MALAYSIA WEEKLY ECONOMIC NEWS

(6 April 2020 – 10 April 2020)

Topics	Highlights
Malaysian households' access to Internet rose to 90.1% end-2019	Malaysian households' access to the Internet rose by 3.1 percentage points to 90.1% in 2019 as compared to 87% in 2018, the Statistics Department said. It said the percentage of households' access to mobile phone remained at 98.2% in 2019, based on the report on ICT use and access by individuals and households 2019. "On the other hand, the percentage of households' access to computer decreased to 71.3% in 2019 compared to 71.7% in 2018," it said. The report said the five most popular activities among the Internet users were anticipating social network (97.1%), downloading pictures, movies, videos or music; playing or downloading games (84.7%), finding information on goods or services (83.5%), telephoning over the Internet/ VoIP (77.4%) and downloading software or applications (77.1%). *(Source: The Star, 10 April 2020)*
Private consumption to drop sharply, mainly due to MCO	Growth in private consumption will likely drop sharply, due mainly to the movement control order (MCO), which was imposed since March 18 following the Covid-19 pandemic, BIMB Securities Research said. In a report issued on Friday, it said from a short-term point of view, flagging consumer sentiments due to the virus outbreak will weigh on private consumption. Over the longer term, BIMB Research said there was a likelihood of dampen global conditions in the first half of 2020. Consumption spending is therefore expected to take a hit, it noted but the Economic Stimulus Package (ESP) could help mitigate some of the impact of the Covid-19 outbreak on consumption. "Until we see Covid-19 fading away and effective implementation of the stimulus packages, the revival of consumer confidence will likely only happen in late 2020. Hence, growth in private consumption is expected to weaken in 2020," it said. *(Source: The Star, 10 April 2020)*
Government's draft of post Covid-19 recovery plan to be released soon	The government's Economic Action Council (EAC) has started work on post Covid-19 recovery plan and it is engaging various stakeholders to come up with a draft plan to be released in a couple of weeks. Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed said this was to ensure it was ahead of the curve post Covid-19 after it t was thrown a curveball with the pandemic and the severity of the disease. "Post Covid-19 will be a new world and a new Malaysia, where there will be a lot more video conferencing, people working from home and more people will be cautious of their health. "Consumer habit will change where there will be more digitalisation and e-commerce," he said, adding that Malaysia would continue to do well but it needs to be ahead of the curve by making some fundamental changes. Mustapa said, the government has learned many things and identified areas of weakness that it could improve on such as a database on the micro-enterprises such as street hawkers, which made it difficult for the government to help them in this situation. *(Source: The Star, 10 April 2020)*
Three ways for Malaysia to finance stimulus	The World Bank has outlined three ways the Malaysian government can finance the additional fiscal measures to soften the impact of Covid-19, given its expected shortfall in revenue and constraints relating to its statutory limits. It said the government's ability to finance additional fiscal measures in the event of a prolonged pandemic was constrained by its statutory limits on federal government debts, including the requirement for the country's operating expenditure to be financed by revenue, and not through borrowings. In a report, the World Bank said one option would be for the government to recalibrate selected items of its operating expenditure, although it noted that the savings might not be sufficient to fund additional stimulus measures. The second option is for the government to raise additional non-tax revenue, such as higher investment income from Petronas and Khazanah, as well as sales of physical assets. The third option would be a parliamentary intervention to temporarily lift the statutory limits governing public debt management, the World Bank said. *(Source: The Star, 10 April 2020)*

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