

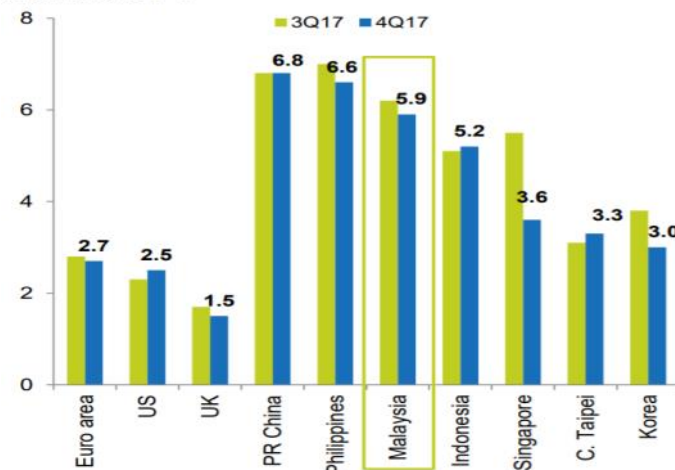
Malaysia Post 5.9% GDP Growth For 2017

(Source: Bank Negara 14th Feb 2018)

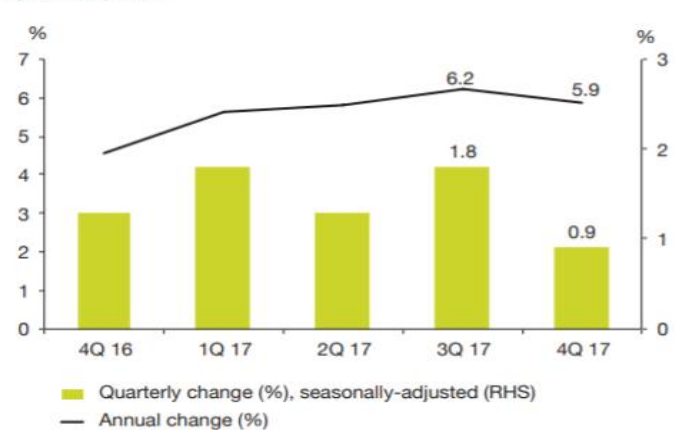
Malaysian economic growth remained strong at 5.9% as of the end of 2017, predominantly driven by private sector spending, according to data released by Bank Negara Malaysia.

The growth registered by Malaysia is ahead of other ASEAN countries including Indonesia as well as developed Asian countries such as Taiwan and Korea. It is also higher when compared with the advanced economies namely the US, UK and the Euro area.

Global Real GDP Growth
Annual change, %



GDP Growth



Source: Department of Statistics, Malaysia

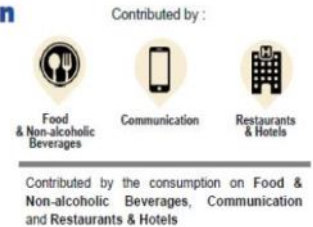
On year on year basis, the Malaysian economic growth of 5.9% for 2017 is much higher compared with growth of 4.2% for 2016 on the back of improving economic landscape globally and locally.

On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% as of 4Q17.

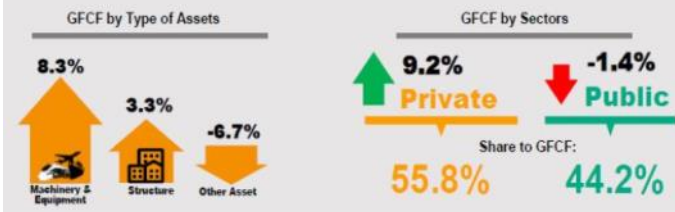
EXPENDITURE

Private Final Consumption Expenditure

grew to 7.0 per cent
Percentage share to GDP: **52.2%**



Gross Fixed Capital Formation (GFCF) moderated to 4.3 per cent



Government Final Consumption Expenditure ↑ 6.9%
Supported by spending on supplies and services

Private final consumption expenditure grew 7.0% supported by continued employment and wage growth. The momentum in turn contributed to the consumption on food & non-alcoholic beverages, communication, restaurants & hotels and housing & utilities.

Gross fixed capital formation (GFCF) growth moderated to 4.3%, mainly due to a contraction in public investment although private investments grew 9.2%

The external sector performance also improved a further 5.4% as real import growth moderated faster than real export growth.

