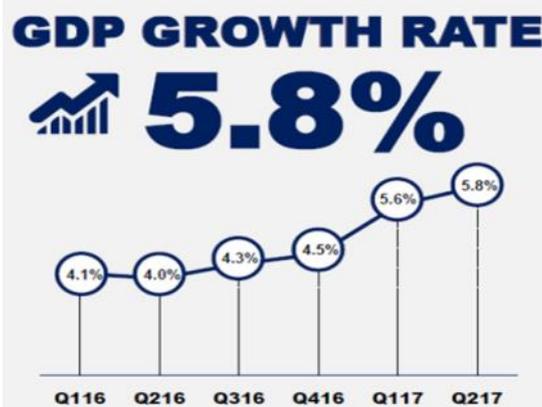


Malaysia's economy grew at faster pace of 5.8% in Q2 2017

Malaysia's economy grew at a faster pace of 5.8% in the second quarter ended June 2017 – the quickest since the first quarter of 2015 – exceeding economists' forecast of a 5.4% expansion, underpinned by the services and manufacturing sectors.



Bank Negara Malaysia (BNM) said given the strong growth in the first half of 2017 at 5.7%, the economy is expected to

expand by more than 4.8% in 2017.

“Domestic demand is projected to underpin this expansion. On the external front, exports are expected to benefit from the stronger-than-expected improvement in global growth,” it said.

Real GDP (Annual change, %)	Share, % (2016)	2016	2017		
		2Q	1Q	2Q	1H
Domestic demand (excluding stocks)	91.6	6.1	7.7	5.7	6.7
Private Sector	70.1	6.0	8.2	7.2	7.7
Consumption	53.2	6.2	6.6	7.1	6.9
Investment	16.9	5.6	12.9	7.4	10.0
Public Sector	21.5	6.3	5.8	0.2	2.9
Consumption	13.1	5.5	7.5	3.3	5.3
Investment	8.5	7.7	3.2	-5.0	-0.9
Net exports of goods and services	8.4	-1.2	-14.5	1.4	-6.7
Exports	70.4	2.0	9.8	9.6	9.7
Imports	62.1	2.4	12.9	10.7	11.8
Change in stocks (RM billion)	0.0	-1.5	1.8	-0.4	1.5
GDP (y-o-y)	100¹	4.0	5.6	5.8	5.7
GDP (q-o-q growth, seasonally adjusted)	-	1.1	1.8	1.3	-

Note: ¹ Numbers do not add up due to rounding
Source: Department of Statistics, Malaysia

BNM Governor Datuk Muhammad Ibrahim said the data looked good, with reference to the outlook for the third and fourth quarters.

He expected the growth outlook for 2017 to be revised when the Budget 2018 proposals are presented on October 27.

Earlier, the Statistics Department said the Q2 growth at 5.8% was at a faster pace than the 5.6% in the previous quarter.

“On a quarter-on-quarter seasonally adjusted, GDP posted a growth of 1.3% against 1.8% in the preceding quarter,” it said.

The central bank also said headline inflation was expected to moderate further in the second half of 2017, reflecting the waning effect of global cost factors. For 2017 as a whole, it is expected to average within the forecast range of 3.0% – 4.0%.

The Statistics Department said that in Q2, the services and manufacturing sectors underpinned the economic growth on the production side.

The growth on the expenditure side was driven mainly by private final consumption expenditure which contributed 53.5% to the GDP in this quarter.

It said the services sector which accounts for more than half of the GDP – expanded at a faster pace of 6.3% after growing 5.8 per cent in previous quarter – boosted by the wholesale & retail trade (up 7.7%).

Real GDP (Annual change, %)	% share (2016)	2016	2017		
		2Q	1Q	2Q	1H
Services	54.3	5.7	5.8	6.3	6.1
Manufacturing	23.0	4.2	5.6	6.0	5.8
Mining and Quarrying	8.8	2.1	1.6	0.2	0.9
Agriculture	8.1	-7.8	8.3	5.9	7.1
Construction	4.5	8.9	6.5	8.3	7.4
Real GDP	100.0¹	4.0	5.6	5.8	5.7

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

Malaysia's economy grew at faster pace of 5.8% in Q2 2017 (cont.)



