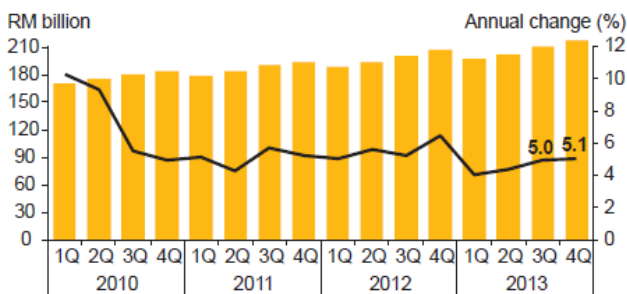




Malaysian economy expanded by 5.1% in the fourth quarter of 2013 (source: BNM 12 Feb 2014)

- Global economic activity improved in the fourth quarter amid the gradual recovery in major economies.
- Despite continuous fiscal uncertainties, the US economy registered stronger growth as consumption and investment improved.
- In the Euro area, modest improvement in exports supported growth, but fiscal and structural issues weighed down domestic demand.
- Growth across Asia continued as moderating domestic demand was offset by better export performance.
- On that note, the Malaysian economy expanded by 5.1% in the fourth quarter of 2013 as compared with 5.0% in the third quarter supported by both domestic and trade activities.
- **For the year 2013, the Malaysian economy grew by 4.7% against 5.6% in 2012.**
- Private consumption growth remained high in the fourth quarter, though the pace moderated from 8.2% to 7.3%.

The economy expanded in the fourth quarter (at constant 2005 prices)



Source: Department of Statistics, Malaysia

- Household spending continued to be supported by stable employment conditions and sustained wage growth.
- Growth in public consumption softened to 5.1% against 7.8% in the period under review, indicating lower Government spending on emoluments.
- Gross fixed capital formation grew by 5.8% in the fourth quarter (third quarter: 8.6%), led by private sector capital spending amidst a contraction in public investment growth.
- Growth in the private investment improved to 16.5% in the said period (third quarter : 15.2%), on account of

higher capital spending in the services and manufacturing sectors.

- Public investment declined by 2.7% reflecting slower capital spending by the public enterprises.
- On the supply side, growth was supported by major economic sectors especially the construction and services sectors. The construction sector growth remained firm, underpinned by activity in the non-residential and residential sub-sectors.
- The services sector grew in tandem with the improvement in trade and manufacturing activities.

GDP by Expenditure Components (at constant 2005 prices)

	2012		2013		
	4Q	Year	3Q	4Q	Year
	Annual change (%)				
Aggregate Domestic Demand (excluding stocks)	7.8	10.6	8.3	6.4	7.6
Consumption	4.9	7.1	8.1	6.7	7.3
Private sector	6.2	7.7	8.2	7.3	7.6
Public sector	1.2	5.1	7.8	5.1	6.3
Gross Fixed Capital Formation	16.0	19.9	8.6	5.8	8.2
Private sector	20.1	21.9	15.2	16.5	13.6
Public sector	12.9	17.1	-1.3	-2.7	0.7
Net Exports	-9.3	-31.7	1.6	-11.2	-22.9
Exports of Goods and Services	-1.6	-0.1	1.7	2.9	-0.3
Imports of Goods and Services	-0.6	4.7	1.8	4.4	1.9
GDP	6.5	5.6	5.0	5.1	4.7
GDP (q-o-q growth,					

GDP by Economic Activity (at constant 2005 prices)

	Share 2012 (%)	2012		2013		
		4Q	Year	3Q	4Q	Year
		Annual change (%)				
Agriculture	7.3	5.6	1.0	2.1	0.2	2.1
Mining	8.4	4.2	1.4	1.7	-1.5	0.5
Manufacturing	24.9	5.7	4.8	4.2	5.1	3.4
Construction	3.5	17.6	18.1	10.1	9.7	10.9
Services	54.6	6.4	6.4	5.9	6.4	5.9
Real GDP	100.0 ¹	6.5	5.6	5.0	5.1	4.7
Real GDP (q-o-q seasonally adjusted)	n.a.	2.2	n.a.	1.7	2.1	n.a.

¹ Numbers do not add up due to rounding and exclusion of import duties component
Source: Department of Statistics, Malaysia

- Headline inflation rate (measured by the annual change in the Consumer Price Index (CPI)), increased to 3.0% in the fourth quarter (3Q2013:2.2%)
- The Overnight Policy Rate (OPR) was maintained at 3.0%.
- Between 1 Jan and 10 Feb 2014, the ringgit depreciated by 1.5% against the US Dollar. The ringgit also depreciated against the Japanese Yen (-3.8%), Pound Sterling (-1.1%) and Euro (-0.2%).

