

# MALAYSIA WEEKLY ECONOMIC NEWS

(20 December 2021 – 24 December 2021)

Topics	Highlights
<p><b>Malaysia's LI rises 0.3% in October in anticipation of economic recovery</b></p>	<p>The annual Leading Index (LI) rose 0.3% to attain 109.5 points in October 2021 after registering 0.6% in September 2021. Real imports of semiconductors remained the major contributor to the increase in the LI with positive demand for electronic integrated circuits. In the meantime, the LI contracted by 0.9% in the reference month against the previous month. Correspondingly, the current economic performance through the Coincident Index (CI) showed a better momentum to further increase to 2.1% in October 2021 (September 2021: 0.3%) to reach 113.3 points as opposed to 111.0 points in October 2020. Furthermore, the CI continued to record a positive month-on-month growth of 0.8% in the reference month. This growth was significantly attributed by the increase in volume index of retail trade (0.4%) and total employment in the manufacturing sector (0.3%).</p> <p style="text-align: right;"><i>(Source: The Star, 24 December 2021)</i></p>
<p><b>Floods to push prices up even further</b></p>	<p>The recent floods in Malaysia may cause the prices of goods to rise even higher, at a time when businesses are transferring their surging production costs to consumers. As price pressure picks up amid a slow economic recovery, some economists expect Bank Negara to raise the interest rate in 2022 to tame the inflation. The country's inflation in December is forecast to rise by more than 3% year-on-year (y-o-y), following a 3.3% increase reported in November. This is due to the growing demand for most goods on top of sustained supply chain disruptions and delivery delays, greater pass-through of accumulating business costs to consumers and higher transportation costs. Concerns over bad weather and recent floods in Malaysia may lead to higher prices of goods in Malaysia.</p> <p style="text-align: right;"><i>(Source: The Star, 24 December 2021)</i></p>
<p><b>November CPI up 3.3%</b></p>	<p>Malaysia's consumer price index (CPI) for November 2021 rose 3.3% year-on-year, mainly due to an increase in items such as food and non-alcoholic beverages, transport and housing, water, electricity, gas and other fuel groups. Department of Statistics Malaysia (DOSM) said the increase was attributed to higher prices of raw materials for cooking. Fuel prices remained high (27.6%) and electricity costs increased 34.6% after the electricity discounts were discontinued in September 2021. Despite significant increases in transport, food and electricity, diversification of household spending and the various changes in the price of certain goods had indirectly helped ease the current inflation rate.</p> <p style="text-align: right;"><i>(Source: The Star, 23 December 2021)</i></p>
<p><b>Malaysia's approved investment surges 51.5% to RM177.8bil in Jan-Sept 2021</b></p>	<p>Malaysia registered a stellar approved investment growth of 51.5% year-on-year to RM177.8 billion, involving 3,037 projects, in the period of January-September 2021. International Trade and Industry Minister Datuk Seri Mohamed Azmin Ali said the approved investments, comprising the manufacturing, services and primary sectors, are expected to generate 79,899 jobs in the country. The manufacturing sector account for 58.4% (RM103.9 billion) of total investments, followed by the services sector at 32.5% (RM57.8 billion) and the primary sector at 9.1% (RM16.1 billion). Foreign direct investments (FDIs) account for nearly 60% of the approved investments at RM106.1 billion.</p> <p style="text-align: right;"><i>(Source: The Star, 23 December 2021)</i></p>