MALAYSIA WEEKLY ECONOMIC NEWS

(25 June 2018 – 29 June 2018)

Topics	Highlights
Additional surcharge to affect businesses from July 1: TNB	Tenaga Nasional Bhd (TNB) said businesses will be affected by additional surcharge of 1.35 sen/kWh from July 1 due to higher fuel and generation costs. The surcharge is provided for under the Imbalance Cost Pass-Through (ICPT) mechanism, which allows the power utility company to reflect changes in fuel and generation costs in consumer's electricity tariff every six months. The government had approved implementation of the ICPT for the period of 1 July 2018 – 31 December 2018. Domestic customers with monthly consumption below 300kWh will not be affected by this ICPT implementation, while those who go beyond the amount will be funded by Kumpulan Wang Industri Elektrik (KWIE). Domestic consumer refers to those occupying a private dwelling, which is not used as a hotel, boarding house or used for the purpose of carrying out any form of business, trade, professional activities or services. Non-Domestic customers, meanwhile, will be affected by the ICPT surcharge of 1.35 sen/kWh. *(Source: New Straits Times, 29 June 2018)*
S&P Global Ratings reaffirms Malaysia's ratings, outlook stable	S&P Global Ratings reaffirmed Malaysia's 'A-/A-2' foreign currency and 'A/A-1' local currency ratings with a stable outlook, indicating it may raise the ratings over the next 24 months if the strong economic performance continues from the previous years. They expect that Malaysia's core credit strengths, including its robust external position and highly credible monetary policy settings, will continue to support the rating following the recent change in government. As for the replacement of the GST with the narrower SST, it said this would increase reliance on commodity-based revenues, in the absence of additional structural revenue measures. The stable outlook balances Malaysia's strong net external position, above-average growth performance, and track record of monetary flexibility against the risks inherent in the ongoing political transition and its sizeable government debt stock. However Malaysia ratings could face downward pressure if it assessed a weaker commitment to growth and fiscal consolidation that could in turn hurt the government debt standing. *(Source: The Star Online, 29 June 2018)*
Malaysia's total international trade in services up 8% in 2017	Malaysia's total trade for services rose by 8.6% to RM341.1 billion in 2017 from RM314.1 billion recorded in 2016, which accounts for 25.2% of the GDP. Exports of services expanded to RM159.2 billion in 2017 from RM147.6 billion in 2016, mainly supported by travel especially on higher inbound tourist, other business services mainly on professional and management consulting services; and telecommunications, computer and information. The statistics shows Malaysia's strength in exports of services are mainly on travel, transport led by air passenger, contract manufacturing precisely in electrical and electronic products, business and management consulting and computer services. Malaysia has always gained from exports of travel due to the increasing tourist arrival especially from Singapore, Indonesia and China. Meanwhile, imports grew by 9.3% to RM182 billion supported by ongoing projects on oil and gas industries and high-value infrastructure projects that have attributed to the strong expansion in imports of construction. *(Source: The Sun Daily, 29 June 2018)*

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