

# MALAYSIA WEEKLY ECONOMIC NEWS

(27 September 2021 – 1 October 2021)

Topics	Highlights
<p><b>More people looking to domestic travel, Mavcom survey shows</b></p>	<p>More people are looking forward to air travel, with more than half of them keen on domestic travel following the Malaysian Aviation Commission's (Mavcom) consumer survey results. Mavcom said the survey revealed an uptick in anticipation and expectation towards air travel, with 60% of the 1,000 respondents looking forward to travelling domestically. Among the reasons cited for the preference for domestic travel included lower cost of travel, high risk of exposure to COVID-19 when travelling internationally and respondents living with high-risk family members. The remaining 40% international travel of which nearly three-quarter of them were considering visiting destinations within Asia, with the top three countries being Japan, China and South Korea .</p> <p><i>(Source: The Star, 1 October 2021)</i></p>
<p><b>PPI for local production up 11% y-o-y in August</b></p>	<p>The Producer Price Index (PPI) for local production increased 11.3% year-on-year (y-o-y) in August, compared with -2.8% in the same month in 2020, mainly due to a surge in the mining index (51.8%). Chief statistician Datuk Seri Mohd Uzir Mahidin said the increase in PPI was also supported by the agriculture, forestry and fishing index which grew 27.6% y-o-y, manufacturing (7.1%), and electricity and gas supply (0.4%). Water supply, however, eased 0.4%, he said, adding that some primary commodities were seen to have registered unusual increases this year due to the base effect last year. The increase in PPI was also supported by the agriculture, forestry and fishing index which grew 27.6% y-o-y, manufacturing (7.1%), and electricity and gas supply (0.4%).</p> <p><i>(Source: The Star, 1 October 2021)</i></p>
<p><b>Government to table motion on raising statutory debt limit to 65% of GDP</b></p>	<p>The government will be tabling a motion on raising its statutory debt limit from 60% to 65% of Gross Domestic Product (GDP) given the need for spending flexibility during this unprecedented pandemic crisis, the Ministry of Finance said. It said the government remains committed to fiscal consolidation in the medium term as outlined in the 12 Malaysia Plan, with a deficit target of 3.5% of GDP by 2025. To achieve it, the committee also deliberated on the application of a variety of fiscal tools to balance the government's spending needs with fiscal sustainability. These measures include improving revenue collection, enhancing spending efficiency and managing debt more prudently and, to achieve long-term macroeconomic and fiscal stability, the committee agreed that medium-term fiscal consolidation will have to be more robust than previously planned, while keeping pace with expected economic recovery.</p> <p><i>(Source: The Star, 30 September 2021)</i></p>
<p><b>12MP: Digital economy to contribute 25.5% to GDP by 2025</b></p>	<p>The digital economy is expected to contribute 25.5% to the country's gross domestic product (GDP) by 2025, according to the 12th Malaysia Plan (12MP) document released by the Economic Planning Unit (EPU) today. The contribution of e-commerce activities to the GDP, meanwhile, is targeted at 10.5% under the country's digital economy agenda. Under 12MP, efforts will focus on providing an enabling environment for the growth of the digital economy, strengthening the provision of digital infrastructure and services, developing future-ready digital talent as well as positioning Malaysia as the ASEAN digital centre. The digital economy will change the conventional approach of businesses as well as consumer practices in obtaining information, services and goods.</p> <p><i>(Source: The Star, 27 September 2021)</i></p>