Information & Communication expanded 8.5%, boosted by data communication, computer services and information services activities.

The ringgit and most regional currencies appreciated against the US dollar during the quarter, driven mainly by continued weakness in the US dollar.

The finance & insurance and business services stepped expanded 5.1% and 8.5% respectively.

The weak US dollar was due to policy uncertainties in the US. The ringgit, however, appreciated the most during the quarter amid non-resident inflows into Malaysia's financial markets.

As for the manufacturing sector – which accounts from nearly one-quarter of the country's GDP, it expanded further by 6% from 5.6% in the first quarter of 2017.

This was driven by encouraging domestic macroeconomic conditions, which include the strong GDP growth and exports performance.

Powering the growth were the electrical, electronic & optical products – growing 9.8%. The growth was supported by higher production of semiconductors and consumer electronics.

The department said vegetable and animal oils & fats and food processing accelerated to 10.4% led by refined palm oil products.

However, the agriculture sector expanded at a slower pace of 5.9% after 8.3% in the previous quarter. Oil palm and rubber remained to register a double-digit growth albeit at a slower momentum of 12.1% and 17% respectively.

The construction sector expanded by 8.3% due to civil engineering, construction activities and non-residential buildings.

The mining and quarrying sector rose at a slower pace of 0.2% due to the decline in crude oil and slower growth in natural gas.

BizWatch

The strong Malaysia's second quarter GDP of 5.8% is a sign that the Malaysian economy is on the recovery path.

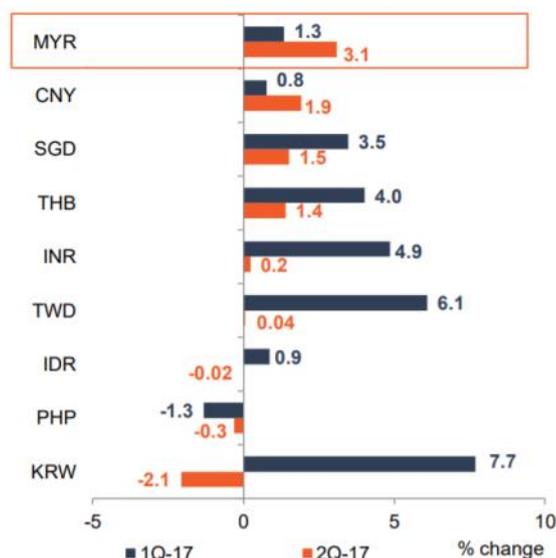
The growth of 5.8% registered is the highest growth since the first quarter of 2015. Lowered growth were registered since 2015 over the 1MDB issues as well as money flowing back to US on expectation that the Federal Reserves of US will raise its benchmark rate.

The services sector which accounted almost half or 54% of the GDP was the main contributor for the commendable growth for Malaysia. This is followed by the manufacturing sector which accounted 23% to the GDP.

As for Iskandar Malaysia, BizWatch is of the opinion that the growth for the region will mirror the strong performance of the Malaysian GDP given that the economic structure for Iskandar Malaysia is similar to the national economic growth where the services sector contribution the GDP is the highest at 48%, followed by manufacturing of 31%.

The growth for Iskandar Malaysia in the near future will be led by the Big Moves Program spelled out in the Comprehensive Development Plan ii (2014-2025) where tourism and logistics will be the focused sector for growth. These two sectors are expected to attract total investments worth RM29 billion and RM19 billion respectively by 2025. On top of that, emerging sectors such as the biotechnology sector (expected to grow at an average of 15% until 2030), halal industry and global business services sector will be strong contributing sectors to drive the economy in Iskandar Malaysia.

