

# MALAYSIA WEEKLY ECONOMIC NEWS

(9 November 2020 – 13 November 2020)

Topics	Highlights
<p><b>Zafrul: 3Q GDP data shows economy on recovery path</b></p>	<p>The country's economic performance in the third quarter (Q3) of 2020 is reflective of a solid recovery due to the reopening of the economy after various Movement Control Order (MCO) and better external demand conditions, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said. He said the drop in unemployment rate to 4.7% from 5.1% in Q2 2020 indicated the effectiveness of the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), PRIHATIN SME Plus, National Economic Recovery Plan (PENJANA), and KITA PRIHATIN measures to save and create jobs amid the pandemic and prepare the path towards economic recovery. Bank Negara Malaysia and the Department of Statistics Malaysia today announced that the economy posted a smaller contraction of 2.7% in Q3 2020, compared with the double-digit decline of 17.1% in Q2.</p> <p style="text-align: right;"><i>(Source: The Star, 13 November 2020)</i></p>
<p><b>Fixed-income environment remains positive</b></p>	<p>The environment for fixed income remains positive, as massive injections of liquidity into the global financial system will maintain the low yield environment for bonds across the board, said AmBank Research. It said while the 10-year Malaysia Government Securities (MGS) yield was expected to be around 2.6% to 2.7% in 2020, there could be some upwards pressure in 2021. Given the uncertain global economic environment, it said fiscal support and monetary measures would continue to play an important role, and Malaysia was no exception. For 2021, it projected gross issuance of MGS and GII to be RM160bil based on a fiscal deficit of 5.4% of GDP, which would amount to RM84.8bil, and maturities in 2021 at RM73.7bil.</p> <p style="text-align: right;"><i>(Source: The Star, 10 November 2020)</i></p>
<p><b>Jobless rate declines in September</b></p>	<p>The country's jobless rate fell marginally to 4.6% in September 2020, although the number of unemployed persons remains elevated with over 700,000 individuals hunting for jobs. The number of unemployed in Sept 2020 fell by 0.6% month-on-month to a record 737,500 persons. This compares with 741,600 persons in August 2020, based on the latest Labour Force Survey. On the contrary, employment continued to increase, where employed persons rose 0.3% (Aug 2020: 0.5%) to 15.19 million persons mainly in the manufacturing and services sector. Following the overall rise in employment in Sept, the total number of employed individuals rose by 14.9 thousand persons to record 11.73 million persons as against the previous month.</p> <p style="text-align: right;"><i>(Source: The Star, 10 November 2020)</i></p>
<p><b>IPI advanced 1% in September</b></p>	<p>Malaysia's industrial production index (IPI) rose by 1% in September from a year ago, which was below a Bloomberg survey of a 2.3% increase, due to a slowdown in mining and electricity. The slight increase in the IPI in September was driven by a 4.3% increase in the manufacturing index. However, the mining and electricity index recorded a decrease of 9.6% and 2.1% respectively. The manufacturing sector output based on year-on-year comparison grew by 4.3% in September after recording a growth of 2.2% in August. The major sub-sectors contributing to the growth in manufacturing sector in September were electrical &amp; electronics products (9.8%), food, beverages &amp; tobacco (4.9%) and petroleum, chemical, rubber &amp; plastic products (3.2%).</p> <p style="text-align: right;"><i>(Source: The Star, 10 November 2020)</i></p>