

MALAYSIA WEEKLY ECONOMIC NEWS

(22 March 2021 – 26 March 2021)

Topics	Highlights
<p>World Bank: Malaysia's GDP to grow at moderate pace of 6%</p>	<p>Malaysia's gross domestic product (GDP) is projected to grow by 6% in 2021, a more moderate pace than the previously estimated 6.7%, said the World Bank. It said the growth is expected to be supported by the gradual strengthening in domestic demand following the vaccine deployment beginning March 2021, as well as cautious improvements in external demand. Nevertheless, the World Bank anticipated that in the medium term, output for the economy is unlikely to return to the pre-pandemic levels. Meanwhile, the World Bank said the number of Malaysians living below the national poverty line is projected to decrease gradually and remain at pre-pandemic levels until 2022.</p> <p style="text-align: right;"><i>(Source: The Star, 26 March 2021)</i></p>
<p>February inflation up 0.1%</p>	<p>Malaysia's Consumer Price Index (CPI) for February rose 0.1% from a year ago due to increases in goods and services as well as food and non-alcoholic beverages. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said that the CPI rose to 122.5 from 122.4. On a monthly basis, the CPI increased 0.3% from January's decline. The CPI without fuel covers all goods and services except unleaded petrol RON 95, unleaded petrol RON 97 and diesel. Commenting on the on-year February CPI, he said the increase was driven by higher prices for miscellaneous goods and services (1.6%); food and non-alcoholic beverages (1.4%); alcohol beverages and tobacco (0.7%).</p> <p style="text-align: right;"><i>(Source: The Star, 25 March 2021)</i></p>
<p>Near-term economic prospects remains upbeat</p>	<p>Malaysia's near-term economic prospects remain upbeat as the country's Leading Index (LI) increased by 8.2%, underpinned by healthcare and transportation, and as more people get vaccinated. The Statistics Department said the LI, which is a predictive tool used to anticipate economic upturns and downturns in average of four to six months ahead, increased to 110.0 points in January 2021 from 101.7 points a year ago to record an annual growth of 8.2%. The increase in LI was supported by the persistent increase in Bursa Malaysia industrial index, underpinned by the healthcare index and transportation and logistics index. Correspondingly, the LI showed an increase of 0.7% based on monthly comparison. The growth was mainly contributed by expected sales value in manufacturing sector (0.7%).</p> <p style="text-align: right;"><i>(Source: The Star, 25 March 2021)</i></p>
<p>Malaysia poised to get more foreign investors</p>	<p>European and US companies have ranked Malaysia as the second most favourable South-East Asian country for opportunities to establish or expand sourcing, selling or operations over the next six to 12 months. According to a Standard Chartered study, "Borderless Business", chief financial officers (CFOs) and treasurers in the United States, the UK, Germany and France indicate that, despite uncertainty caused by the global pandemic and its associated economic repercussions, overseas markets remain key to growth. The study also revealed incremental emphasis towards investing in digital technology, unlocking trapped cash and increased focus on environmental, social and governance (ESG) issues in relation to trade and supply chains. With regulations noted as the No. 1 concern amongst respondents looking to expand overseas, it could suggest an opportunity for Malaysia to potentially increase foreign investment through greater awareness of the ease of doing business locally.</p> <p style="text-align: right;"><i>(Source: The Star, 25 March 2021)</i></p>