

MALAYSIA WEEKLY ECONOMIC NEWS

(8 June 2020 – 12 June 2020)

Topics	Highlights
<p>MDEC sees e-commerce boosting digital economy by 20%</p>	<p>The Malaysian Digital Economy Corporation (MDEC) expects a 20% growth in e-commerce contribution to the digital economy this year despite the enforced Movement Control Order (MCO) to contain the spread of COVID-19. In a statement, it said the projected growth could be achieved through the active intervention of various ecosystem partners via ongoing initiatives, adding it sees the expected contribution to gross domestic product (GDP) going up to as high as RM170 billion for 2020. The government allocation of RM700 million under the National Economic Recovery Plan (PENJANA) to spur the digital economy would increase the confidence to leap from the Restart phase marked by the Conditional MCO (CMCO), through the Recovery phase or Recovery MCO (RMCO).</p> <p style="text-align: right;"><i>(Source: The Star, 12 June 2020)</i></p>
<p>Mida eyes more foreign investments</p>	<p>Malaysia will see a dip in total approved foreign investments this year and it will not match the RM207.9bil achieved in 2019 due to the Covid-19 pandemic. However, it will rise and go back to historical levels, said Malaysian Investment Authority (Mida) CEO, Datuk Azman Mahmud. Last year, Malaysia recorded a 1.7% increase in approved investments from RM204.4bil in 2018 to RM207.9bil in 2019. Foreign direct investments (FDIs) and domestic direct investments increased by 2.9% and 1.1% from RM80.1bil and RM124.2bil, respectively, in 2018. Mida currently has a pipeline of investment projects worth about RM37.8bil with many foreign electrical and electronics firms looking to relocate their businesses to the country to diversify production.</p> <p style="text-align: right;"><i>(Source: The Star, 12 June 2020)</i></p>
<p>IPI expected to improve after record plunge in April</p>	<p>Malaysia's industrial production index (IPI), which plunged by a record 32% in April, is expected to improve in the coming months as the government allowed more industries to resume operations in May. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the April IPI was badly impacted by the movement control order (MCO) which was put in place to prevent the spread of the Covid-19. The plunge in the IPI was worse than a Bloomberg survey of a 15.4% decline. Mohd Uzir said the deterioration of the April IPI was due to the significant decline in the index of manufacturing (-37.2%), mining (-19.6%) and electricity (-19.2%). Manufacturing sector output in April 2020 contracted by 37.2% on year-on-year (y-o-y) basis after falling by 4.1% in March due to a significant drop in non-essential services industry and low capacity utilization of below 50%.</p> <p style="text-align: right;"><i>(Source: The Star, 12 June 2020)</i></p>
<p>Malaysia's online retail sales up 28.9% in April</p>	<p>Malaysia's online retail sales surged 28.9 per cent in April 2020, although the total sales value of wholesale and retail trade dropped 36.6 per cent as compared with the same month a year earlier. Department of Statistics Malaysia (DoSM) said the jump in online retail sales portrayed the expansion of e-commerce activities in the country. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the steepest fall was recorded by motor vehicles segment which dipped 93.2 per cent, mostly due to a steep drop of 93.7 per cent in sales of motor vehicles. However, industries related to food such as wholesale of food, beverages and tobacco, as well as wholesale of agricultural raw materials and live animals posted a marginal positive growth.</p> <p style="text-align: right;"><i>(Source: The Star, 11 June 2020)</i></p>