

## MALAYSIA WEEKLY ECONOMIC NEWS

(29 June 2020 – 3 July 2020)

Topics	Highlights
<b>Bank Negara seen cutting key rate again as pandemic persists</b>	<p>Malaysia's central bank is expected to cut interest rates to a historic low next week, according to a slim majority in a Reuters poll, as it seeks to protect Southeast Asia's third largest economy from the fallout of the coronavirus pandemic. Bank Negara Malaysia (BNM) will cut its overnight policy rate (OPR) by at least 25 basis points (bps) to 1.75%, according to seven out of the 12 economists polled, with two of them betting on a bigger 50 bps rate reduction. Malaysia began easing some lockdown measures imposed to contain the spread of the Covid-19 coronavirus in May. After growing just 0.7% in the first quarter, BNM said Malaysia is in an "unprecedented economic crisis" and was poised for a contraction in April-June.</p> <p style="text-align: right;"><i>(Source: The Star, 3 July 2020)</i></p>
<b>Export, import unit value slips 3.7% and 1.4%, respectively, in May</b>	<p>Malaysia's export and import unit value indexes declined 3.7% and 1.4% month-on-month to 109.9 points and 113.1 points, respectively, in May, according to the Department of Statistics Malaysia (DOSM). The decrease in export unit value index was due to the decrease in the index of mineral fuels (-20.5%), animal &amp; vegetable oils &amp; fats (-6.2%) and machinery &amp; transport equipment (-0.4%). However, the export volume index rose 0.4% to 107.2 points led by the growth in the index of miscellaneous manufactured articles (23.8%), animal &amp; vegetable oils &amp; fats (13.7%) and manufactured goods (13.1%). In seasonally adjusted terms, the export volume index increased marginally by 0.2% to 106.4 points. Overall, both the export unit value and volume indices declined 4.7% and 21.9%, respectively, compared to the same period last year.</p> <p style="text-align: right;"><i>(Source: The Star, 3 July 2020)</i></p>
<b>Malaysia's economy to fully recover next year</b>	<p>Malaysia's economy, which is currently experiencing a contraction caused by the Covid-19 pandemic, is expected to fully recover next year, according to Datuk Seri Mustapa Mohamed. The Minister in the Prime Minister's Department (Economy) said that the government is currently focused on efforts to boost economic growth and restoring the country to the pre-Covid-19 state of affairs. He added that the government was not only focusing on economic recovery efforts, but it was also planning for economic growth. Mustapa said the banking institutions also contributed to the economic stimulus packages, stressing that the banking system had played a major role in helping the government.</p> <p style="text-align: right;"><i>(Source: The Star, 3 July 2020)</i></p>
<b>MARii, Perodua to create jobs, reskill 1,000 workers</b>	<p>The Malaysia Automotive, Robotics and IoT Institute (MARii) and Perusahaan Otomobil Kedua Sdn Bhd (Perodua) had inked a memorandum of understanding (MoU) to create employment, and reskill 1,000 displaced talents impacted by the Covid-19 pandemic. The strategic public-private initiative integrates the expertise, infrastructure, technology and facilities to address the immediate needs of the industry and preserve the livelihoods of the Malaysian workforce. He said the programme would fulfil the automotive industry's talent demands through the retention of existing talents from various sectors, realigning their skills and experience towards future industries including digitalisation, data-driven operations, smart manufacturing, creative design, digital sales and commerce.</p> <p style="text-align: right;"><i>(Source: The Star, 2 July 2020)</i></p>