MALAYSIA WEEKLY ECONOMIC NEWS

(27 April 2020 – 1 May 2020)

Topics	Highlights
Gig economy in the spotlight again after MCO	The movement control order (MCO) that triggered the new norms of social distancing, working from home, virtual learning and massive online shopping have given rise not only to the rapid development of the gig economy but also creating new services and opportunities. One of the opportunities is childcare services, which is a lucrative business due to high demand especially from frontliners who needed someone with expertise to take care of their children. Among the platform offering professional childcare services is "Kiddocare" whereby it provides private childcare assistance to improve the existing gap and problems in the childcare industry. It's a platform akin to Grab or Uber but for professional childcare services, whereby carers would go to respective houses to provide private childcare assistance. It is made up of Malaysian women aged 18 and above who have undergone basic childcare training, cardiopulmonary resuscitation (CPR) and Safety Aid training. *(Source: The Star, 1 May 2020)*
Bank Negara seen slashing key rate by 50 bps on pandemic worries	Malaysia's central bank is expected to make the biggest cut to its benchmark interest rate since 2009 next week, a Reuters poll showed, to prop up an economy struggling with the effects of the coronavirus pandemic. Seven out of 10 economists polled saw Bank Negara Malaysia (BNM) cutting its overnight policy rate by 50 basis points to 2%, matching the historic low set in 2009 during the global financial crisis. One saw a smaller cut of 25 basis points, while two did not expect any change. Should the central bank cut its key rate by 50 basis points, it would be the single biggest cut since February 2009. Earlier this month, BNM said its current best estimate is for the economy to either shrink by as much as 2% or grow marginally at 0.5% this year due to the coronavirus pandemic, but stressed that "great uncertainty remains". The central bank also forecast exports to contract by as much as 8.7% in 2020, as key trading partners struggled with the pandemic. *(Source: The Star, 30 April 2020)*
Call for more sectors to operate at full capacity	As Malaysia charts its "exit strategy" from the almost two-month-long movement control order (MCO), economists have called for more sectors to be opened during the fourth phase of the partial lockdown. This follows the decision by the government on April 28 to allow approved companies to operate at full capacity during MCO. Earlier, during phases one to three of the MCO, companies in the economic sectors that were allowed to operate were only permitted to carry on business at half capacity or 50%. Alliance Bank chief economist Manokaran Mottain said that more businesses should be allowed to operate, particularly micro businesses. These include operators of mobile phone shops, spare part shops as well as electrical and electronic services. *(Source: The Star, 30 April 2020)*
Industry has laid off 6% employees, more taking unpaid leave	The local hotel industry has already laid off 6% of its employees, with a growing number of its staff taking unpaid leave and pay cuts as the sector crumbles from the impact of the Covid-19 pandemic. According to the Malaysian Association of Hotels (MAH), based on a sampling size of 41,000 employees, 20% of were already given pay-cuts, while another 26% are on unpaid leave. The highest number of lay-offs were in Melaka (15%), Johor (12%), Perak (12%) and Negeri Sembilan (11%). Kedah, Perlis, Pahang and Kelantan have yet to report any lay-offs. Pahang and Kelantan, however, reported the highest number of employees given unpaid leave at 54% and 50%, respectively. Meanwhile, areas with the highest number of employee pay cuts were Langkawi (33%), Johor (32%), Selangor (32%) and Perak (30%). *(Source: The Star, 29 April 2020)*

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