

MALAYSIA WEEKLY ECONOMIC NEWS

(5 September 2016 – 9 September 2016)

Topics	Highlights
Affordable housing challenge	<p>Amid slowing demand and deteriorating profits, it seems now is a good time for developers who are accused of being only interested in higher-end properties to switch their focus to affordable housing, demand for which far outstrips supply. But developers said this would not be possible, especially if affordable houses are to be priced at the level the Government and the people are seeking. Datuk Othman Aziz (Deputy Finance Minister) said houses priced up to RM165,060 are considered affordable to a median Malaysian household. But developers said even a price of RM250,000 would not be a viable price tag, especially in the Klang Valley and other major urban areas. They argue that there are many aspects in the building cost that have continued to rise, most of which are the result of escalating land prices.</p> <p>(Source: The Edge Financial Daily, 6 September 2016)</p>
Malaysia mulls over Budget 2017 tax relief for middle income bracket	<p>The Government is studying the possibility of granting tax relief to the middle 40% income bracket (M40) under Budget 2017 to help them cope with rising living cost. Minister in the Prime Minister's Department Datuk Abdul Rahman Dahlan said the Government hoped to increase middle income earners' disposable income. The Government would look into how to boost M40's disposable income based on their feedback. By reducing their expenses, it could also boost their disposal income and spending power.</p> <p>(Source: The Edge Financial Daily, 6 September 2016)</p>
July exports down by 5.3%	<p>Exports for July weakened by 5.3% year-on-year on the back of weaker demand for manufactured goods, agricultural and mining goods. MITI said trade was lower by 5.1% to RM117.79 billion with imports also lower by 4.8%. July marked the 225th consecutive month of trade surpluses recorded since November 1997. The 3.9% decrease in manufactured goods was due to lower exports of electrical and electronic (E&E) products. MITI said higher exports were however recorded for optical and scientific equipment, rubber products, transport equipment, processed food, iron and steel products as well as chemicals and chemical products. Lower exports of palm oil and natural rubber (9.6% and 43.9% respectively) also led to the lower numbers in the agriculture sector. Mining goods exports was lower due to lower shipments of liquefied natural gas. In terms of markets, MITI said exports to ASEAN expanded by 4.7% and exports to the US also rose by 4.1%. Exports however contracted to China (down 22.3%), Japan (down 14.5%) and the EU (down 2%).</p> <p>(Source: NST, 7 September 2016)</p>
OPR stays at 3.00 %: BNM	<p>Bank Negara Malaysia (BNM) has left the Overnight Policy Rate (OPR) unchanged at 3.00%. The monetary policy committee said the current level will ensure that the domestic economy continues on a steady growth path amid stable inflation, supported by continued healthy financial intermediation in the economy. Growth moderated slightly in the second quarter of 2016, following weaker net exports and a drawdown in stocks. Domestic demand, however, remained the key driver of growth, with private consumption and private investment growing at a faster pace. Investment activity, will continue to be anchored by the on-going implementation of infrastructure projects and capital spending in the manufacturing and services sectors. BNM remained confident that the economy will expand within expectations in 2016, and to remain on a steady growth path in 2017. It expects export growth to remain weak following subdued demand from the key trading partners. Inflation is expected to be at the lower end of the 2-3% range for 2016 and to remain relatively stable in 2017 given the environment of low global energy and commodity prices, and generally subdued global inflation.</p> <p>(Source: NST, 7 September 2016)</p>

<p>REHDA in talks with Government over incentives for developers using IBS</p>	<p>The Real Estate & Housing Developers' Association Malaysia (REHDA) is in discussion with the government over the possibility of added incentives for property developers who opt to use the Industrialised Building System (IBS). The IBS is a technique of construction whereby components are manufactured in a controlled environment, either at site or off site, placed and assembled into construction works. REHDA is proposing for the Government to take the lead by telling the developers that 60-70% of the contracts awarded must use IBS, or they would not get the contract. The use of IBS have been known to contribute towards a safer, cleaner and more organized site, due to the reduction of construction waste, site workers and prefabricated construction material. It also contributes to a cheaper total construction cost, resulting from the above factors.</p> <p>(Source: NST, 8 September 2016)</p>
<p>Malaysia's July industrial output growth moderates</p>	<p>Malaysia's industrial production index (IPI) grew 4.1% in July 2016 from a year earlier, supported by mining, manufacturing and electricity output growth. According to Department of Statistics, Malaysia (DOSM), mining and manufacturing output rose 6.1% and 3.3% respectively, while electricity production climbed 7.1%. The mining sector output recorded a growth of 6.1% in July 2016, after a 6.3% increase in June 2016. This expansion was contributed by the higher growth in crude oil index by 13.9%. The natural gas index, however, declined by 2.7%. In June, the IPI grew 5.3% from a year earlier. Between January and July 2016, the IPI expanded 3.6% from a year earlier. In monthly terms, July 2016 industrial output fell 0.7%, it added.</p> <p>(Source: The Edge Financial Daily, 9 September 2016)</p>

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