On the supply side, services and manufacturing sectors remained key growth drivers, while growth in the mining sector declined.



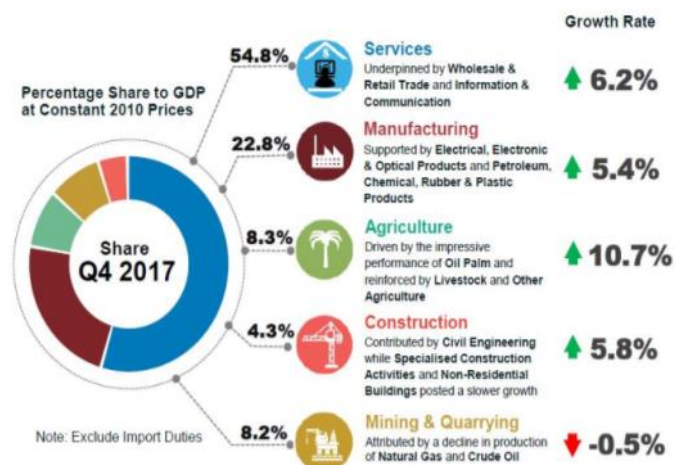
Note: ¹Numbers do not add up due to rounding and exclusion of import duties component
Source: Department of Statistics, Malaysia

Malaysia Post 5.9% GDP Growth For 2017 (cont.)

PRODUCTION

Services, Manufacturing and Agriculture

the anchor to the economy



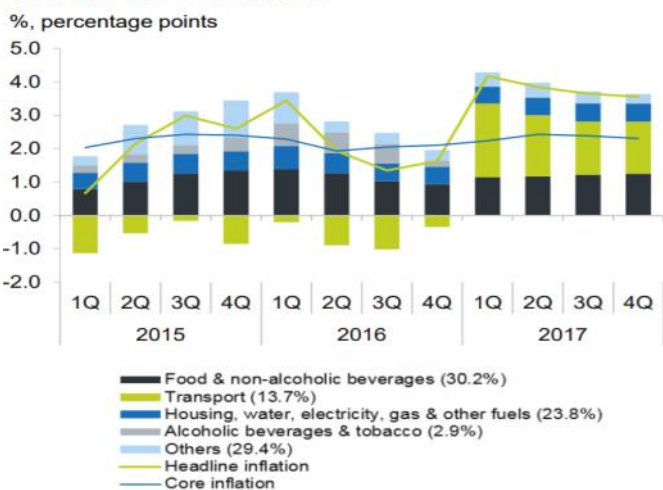
In the services sector, growth for the information and communication sub-sector continued to be underpinned by high demand for data communication and computer services.

Manufacturing sector growth eased during the quarter, reflecting a broad-based moderation in both export- and domestic-oriented industries.

Agriculture registered strong growth following higher CPO output from good weather.

Private investments which grew at 9.2% amid positive sentiments and investment intention. The MIER Business Conditions Index exceeded 100 points in 2017 (from a much lower sentiment in 2016) reflecting a higher level of optimism in 2017 although the level tapered off during the 4Q17.

Headline and Core Inflation



Headline inflation moderated slightly to 3.5% in the final quarter due mainly to lower inflation in the housing, water, electricity, gas and other fuels and transport categories.

BizWatch

Performance of Selected Regional Currencies Against USD



Core inflation also declined during the fourth quarter to 2.3%. The inflation is expected to further moderate in 2018 due to smaller increase in global oil prices (compared to 2017) and the expected stronger ringgit.

The Ringgit continued to appreciate against the USD in the fourth quarter, one of the best performing currencies in 2017.

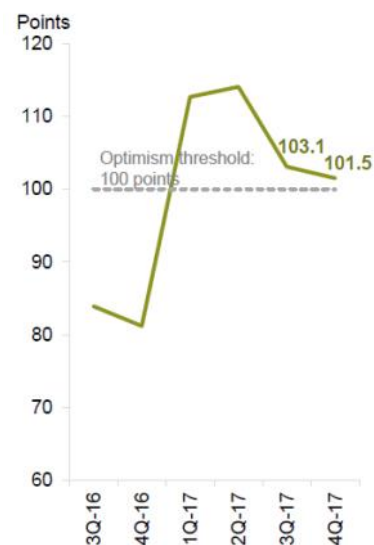
Nonetheless, there are risks that may reignite volatility in the global financial and foreign exchange market such as the deviation from the expected magnitude and pace monetary policy normalization by major central banks, triggered by unanticipated increase in global inflation, higher wage growth in advanced economies and stronger than expected impact of US tax cuts. On top of that, global geopolitical developments could also have an impact to the global growth.

