



Iskandar Malaysia's Cumulative Committed Investment On The Rise

From January 2015 to September 2015, Iskandar Malaysia has managed to attract committed investments of RM27.22 billion, bringing a total cumulative committed investments of RM185.34 billion for the period of 2006 to September 2015.

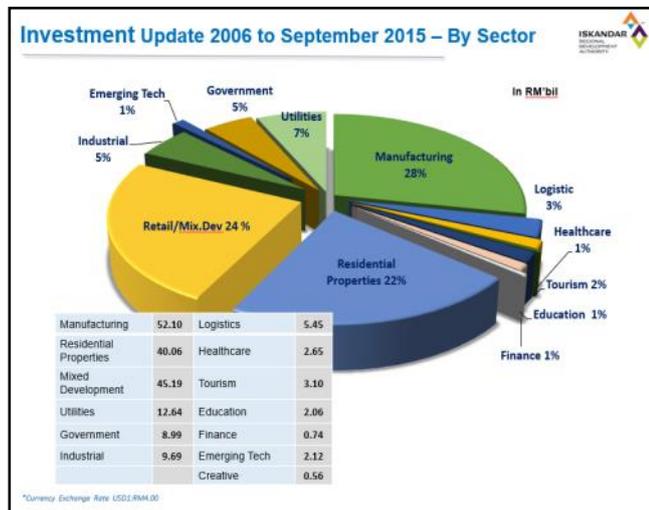


Singapore, with total investments of RM16.45 billion, remained the largest foreign investor in Iskandar Malaysia with strong and diversified presence in the manufacturing and services sectors especially in education and healthcare as well as in the property sector.

In 2015, China had overtaken USA as the second largest foreign investor in Iskandar Malaysia with total investments worth RM15.38 billion as compared to RM5.75 billion for USA. The majority of Chinese investments today in Iskandar Malaysia is in the property sector with mega projects by listed companies in China which, among others, are Country Garden (Country Garden at Danga Bay and Forest City), Guangzhou R & F (Puteri Cove) and Greenland (Jade Palace and Tebrau Bay Waterfront City)

In 4th position is Japan, where investments are mainly in the manufacturing sector. The opening of the Ube Lotte synthetic rubber plant in Tg Langsat Industrial Estate in August 2015 with investments of USD130 million marked a significant milestone of Japanese-Korean investments in Iskandar Malaysia.

Although not yet on the top ten list, we are also seeing more investments from Indonesia where we have the IRDA-led Iskandar Malaysia Trans Regional Investment Promotion (IMITRA) programme to attract more investments from Indonesia.



Out of the total cumulative committed investments of RM185.34 billion, 49% or RM90.57 billion had been realized to-date.

Manufacturing remained the largest contributor of cumulative committed investments at 28% or RM52.10 billion followed by retail/mixed development at 24% or RM45.19 billion and residential properties at 22% or RM40.06 billion.

Local investments continued to dominate the investment landscape in Iskandar Malaysia, accounting for 59% or RM109.78 billion of the total cumulative committed investment of RM185.34 billion, while foreign investors took up the balance of 41% equivalent to RM75.56 billion.



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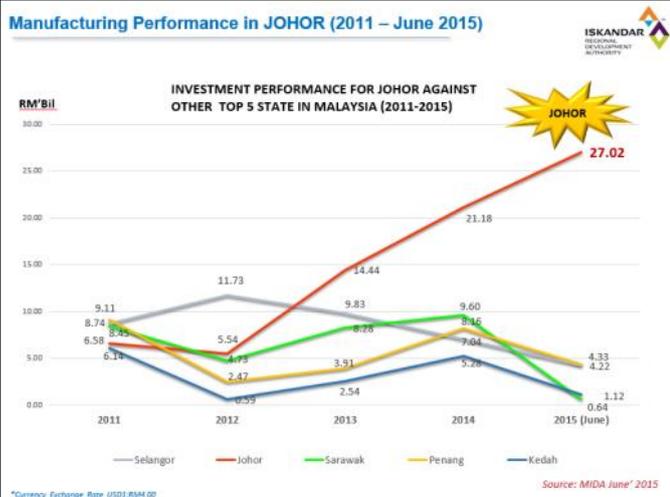
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Iskandar Malaysia and Johor remain attractive investment locations as evidenced by the strong investments in the manufacturing sector (source: MIDA) as well as investments in the services and real estate (source: IRDA).

