

# MALAYSIA WEEKLY ECONOMIC NEWS

(15 June 2020 – 19 June 2020)

Topics	Highlights
<p><b>World Bank lowers Malaysia GDP, sees it shrinking by 3.1%</b></p>	<p>The World Bank has downgraded its forecast for Malaysia's economy this year and expects GDP to contract by 3.1% from its earlier expectations of -0.1% in April while it expects the near-term outlook to be uncertain due to the Covid-19 pandemic. In 1Q, 2020, growth slowed to just 0.7% with efforts to flatten the curve of the pandemic through a series of movement control orders (MCO) and with deep uncertainty regarding growth prospects severely constraining economic activity. The World Bank said this forecast assumes that the spread of pandemic is broadly contained at the global level and that the massive fiscal and monetary policy support measures implemented by governments around the world limit the depth of contraction in global economic activity. The World Bank said in the near term, Malaysia's fiscal strategy should be reprioritised to create additional policy space.</p> <p style="text-align: right;"><i>(Source: The Star, 25 June 2020)</i></p>
<p><b>CPI down 2.9% in May on lower fuel prices</b></p>	<p>Malaysia's consumer price index (CPI) fell 2.9% in May from a year earlier, marking a third straight month of decline. The drop in CPI was mainly attributed to a decline in fuel prices, according to the Statistics Department. Excluding fuel, the CPI registered 0.1% growth in May, as compared to 0.2% in April. CPI without fuel comprises all goods and services except unleaded petrol RON95, unleaded petrol RON97 and diesel. Sub-indices that showed declining prices in May included transport, housing water, electricity, gas and other fuels, clothing and footwear, as well as furnishing, household equipment and routine household maintenance. Meanwhile, growth sub-indices were food and non-alcoholic beverages, miscellaneous goods and services, communication, health and education.</p> <p style="text-align: right;"><i>(Source: The Star, 25 June 2020)</i></p>
<p><b>Wage subsidy programme saves 2.4m jobs</b></p>	<p>The wage subsidy programme, which was implemented to address COVID-19 and its impact on the country's economy, has saved 2.4 million jobs, Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said. As at June 19, RM4.89 billion had been approved for 303,596 employers for the benefit of over 2.4 million workers compared with RM1.2 billion for 159,000 employers involving one million workers on April 19. Malaysia's unemployment rate rose to 5.0 per cent in April due to the closure of various sectors of the economy during the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO) to contain COVID-19 in March and April.</p> <p style="text-align: right;"><i>(Source: The Star, 23 June 2020)</i></p>
<p><b>Covid-19 offers chance to transform Islamic finance</b></p>	<p>Johor Corp (JCorp) has identified potential investments worth RM17.4bil for the Pengerang Industrial Park (PIP) near Kota Tinggi, which will become the premier regional hub for the processing of downstream products based on oil and gas (O&amp;G). They said the potential investments, among others would involve aromatics complex operations, petrochemical plant as well as support services related to O&amp;G industries. It said among the products to be produced was raw materials in the form of liquid and pellet for the manufacture of various plastic products for industrial use such as industrial plastic bags. JCorp also said the corporation has estimated a gross development value of RM1.27bil for four phases of the PIP development. PIP, which is slated for full completion in 2023, will also create thousands of semi-skilled and support jobs.</p> <p style="text-align: right;"><i>(Source: The Star, 22 June 2020)</i></p>