In terms of outlook, the Malaysian economy to remain favorable in 2018 supported by the following key drivers:

- Continued growth in wages and employment
- New and on-going implementation of infrastructure projects
- Continued business optimism and favorable demand, both domestically and internationally

The external sector is expected to benefit from the better global growth and will continue to generate positive spillover to the domestic economy.

MIER Business Conditions Index



Malaysia Post 5.9% GDP Growth For 2017 (cont.)

BizWatch

The Malaysian economy managed to register a tremendous growth for the year 2017 at 5.9% as compared with 4.2% in 2016.

The strong global economic growth supported by the synchronized growth among major economies across the globe have been the main contributor to the strong economic growth for 2017 thus benefitting the Malaysian economy as well. The challenge now is to maintain the economic growth for 2018 and the year beyond.

Bank Negara Malaysia has forecasted the Malaysian economy to grow between 5.0% and 5.5% in 2018, slightly lower than 5.9% registered in 2017.

Going forward, we expect the Malaysian economy to remain strong supported by the robust domestic activities as well as favorable external conditions.

The IMF had earlier revised the global growth for 2018 upwards by 0.2% to 3.9% to reflect the continuous economic momentum in 2018.

For Iskandar Malaysia, BizWatch is of the opinion the growth for the economic region will continue to be exciting and moving in tandem with the positive external and domestic surroundings.

The region is expected to grow by 6.6% in 2017, which is higher than the national growth supported by the implementation of projects and economic activities taking place such as the continuous development in Forest City, Capital 21 Entertainment Mall and the Sunway Citrine Hub and many more.....We can expect more happenings in 2018 with the completion of more strategic projects.

Forest City Golf Resort Lobby



BizWatch

9th World Urban Forum (WUF9)

The World Urban Forum (WUF) is a non-legislative technical forum convened by the United Nations Human Settlements Programme (UN-Habitat) held since 2002.

The Forum gathers a wide range of experts from every walk of life. Participants of the Forum include, but are not limited to, national, regional and local governments, non-governmental organizations, community-based organizations, professionals, research institutions and academies, professionals, private sector, development finance institutions, foundations, media and United Nations organizations and other international agencies.

It is recognized as the foremost global arena for interaction among policymakers, local government leaders, non-governmental organizations and expert practitioners in the field of sustainable urban development and human settlements.

Iskandar Malaysia is making its first appearance at the 9th World Urban Forum (WUF9) in Kuala Lumpur, from 7 to 13 February, 2018 highlighting its various internationally recognized initiatives in the field of urban development since its inception more than a decade ago.

The World Urban Forum is an event of global proportion and this year's theme of 'Cities 2030 – Cities for All: Implementing the New Urban Agenda' makes it the perfect platform for Iskandar Malaysia to be present, to share and exchange knowledge on its many initiatives in the area of urban development specifically in Urban Observatory, Smart City, Low Carbon Society and Social Development.

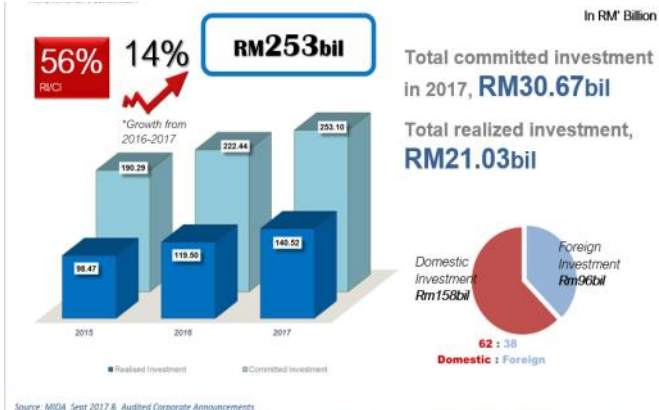
Iskandar Malaysia's presence at WUF9 is through its exhibition booth which is located near the Malaysian Pavilion and next to the Johor Progressive exhibition booth.



