

MALAYSIA WEEKLY ECONOMIC NEWS

(31 May 2021 – 4 June 2021)

Topics	Highlights
<p>Moody's keeps Malaysia's A3 stable credit profile</p>	<p>Moody's Investors Service has maintained Malaysia's A3 stable credit profile, which is underpinned by its diversified, competitive and moderately large economy, ample natural resources and strong medium-term growth prospects. The large pool of domestic savings also supports the high government debt burden and lowers liquidity risk, the credit rating agency said in a report. It added that Malaysia's credit profile reflects "a1" for economic strength, "a2" for institutions and governance strength, "ba2" for fiscal strength and "baa" for susceptibility to event risk. Factors that could lead to an upgrade include significantly improved prospects for fiscal consolidation, particularly through measures that broadened the currently narrow revenue base, pointing to a sustained decline in the government debt burden and improvement in debt affordability.</p> <p style="text-align: right;"><i>(Source: The Star, 4 June 2021)</i></p>
<p>Malaysia's wood-based exports exceed RM6b in 1Q</p>	<p>Total exports of the wood-based sector increased 9.9% year-on-year to RM6.04 billion in the first quarter (Q1) of 2021 despite the the country facing the pandemic, said the Malaysian Timber Council (MTC). It said the three major export markets -- Europe, America and Oceania -- showed encouraging growth in exports. Exports to Europe, the third largest market, showed a promising recovery with total exports rising by 9.9% to RM561.2 million. According to MTC, this is due to the increase in demand for DIY (do it yourself) products and wood furniture among those working from home as well as higher-than-usual purchases due to importers' concern over supply shortage and rising prices. The main products exported to the market were wood furniture worth RM242.9 million, joinery (RM96.5 million) and sawn timber (RM73.9 million).</p> <p style="text-align: right;"><i>(Source: The Star, 2 June 2021)</i></p>
<p>IHS Markit Malaysia's May manufacturing PMI falls to 51.3</p>	<p>The headline IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) eased to 51.3 in May 2021 from a record high 53.9 in April. The latest reading signalled a further improvement in the health of the sector, and the first time back-to-back monthly improvements that have been reported since mid-2018. A reading above 50 indicates an overall increase compared to the previous month, and below 50 an overall decrease. IHS said the historical relationship between the PMI and official statistics suggests that GDP broadly stabilised at the start of the year, supported by improved manufacturing output. It added that the impact of the latest tightening of restrictions was yet to feed through to official statistics, though the latest PMI data suggest that the sector has stagnated during May.</p> <p style="text-align: right;"><i>(Source: The Star, 1 June 2021)</i></p>
<p>Higher production costs in April</p>	<p>The Producer Price Index (PPI) for local production jumped 10.6% in April due to the low base effect and continued rise in commodity and raw material prices. The Statistics Department said the 10.6% increase was 3.9 points higher than 6.7% in March. It said the increase was due to the mining index which surged 92.4% from 32% in the previous month. The rise was due to a low base effect and continued rise in commodity and raw material prices, due to the recovery in global demand and constraints.</p> <p style="text-align: right;"><i>(Source: The Star, 1 June 2021)</i></p>