

MALAYSIA WEEKLY ECONOMIC NEWS

(20 September 2021 – 24 September 2021)

Topics	Highlights
<p>Bank Negara launches new alternative reference rate</p>	<p>Bank Negara has launch Malaysia Overnight Rate (MYOR) as an alternative reference rate (ARR), providing financial institutions with a wider array of hedging instruments that will support additional risk management strategies. The introduction of ARRs was aimed to facilitate usage of benchmark rates that are more robust and based upon transactions in active, liquid markets. The MYOR will run in parallel to the existing Kuala Lumpur Interbank Offered Rate (KLIBOR) with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. Globally, ARRs are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the London Interbank Offered Rate (LIBOR) reforms after the Global Financial Crisis.</p> <p style="text-align: right;"><i>(Source: The Star, 24 September 2021)</i></p>
<p>Malaysia remains preferred hub for global manufacturers</p>	<p>The move by Tokyo Stock Exchange-listed Taiyo Yuden Co Ltd's subsidiary, Taiyo Yuden (Sarawak) Sdn Bhd to expand its multilayer ceramic capacitors manufacturing facility in Kuching is a testament to Malaysia being a preferred hub for global manufacturers. Senior Minister cum Minister of International Trade and Industry Datuk Seri Mohamed Azmin Ali said Taiyo Yuden's decision to inject RM680 million capital investments for its new facility, which will generate 2,000 high-skilled jobs, speaks volumes for foreign investors' confidence in Malaysia's business ecosystem. He said the major investment bodes well for National Investment Aspirations (NIA), which aims to ensure that Malaysia stays at the forefront as a global hub for quality investments.</p> <p style="text-align: right;"><i>(Source: The Star, 24 September 2021)</i></p>
<p>August inflation up 2% on-year, lower than expected</p>	<p>Malaysia's inflation rate, as measured by the Consumer Price Index (CPI), rose by 2% in August from a year ago, but the increase was below Reuters' poll of a 2.2% rise. The CPI rose to 122.5 from 120.1 a year ago, making it the seventh consecutive month of increase since February 2021 due to the base effect last year. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the transport group continued to record a double-digit increase since March and edged up by 11% in August from a year ago. The food & non-alcoholic beverages was up by 1.2% in August 2021 compared with 1.3% a year ago. The index for food away from home increased by 1% and cooked beef, burger and satay were among the food that recorded increases in this subgroup.</p> <p style="text-align: right;"><i>(Source: The Star, 24 September 2021)</i></p>
<p>Supporting the people and businesses during reopening of economy</p>	<p>The government's proposal to raise the ceiling cap for the Covid-19 Fund and the statutory debt limit is aimed at supporting the people and businesses during the reopening of the economy. Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the proposal would be implemented immediately after being approved by the Parliament. "With the Parliament's approval, we will raise the (ceiling limit) of the Covid-19 Fund from RM65bil to RM110bil, and the statutory national debt limit will be raised from 60% of the gross domestic product (GDP) to 65%," he said. Tengku Zafrul said the government would continue to help the traders that have been adversely affected by the suspension of economic activities due to the pandemic, especially those in the retail and tourism sectors.</p> <p style="text-align: right;"><i>(Source: The Star, 20 September 2021)</i></p>