

MALAYSIA WEEKLY ECONOMIC NEWS

(11 January 2021 – 15 January 2021)

Topics	Highlights
<p>Malaysia's economy projected to grow 6.7% in 2021</p>	<p>HSBC Group has projected Malaysia's gross domestic product (GDP) growth for 2021 at 6.7% compared with an estimated 5.4% contraction last year. Asian economics research co-head Frederic Neumann said the Movement Control Order (MCO) 2.0 currently in place was expected to pose economic challenges at the beginning of the year. At the Asean level, he said 2020 was a tough year which saw a lot of challenges in Thailand, Malaysia and Indonesia amid the rise in Covid-19 infections. He noted the downside risk for Asean's growth would be the vaccination programme not being handled on time but generally speaking the risk is relatively low.</p> <p><i>(Source: The Star, 14 January 2021)</i></p>
<p>Bank Negara may cut OPR at Jan 20 meeting</p>	<p>OCBC Bank Research expects Bank Negara to likely reduce the overnight policy rate (OPR) by 25 basis points to 1.50% at its Jan 20 monetary policy committee meeting due to the weaker economic outlook. The bank's global treasury, research and strategy economist Wellian Wiranto said in his latest report that there could be another rate cut to 1.25% in the March meeting as well. He said Malaysia's move to reimpose the movement control order's (MCO) restrictions and state of emergency could impact economic growth as the government stepped up its measures to bring the Covid-19 pandemic under control. The MCO will come into effect today and it covers the most economically active regions which contribute more than two-thirds of Malaysia's GDP.</p> <p><i>(Source: The Star, 13 January 2021)</i></p>
<p>Malaysia's Nov IPI contracts 2.2%</p>	<p>Malaysia's industrial production index (IPI) contracted by 2.2% in November 2020 as compared to the same month in 2019, despite a 0.2% median growth forecast by a survey of Bloomberg economists. The Statistics Department said the country's mining index fell 15.4% while the electricity index dropped 2.5%. The contraction of the mining index accelerated from October, when it declined 10.6%. The electricity index grew 0.8% in October. The manufacturing index recorded 2% growth year-on-year although this was slower than the 2.4% increase seen in October. The major sub-sectors contributing to the growth in the manufacturing sector in November 2020 were electrical and electronic products (8.3%), transport equipment and other manufactures (6.5%) and petroleum, chemical, rubber and plastic products (2%).</p> <p><i>(Source: The Star, 12 January 2021)</i></p>
<p>Five economic sectors allowed to operate during MCO</p>	<p>The government has allowed five economic sectors to operate during the Movement Control Order (MCO) which will be implemented for a period of 14 days starting Wednesday, Tan Sri Muhyiddin Yassin said. The Prime Minister said the sectors were industrial and manufacturing, construction, services, trade and distribution, as well as plantations and commodities. "These sectors are allowed to operate because of their role in supporting the tasks of supplying basic necessities such as food, beverages and household items, as well as personal care, Personal Protective Equipment, medical devices and medicines to health workers, international trade activities, in ensuring uninterrupted supply chains and supporting critical infrastructure and emergency work," he said.</p> <p><i>(Source: The Star, 11 January 2021)</i></p>