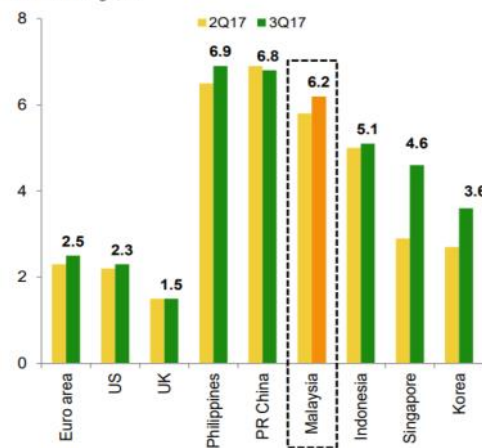


Malaysia 3Q 2017 GDP Among The Highest In ASEAN (source: Bank Negara)

Malaysia's economic growth during the third quarter of this year is among the fastest in the ASEAN region, according to Minister in the Prime Minister's Department Datuk Seri Abdul Rahman Dahlan on November 17, 2017.

Global Real GDP Growth Annual change, %



Source: National authorities, Bank Negara Malaysia estimates

He said this puts Malaysia ahead of countries like Singapore, Indonesia, South Korea and Taiwan in terms of Gross Domestic Product (GDP) growth.

The economy also grew faster than developed economies such as the United States, the European Union and the United Kingdom.

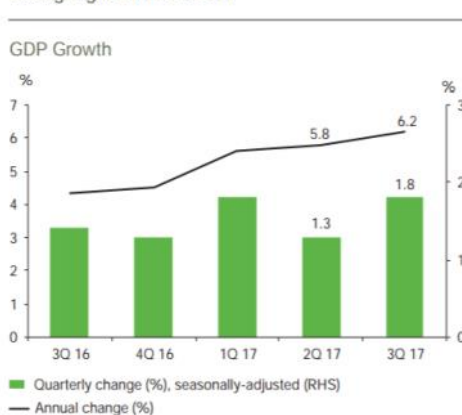
According to Bank Negara Malaysia, the country's economy grew at a faster pace of 6.2% in the third quarter of 2017 compared to 4.3% in the same quarter last year.

This is also the fastest quarterly growth since the second quarter of 2014.

The stronger pace of growth was propelled by both sustained domestic demand and improved external sector.

Higher economic activities in the services, manufacturing and construction sectors were the key engines that drove the economy in the third quarter of 2017.

Stronger growth in 3Q 2017



Source: Department of Statistics, Malaysia

Real GDP (Annual change, %)	Share, % (2016)	2017			
		Year	1Q	2Q	3Q
Services	54.3	5.6	5.8	6.3	6.6
Manufacturing	23.0	4.4	5.6	6.0	7.0
Mining and Quarrying	8.8	2.2	1.6	0.2	3.1
Agriculture	8.1	-5.1	8.3	5.9	4.1
Construction	4.5	7.4	6.5	8.3	6.1
GDP (y-o-y)	100 ²	4.2	5.6	5.8	6.2

Private consumption registered its strongest performance since 2015 by recording a 7.2% growth.

Real GDP (Annual change, %)	Share, % (2016)	2017			
		Year	1Q	2Q	3Q
Domestic demand (excluding stocks)	91.6	4.3	7.7	5.7	6.6
Private Sector	70.1	5.6	8.2	7.2	7.3
Consumption	53.2	6.0	6.6	7.1	7.2
Investment	16.9	4.3	12.9	7.4	7.9
Public Sector	21.5	0.4	5.8	0.2	4.1
Consumption	13.1	0.9	7.5	3.3	4.2
Investment	8.5	-0.5	3.2	-5.0	4.1
Net exports of goods and services	8.4	1.5	-14.5	1.4	1.7
Exports	70.4	1.1	9.8	9.6	11.8
Imports	62.1	1.1	12.9	10.7	13.4
Change in stocks (RM billion)	0.0	0.3	1.8	-0.4	-2.0
GDP (y-o-y)	100 ¹	4.2	5.6	5.8	6.2
GDP (q-o-q growth, seasonally adjusted)	-	-	1.8	1.3	1.8

This clearly shows that consumer confidence is rising as Malaysians are more comfortable to spend their money and they expect higher income in the future.