Malaysian economy expanded by 5.1% in the fourth quarter of 2013

BizWatch

The recent GDP growth registered at 5.1% in the fourth quarter of 2013 showed that the growth momentum of the Malaysian economy was sustainable throughout 2013.

Quarter	GDP (%)
4Q 2013	5.1
3Q 2013	5.0
2Q 2013	4.4
1Q 2013	4.1

Comparison with our close neighbors such as Singapore and Indonesia showed that Malaysia GDP growth is commendable. Thailand suffered setbacks due to its political unrests and Indonesia continued to be the growth driver in ASEAN.

Country	2012 (%)	4Q 2013 (%)	2013 (%)	2014F (%)
Malaysia	5.6	5.1	4.7	5 – 5.5
Singapore	1.3	5.5	4.1	2 – 4
Thailand	6.5	0.6	2.9	3 – 4
Indonesia	6.2	5.7	5.8	5.5 – 5.9

The growth forecast for ASEAN for 2014 demonstrates similar trend with Indonesia leading the pack. It is unclear how the upcoming presidential election in Indonesia will impact the growth forecast. However, we can expect the new president to continue focus on economic growth.

Construction sector has been the key to the sustainable economic growth for Malaysia and it is similar for Iskandar Malaysia

Projects such as the JB Transformation Plan, Mah Sing's Meridin@Medini, E &O's Avira wellness project and many more are expected to contribute to the growth of Iskandar Malaysia in the next few years.



Malaysia investment performance 2013

(source: MIDA 28 Feb 2014)

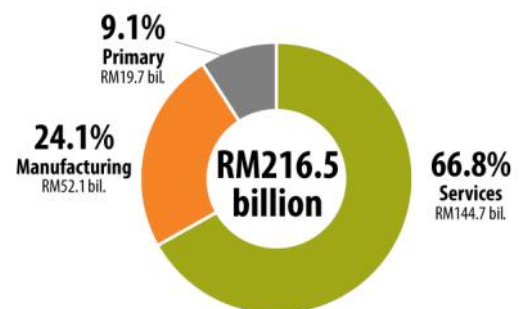


Highlights

- Malaysia set a new record of RM216.5 billion for approved direct investments in the manufacturing, services and primary sectors in 2013 as compared with RM167.8 billion in direct investments in 2012.
- These approved investments were in 5,669 projects comprising of 14 mega projects worth more than RM1 billion each and 82 large projects worth more than RM100 million each. Majority of these projects are in high value and high growth industries.
- Approved projects create about 192,000 new jobs with higher income employment opportunities for Malaysians.



- The services sector contributed a large portion of the investments, amounting to RM144.7 billion or 66.8%, followed by the manufacturing sector with investments of RM52.1 billion or 24.1% and the primary sectors with investments of RM19.7 billion or 9.1%.



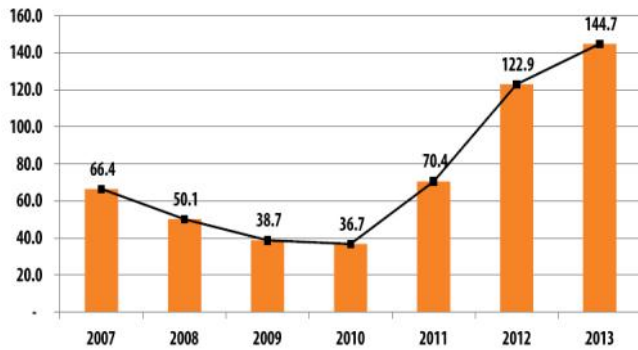
- Over 72.5% of the total investments approved were contributed by the domestic investors while the remaining 27.5% from foreign investments.

Malaysia investment performance 2013

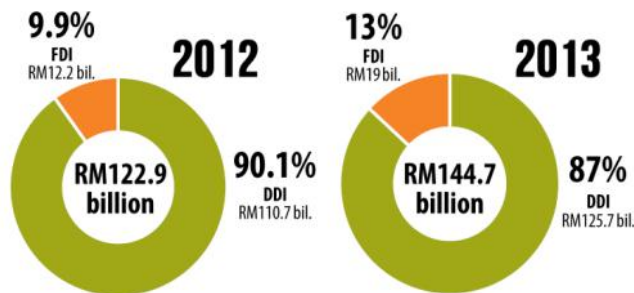
Investment in the services sector

- The friendly government policies helped attract 4,796 approved projects in the services sector in 2013 with investment amounting to RM144.7 billion, exceeding the total approved investments of RM122.9 billion in 2012 by 17.7%.