Although much of the investments in the manufacturing sector received in 2014 and 2015 in Johor will be invested in Pengerang, there is continued interest in the manufacturing landscape in Tg Langsat, Indahpura and Nusajaya. The emergence of quality industrial estates with state-of-the-art security features, clustered facilities and eco-system such as AME I-Park @ Nusajaya, WB Land's Frontier Industrial Park at Desa Cemerlang and Nusajaya Tech Park at Gerbang Nusajaya as well as upcoming quality industrial estate through Senai Airport City will continue to draw investors to Iskandar Malaysia and Johor, energising the manufacturing sector as key economic driver. IRDA will work closely with the developers of industrial parks as well as with MIDA and Johor State Agency to jointly market Iskandar Malaysia and Johor as preferred investment destination. The success of the Invest Iskandar Malaysia conference in Iskandar Malaysia as well as the roll-out of the Invest Iskandar Malaysia seminar series in Tokyo and Toyama city will continue in 2016.

China will be a strong source for direct investments in Iskandar Malaysia following the announcement by China Premier Li Keqiang during a high level conference in Kuala Lumpur on 23 Nov 2015 of China buying Malaysia Government Bonds and expanding a 50 billion yuan (USD7.83 bil) quota for Malaysians to invest in China's stocks and bonds. China through the China General Nuclear Power Group has also signed the deal to buy the power assets of 1MDB for RM9.83 billion. With China already in No. 2 position as foreign investor in Iskandar Malaysia, BizWatch is of the view that investments from China will eventually overtake Singapore's number one position by 2016 leveraging on existing strong investments by the Chinese property players in Iskandar Malaysia such as Country Garden, Greenland and Guangzhou R&F Properties as well as the positive support from the Chinese government on bilateral trade with Malaysia.

Singapore will remain the top country focus for investments from ASEAN especially through the various initiatives under the Government to Government Joint Ministerial Committee.



In terms of manufacturing investment by states in Malaysia, Johor, as at June 2015, has been the top state for three years in a row since year 2013. As at June 2015, Johor had attracted a total of manufacturing investment worth RM27.02 billion as compared with total investments for the year in 2014 of RM21.18 billion. In the September numbers released by MIDA, Johor maintained its top position with total investments of RM30 billion.

In Iskandar Malaysia, direct investments in the manufacturing sector for 2014 fell below the level of investments in 2013 (from RM10.1 billion in 2013 to RM3.7 billion in 2014) where the bulk of investments in Johor went to the Pengerang Integrated Petroleum Complex (PIPC) in Pengerang which is outside of Iskandar Malaysia. This trend continues in 2015. Nonetheless, BizWatch is of the opinion that investments in PIPC would have a positive spill-over effect to Iskandar Malaysia in terms of housing, retail spending and entertainment as the major eco-system for lifestyle and living is located in Iskandar Malaysia.

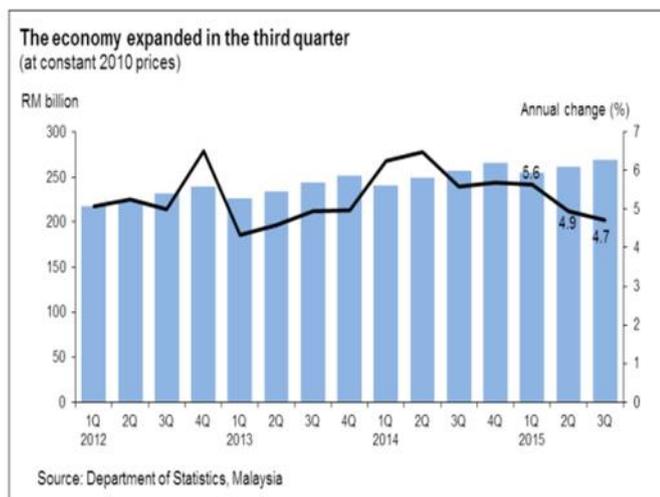
Malaysia's Third Quarter 2015

GDP Announcement

Slower Growth Ahead.. (Source: BNM)