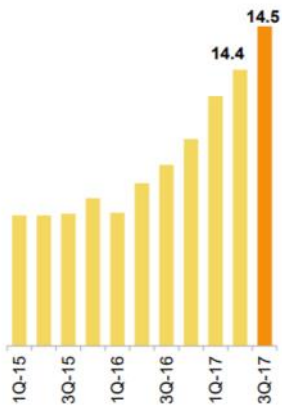
On top of that, better labour market conditions have also lifted private consumption during this quarter as supported by the improving employment conditions and sustained private sector wage growth.

Malaysia 3Q 2017 GDP Among The Highest In ASEAN (cont.)



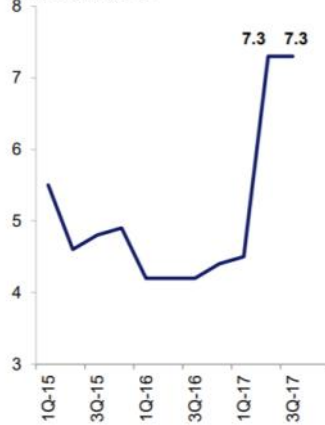
Employment

Million Persons



Private Sector Wage Growth

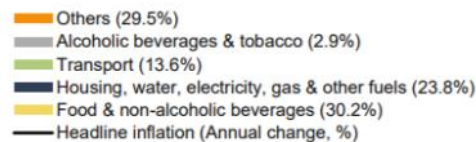
Annual change, %



Inflation averaged lower due to lower transport inflation

Headline Inflation

Percentage point contribution



the quarter due to rising global oil prices, domestic fuel prices averaged slightly lower compared to the previous quarter (RON95 petrol in 3Q 2017: RM2.09 per litre; 2Q 2017: RM2.10 per litre).

Average Global Crude Oil Price and RON95 Petrol Price

USD/barrel



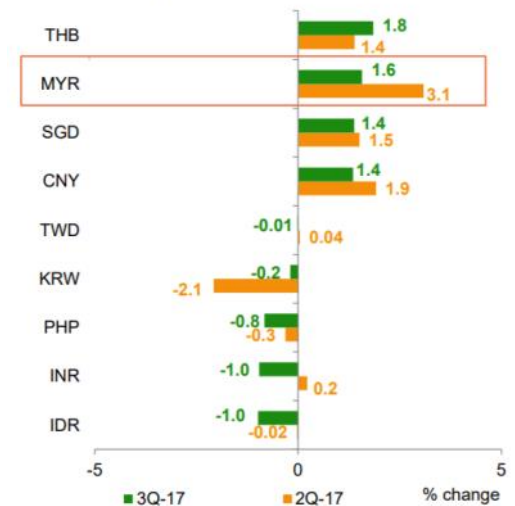
Headline inflation moderated to 3.8% in the third quarter of 2017 (2Q 2017: 4.0%) due mainly to lower transport inflation at 11.7% (2Q 2017: 13.4%).

Although domestic fuel prices trended upward during

In the near term, inflation could remain elevated amid rising global oil prices. Todate, the price for RON95 (30th Nov) was RM2.30/ltr. It was RM1.90 in Dec 2016.

The Ringgit continued to appreciate against the US Dollar and most regional currencies in the third quarter. The Ringgit was one of the best performers in the region for two consecutive quarters.

Performance of Selected Currencies against the US dollar



Source: Bank Negara Malaysia

BizWatch

The Malaysian economy is on track to achieve the revised GDP growth for 2017 of between 5.2% and 5.7% as announced during the tabling of Budget 2018.