Performance of Selected Currencies against USD

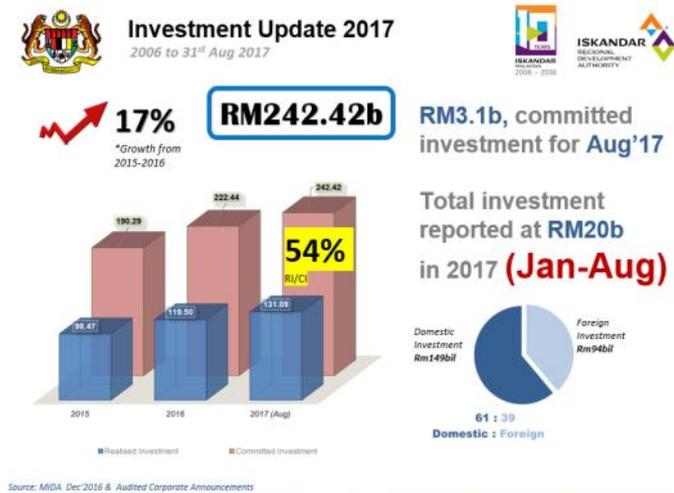


Source: Bank Negara Malaysia

Iskandar Malaysia's Investment Update (2006 - August 2017)

Investment Highlights

In the first eight months of 2017, Iskandar Malaysia had secured RM20 billion worth of cumulative committed investment.



This brings the total cumulative committed investment for Iskandar Malaysia for the period of 2006 until August 2017 to RM242.42 billion.

Out of the total cumulative committed investment of RM242.42 billion, with 54% or RM131.09 billion has been realized on the ground to-date.

An additional RM11.60 billion worth of investments have been realized for the first eight months of 2017 and this contributed to the 54% total realized investments to-date.

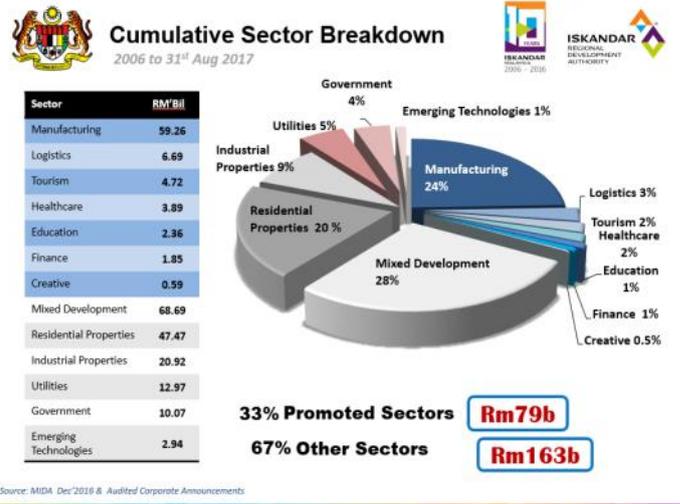
IRDA will continue to work closely with our investors and stakeholders to increase the contribution of realized investments.

Contribution by Sectors

Property and manufacturing sectors remained the main contributors to the total cumulative committed investment of RM242.42 billion.

Mixed development, with total investment of RM68.69 billion accounted for 28% of the total cumulative committed investment, followed by manufacturing of RM59.26 billion or 24%, residential properties of RM47.47 billion or 20% and industrial properties of RM20.92 billion or 9%.

BizWatch



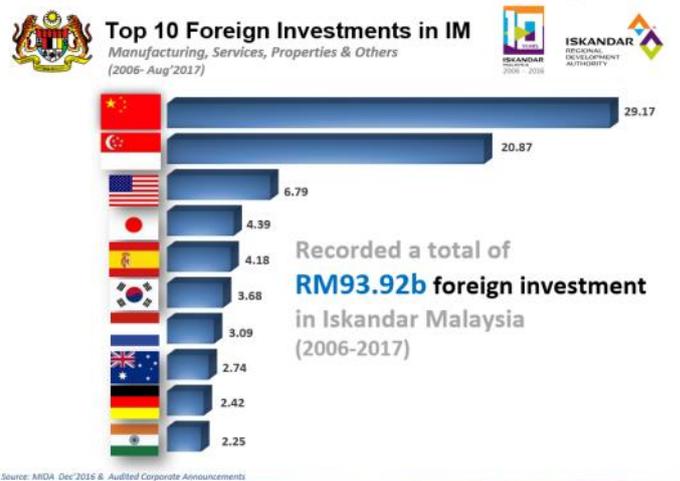
Some of the key projects taken into account in the first eight months are IKEA Tebrau, SILC Phase 3, Impiana Hotel and Kompleks Perubatan Pakar Jalan Tahana.

