

MALAYSIA WEEKLY ECONOMIC NEWS

(8 February 2021 – 12 February 2021)

Topics	Highlights
<p>Current account surplus hits nine-year high</p>	<p>Malaysia posted a current account surplus of RM62.1bil in 2020, the highest in nine years, steered by a favorable performance of the goods account, and narrower deficit in primary income and secondary income, said the Department of Statistics Malaysia. Its chief statistician Datuk Seri Dr Mohd Uzir Mahidin said amid the Covid-19 crisis in 2020, Malaysia had managed to log an encouraging current account surplus which was largely supported by net exports of goods totaling RM139.1bil. Exports recorded RM778.2bil while imports amounted to RM639.1bil.</p> <p style="text-align: right;"><i>(Source: The Star, 12 February 2021)</i></p>
<p>Bank Negara: 4Q GDP contracted 3.4% mainly due to CMCO</p>	<p>The Malaysian economy contracted by 3.4% in the fourth quarter compared with a contraction of 2.6% in the third quarter mainly due to the restrictions imposed to curb the spread of the Covid-19 pandemic. Bank Negara said the contraction in the 4Q GDP was mainly due to the imposition of the Conditional Movement Control Order (CMCO) in a number of states since mid-October. On a monthly basis, the economy contracted 4.7% in October, declining slower in November (-4.0%) and December (-1.7%). For the quarter-on-quarter seasonally adjusted, it recorded at negative growth 0.3% (3Q, 2020: 18.2%) in 4Q. For 2020 as a whole, the economy contracted by 5.6%. This was the first time the economy was in a recession since 2009 when GDP contracted by 1.5% during the Global Financial Crisis. It was also the worst contraction since 1998 during the Asian Financial Crisis when it contracted by 7.4%.</p> <p style="text-align: right;"><i>(Source: The Star, 11 February 2021)</i></p>
<p>Value of construction work falls over 14% in 4Q to RM31.7b</p>	<p>The value of construction work fell in the fourth quarter last year by 14.2% to RM31.70bil, extending the contraction from the 13.1% in the third quarter where the value was RM31.40bil. The special trade activities sub-sector saw a 29.3% increase in 4Q but the gains were offset by declines registered by the civil engineering, residential buildings and non-residential building. He said the civil engineering sub-sector declined by 25%, residential buildings sub-sector (-10.9%) and non-residential buildings sub-sector (-6.3%). The civil engineering sub-sector remained dominant the value of construction work done for 21 consecutive quarters since fourth quarter 2015 with 39.6% share. Non-residential buildings accounted for 27.5%, residential buildings (25.4%) and special trades activities (7.4%).</p> <p style="text-align: right;"><i>(Source: The Star, 10 February 2021)</i></p>
<p>Malaysia remains attractive investment destination in Asia</p>	<p>Malaysia continues to be the investment destination for high-value manufacturing and global services in Asia, said the Malaysian Investment Development Authority (Mida). The country remains an attractive investment destination with a favorable environment including the availability of excellent infrastructure, telecommunication services, financial and banking services, supporting industries, skills and trainable workforce, as well market opportunities offered through the 16 Free Trade Agreements that it has signed. Mida stated that it has identified 240 high-profile foreign investment projects including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of RM81.9bil. It said the total gross Foreign Direct Investment (FDI) inflow to the country for the period of January to September 2020 was valued at RM108.2bil compared with RM102.3bil in the same period in 2019, an increase of 5.8%.</p> <p style="text-align: right;"><i>(Source: The Star, 9 February 2021)</i></p>