Taking into account the past three quarters of 2017, the Malaysian economy has registered a stellar performance of 5.9% and on track to achieve the revised target.

With the strong GDP performance to-date, BizWatch is of the opinion that the inflation numbers will rise in tandem with the strong economic performance. Bank Negara is expecting the inflation rate to be at the upper range of between 3% to 4% for 2017.

On that note, there would be a possibility that the Central Bank will increase the OPR rate either in January 2018 or March 2018 to tame the inflationary pressure.

With the strong economic growth registered, we can expect the Ringgit to be firmer moving forward. The Ringgit is now trading at RM4.086 per USD as of November 30, 2017. So far the Ringgit has appreciated by 7% since the beginning of the year.

The RM46 billion development budget announced in the 2018 Budget, which includes a slew of mega infrastructure projects, will support the economy and create more jobs for Malaysians in 2018 and onwards.

Malaysia was on the right economic track and this has been validated by global agencies such as the IMF (International Monetary Fund), the World Bank and the Asian Development Bank, which have revised our GDP growth more than two times this year.

ISKANDAR MALAYSIA CUMULATIVE COMMITTED INVESTMENT (As of September 2017)



Investment Update 2017
2006 to September 2017



54%
RI/C

17%
*Growth from
2015-2016

RM244.46b

Total investment
reported at
RM22.02b
in 2017 (Jan-Sept)



61 : 39
Domestic : Foreign

Source: MIDA Dec'2016 & Audited Corporate Announcements

Investment Highlights

In the first nine months of 2017, Iskandar Malaysia had secured RM22 billion worth of cumulative committed investment.

This brings the total cumulative committed investment for Iskandar Malaysia for the period of 2006 until September 2017 to RM244.46 billion.

Out of the total cumulative committed investment of RM244.46 billion, 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 nine months of 2017 and this contributed to the 54% total realized investments to-date.

IRDA is confident in achieving its committed and realised investment targets by year end and been working closely with the stakeholders to achieve the targets.

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 RM68.90 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 19% and industrial properties of RM20.92 billion or 9%.

The promoted sectors accounted for RM81 billion or 33% of the total cumulative committed investment of RM244.46 billion.

The services sector made up of RM21.33 billion or 9%. Local investments remained the main driver contributing 60% of the total investments.

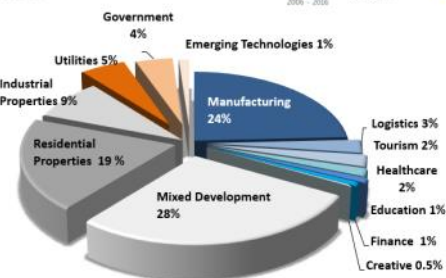
BizWatch



Cumulative Sector Breakdown
2006 to September 2017



Sector	RM'bil
Manufacturing	59.26
Logistics	6.69
Tourism	5.95
Healthcare	3.89
Education	2.36
Finance	1.85
Creative	0.59
Mixed Development	68.90
Residential Properties	47.47
Industrial Properties	20.92
Utilities	12.97
Government	10.67
Emerging Technologies	2.94



33% Promoted Sectors **Rm81b**
67% Other Sectors **Rm164b**

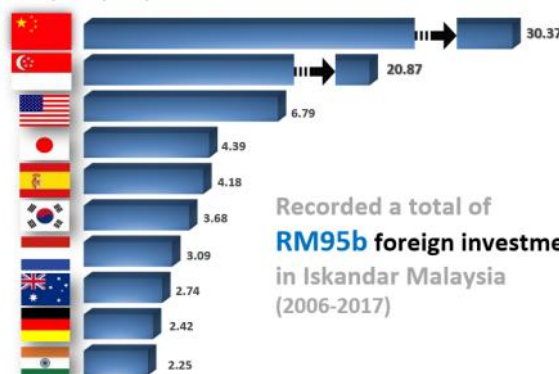
Source: MIDA Dec'2016 & Audited Corporate Announcements

Some of the key projects taken into account in the first nine months are IKEA Tebrau, SILC Phase 3, Impiana Hotel, Kompleks Perubatan Pakar Jalan Tahana and Jack Nicklaus Golf Course in Gelang Patah.

