

MALAYSIA WEEKLY ECONOMIC NEWS

(1 March 2021 – 5 March 2021)

Topics	Highlights
<p>Bank Negara maintains benchmark key rate at 1.75%</p>	<p>Bank Negara has maintained the overnight policy rate (OPR) at 1.75% at its monetary policy committee (MPC) meeting yesterday, as latest indicators point to improvements in external demand and continued consumer spending. The central bank said while the re-imposition of containment measures would affect growth in the first quarter of this year, the impact is expected to be less severe than that experienced in the second quarter of 2020. Looking ahead, it said growth was projected to improve from the second quarter onwards, driven by the recovery in global demand, increased public and private sector expenditure amid continued support from policy measures, and more targeted containment measures.</p> <p style="text-align: right;"><i>(Source: The Star, 5 March 2021)</i></p>
<p>Malaysia's exports of rubber products jump to nearly RM41b in 2020</p>	<p>Malaysia's rubber products surged to a record of RM40.96bil in 2020 due to the spike in exports of latex goods mainly medical devices such as gloves and catheters due to the Covid-19 pandemic. Malaysian Rubber Council (MRC) chief executive officer Brandon Chan said last year's exports surged by 75.6% from 2019. The latex goods sector, which comprises mainly medical devices such as gloves and catheters, made up 90% of the total rubber products exports in 2020. It recorded a jump of 81% recorded in 2019. The increase is driven by the high demand from the medical and health sectors worldwide, in the effort to curb the spread of the Covid-19 pandemic. Rubber gloves made up 86% of the country's rubber products exports. Exports revenue from the rubber gloves industry reached RM35.3bil, an increase of 103%.</p> <p style="text-align: right;"><i>(Source: The Star, 3 March 2021)</i></p>
<p>MIDA: Malaysia records RM164b investments, China top investor</p>	<p>Malaysia recorded RM164bil in approved investments through 4,599 projects in the manufacturing, services and primary sectors in 2020 with China the top investor, according to the Malaysian Investment Development Authority's (MIDA) data. However, the investments were lower in contrast with 2019 where 5,287 projects with investments of RM211.4bil were approved as the services and primary sectors were directly impacted by declines in global demands due to the pandemic and the Movement Control Order (MCO) implementation. In 2020, domestic direct investments (DDI) accounted for the bulk of the total approved investments and accounted for 60.9% (RM99.8bil), while foreign direct investments (FDI) made up the remaining RM64.2bil (39.1%).</p> <p style="text-align: right;"><i>(Source: The Star, 2 March 2021)</i></p>
<p>Malaysia's manufacturing PMI falls in February</p>	<p>The headline IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) - a composite single-figure indicator of manufacturing performance - dipped to 47.7 in February from 48.9 in January. This reading indicated a further moderation in the health of the manufacturing sector, although the deterioration was considerably less marked than that seen during the first wave of the pandemic in April 2020, said IHS. IHS said February was another tough month for manufacturers, with the pandemic continuing to adversely affect order books and disrupt supply lines and shipping. Business conditions consequently deteriorated at a rate not seen since last May, adding to the picture of a disappointing first quarter. However, with global demand showing signs of reviving, production growth should start to pick up again in the second quarter, and it was encouraging to see business optimism about the year ahead improve after its weak start to the year.</p> <p style="text-align: right;"><i>(Source: The Star, 1 March 2021)</i></p>