

MALAYSIA WEEKLY ECONOMIC NEWS

(17 May 2021 – 21 May 2021)

Topics	Highlights
<p>Surge in oil prices fuel April inflation to highest since 2018</p>	<p>Malaysia's inflation rate surged to 4.7% in April from a year ago, the highest since 2018, due to the spike in crude oil prices which fuelled the increase in petrol and diesel prices. Chief Statistician Malaysia, Datuk Seri Dr Mohd Uzir Mahidin said the April CPI was the highest inflation since 2018. The trend is expected to continue until the first quarter of 2022. The increase in the overall index was driven by the increase in index of transport (27.0%) due to the low base effect from the preceding year. He said housing, water, electricity, gas & other fuels rose by 3.1% as compared to the same month of the preceding year.</p> <p style="text-align: right;"><i>(Source: The Star, 21 May 2021)</i></p>
<p>MISIF says stricter SOPs needed, speed up vaccination but no full lockdown</p>	<p>The Malaysian Iron & Steel Industry Federation (MISIF) urges the government not to implement a full lockdown in the effort to fight the Covid-19 pandemic but instead impose stricter standard operating procedures (SOPs). In a statement, MISIF -- which represents the whole value chain of the iron and steel products manufacturers – worried a full lockdown will severely impair the economic sectors. A full lockdown would have a detrimental impact on the economy and further stifle economic recovery, it said, as most economic activities are not permitted in the event of a full lockdown. MISIF also called for a speedier immunisation programme to achieve herd immunity.</p> <p style="text-align: right;"><i>(Source: The Star, 20 May 2021)</i></p>
<p>UOB Malaysia: Approved investments to rise to RM185b this year</p>	<p>UOB Malaysia projects approved investments in Malaysia to increase by 13% to RM185bil in 2021, of which close to 40% will be from foreign direct investment (FDI). In a statement, it said China, Europe and the US are expected to remain among the top sources of FDI, while capital is likely to be channeled mainly into the high-value-added sectors, including electrical and electronics (E&E), chemical, manufacturing and industrial. UOB Malaysia said China was Malaysia's main source of FDI at RM18.10bil or 28.2%. Singapore accounted for RM10bil in FDI, the Netherlands RM7bil and the US RM4.3bil. In 2020, UOB Malaysia facilitated an increase of close to 20% in FDI inflows from China, compared with the year before. The bank also supported a steady flow of new investments from European companies, particularly from France, Germany and the UK which grew close to 10% annually.</p> <p style="text-align: right;"><i>(Source: The Star, 19 May 2021)</i></p>
<p>Zafrul: Keeping economy open crucial to avert unemployment</p>	<p>Malaysia's decision not to shut down its economy under the Movement Control Order (MCO) 2.0 and MCO 3.0 could prevent various adverse effects, including unemployment reaching an estimated one million people, said the Finance Minister. He said, applying the lessons learned from the first COVID-19 wave, no country in the world fully closed its economy when dealing with the second and third waves of the pandemic. Instead, they only tightened the standard operating procedures and curbed social activities. He said the more targeted approach of MCO 2.0 as well as the government's proactive measures had placed Malaysia on the path towards economic recovery, as seen by the smaller Gross Domestic Product (GDP) contractions of 3.5% and 3.6% in January and February this year respectively, followed by a positive growth of 6% in March.</p> <p style="text-align: right;"><i>(Source: The Star, 18 May 2021)</i></p>