Top foreign investment was from China with total investment worth RM30.37 billion, followed by Singapore, RM20.87 billion and USA, RM6.79 billion.



Top 10 Foreign Investments in IM
Manufacturing, Services, Properties & Others
(2006- Sept 2017)



Recorded a total of
RM95b foreign investment
in Iskandar Malaysia
(2006-2017)

Source: MIDA Dec'2016 & Audited Corporate Announcements



Ikea opened in Tebrau on 16th Nov, over 46,713sqm, the biggest IKEA store in Malaysia and in Southeast Asia.

MALAYSIA'S WORLD COMPETITIVENESS RANKING IMPROVES TO 23RD

Malaysia has edged up two places to 23rd out of more than 130 countries in the World Economic Forum's latest Global Competitiveness Report on the back of improved scores of macro and micro economic aspects.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed welcomed the improvement, saying it affirms the strength of the macroeconomic fundamentals.

"The economic policies are on the right track. Plus our exports are doing well and we continue to receive healthy flows of foreign direct investments", he said, in his remarks.

According to the report, Malaysia performed most strongly in financial market development (16th) and made the most improvement in health and primary education pillar, advancing 14 positions to 30th.

In the Infrastructure pillar, Malaysia advanced by two places to 22nd and one place to 34th for macroeconomic environment gained one position to 34th.

In terms of scores, Malaysia moved up a notch to 5.17 from 5.16 last year.

It was ranked among the top 50 in each of the total 12 pillars of the index - institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

In the latest report for 2017/2018, Switzerland topped the class ahead of the United States and Singapore, followed by Netherlands and Germany.

Malaysia maintained its position as the most competitive among emerging economies in East Asia and Pacific region as well as among 20 economies in the transition stage from efficiency-driven to innovation-driven.

It was also ranked in the top 10 positions in 10 indicators namely inflation (1st), strength of investor protection (3rd), government procurement of advanced technology products (4th), burden of government regulation (5th) and pay and productivity (5th).

Mustapa warned with the rapidly changing landscape, efforts must be ramped up in more public-private collaboration and being on the forefront of future trends including the Industry 4.0.

Editorial

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Articles are adapted from public documents. Comments are personal views of authors and professional advice should be sought when making business decisions. IRDA will not be liable for the accuracy and/or validity of the above statements.

BizWatch

	Economy	Score	Prev.	Trend
1	Switzerland	5.86	1	-----
2	United States	5.85	3	-----
3	Singapore	5.71	2	-----
4	Netherlands	5.66	4	-----
5	Germany	5.65	5	-----
6	Hong Kong SAR	5.53	9	-----
7	Sweden	5.52	6	-----
8	United Kingdom	5.51	7	-----
9	Japan	5.49	8	-----
10	Finland	5.49	10	-----
23	Malaysia	5.17	25	-----

Apart from needed coordinated action between the government, private sector and civil society, there must be continuous benchmarking and monitoring to ensure that public-private collaboration will result in more forward-looking policies.

The Malaysia Productivity Corporation and the Civil Service Delivery Unit will continue to work together with relevant parties in making sure that the achievements are accurately reflected in both the soft and hard data.

Amongst ASEAN and Asia, Singapore (3rd) is the highest ranked country followed by Hongkong (6th), Japan (9th) and Taiwan (15th). Malaysia at 23rd position is ahead of South Korea (26th), China (27th), Thailand (32nd) and Indonesia (36th). It would be good to study in depth how small countries like Singapore and Hongkong with limited resources can maintain their high ranking in the competitive global environment. We hope that with the strategy of Digital Johor (IRDA led) and the State's vision of Smart Johor using ICT can help move Malaysia to higher competitiveness ranking.

China and Korea making great strides in going up ranking and will be countries to look out for.

