

MALAYSIA WEEKLY ECONOMIC NEWS

(20 April 2020 – 24 April 2020)

Topics	Highlights
<p>Petronas mulls more dividend to fund Malaysia's stimulus</p>	<p>Malaysia's state oil company is considering raising this year's dividend to help the government fund its nearly \$60 billion stimulus package, according to people familiar with the matter. Petroliaam Nasional Bhd., or Petronas, could increase the payout by as much as 10 billion ringgit (\$2.3 billion), said one of the people, who asked not to be named as the information is private. The company had earlier announced that it would pay 24 billion ringgit in dividend this year. A higher payout would help Prime Minister Tan Sri Muhyiddin Yassin fund the government's 260 billion ringgit stimulus package, which is aimed at shoring up an economy that's struggling with the impact of the pandemic and a crash in oil prices. Even with the stimulus, the central bank expects gross domestic product to shrink as much as 2% or grow up to 0.5% this year.</p> <p style="text-align: right;"><i>(Source: The Star, 24 April 2020)</i></p>
<p>Property firms confident of meeting short-term debts</p>	<p>The property market is "sailing through a storm" with many uncertainties swirling about and buyers are unlikely to commit to big-ticket items like properties and hire purchases, UOB Kay Hian said in a report. This will result in weaker sales and 2020 forecast earnings, with property developers likely to revise downward their sales targets. The report said some companies are "in distress zones" but they will be able to deliver positive operating cash flow despite not securing new property sales. The report said companies are also confident of meeting short-term debts via cash in hand and progress profits in coming quarters. During this MCO period, developers cannot recognise progress billings, market/promote and secure new property sales and are unable to convert bookings into sales and purchase agreements (SPA) pending legal documentation. This impacts on their earnings. The analysts are, therefore, lowering property sales targets and new launches by developers, which will effectively lower developers' billings of unbilled sales and result in year-on-year decline in earnings. The report said the sector had, in the past, under performed relative to the FBM KLCI as a result of over supply and affordability issues. The property index has plunged to by 30% year-to-date, with the lowest low in 2020 a 40% drop, the report said.</p> <p style="text-align: right;"><i>(Source: The Star, 24 April 2020)</i></p>
<p>MIER sees economy rebounding by 3Q under best case scenario</p>	<p>The Malaysian Institute of Economic Research (MIER) projects economic activities including trade and investment to fully rebound by the third quarter of this year and further strengthen through 2021. In the National Economic Outlook 2020-21 report, its chairman Tan Sri Dr Kamal Salih said this projection was under its best case scenario. However, under the worst case scenario, production and trade may not fully recover (about 96%-98% capacity) by the fourth quarter of 2020 and into the first quarter of 2021 as well. Kamal said under the best case scenario, Malaysia's real GDP in 2020 would likely to grow by 3.8% relative to 2019 or -0.29% from the 2020 baseline. This is in line with both Bank Negara and World Bank expectations for Malaysia in 2020. In contrast, under the MIER worst case scenario, real GDP is projected to contract by 1% relative to 2019 and -4.9%, relative to 2020 baseline.</p> <p style="text-align: right;"><i>(Source: The Star, 23 April 2020)</i></p>
<p>Inflation rate fell 0.2% in March as fuel prices declined</p>	<p>Malaysia's inflation rate fell by 0.2% in March, in line with RAM Ratings' forecast, due to a decline in the transport index as fuel costs fell. The Statistics Department said the inflation rate, as measured by the Consumer Price Index (CPI) fell to 120.9 as against 121.1 a year ago. Commenting on the March CPI when compared with a year ago, chief statistician Datuk Seri Mohd Uzir Mahidin said out of 552 items covered in the CPI, the price of 337 items increased in March 2020 from a year ago. On the contrary, prices of 163 items declined while 52 items were unchanged.</p> <p style="text-align: right;"><i>(Source: The Star, 23 April 2020)</i></p>