The promoted sectors accounted for RM79 billion or 33% of the total cumulative committed investment of RM242.42 billion.

The services sector made up of RM20.01 billion or 8%.

Local investments remained the main driver contributing 60% of the total investments.

Top foreign investment was from China with total investment worth RM29.17 billion, followed by Singapore, RM20.87 billion and USA, RM6.79 billion.



China's investments in Iskandar Malaysia are mainly in the property development sector which saw the presence of large listed Chinese property development company

**Iskandar Malaysia's Investment Update
(2006 - August 2017)
Cont.**

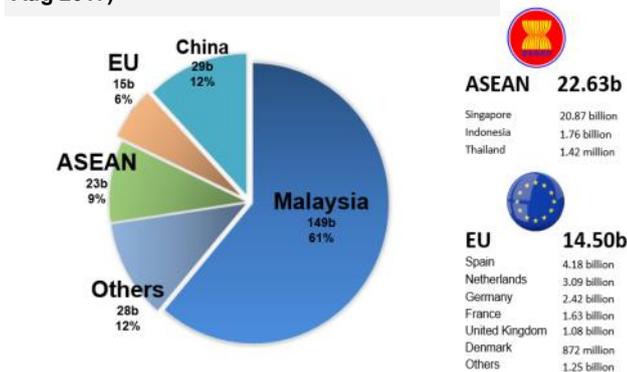
such as Country Garden, Greenland and R&F Properties undertaking massive waterfront development projects in Iskandar Malaysia.

IRDA is engaging with these mega property developers to incorporate the elements of the promoted sectors such as education, healthcare and tourism into these massive developments. To date, we have the upcoming projects of the Shattuck-St Mary International School and MJ Healthcare (both in Forest City), philharmonic hall at Princess Cove, Smart City Experiential Centre (SmartXP) in Greenland's Helio Cove, amongst others.

Although, there are concerns over the massive amount of Chinese investments into Iskandar Malaysia / Johor and Malaysia as a whole, Chinese investments only represented merely 2% of total foreign direct investment (FDI) stock in Malaysia (source: Sun Daily, 8th Aug 2017, speech by PM Najib). Citing sources from the Department of Statistics Malaysia, he said that despite China having gained prominence as a major foreign investor in the country across a broad base of sectors, it is still ranked 10th among the top 10 FDI nation in Malaysia.

China's massive investment commitment demonstrates the real and transformative results of excellent relations that Malaysia and China have built.

**Top Foreign Investors (by Grouping) 2016—
Aug 2017)**



In terms of investments by region, the contribution of ASEAN investments into Iskandar Malaysia is relatively small as compared with the Chinese investments.

BizWatch would like to see higher ASEAN's investments through the ASEAN Economic Community (AEC) initiatives between the ASEAN members. Besides investments from Singapore, Indonesia and Thailand, Brunei can be another target for investments given that Brunei is one of the richest countries in the world.

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**SITE TOURS ON 2 OCTOBER 2017
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(Priority given to delegates)

For an additional Fee of RM120.00/per delegate (4 hours tour, including 6% GST and light refreshment)

Please tick (✓) your preferred choice

- TOUR 1 : Iskandar Malaysia Culture & Heritage City Tour
- TOUR 2 : Kukup Island Mangrove Gateway
- TOUR 3 : Visit to TM VADS Data Center, Nusajaya Tech Park and bus tour to Iskandar Puteri



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