

MALAYSIA WEEKLY ECONOMIC NEWS

(28 December 2020 – 31 December 2020)

Topics	Highlights
<p>Malaysia GDP set to rebound by 6.6% in 2021</p>	<p>Malaysia's economic growth is projected to rebound by 6.6% in 2021 owing to the inhibition of the spread of Covid-19, political stability and the increase in demand for export, according to Asia-Pacific Investment Bank (APIB). APIB has forecast the country's economy to contract by 5.7% this year. Economists are projecting the gross domestic product (GDP) to grow 6% to 7.3% next year. In the third quarter, the GDP improved with a slower contraction of 2.7% year-on-year (y-o-y) versus a 17.1% y-o-y contraction in the second quarter. The Finance Ministry is projecting a GDP growth of 6.5% to 7.5% in 2021 as it predicts the economy to shrink by 4.5% year-on-year in 2020 due to the adverse effects of the Covid-19 pandemic.</p> <p style="text-align: right;"><i>(Source: The Star, 31 December 2020)</i></p>
<p>November PPI contracts at slower pace</p>	<p>Malaysia's Producer Price Index (PPI) production for November contracted by a smaller pace of 3% compared with October due to the decline in mining, electricity and gas supply and manufacturing. The Statistics Department said the contraction was smaller than the 3.6% recorded in October. It said there was a 45.8% decline for mining (-45.8%); electricity & gas supply (-0.2%) and manufacturing (-0.1%). However, the index of agriculture, forestry & fishing and water supply rose by 21.5% and 0.9% respectively. On a monthly basis, the PPI local production increased by 2% in November. Higher prices were reported by four sectors which comprised of agriculture, forestry & fishing (11.1%), mining (4.4%), manufacturing (0.9%) and electricity & gas supply (0.7%).</p> <p style="text-align: right;"><i>(Source: The Star, 31 December 2020)</i></p>
<p>Ringgit getting stronger</p>	<p>After strengthening by 9% against the US dollar in the past nine months, the ringgit is about to get stronger. There are chances, according to analysts, for the currency to return to below the exchange rate of 4.00 against the greenback, going into 2021. FXTM market analyst Han Tan said the ringgit may strengthen to the 3.85 level per US dollar in the first half of next year. He pointed out that the US dollar-ringgit exchange rate could test the same technical support region as it did in 2018 and 2016. Tan added that should the ongoing risk-on narrative in the markets be derailed, it could dampen the broader demand for emerging-market assets. After losing steam since April 2018, the ringgit has stayed above the 4.00 level against the US dollar for the entire 2019.</p> <p style="text-align: right;"><i>(Source: The Star, 29 December 2020)</i></p>
<p>Malaysia's Nov exports rise 4.3% to RM84.43bil</p>	<p>Malaysia's November exports rose 4.3% to RM84.43bil on the back of increased shipments to the US, Singapore, China and Hong Kong. The Ministry of International Trade and Industry (MITI) said in a statement on Monday that the country's exports had risen for a third straight month on a year-on-year (y-o-y) basis. However, the export value was down 5% compared to October. The trade surplus in November surged 151.6% to RM16.82bil, the highest ever recorded for the month. Over the 11 months to Nov 30, the country's trade surplus recorded double-digit growth of 23.1% to RM163.86bil versus the same period last year. Total trade over the period was down 4.6% y-o-y to RM1.6 trillion.</p> <p style="text-align: right;"><i>(Source: The Star, 28 December 2020)</i></p>