

# MALAYSIA WEEKLY ECONOMIC NEWS

(24 February 2020 – 28 February 2020)

Topics	Highlights
<p><b>CGS-CIMB Research expects OPR to be cut by 25bps on March 3</b></p>	<p>CGS-CIMB Equities Research expects Bank Negara Malaysia's monetary policy committee to ease monetary conditions to support economic growth, with a 25bp Overnight Policy Rate (OPR) cut on March 3. It said the economic outlook has been significantly affected by the Covid-19, supply-side shocks and renewed domestic political uncertainty. The RM20bil stimulus package, constrained by the magnitude of external shocks on the one hand and fiscal prudence on the other, is unlikely to prevent a sharp front-loaded slowdown in growth. "Self-healing is dependent on the timeline of Covid-19 containment, but we expect a swift recovery once travel restrictions are lifted and consumption habits normalize. "Having factored in the impact of the aforementioned risks and the stimulus package, we downgrade our 2020 GDP growth projections from 4.4% to 3.6%, which lies within the government's revised forecast range of 3.2-4.2% (vs. 4.8% previously)," it said.</p> <p><i>(Source: The Star, 28 February 2020)</i></p>
<p><b>Highlights of RM20bil stimulus package</b></p>	<p>Tun Dr Mahathir Mohamad had unveiled the RM20bil stimulus package to offset the fallout from the Covid-19 coronavirus. Some of the highlights:</p> <ul style="list-style-type: none"> <li>• Bank Simpanan Nasional (BSN) provides RM200 million micro credit at 4% interest rate</li> <li>• MAHB to cut rental for tenants, landing charges and parking fees at airports</li> <li>• Postponement of income tax monthly installments for income tax allowed for tourism-related companies</li> <li>• All banks are required to reduce monetary burden in the form of postponement of payments or rescheduling of loans</li> <li>• Temporary six months discount of as much as 15% for electricity bills for hotels, tourism agencies, airlines, and shopping centres</li> <li>• Hotels to get service tax breaks from March 2020 to August 2020</li> <li>• Grants of RM1,000 to RM10,000 for local entrepreneurs to promote the sale of their products on e-commerce platforms</li> <li>• Import duty and sales tax exemption on importation or local purchase of machinery and equipment used in port operations for three years commencing 1 April 2020.</li> </ul> <p><i>(Source: The Star, 27 February 2020)</i></p>
<p><b>Stimulus package: To speed up roll-out of RM21bil worth of projects</b></p>	<p>The government plans to speed up the implementation of RM21bil worth of projects this year, as it seeks to boost business confidence. Tun Dr Mahathir Mohamad said the government is planning to call for bids to build a 1,400MW solar power plant. The project, involving RM5bil in investment from the private sector, is expected to create around 25,000 jobs. Meanwhile, the Malaysian Communications and Multimedia Commission will invest RM3bil this year under the national fiberisation and connectivity plan. Mahathir said government-linked companies (GLC) such as Tenaga Nasional Bhd is planning to spend RM13bil to accelerate projects such energy efficient street-lighting, grid power transmission and roof-top solar panel installation.</p> <p><i>(Source: The Star, 27 February 2020)</i></p>