

# MALAYSIA WEEKLY ECONOMIC NEWS

(19 October 2020 – 23 October 2020)

Topics	Highlights
<b>Economy continues to recover but risks remain</b>	<p>Malaysia's economy is expected to continue to grow in the months ahead, based on the latest economic indicators but risks from Covid-19 remain, the Statistics Department says. The leading index (LI) dipped by 0.3 points to 108.5 points in August from 100.8 points a year ago, maintaining an annual growth of 7.6%. However, based on a month-on-month comparison, the LI slipped to negative 0.5%. Weighing on LI were the decline in number of new companies registered (-0.6%), real import of semiconductors (-0.4%) and the number of housing units approved (-0.1%). Meanwhile, the Coincident Index (CI) anticipated a better year-on-year performance. It registered negative 2.3% versus negative 2.4% in July.</p> <p><i>(Source: The Star, 23 October 2020)</i></p>
<b>Bank Negara: Bank committed to help borrowers affected by CMCO</b>	<p>Borrowers, especially those affected by the movement curbs due to a spike in Covid-19 cases in Malaysia, can still seek help from their respective banks on their loan repayment. "Borrowers need not be anxious. The repayment assistance is ongoing and will extend well into 2021. We understand that circumstances and uncertainties could change down the road and people can reach out for assistance anytime," Bank Negara Malaysia deputy governor Jessica Chew told. Although the automatic loan deferment moratorium, the subsequent targeted moratorium and repayment assistance are unprecedented, banks have mobilised all their resources to handle the situation. Even in areas where the Enhanced Movement Control Order (EMCO) and Conditional Movement Control Order (CMCO) are imposed, borrowers can reach out to the banks via online or phone call.</p> <p><i>(Source: The Star, 22 October 2020)</i></p>
<b>September CPI drops 1.4% on cheaper fuel</b>	<p>Malaysia's consumer price index fell 1.4% in September to 120.1 against 121.8 in the same month of the preceding year, due mainly to lower fuel prices. The segments contributing to the decrease were transport, housing, water, electricity, gas and other fuels, and clothing and footwear. However, excluding fuel, the overall CPI would have showed an increase. Food and non-alcoholic beverages registered 1.4% growth to 135.1 versus a year ago, while miscellaneous goods and services, communication and health also recorded increases. The country's core index gained 1% year-on-year in September with increases in miscellaneous goods and services, communication, food and non-alcoholic beverages and health.</p> <p><i>(Source: The Star, 22 October 2020)</i></p>
<b>Better business sentiment in third-quarter, says MIER</b>	<p>The Business Conditions Index (BCI) posted a modest recovery of 25.3 points in the third quarter (Q3) of 2020, settling at 86.3 points compared with a major drop of 22.0 points in Q2, indicating a boost in manufacturers' confidence level. According to the Malaysian Institute of Economic Research's (MIER) business conditions survey report, business sentiment remained cautious as the index was below the threshold level as it had been for seven consecutive quarters. Nevertheless on year-on-year basis, the index expanded at a favourable rate of 17.2 points as compared to -39.7 points the previous year. Relative to the previous quarter, most BCI components showed a substantial improvement due to the rise in both domestic and export demand, which influenced sales.</p> <p><i>(Source: The Star, 22 October 2020)</i></p>