

# MALAYSIA WEEKLY ECONOMIC NEWS

(6 May 2019 – 10 May 2019)

Topics	Highlights
<p><b>IPI rises 3.1% in March on expansion in electricity, manufacturing output</b></p>	<p>Malaysia's Industrial Production Index (IPI) grew by 3.1% year-on-year (yoy) for March 2019, driven by growth in electricity and manufacturing sectors according to the Department of Statistics, Malaysia (DOSM). The increase in March 2019's IPI was supported by a 4.1% growth in the manufacturing index and 4.8% growth in the electricity index compared with a year ago. For manufacturing, the major sub-sectors that contributed to the increase in March were food, beverages &amp; tobacco products (6.8%); petroleum, chemical, rubber &amp; plastic products (3.7%); and electrical &amp; electronics products (2.7%). However, the mining index recorded a slight decline of 0.2% year-on-year, due to a drop in the crude oil index of 2.0%. Meanwhile, the natural gas index grew by 1.4%. Overall, Malaysia's IPI grew by 2.7% in the first quarter of 2019 compared to the same period last year. The increase was contributed by the growth in electricity sector (5.8%) and manufacturing sector (4.0%).</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 10 May 2019)</i></p>
<p><b>Malaysia's tourism receipts hit record high of RM84.1b in 2018</b></p>	<p>Malaysia's tourism receipts hit a record high of RM84.1bil in 2018, an increase of 2% from a year earlier. Based on 2019 ASEAN Tourism Report, last year's tourism performance for Malaysia showed visitor arrivals and tourism receipts were not necessarily perfectly correlated. Last year, total visitor arrivals to Malaysia eased 0.4% year-on-year to 25.8 million, mainly due to the fewer visitor arrivals from Singapore and the recovering of the ringgit against the Singapore dollar. The decline in Singaporean visitors was mainly caused by the increased congestion at land checkpoints due to the new biometric system. Despite the overall ease of tourist arrivals last year, tourist arrivals from China hit a record high of 2.9 million in 2018, a growth of 29% from 2017. Diplomatic ties rewarmed after Prime Minister Tun Dr Mahathir Mohamad's April 25-28, 2019 visit to China for the second Belt and Road Summit. On domestic tourism, the report said the sector remained fantastic, with the East Coast Rail Line project expected to greatly improve accessibility to east coast islands such as Pulau Redang and Pulau Perhentian.</p> <p style="text-align: right;"><i>(Source: The Star, 9 May 2019)</i></p>
<p><b>Bank Negara lowers OPR by 25bps to 3%</b></p>	<p>The Monetary Policy Committee (MPC) of BNM decided to reduce the Overnight Policy Rate (OPR) to 3%, first time since July 2016. The ceiling and floor rates of the OPR are correspondingly reduced to 3.25% and 2.75% respectively. The baseline projection for the Malaysian economy is to grow within the projected range of 4.3-4.8%. However, there are downside risks to growth from heightened uncertainties in the global and domestic environment, trade tensions and extended weakness in commodity-related sectors. BNM said while domestic monetary and financial conditions remain supportive of economic growth, there are some signs of tightening of financial conditions. The OPR adjustment is intended to preserve the degree of monetary accommodativeness, consistent with the monetary policy stance of supporting a steady growth path amid price stability. MPC will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation. For Malaysia, latest development point towards moderate economic activity in the 1Q 2019. Domestically, stable labour market conditions and capacity expansion in key sectors will continue to drive household and capital spending.</p> <p style="text-align: right;"><i>(Source: The Star, 7 May 2019)</i></p>
<p><b>Economy rebased to 2015, GNI per capita to reach RM47,720 by 2020</b></p>	<p>Malaysia's economy reached a new height of RM1.45 trillion in 2018, at current prices, after a rebasing exercise from base year 2010 to 2015, said Department of Statistics Malaysia. Chief Statistician, Datuk Seri Dr. Mohd Uzir Mahidin said consequently, the Gross National Income (GNI) per capita registered RM43,086 in 2018, approximately US\$10,043. Under the 11<sup>th</sup> Malaysia Plan, the GNI per capita is expected to reach RM47,720 by 2020. DOSM had now completed the rebasing of Malaysia's GDP from base year 2010 to 2015. The GDP constant prices are now expressed in 2015 prices. He said for 2018, Malaysia's economy grew by 4.7% (2017: 5.7%) at 2015 constant prices with value of RM1.36 trillion. By using data from Economic Census 2016 and Supply &amp; Use Tables 2015, rebasing of the GDP enables policy makers and analysts to obtain a more recent and accurate set of current economic conditions. According to the DOSM, in the new base year, the services and manufacturing sectors served as a major contributor to the economy with a combined share of 79.1%. The share of the services sector reached 56.7% in 2018 which surpassed the 11<sup>th</sup> Malaysia Plan's target of 56.5% by 2020.</p> <p style="text-align: right;"><i>(Source: The Star, 6 May 2019)</i></p>