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The Malaysian economy recorded a growth of 4.7% in the third quarter of 2015 (2Q 2015: 4.9%), supported mainly by private sector demand.



On the supply side, all economic sectors continued to expand during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.7% (2Q 2015: 1.1%).

GDP by Expenditure Components
(at constant 2010 prices)

	Share 2014 (%)	2014		2015		
		3Q	4Q	1Q	2Q	3Q
		Annual change (%)				
Aggregate Domestic Demand (excluding stocks)	91.5	5.0	5.7	7.9	4.6	4.0
Private Sector	68.5	6.8	8.3	9.6	5.7	4.4
Consumption	51.8	6.8	7.6	8.8	6.4	4.1
Investment	16.6	7.0	11.1	11.7	3.9	5.5
Public Sector	23.0	-0.9	0.6	2.5	0.9	2.8
Consumption	13.6	5.2	2.5	4.1	6.8	3.5
Investment	9.5	-8.5	-1.9	0.5	-8.0	1.8
Net Exports	9.3	7.4	-4.0	-10.2	-10.5	3.3
Exports of Goods and Services	76.1	2.6	1.9	-0.6	-3.7	3.2
Imports of Goods and Services	66.8	2.0	2.6	1.0	-2.8	3.2
GDP	100.0	5.6	5.7	5.6	4.9	4.7
GDP (q-o-q growth, seasonally adjusted)	-	0.8	1.8	1.2	1.1	0.7

Source: Department of Statistics, Malaysia

The private sector continued to be the key driver of growth during the quarter. On the external front, growth in real exports grew by 3.2% from -3.7% in 2Q/2015. The expansion in exports was mainly due to the weak ringgit that translated into higher export sales in ringgit terms. Similarly, imports expanded by 3.2% driven by higher cost of imports.

Private investment grew by 5.5% (2Q 2015: 3.9%), driven by capital spending in the manufacturing and services sectors. Private consumption expanded at a more moderate rate of 4.1% (2Q 2015: 6.4%) as households continued to adjust to the implementation of the Goods and Services Tax (GST).

Public investment turned around to record a positive growth due to the improvement in spending on fixed assets by both the Federal Government and public enterprises. Meanwhile, public consumption growth moderated to 3.5% (2Q 2015: 6.8%) following the slower growth in both emoluments and supplies and services expenditure.

GDP by Economic Activity
(at constant 2010 prices)

	Share 2014 (%)	2014		2015		
		3Q	4Q	1Q	2Q	3Q
		Annual change (%)				
Services	53.5	6.5	6.6	6.4	5.0	4.4
Manufacturing	23.0	5.3	5.4	5.6	4.2	4.8
Agriculture	9.2	3.4	-3.7	-4.7	4.6	2.4
Mining	9.0	1.4	9.5	9.6	6.0	5.3
Construction	4.3	9.7	8.8	9.7	5.6	9.9
Real GDP	100.0¹	5.6	5.7	5.6	4.9	4.7
Real GDP (q-o-q seasonally adjusted)	-	0.8	1.8	1.2	1.1	0.7

¹ Numbers do not add up due to rounding and exclusion of import duties component

Source: Department of Statistics, Malaysia

On the supply side, all economic sectors continued to expand during the quarter. Growth was led by the construction and manufacturing sectors. Construction sector growth improved due mainly to a faster expansion in the civil engineering and specialised construction activities sub-sectors. Similarly, the manufacturing sector registered higher growth, supported in particular by an improvement in the export-oriented industries. The services sector registered lower growth due to a moderation in household spending and slower capital market activity. The mining and agriculture sectors expanded at a slower pace due to a moderation in crude oil and palm oil production, respectively.

