

MALAYSIA WEEKLY ECONOMIC NEWS

(15 October 2018 – 21 October 2018)

Topics	Highlights
<p>Highlights of 11th Malaysia Plan mid-term review</p>	<p>Highlights of the Mid-Term Review of the 11th Malaysia Plan includes the reform agenda by Pakatan Harapan government, economic outlook and the six pillars to provide a new development focus with 19 priority area and 66 strategies aligned to the new direction of the Government to further boost economic growth. Among the key highlights were:</p> <ul style="list-style-type: none"> • GDP targeted to expand between 4.5-5.5% per annum in 2018-2020 • Fiscal deficit targeted to be at 3.2% to GDP in 2020. • Per capita income expected to reach RM47,720 in 2020, below the estimated minimum income threshold of a high-income nation • Government to introduce comprehensive and effective legal framework of government procurement which now constitute 15% to 20% of GDP • Inflation rate to remain low, averaging 2-3% per annum, despite expected moderate rise in global oil and commodity prices • Current account balance to remain in surplus at RM39.9bil or 2.5% to GNI in 2020 compared with RM40.3bil or 3.1% to GNI in 2017. <p style="text-align: right;"><i>(Source: The Star Online, 18 October 2018)</i></p>
<p>Malaysia consumer and business sentiment fell in 3Q18, says MIER</p>	<p>Malaysia's business and consumer sentiment have fallen in the third quarter of 2018 (3Q18) compared to 2Q18. According to survey by MIER, the Consumer Sentiments Index slipped to 107.5 points (2Q'18: 132.9 points) while the Business Conditions Index fell to 108.8 points in 3Q18 (2Q'18: 116.3 points). Executive Director of MIER, Emeritus Prof. Dr. Zakariah Abdul Rashid said despite the business and consumer sentiment in 3Q falling quarter-on-quarter (q-o-q), both indexes are still above the 100-point threshold of optimism. Data showed in previous quarter are overreacting response from the sources; this was due the change in new government, first time in history in the GE14. Notwithstanding a downbeat sentiment as compared to the previous quarter, consumers are still positively optimistic compared to the same quarter of last year, pertaining to their current incomes, expected incomes and employment outlook. On business sentiments, businesses are still optimistic about the current business environment. This supported by the increase in indices for sale, new domestic orders, as well as new export orders respectively.</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 16 October 2018)</i></p>
<p>New businesses in Malaysia not innovating</p>	<p>New Businesses in Malaysia are not innovating, says the State of Household 2018: Different Realities Report by Khazanah Research Institute. This is despite the average percentage of opportunity-driven firms being five times the average percentage of necessity-driven firms, higher than other advanced economies. The report said from 2011 to 2017, only 16% of new businesses introduced new products amounting to roughly half of those reported for advanced countries, such as the US and the UK. The report also noted that bureaucratic burden and the cost of starting a business had gradually decreased over the years from 13 days in 2010 to 5.5 days in 2016. While Malaysia is generally on par with peer countries such as Thailand and Vietnam, Malaysia still lags behind other developing and developed nations such as Brazil, Chile, China and Singapore. As for R&D funding, it still lags behind high income nations such as Japan and South Korea or the OECD average. According to the report, innovation plays a central role in future economic growth and R&D becomes a key indicator of knowledge creation and investment innovative activities.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 15 October 2018)</i></p>