

MALAYSIA WEEKLY ECONOMIC NEWS

(14 December 2020 – 18 December 2020)

Topics	Highlights
<p>Christmas maximum price scheme takes effect from Dec 22 to 31, says Domestic Trade Minister</p>	<p>The Festive Season Maximum Price Control Scheme for Christmas this year will take effect from Dec 22 to 31, involving 19 essential festive season items, says Datuk Seri Alexander Nanta Linggi. The scheme will be effective three days before Christmas, on the day of Christmas (Dec 25), and six days after the festival. The 19 items listed under the scheme include live chicken; dressed standard and super chicken; imported turkey; Grade A, B and C eggs; local mutton with bone; imported lamb with bone; imported potatoes from China; carrots; round cabbage from Indonesia and China, excluding Beijing; tomatoes; green capsicum; and chicken wings. Nanta said the maximum manufacture, wholesale and retail prices for Christmas 2020 were in line with current price trends and ahead of the festive day.</p> <p><i>(Source: The Star, 18 December 2020)</i></p>
<p>SST or GST: Finance Ministry needs detailed study to determine which is better</p>	<p>The government will carry out a detailed study to determine if the Goods and Services Tax (GST) should be reintroduced or to continue with the Sales and Services Tax (SST) now in place. Deputy Finance Minister I Datuk Abd Rahim Bakri said the government would need to determine if it should re-introduce GST or continue with SST with an improved system to ensure which will yield better tax revenue. Abd Rahim said that there were advantages and disadvantages for both GST and SST. "However, we have to look at it from two perspectives – although the implementation of GST could increase government revenue, it also reduces the people's disposable income," he said.</p> <p><i>(Source: The Star, 17 December 2020)</i></p>
<p>IPI to remain subdued in Q4</p>	<p>Industrial production is anticipated to remain lackluster in the fourth quarter this year due to the resurgence of Covid-19 that has forced the re-implementation of city lockdowns in most major economies, said AllianceDBS Research. It projected that the Industrial Production Index (IPI) will decline 5.8% year-on-year (y-o-y) by end-2020 as compared to a 2.3% growth in 2019. In October, Malaysia's IPI contracted by 0.5% y-o-y after registering positive growth for three consecutive months since July, mainly driven by the moderation in the manufacturing sector. This was weaker than the Bloomberg consensus growth estimate of 0.2% y-o-y.</p> <p><i>(Source: The Star, 15 December 2020)</i></p>
<p>Room for ringgit to appreciate</p>	<p>After witnessing the ringgit fall in March to its lowest level this year against the US dollar, bright spots began to emerge for the local currency to appreciate against the greenback. Economists and currency strategists attributed the ringgit's strength to the global economic recovery fuelled by the development of Covid-19 vaccine, strong crude oil prices and the US Federal Reserve's decision to maintain its super-low interest rates. Bank Islam Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid, who is expecting the ringgit to hover at RM4 to the greenback next year, told StarBiz that he believed the local currency would appreciate further against the US dollar. He said the primary reason would be the improvement in global economy. The Covid-19 vaccine rollout is the main factor underpinning such a thesis, as this would allow the reopening of the economy, which would stimulate economic activities.</p> <p><i>(Source: The Star, 14 December 2020)</i></p>