MALAYSIA WEEKLY ECONOMIC NEWS

(21 September 2020 – 25 September 2020)

Topics	Highlights
CPI down by 1.4%	The Consumer Price Index (CPI) for August fell by 1.4% from a year ago, mainly due to lower transport and fuel prices but food prices continued to rise. The decline was more than a Bloomberg survey of a 1.3% fall in the CPI. The CPI for August fell to 120.1 from 121.8 a year ago. The decrease in the overall index was attributed to the decline in cost of transport (-9.9%), housing, water, electricity, gas & other fuels (-3%), clothing & footwear (-0.6%) and furnishings, household equipment & routine household maintenance (-0.1%) which contributed 45.7% to overall weight. However, the index for food & non-alcoholic beverages increased by 1.3% to 135.2 from a year ago. This group contributes 29.5% of the CPI weight. *(Source: The Star, 24 September 2020)*
MIDA approves 1,725 projects worth RM64.8b in 1H	Malaysia garnered a total of RM64.8 billion worth of investments in the manufacturing, services and primary sectors for the first six months of 2020 (H1 2020), despite multiple headwinds on the global front. The Malaysian Investment Development Authority (MIDA) said the investments involved 1,725 projects which will create 37,110 jobs locally. Of the total investments approved, domestic direct investments accounted for 69.8 per cent, or RM45.3 billion, while foreign direct investments (FDI) made up the rest at RM19.5 billion. The top five sources of FDI for the manufacturing, services and primary sectors during the period were Singapore (RM4.9 billion), Switzerland (RM2.8 billion), China (RM2.2 billion), the United States (RM2.2 billion) and Thailand (RM1.8 billion). *(Source: The Star, 24 September 2020)*
Market confidence in Malaysia remains strong, Zafrul says	While the world grapples with Covid-19, market confidence in Malaysia remains strong, particularly from foreign investors, based on investments of RM23.1bil in the bond market up till August, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz. He said the ringgit had also emerged as one of the strongest currencies in Southeast Asia, driven by the government's ongoing initiatives in managing Covid-19. Tengku Zafrul said investor confidence could also be seen through the recent launch of Bandar Malaysia that had the potential to have a multiplier effect on various sectors of the country's economy. *(Source: The Star, 22 September 2020)*
Malaysia's GDP set to rebound next year, seen shrinking 6% this year	Malaysia's economy is forecast to shrink by 6% this year due to the impact of the Covid-19 pandemic, but it will rebound 6.6% next year, according to the Global Economic Outlook report from Oxford Economics. The report said although the nationwide movement control order in Malaysia compounded the economic damage in Q2, the payoff has been apparent, with the pandemic situation currently in hand, which will aid the economy in regaining its footing. Malaysia's exports would benefit from improving Chinese import demand and the electronics cycle. Nonetheless, the speed of its recovery will likely be slow given current sluggish global demand, high unemployment and weak investment, and its economy is forecast to shrink by 6% this year, followed by growth of 6.6% in 2021. *(Source: The Star, 22 September 2020)*

Knowledge Management & Strategy Division
SME Corp. Malaysia
25 September 2020