MALAYSIA WEEKLY ECONOMIC NEWS

(15 June 2020 – 19 June 2020)

Topics	Highlights
Economy expected to contract by 4% this year, says ADB	The Malaysian economy is expected to contract by 4% this year before recovering to grow by 6.5% in 2021, the Asian Development Bank (ADB) said. The ADB said Malaysia's external demand is likely to be weak as trade partners continue to grapple with the effects of Covid-19. Nevertheless, it noted that consumption remained as a bright spot in the economy, growing by 6.5% as stronger public consumption offset weaker private consumption. Meanwhile, it stated that Malaysia is expected to experience deflation at 1.5% in 2020 as oil prices are likely to remain low, before crossing back to inflation at 2.5% next year. ADB said global oil prices have caused domestic fuel and energy prices to slump, particularly in Malaysia, Singapore, Thailand, and Vietnam, mired by the huge drop in transportation costs brought by plummeting petrol prices. *(Source: The Star, 19 June 2020)*
Malaysia 27th most competitive nation	Malaysia has tumbled five rungs in a ranking of most competitive world economies this year, weighed down by a decline in its scores on government efficiency, business efficiency and infrastructure. The country is now ranked 27th out of 63 countries in the World Competitiveness Ranking 2020 report by the Institute for Management Development (IMD), which analysed global economies and ability to generate prosperity. Last year, the report ranked Malaysia the 22nd most competitive economy in the world, the same spot it held in 2018. According to the IMD report, countries that overtook Malaysia in the world competitiveness ranking in 2020 were the United Kingdom (19th), South Korea (23rd), Saudi Arabia (24th), Belgium (25th) and Israel (26th). *(Source: The Star, 18 June 2020)*
Manufacturers get 12 months extension	Manufacturers have been given 12 months extension to implement their projects as the government relaxes the mechanism due to the Covid-19 pandemic. The Licensing Officer of the Ministry of International Trade and Industry (Miti) had agreed to grant an extension of the project implementation period for companies, which have been accorded manufacturing licences under the Industrial Coordination Act, 1975. Miti and the Malaysia Investment Development Authority (Mida) said this was part of the government's measures to ensure the economic sectors remain competitive despite the pandemic. *(Source: The Star, 17 June 2020)*
Covid-19 offers chance to transform Islamic finance	The Covid-19 pandemic offers an opportunity to transform Islamic finance while speeding up and unlocking the long-term potential of the industry, according to S&P Global Ratings. The rating agency said the global Islamic finance industry would return to slow growth in 2020-2021 after a strong performance in 2019 underpinned by a more dynamic sukuk market. At the same time, S&P Ratings sees an opportunity in the current environment for accelerating and unlocking the long term potential of the industry. Stakeholders are realising the importance of standardisation as government coffers are depleted and access to sukuk remains time consuming and more complicated than conventional instruments. *(Source: The Star, 17 June 2020)*

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