Inflation measured by the change in Consumer Price Index (CPI) increased to 3.0% (2Q/2015: 2.2%) largely reflecting the higher inflation in the food and non-alcoholic category amid shortages in supplies arising from adverse weather condition. Higher transportation cost also contributed to the increase in inflation following higher domestic fuel prices during this quarter.

Malaysia's Third Quarter 2015

GDP Announcement

Slower Growth Ahead..(cont.)

As at 30 Oct 2015, the international reserves amounted to RM417.9 billion (equivalent to USD94.0 billion) sufficient to finance 8.7 months of retained imports and giving a short term external debt coverage of 1.1 times.

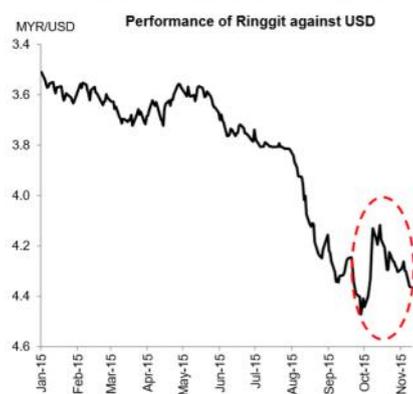
The Overnight Policy Rate (OPR) remained at 3.25% and will remain supportive of economic activity.

Ringgit and other currency

Overall, the ringgit depreciated by 14.8% against the US Dollar during the quarter. It also depreciated against the Australian Dollar (-6.8%), the pound sterling (-11.7%), the euro (-15.4%) and the Japanese yen (-16.6%). Against all regional currencies, the ringgit depreciated by between 6.3% and 12.8%.

There have been some slight improvement in the ringgit between 1 October and 11 November. Moving forward, global growth is expected to remain moderate. In Asia, domestic demand is expected to continue to support growth.

Ringgit depreciated in 3Q but appreciated 3.3% against the US dollar in October



Source: Bank Negara Malaysia

demand is expected to continue to support growth.

While downside risks to growth remain, the Malaysian economy is expected to expand within the targeted 4.5% - 5.5%. Bank Negara is projecting a growth of 4.0% - 5.0% in 2016.

2015 Quarterly GDP Comparison Between Malaysia and Selected Economy (%)

Country	1Q 2015	2Q 2015	3Q 2015
USA	2.9	2.7	2.2
Euro	1.2	1.5	1.6
Japan	-0.8	1.0	1.0
China	7.0	7.0	6.9
Singapore	2.7	2.0	1.9
Indonesia	4.72	4.67	4.73
Thailand	3.0	2.8	2.9
Malaysia	5.6	4.9	4.7

BizWatch

The slower growth in 3Q 2015 for Malaysia can be attributed to the slower global growth. IMF had revised the global growth projection from 3.3% to 3.1% for 2015.

For 2015, we expect the GDP growth for Iskandar Malaysia to be led by the implementation of strategic investments in the manufacturing sector such as Hersheys, Fuji Oil, Beyonics, Ube Lotte Synthetic Rubber and the expansion of BMW Regional Development Centre.

Moving forward towards 2020, we would expect higher contribution from initiatives under the Big Move 3 Destination Iskandar Malaysia and Big Move 4 Port of Iskandar Malaysia where the economic growth will focus more on the tourism and logistic sectors, supported by the financial and creative sectors. Education and healthcare sectors would build the supporting lifestyle ecosystem.

We will see growth driven from the setting of new hotels, convention centres and themeparks. On top of that, the integration and coordination of the ports in Iskandar Malaysia comprising of PTP, Johor Port and Tanjung Langsat Port is expected to create strong logistic cluster in the region thus will propel further growth.

Investments in datacentres through Synergycloud, VADS together with the upcoming development in Sedenak which focus on datacentres will also benefit the region as well.



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