

MALAYSIA WEEKLY ECONOMIC NEWS

(1 November 2021 – 5 November 2021)

Topics	Highlights
<p>Business sentiment of Japanese firms to improve next year</p>	<p>Business sentiment among Japanese companies in Malaysia is forecast to improve in the first half (H1) of 2022 based on a survey by the Japanese Chamber of Trade and Industry Malaysia (Jactim). According to the survey, which is conducted bi-annually, the business sentiment diffusion index is projected to improve to 3.1 points after being in the negative territory since H2'2018. Many Japanese companies are positive about Malaysia's outlook, premised on the global recovery, and plan to continue their business activities in Malaysia. In the survey, many respondents pointed out that production activities are gradually resuming following the relaxation of the Malaysian government's restrictions on social and economic activities, in line with the rising vaccination rates.</p> <p style="text-align: right;"><i>(Source: The Star, 5 November 2021)</i></p>
<p>Normalised rates likely in 2022</p>	<p>Interest rates in Malaysia may begin to normalise next year, subject to the stability of economic growth, the pace of price increases and further improvement in macroeconomic conditions. At the Monetary Policy Meeting, BNM decided to keep the overnight policy rate (OPR) unchanged at 1.75%. This was to ensure a sustainable recovery of Malaysia's economy, coming out from a lockdown. With the rate of inflation hovering within Bank Negara's forecast, there is less pressure for the central bank to quickly shift towards policy tightening. Also, the central bank expects the improving growth momentum to continue going into 2022, supported by continued expansion in the external demand and increased private sector spending activity.</p> <p style="text-align: right;"><i>(Source: The Star, 5 November 2021)</i></p>
<p>Yayasan Peneraju to focus on upskilling</p>	<p>Yayasan Peneraju Pendidikan Bumiputera (Yayasan Peneraju) will be focusing on upskilling and reskilling programmes in 2022 to better prepare the workforce to remain relevant post-Covid-19, besides continuing its existing programmes, as well as expanding the offering to include programmes according to market and industry demand. The agency aims to benefit more than 10,000 new bumiputera talents and over 6,500 existing beneficiaries currently undergoing training in high-impact and specialised fields such as finance, accounting, technology, and specialist and high-skilled programmes. Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the bumiputera empowerment agenda would continue to be given emphasis under the recently-announced Budget 2022.</p> <p style="text-align: right;"><i>(Source: The Star, 5 November 2021)</i></p>
<p>Manufacturing on comeback trail</p>	<p>Malaysia's manufacturing activities are expected to strengthen in the final quarter of this year and into next year, according to several brokerages. It is based on the anticipated recovery in domestic demand and improving external trade as more economies open up from Covid-19 lockdowns. IHS Markit data showed Malaysia's manufacturing Purchasing Managers' Index (PMI) in October had returned to expansion territory that is above 50 points, after four consecutive months of contraction. The PMI soared to 52.2 points last month from 48.1 points in September. The improvement in the country's manufacturing conditions was mainly due to the relaxation of Covid-19 restrictions as more states moved to phases three and four of the National Recovery Plan, with more manufacturing subsectors resuming operations amid the progress of vaccination rates.</p> <p style="text-align: right;"><i>(Source: The Star, 3 November 2021)</i></p>