MALAYSIA WEEKLY ECONOMIC NEWS

(11 March 2019 – 15 March 2019)

Topics	Highlights
HDC remains optimistic of target RM50 billion halal exports	The total halal exports value for last year dropped by 7.6% to RM40 billion from RM43 billion recorded in 2017. The halal sectors saw a setback in exports in the overall cluster with the exception of the cosmetics and personal care. The reductions in 2018's halal exports were largely contributed by two halal clusters, namely a 50% decline in palm oil derivates and 36.7% drop in industrial chemicals. The top importers of Malaysia's halal products were Singapore with RM4.6 billion followed by China (RM4.5 billion), Japan (RM2.5 billion), US (RM2.4 billion) and Indonesia (RM1.9 billion). Despite recording lower halal exports of RM40 billion in 2018, Halal Industry Development Corporation (HDC) remained optimistic of hitting RM50 billion export target by 2020. The target would be supported by intensifying exports in value-added products with India being the new focus country. India is the new market potential, which is expanding its own halal market. On this note, it requires palm oil product namely oleochemicals. Since the Malaysian palm oil stocks is currently higher at 3.05 million tonnes, the demand by India could help boosting halal exports. *(Source: The Borneo Post, 15 March 2019)*
January industrial output index up by 3.2%	Malaysia's Industrial Production Index (IPI) expanded by 3.2% in January 2019 as compared with the same month in the previous year. The growth was supported by the increase in the index of electricity (7.8%) and manufacturing (4.2%). However, the index of mining declined by 0.9%. The major sub-sectors which contributed to the growth in the manufacturing sector were non-metallic mineral products, basic metal & fabricated metal products (4.3%); petroleum, chemical, rubber & plastic products (4%); and E&E equipment products (3.9%). Meanwhile, the drop in the mining sector index was due to the decrease in the crude oil index by 2.2%. The natural gas index increased by 0.3%. Meanwhile, manufacturing sales for January 2019 grew by 7% to RM72.5 billion (Jan'18: RM67.8 billion). The growth was supported by the increase in petroleum, chemical, rubber & plastic products (9.2%); transport equipment & other manufactures products (7.7%); and E&E products (6.3%). Total employees engaged in manufacturing sector in January 2019 was 1.09 million persons, an increase of 2% as compared with 1.07 million in January 2018. Salaries and wages paid rose by 8.9%, thus registering an average salaries and wages per employee of RM3,731 in January 2019. *(Source: The Sun Daily, 14 March 2019)*
IMF sees stable growth in Malaysia over medium term	In conclusion of the 2019 Article IV consultation with Malaysia, International Monetary Fund (IMF) said Malaysia's economic growth is expected to stabilise in 2019 and over the medium term, with inflation picking up and the current account surplus continuing to narrow. Domestic demand would remain the main driver of growth, with private consumption and investment supported by an improved business environment and investor confidence. The IMF forecasts Malaysia's GDP to grow at 4.7% 2019 and inflation would rise above 2% in 2019, as the effect of GST removal dissipates and oil subsidies become targeted. Recommendations by the IMF to the Government include to continue implementing credible macroeconomic policies while safeguarding growth & financial stability and undertaking structural reforms to boost sustainable & inclusive growth. The planned gradual pace of fiscal consolidation in 2019 and over the medium-term will support debt reduction and strengthen fiscal buffers. Noting Malaysia's low tax revenue ratio, revenue mobilisation should be a priority, not only to support medium-term consolidation, but also to help finance needed expenditure to achieve priorities identified under the mid-term review of RMKe-11. *(Source: The Star, 12 March 2019)*

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18 March 2019