In addition, the Chief Executive of IRDA, Datuk Ismail Ibrahim shared the Iskandar Malaysia success stories at the World Assembly for Local & Regional Authorities session on 8 February and the Dialogue Session on Cities and Regions Local

Actions session on 12 February. On top of that, there was a session on Listen to Cities / Local Action session on the "Iskandar Malaysia Urban Observatory" on 11 February and a Side Event on "Iskandar Malaysia Comprehensive Development Plans ii (CDP ii) to support Implementation of the New Urban Agenda" on 8 February.

Iskandar Malaysia Investment Performance 2017 "Flying High In 2017"



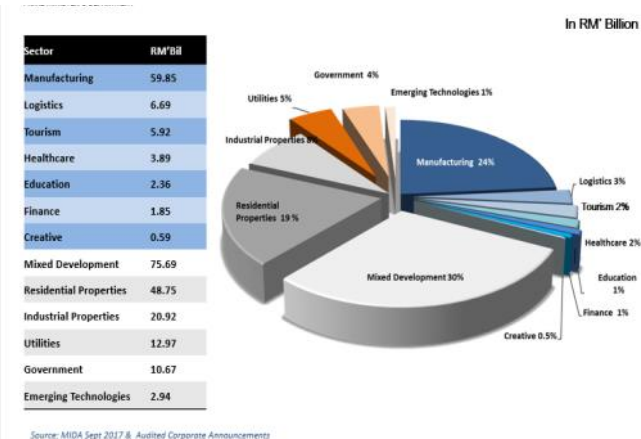
Iskandar Malaysia has secured a total cumulative committed investment of RM253.10 billion from 2006 to December 2017, with the manufacturing and property sectors being the main contributing sectors.

Out of this total cumulative committed investment of RM253.10 billion, 56% or RM140.52 billion has been realised up to December 2017.

On a year on year basis, Iskandar Malaysia has secured a total worth of RM30.67 billion of investment up to December 2017, as compared with RM32.15 billion worth of investment recorded in the same period in 2016.

The RM30.67 billion worth of investment secured in 2017 has resulted the total cumulative committed investment for 2017 to RM253.10 billion.

Local investors are the biggest investors for Iskandar Malaysia, accounted for RM158 billion or 62% while the remaining RM96 billion or 38% are contributed by the foreign investors.



Manufacturing sector, being the traditional sector and one of the promoted sector in Iskandar Malaysia remains the second biggest sector with a total cumulative committed investment of RM59.85 billion which represents 24% to the total cumulative committed investment of RM253.10 billion.

Services sector, which includes tourism, logistics, education, healthcare, financial & business services and creative, the total cumulative committed investment to-date amounted to RM21.30 billion or 8% to the total cumulative committed investment of RM253.10 billion.

BizWatch

The property sector which includes the mixed development, residential and industrial being the supporting sector in Iskandar Malaysia, is now the biggest sector in the region with a total cumulative committed investment of RM145.36 billion which represents almost 57% to the total cumulative committed investment of RM253.10 billion. The breakdown of investment in the property sector are as follows, mixed development: RM75.69 billion, residential: RM48.75 billion and industrial: RM20.92 billion.



China is the largest foreign investor in Iskandar Malaysia as at December 2017, amounting to total investments of RM30.39 billion, followed by Singapore of RM21.15 billion and the USA of RM6.79 billion.

The investment from China are mainly in the property sector evidenced by massive property development projects within Iskandar Malaysia namely Forest City, Country Garden Danga Bay, Greenland Jade Palace & Greenland Tebrau and R&F Princess Cove while investment from Singapore are more diversified in manufacturing, education and healthcare.

Going forward, in order to attract more investment coming into the economic region, IRDA will focus its marketing and promotion activities by targeted regions namely:

- ◆ Far East—China, South Korea and Japan
- ◆ Europe—Germany, France and United Kingdom
- ◆ ASEAN—Indonesia and Singapore
- ◆ North America - USA and Canada

We hope to see better quality investments from these countries leveraging on the current investments already in Iskandar Malaysia and the opportunities especially in tourism, logistics, Global Business Services and to a lesser extent, in creative.

Editorial

Economics & Investment
Iskandar Regional Development Authority
Low Mei Leong meileong@irda.com.my
Arif Kasmuri arif.kasmuri@irda.com.my

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.