MALAYSIA WEEKLY ECONOMIC NEWS

(17 February 2020 – 21 February 2020)

Topics	Highlights
January CPI rises fastest since May 2018 on higher transport costs	The Consumer Price Index (CPI) increased by 1.6% in January 2020, the fastest since May 2018, due to higher transport costs following higher fuel prices. The CPI rose to 122.4 from 120.5 a year ago but the 1.6% increase was slightly slower that the 1.7% forecast by economists in a Bloomberg survey. The Statistics Department said the CPI was also higher compared with the 1% increase in December last year. The increase in the overall index was driven by the index of transport (3.9%), miscellaneous goods & services (2.5%), housing, water, electricity, gas & other fuels (1.7%), education (1.7%) and communication (1.5%). *(Source: The Star, 21 February 2020)*
NAP 2020 targets auto industry to contribute RM104.2b to GDP by 2030	The National Automotive Policy (NAP) 2020, which was unveiled by the Prime Minister targets the industry to contribute RM104.20bil to the country's Gross Domestic Product (GDP) by 2030. Tun Dr Mahathir Mohamad said the proposed new Malaysian Vehicle Project will emphasize on research and development (R&D) and incorporation of the latest technologies in order to be competitive in both domestic and global markets. The NAP 2020 targets total production volume – comprising passenger vehicle (PV) and commercial vehicle (CV) – of 1.47 million units by 2030. It also targets total industry volume of PV and CV of 1.22 million units and it expects exports of completely built-up (CBU) motor vehicles to be RM12.30bil. It has also set a target to export RM28.30bil of new automotive parts and components and also to export RM10bil of remanufactured parts and components. *(Source: The Star, 21 February 2020)*
Consumer confidence remains low	The consumer confidence index (CCI) has declined for the fifth consecutive quarter since its all-time high after the 14th General Election, as more Malaysians remain apprehensive about job prospects. At 107 points, Malaysia fell just outside the top 10 most optimistic countries, placing 11th on the index, according to Nielsen. In the fourth quarter of 2019, 70% of Malaysians believed that the country is in a recession, down slightly from 73% posted in the previous quarter, 37% were optimistic about an economic recovery in the next 12 months, which is higher than 34% in the third quarter of 2019. But while recessionary sentiment has reduced, more Malaysians cited the economy as their top concern compared with the previous quarter (44% compared with 39% in the third quarter). Other top concerns included job security (23%), work-life balance (19%), health (16%) and political stability (14%). The CCI is driven by three indicators, namely consumers' perception on local job prospects, personal finances and intentions/readiness to spend. Reflecting their increased concerns on the economy, Nielsen said Malaysians continued to be cautious with their finances, with a majority of the consumers saying that they have adjusted their spending habits to save on household expenses. *(Source: The Star, 19 February 2020)*
World Bank to review again Malaysia's 2020 GDP growth	The World Bank Group is reviewing Malaysia's economic growth again for 2020, measured by gross domestic product (GDP), given the 2019 novel coronavirus (Covid-19) outbreak, said its representative to Malaysia and country manager Firas Raad. This marks the second time that the group reviews the country's economic growth for this year, after it revised down Malaysia's GDP growth to 4.5% for 2020 from 4.6% previously due to weaker-than-expected investment and export growth. Notably, World Bank's previous revision of the GDP growth was before Covid-19 hit the headlines. However, Firas noted it is still studying the impact of the virus to the Malaysian economy due to the evolving situation, adding that it has not decided on the new GDP numbers. Meanwhile, Firas pointed out that the World Bank expected the Covid-19 outbreak to impact the country's tourism sector, foreign direct investments (FDIs), supply chain and commodity prices including palm oil, oil and gas. *(Source: The Star, 11 February 2020)*

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