

MALAYSIA WEEKLY ECONOMIC NEWS

(30 August 2021 – 3 September 2021)

Topics	Highlights
<p>Malaysia's export, import unit value indices up 1.3% in July</p>	<p>Malaysia's monthly export and import unit value indices continued to show positive growth in July 2021, both rising 1.3% month-on-month (m-o-m). In contrast, their volume indices recorded a decline in the same period, the Department of Statistics Malaysia (DoSM) said. DoSM said the higher export unit value index was contributed by increases in the indices of mineral fuels (6.7%), machinery and transport equipment (1.1%) and manufactured goods (0.5%). The seasonally adjusted export volume index posted a decrease of 20.7% from 172.8 points to 137.0 points. On the import unit value index, DoSM said the increment was driven by growth in the indices of mineral fuels (8.1%), machinery and transport equipment (0.7%) and manufactured goods (0.4%).</p> <p style="text-align: right;"><i>(Source: The Star, 3 September 2021)</i></p>
<p>August manufacturing output shrinks</p>	<p>The headline IHS Markit Malaysia manufacturing Purchasing Managers' Index (PMI) rose to 43.4 in August from 40.1 in July, indicating a sharp deterioration in the health of the sector, but one that was softer than those recorded over the prior two months. A reading above 50 indicates an overall increase compared to the previous month, and below 50 an overall decrease. IHS Markit said August data suggested that output fell among the surveyed companies for the fourth month in a row. IHS Markit said new order volumes also fell, though the pace of the decrease was the softest in the current three-month sequence. Manufacturers noted weaker client confidence and projects were placed on hold as infection rates surged. Furthermore, new export sales also failed to gather momentum, as Covid-19 cases also rose in key external markets, dampening demand.</p> <p style="text-align: right;"><i>(Source: The Star, 1 September 2021)</i></p>
<p>Inflationary pressure to cool but prices likely to stay high</p>	<p>Although inflationary pressure may ease somewhat, prices could remain elevated this year. This may put a strain on the cost of living. Economists are projecting an inflation rate of between 2.2% and 2.8% for this year after a contraction of 1.1% in 2020. They expect inflation to moderate by next year. Inflation rate in July this year decelerated to 2.2% year-on-year (y-o-y) against 3.4% y-o-y in June. This was due to continued dissipating base effect and electricity discounts as announced in June under the National People's Well-Being and Economic Recovery Package or Pemulih economic package.</p> <p style="text-align: right;"><i>(Source: The Star, 1 September 2021)</i></p>
<p>Johor Baru strengthened as international land gateway</p>	<p>The Johor Baru City Council is expected to strengthen its role and position as a major international land gateway when the Malaysia-Singapore rapid transit system link project and the railway Gemas-Johor Baru electrified double-tracking project are completed soon. Johor Menteri Besar Datuk Hasni Mohammad said he believes the two mega projects are set to be the main contributors to economic recovery efforts in the state, thus helping the people and further developing Johor Baru City. The completion of the two projects will also directly support the Ibrahim International Business District in the city.</p> <p style="text-align: right;"><i>(Source: The Star, 30 August 2021)</i></p>