# MALAYSIA WEEKLY ECONOMIC NEWS

***(22 October 2018 – 28 October 2018)***

| Topics | Highlights |
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| **September inflation rate at 0.3%** | Malaysia's consumer price index in September rose by 0.3% from a year earlier, a marginal acceleration from a month ago when it hit its lowest pace in three-and-a-half years. The index rose by 0.2% in August on the back of a tax holiday after the government scrapped GST. It was the lowest since February 2015, when it was at 0.1%. Inflation accelerated at a slower pace in September on static pricing of RON95 fuel at the pump, with no significant change even after the government reinstated SST that month to replace GST. Overall inflation remained muted with marginal price growth in five of the 12 main groups tracked in the index; housing, restaurants, food and non-alcoholic beverages, transport and education. Costs were down in the other sectors, with the biggest declines seen in the indexes for clothing and footwear, miscellaneous goods and services and communications. Malaysia's central bank left its key interest rate unchanged in its Sept. 5 review, but said it expected headline inflation to edge upwards the rest of the year and through 2019. *(Source: The Star, 26 October 2018)* |
| **Malaysia's economic growth to ease in Dec 2018-Feb 2019** | Malaysia's economic growth is expected to ease from December 2018 to February 2019, says the Department of Statistics Malaysia. The annual change of the Leading Index (LI) decreased 0.9% in August 2018. The LI is compiled to provide a signal on the economy's direction for an average of four to six months ahead. However, he said the monthly change of the LI increased by 0.3% to 118.9 points, following a 0.1% increase in July 2018. The three components of the LI which contributed to the increase are the Number of Housing Units Approved (+0.5%), Real Money Supply M1 (+0.2%) and Real Imports of Semi-Conductors (+0.2%). Meanwhile, the department reported that the Coincident Index (CI), a measure of overall current economic performance, fell 0.3% in August 2018 with Capacity Utilisation in the manufacturing sector (-0.3%) as the main component that led to the decrease. The annual change of CI rose to 3.6% in the reference month. *(Source: The Star Online, 24 October 2018)* |
| **Malaysia on track to achieve 3.7pct productivity growth by 2020** | Malaysia is on the right track to achieve productivity growth of 3.7% by 2020, based on its labour productivity performance last year. Director General of MPC, Datuk Mohd Razali Hussain said productivity is one of the game changers outlined in the 11th Malaysia Plan to propel the country into becoming an advanced economy and inclusive nation. Both public and private sectors need to cooperate to ensure comprehensive achievements at national and enterprise levels. MPC has embarked on supporting the state government agenda in providing conductive business environment with pursuance of Good Regulatory Practice, through three programmes, namely, state policy on Development and Implementation of Regulation, Reducing Unnecessary Regulatory Burdens and Modernising Business Licensing. The total potential compliance cost saving is estimated at RM32.5 million once the programmes are fully implemented. Concurrently, MPC facilitates local programmes designed to tap their optimal capability, generating a cost savings of RM2.3 million process innovation projects this year. *(Source: New Straits Times, 24 October 2018)* |

Economics and Policy Division
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