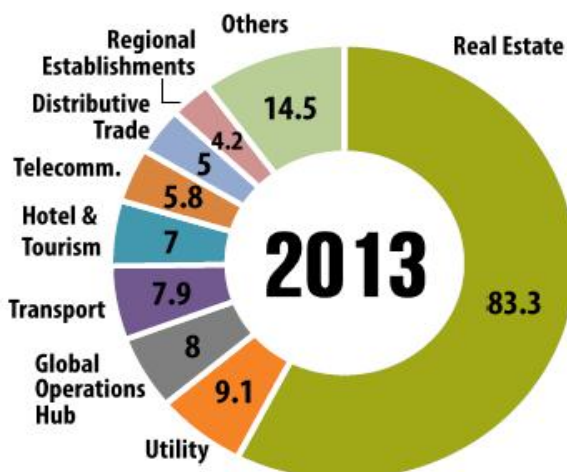
Investment in the Services sector (RM billion)



Domestic investments continue to dominate



Real estate, utility and global operations hub were the major sub-sectors

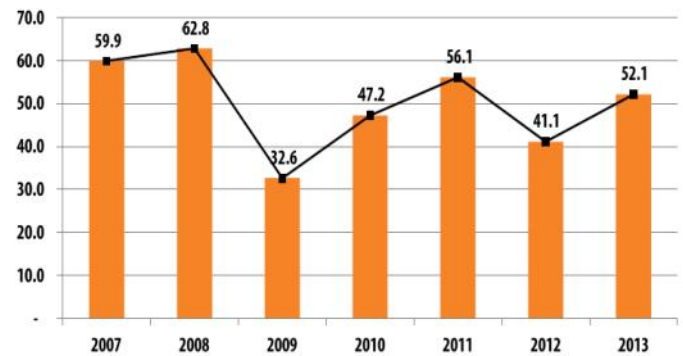


- The services sector encompasses a broad range of services with MSC status companies, real estate (residential), transport, energy, telecommunications, distributive trade, hotels and tourism, financial services and health services.
- Within the services sector, the real estate sub-sector continued to dominate as the leading contributor with RM83.3 billion worth of investments approved followed by power and utilities of RM9.1 billion.

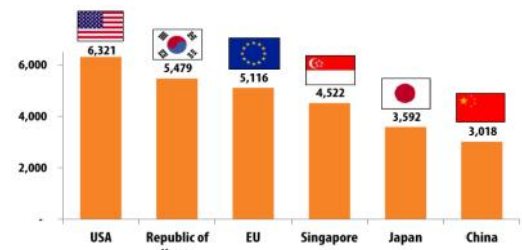
Investment in the manufacturing sector

- In 2013, the manufacturing sector attracted investments worth RM52.1 billion in 787 projects, which is 26.8% more than the RM41.1 billion achieved in 2012.
- The increased investments in the manufacturing sector were mainly due to approved investments in capital intensive projects.

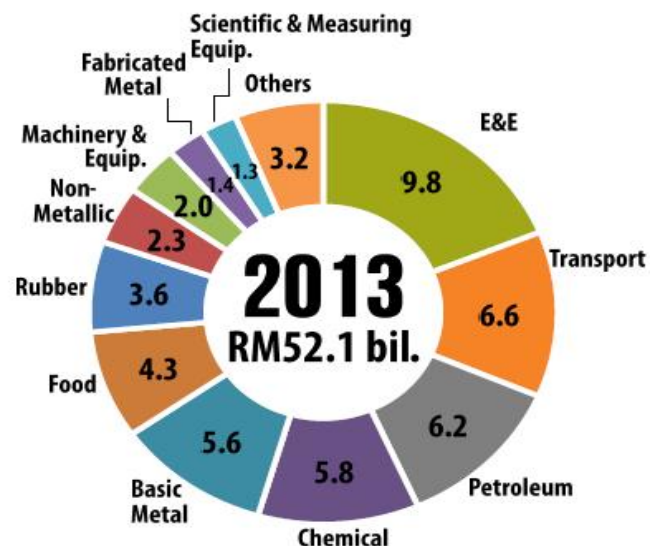
Investment in the Manufacturing sector (RM billion)



- Foreign investments in approved manufacturing projects amounted to RM30.5 billion in 2013 and accounted for 58.5% of the total investments approved for the year. The balance of RM21.6 billion or 41.5% were domestic investments.
- The leading source of foreign investments in 2013 was the USA, followed by Republic of Korea and EU.

