

MALAYSIA WEEKLY ECONOMIC NEWS

(2 November 2020 – 6 November 2020)

Topics	Highlights
<p>Tax incentives for companies relocating to Malaysia</p>	<p>To spur economic recovery through investment activities and to create a multiplier effect for the economy, the government has proposed to review the tax incentives for companies which are relocating their operations to Malaysia and making new investments. Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the application period for the tax incentives will be extended for another one year, and the scope of tax incentives will be expanded to companies in selected services sector, including companies adapting Industrial Revolution 4.0 technologies. The government also plans to introduce a new tax incentive scheme for global trading centres, with an income tax rate of 10% for a period of five years and renewable for another five years, as a measure to enhance and simplify tax incentive for trading activities previously covered under the Principal Hub incentives.</p> <p><i>(Source: The Star, 6 November 2020)</i></p>
<p>Western Digital to invest RM2.3b in Malaysia</p>	<p>Western Digital, a leading digital storage equipment manufacturer, has decided to invest an additional RM2.3 billion to upgrade its facilities and boost its production capacity in Malaysia. The new investment would go towards the expansion of facilities and factory capacities at Western Digital Media Penang and Western Digital Sarawak. According to the Prime Minister's Office (PMO), interest among companies to increase investments in Malaysia reflects the government's capability in managing the economy and investors' confidence in the country's administration and stability as the world grapples with the COVID-19 pandemic. It said the new investment would create job opportunities for more than 2,000 people.</p> <p><i>(Source: The Star, 5 November 2020)</i></p>
<p>Bank Negara retains OPR at 1.75%</p>	<p>Bank Negara Malaysia's Monetary Policy Committee (MPC) has maintained the Overnight Policy Rate (OPR) at 1.75%, which is in line with expectations. It said the MPC considered the stance of monetary policy to be appropriate and accommodative. The cumulative 125 basis points reduction in the OPR this year will continue to provide stimulus to the economy. For Malaysia, the MPC viewed the latest indicators point towards significant improvement in economic activity in the third quarter. However, it said the introduction of targeted measures to contain Covid-19 in several states could affect the momentum of the recovery in the fourth quarter.</p> <p><i>(Source: The Star, 3 November 2020)</i></p>
<p>Malaysia's manufacturing PMI at 48.5 in October</p>	<p>Malaysia Manufacturing Purchasing Managers' Index (PMI) dipped for the fourth successive month in October as rising Covid-19 case numbers and renewed restrictions to try to prevent its spread stymied the manufacturing sector's recovery. IHS Markit said the composite single-figure indicator of manufacturing performance fell to 48.5 from 49.0 in September. It said the latest reading signalled a modest deterioration in the health of the sector, albeit one that was much less marked than seen at the height of the pandemic. The extension and reintroduction of restrictions to prevent the spread of Covid-19, was reportedly a key factor behind worsening market demand and a scaling back of production, IHS Markit said.</p> <p><i>(Source: The Star, 3 November 2020)</i></p>