



Kementerian Kewangan Malaysia

**EKONOMI MALAYSIA DIJANGKA  
BERKEMBANG SECARA MAMPAN  
DALAM SEPARUH KEDUA 2019 BERIKUTAN  
PERTUMBUHAN EKSPORT JULAI 2019  
YANG MENGATASI JANGKAAN PASARAN**

**PRESS RELEASE  
MINISTER OF FINANCE  
YB TUAN LIM GUAN ENG**

**THE MALAYSIAN ECONOMY IS EXPECTED TO GROW SUSTAINABLY FOR THE SECOND HALF OF 2019  
FOLLOWING EXPECTATIONS-BEATING EXPORT GROWTH IN JULY AND 97.2% INCREASE IN APPROVED  
FOREIGN INVESTMENT FOR THE FIRST HALF OF THE YEAR**

Malaysian exports rose in July 2019 by 1.7% to RM88.0 billion from RM86.5 billion a year ago amid a tough global environment beset by rising trade tensions and global growth slowdown. The export growth is above market expectations of a 2.5% year-on-year drop, as compiled by Bloomberg (Table 1).

**Table 1: Actual versus expected export growth for July 2019**

|               | <b>Actual growth</b> | <b>Expected growth</b> |
|---------------|----------------------|------------------------|
| Exports (YoY) | 1.7 %                | -2.5%                  |

The resilience of exports has pushed Malaysia's July 2019 trade surplus up by 75.6% to RM14.3 billion, from RM8.1 billion in the same month last year. This is the highest trade surplus on record for the month of July, according to the Ministry of International Trade and Industry (MITI). The Malaysian economy is expected to grow sustainably in the third quarter of 2019, after the GDP grew robustly at 4.9% in the second quarter.

For the January-July 2019 period, Malaysia recorded RM81.6 billion worth of trade surplus, which is 15.9% larger than the RM70.5 billion recorded during the January-July 2018 period. This healthy trade balance will keep the country's current account in surplus for the year, and shield the Malaysian domestic economy from rising uncertainties caused by global headwinds, following the continued trade war between China and the US.

**Improved demand for Malaysian goods partly due to trade diversion**

Trade diversion has resulted in Malaysia's July 2019 exports to China and the US increasing by 3.8% and 7.9% respectively, compared to a year ago. Bank Negara Malaysia (BNM) in a recent analysis showed that Malaysia has gained greater share of China and US imports for various items

Between July 2018 and April 2019, Malaysia's share of photosensitive semiconductor device and diode-transistor imports by the US increased by approximately 10% and 6% respectively. During the same period, Malaysia's share of China's imports of petrochemical products increased by nearly 25%.

Investment diversion is happening as well

Malaysia has also benefited from investment diversion. Data from the Malaysia Investment Development Authority (MIDA) shows that approved foreign investment in the first half of 2019 has increased 97.2% to RM49.5 billion from RM25.1 billion a year ago (Table 2).

**Table 2: Approved foreign investment across all sectors**

| <b>Year</b>                | <b>Approved investment</b> |
|----------------------------|----------------------------|
| <b>2016</b>                | RM59.0 billion             |
| <b>2017</b>                | RM54.4 billion             |
| <b>2018</b>                | RM80.1 billion             |
| <b>January - June 2019</b> | RM49.5 billion             |

Approved manufacturing investment from the US has surged to RM11.7 billion during the same period from RM307 million last year. In 2018, total approved FDI increased by 47% to RM80.1 billion from RM54.4 billion in 2017. The surge in approved investment from the US in the first half of 2019 demonstrates the confidence US investors have in Malaysia. The confidence is also reflected by US companies with operations in Malaysia.

Based on a 2019 study commissioned by the American Malaysian Chamber of Commerce (AMCHAM), 76% of the 37 companies surveyed including Agilent, Dell, Freescale, Motorola, Texas Instruments and Western Digital stated that they planned to expand their investment in Malaysia in the next 5 years. AMCHAM also believed that domestic business conditions would improve, based on the fact that more than two-thirds of the companies surveyed stated they would expand their businesses in the near future.

The Government will continue its work of attracting high-quality investment particularly from China and the US into the country to provide all Malaysians with higher-income jobs. The Finance Ministry will keep a close watch on the economy to quickly undertake any measures necessary to prioritise sustainable economic growth.

**Sayangi Malaysiaku!**

**Lim Guan Eng**

Minister of Finance  
Ministry of Finance Malaysia  
Putrajaya  
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