last 12 months.</p> <p style="text-align: right;"><i>(The Star, 2 March 2018)</i></p>
<p>Bank Negara: BR1M helps assist lower income groups, supports growth</p>	<p>The 1Malaysia People's Aid (BR1M), a brainchild of Bank Negara Malaysia, has been helpful in providing assistance at the household level by assisting low income groups mitigate the pressures of subsidy rationalisation undertaken by the Government. According to the central bank, BR1M has supported consumption and growth as the low income groups' marginal propensity to consume was high. The post BR1M period also saw gradual and sequenced adjustments and removals of subsidies and price controls. With fewer price distortions, the economy also became more flexible and nimble in adjusting to shocks, and therefore delivering growth and sustained rise in income. As to whether BR1M was meant to tempt the rakyat, Bank Negara said it was solely focused on economic considerations which were to assist the poor and to ensure that targeted subsidies were more efficient and effectively implemented.</p> <p style="text-align: right;"><i>(The Star, 2 March 2018)</i></p>