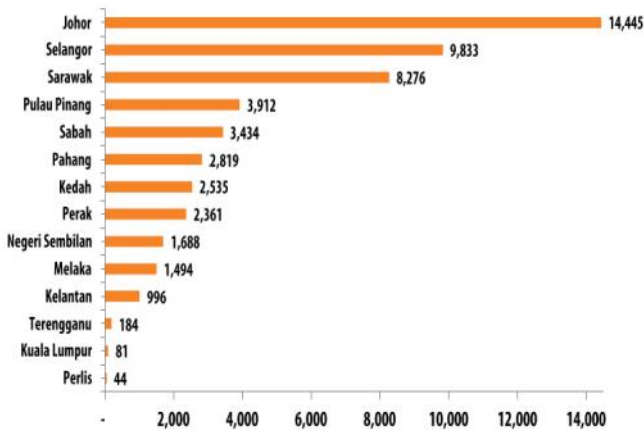


- From a sectoral perspective, the electrical and electronics contributed the highest investments in the manufacturing sector followed by transport and petroleum products.



Malaysia investment performance 2013

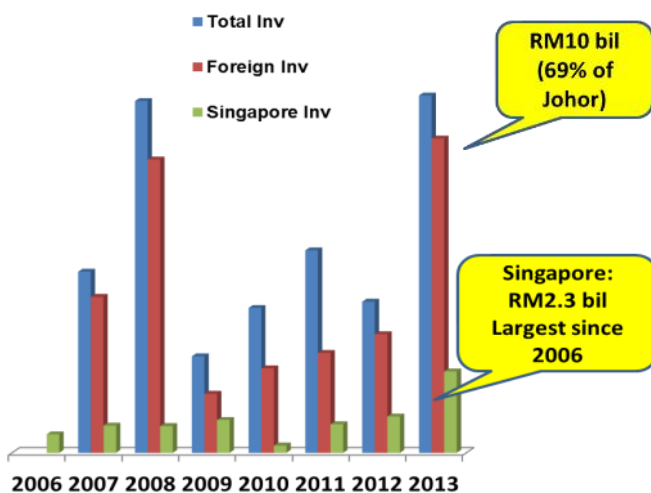
- On the manufacturing investments approved by state, Johor topped the list, followed by Selangor and Sarawak in 2013.



Economic regions attracted close to 60% of the total investments in manufacturing sector



- Out of the RM14,445 million investments approved in Johor, approximately 70% or RM10,000 million of the investments landed inside Iskandar Malaysia. This is the highest approved investments in the manufacturing sector since 2008 (RM9.8 bil)



Source: MIDA, analysis by IRDA Business Intelligence

- The top 5 foreign investors in the manufacturing sector in Iskandar Malaysia for 2013 were USA, Singapore, China, Japan and Germany.
- We can see a strong surge of investments from USA and

China and we can expect the momentum of investments from the USA to continue onto 2014 and 2015.

- The sectors which attracted the most investments were electrical & electronics, basic metal products, machinery & equipment, textile and textile products and food manufacturing.

BizWatch

The continuous marketing and promotion activities of Iskandar Malaysia by IRDA, MIDA, Johor State Government and Federal Government Ministries and Agencies bore fruit with Johor / Iskandar Malaysia being ranked top State in attracting investments in the manufacturing sector for 2013.

It is interesting to note the strong surge in investments from the USA and China in 2013 and we can expect the momentum from USA to continue onto 2014 and 2015.

The investments from USA are mainly in solar related products and food confectionary. Direct investments from China will complement the strong Chinese interest in real estate development in Iskandar Malaysia. However, the recent incident of flight MH370 will dampen the investment appetite for the Chinese to invest in Malaysia.

On a cumulative basis, Singapore remains our top foreign investors with investments in the manufacturing, education, healthcare and property development. The good bilateral ties between Malaysia and Singapore will continue to bring in more investments from Singapore.

Key challenges will be the availability of human capital for these new investments in the manufacturing sector and the readiness of the SMEs (small medium enterprises) to take up the opportunities. Both human capital and SMEs are sub-component of the business eco-system which form the fabric that binds social equity.

Moving ahead to 2014, we need to sustain the growth momentum and ensure that all approved strategic projects are well facilitated to ensure timely implementation. At the same time, development of human capital and SMEs must pick up pace so that Iskandar Malaysia will continue to be the preferred investment destination.

ISKANDAR MALAYSIA Boleh!!!



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