

MALAYSIA WEEKLY ECONOMIC NEWS

(7 November 2016 – 11 November 2016)

Topics	Highlights
<p>Standard & Poor's affirms Malaysia's 'A-' rating</p>	<p>Rating agency Standard & Poor's affirmed Malaysia's A- sovereign rating today based on its strong external position and monetary policy flexibility. Despite its moderate fiscal deficits and Government debt burden, these were two strengths which held the sovereign up. This position can withstand a further slowdown in the oil and gas sector over the next two years. Likewise, external indicators are likely to remain unchanged, given our assumption of continued healthy trade surpluses. A weaker ringgit should support the competitiveness of Malaysia's manufactured goods, partially offsetting the impact of depressed energy prices. The rating agency praised Bank Negara Malaysia saying its track record in controlling inflation, indicating strong monetary flexibility helps absorb major economic shocks.</p> <p>(Source: NST, 7 November 2016)</p>
<p>Malaysia's economy to grow 4.5% in 2017, says UOB Malaysia</p>	<p>Malaysia's economy is expected to expand moderately in 2017, driven by domestic consumption, mega infrastructure projects and foreign direct investments (FDI), said UOB Malaysia Research economist. Also supporting the gross domestic product (GDP) growth of 4.5% in 2017 from 4.2% in 2016 will be consumer spending. The economy is likely to benefit from FDI inflows resulting from the large pipeline of infrastructure projects over the next five years. Gross FDI inflows rose 3.2% year-on-year to RM67.7bil in the first half of 2016. Meanwhile, stable unemployment rates and high labour participation are lending to Malaysia's domestic consumption growth. The labour force participation rate is currently high at 67.8%, and with companies still realising profits, the average nominal wage growth is expected to stay positive.</p> <p>(Source: The Star, 10 November 2016)</p>
<p>Govt spends RM15mil to upgrade rural postal services</p>	<p>Some RM15 mil has been channelled to POS Malaysia since 2010 to implement and upgrade postal services in Sarawak's rural areas under the Postal Services Transformation Plan for Sabah and Sarawak. In creating a more efficient e-commerce ecosystem in the rural areas, POS Malaysia collaborated with PI1M as agent where entrepreneurs in the areas could utilise all postal-related facilities at the centres.</p> <p>(Source: The Star, 10 November 2016)</p>
<p>Malaysia's 4.3% quarterly growth fastest this year</p>	<p>Malaysia's economy expanded 4.3% in the third quarter, attributed the growth to continued private sector spending, support from net exports and growth in major economic sectors. The economy grew 4.2 and 4.0% in the first and second quarters of this year, respectively. Third-quarter growth last year was 4.7%. Growth was seen in major economic sectors such as services, manufacturing, construction, mining and agriculture, which was in line with domestic demand. The domestic demand grew at a more moderate pace and the sustained growth in private sector activity was more than offset by the slower growth in public spending. Private consumption grew 6.4% compared with 6.3% in the previous quarter on continued wage and employment growth and minimum wage increase effective July 1. Malaysia economy was expected to expand by 4.0 to 4.5% this year, with domestic demand, particularly private sector activity, continuing to be the key growth driver.</p> <p>(Source: NST, 11 November 2016)</p>