

MALAYSIA WEEKLY ECONOMIC NEWS

(13 June 2016 – 18 June 2016)

Topics	Highlights
<p>Malaysia to launch global campaign to drive export growth</p>	<p>At the National Export Council (NEC) meeting (held on 13 June 2016), several initiatives has been formulated to promote public-private partnerships in the quest to drive Malaysia's export growth, including through a global campaign. MATRADE said the programme would entail promoting Malaysia's capabilities in areas such as trade, investment, tourism, education and healthcare to clusters of global citizens. Promotional programme in 2016 is aimed at strengthening the "Malaysia Brand" in London, Shanghai and Sydney in September, November and December 2016, respectively. The activities arranged during the programme include the Malaysia Business Forum, Malaysia Export Day, Malaysia Fest, Malaysia Flavours, Malaysia Art Exhibition, Malaysia Sales Online, and promotions in supermarkets. Other initiatives discussed during the meeting include the strategy to enhance higher education export and the establishment of Malaysian Incorporated (Malaysian Inc.). Malaysia Inc.'s main role is to identify and evaluate projects abroad and to coordinate participation in the bidding process through the formation of consortia of Malaysian companies.</p> <p>(Source: The Star, 13 June 2016)</p>
<p>Loan Recovery Committee to identify, resolve loans at state-level</p>	<p>The National Finance Council will establish a Loan Recovery Committee (LRC) which will be spearheaded by the Ministry of Finance to identify outstanding loans at state-level and suggest resolutions pertaining to it. Datuk Seri Najib Razak said the committee would be chaired by Treasury secretary-general Tan Sri Dr Mohd Irwan Serigar Abdullah. The reference point will be to identify the loans which have defaulted and to suggest the appropriate resolve. In addition, the committee has to monitor and report to the council on actions taken by the state governments. On average, the amount of outstanding collection from 2011 to 2015 has exceeded RM2 billion a year. Among the initiatives that were implemented by the state governments include incentives for early tax payment of 10% as well as mobile tax collection counters.</p> <p>(Source: NST, 14 June 2016)</p>
<p>USD/MYR Reference Rate based on market data from 18 July 2016</p>	<p>Effective 18 July 2016, the US dollar-ringgit spot fixing will be based on market transaction data. Bank Negara Malaysia and Financial Markets Association of Malaysia, in a joint statement, said the closing hour for onshore ringgit market will also be extended from 5.00 pm to 6.00 pm. This will give businesses additional time to complete their foreign exchange transactions. Based on a new methodology, the reference rate – to be known as Kuala Lumpur USD/MYR Reference Rate, will be more transparent and better reflects underlying trades during the day. It will be published daily at 3.30 pm and is computed based on weighted average volume of the interbank USD/MYR FX spot rate transacted by the domestic financial institutions between 8.00 am to 3.00 pm. The move is part of the effort to adopt global best practices for the domestic financial market.</p> <p>(Source: NST, 15 June 2016)</p>
<p>Labour productivity to grow by 2.5-3.5% in 2016</p>	<p>According to the latest Productivity Report 2015/2016 released by Malaysia Productivity Corporation (MPC), Malaysia's labour productivity is expected to grow between 2.5% and 3.5% in 2016. In 2015, it grew by 3.3% where productivity per hours improved to RM 34.90. The five-year development strategy of the 11th Malaysia Plan has earmarked productivity as the game changer to achieve inclusive and sustainable growth. The target is to achieve a 3.7% productivity growth during this period. However, the Total Factor Productivity (TFP) which recorded an average of 0.7% were lower than the previous three Malaysia Plans. Hence, the Government is preparing the Malaysia Productivity Blueprint to</p>

	<p>accelerate productivity improvements at national, industry and enterprise levels.</p> <p>(Source: NST, 16 June 2016)</p>
<p>Malaysia records RM37.3b approved investments, nearly 40,000 jobs</p>	<p>Malaysia recorded RM37.3 billion of approved investments in the services, manufacturing and primary sectors in the first quarter of 2016 (1Q 2016) and if fully implemented, will create 39,990 jobs. According to MITI, the investments involved 1,271 projects but expected 2016 to be another challenging year for the country. Elaborating on the 1Q 2016 investments, despite a weaker global environment, Malaysia remains as a competitive investment location for foreign investors, with an increase of 28% in this quarter. Year-on-year, FDI increased to RM12.8 billion in 1Q 2016 from RM10 billion in the corresponding period of 2015. Domestic investments led with RM24.5 billion or 65.7% of total approved investments in 1Q 2016.</p> <p>(Source: The Star, 17 June 2016)</p>
<p>Sales of total industry vehicles rose 6%</p>	<p>Sales of total industry vehicles (TIV), which comprise passenger vehicles and commercial vehicles, rose 6% to 44,669 units in May 2016 compared to April 2016. The Malaysian Automotive Association (MAA) said the 44,669 units sold comprised of 38,699 passenger vehicles and 5,970 commercial vehicles. However, May sales fell 12.8% on year-on-year basis. Sales volume for June 2016 is expected to be better than May due to the Hari Raya festive season sales campaign by car companies and the introduction of new models," said the MAA.</p> <p>(Source: The Star, 18 June 2016)</p>

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