

MALAYSIA WEEKLY ECONOMIC NEWS

(16 August 2021 – 20 August 2021)

Topics	Highlights
<p>S&P Global adjusts Malaysia GDP growth forecast</p>	<p>S&P Global Ratings has lowered its growth forecast for Malaysia to 3.2% in 2021 from 4.1% earlier. Strong international trade is providing a sizeable buffer for growth this year. However, domestic demand is looking weaker. Lockdowns to manage the ongoing pandemic wave have now been in place for around three months. The deeper downturn has cut activity in the services sector and is resulting in sizeable job-losses – in June the unemployment rate jumped to 4.8% from 4.5% in May. Nonetheless, the rating agency noted that Malaysia now had a relatively high vaccination coverage, with about 52% of the population having received at least one dose. This would enable a gradual re-opening of the economy over the next several months. S&P expects Malaysia's gross domestic product (GDP) to grow 6% in 2022, 5.2% in 2023 and 4.6% in 2024.</p> <p style="text-align: right;"><i>(Source: The Star, 20 August 2021)</i></p>
<p>Labour output in 2Q improves but down on-quarter</p>	<p>Malaysia's labour productivity, measured as value added per employment, turned around to record a 13.6% growth from a year ago due to the low base then. The Department of Statistics Malaysia (DOSM) said after five consecutive quarters of decline trends, Malaysia's labour productivity rebounded to 13.6% (1Q 2021: -0.4%) with a value of RM22,117 per person (Q1 2021: RM22,513 per person). The strong growth was also attributed by the lower base registered a year ago which was negative 16.1% (RM19,467 per person). However, in comparison with the preceding quarter, the labour productivity declined in 2Q, recording a smaller contraction of 1.8% (1Q, 2021: -4.6%).</p> <p style="text-align: right;"><i>(Source: The Star, 18 August 2021)</i></p>
<p>Job rate up 22% in Q2</p>	<p>The number of jobs in the country rose 22% in the second quarter of this year compared with the first quarter, according to global recruitment specialists Michael Page Malaysia. Based on the job opportunity data shared by the global recruitment company, it said there was growth opportunities within sectors such as financial services and fintech (up 43%) and healthcare and life sciences (up 26%). Nic Chambers, country head of Michael Page Malaysia, said in a statement: "Multinationals with an existing footprint in Malaysia are expanding their operations, either with new functions or skill sets further up the job value chain. "There have also been new market entrants and direct foreign investment coming into Malaysia and setting up global business services centres. This is driving the activity in hiring trends."</p> <p style="text-align: right;"><i>(Source: The Star, 18 August 2021)</i></p>
<p>Vehicle sales to pick up in August as showrooms open</p>	<p>After a plunge in sales in June and July due to the restrictions under the Movement Control Order (MCO), the Malaysian Automotive Association (MAA) has turned more optimistic for August as showrooms in many states are allowed to open. The MAA said it expected August sales to be higher compared with July as key states such as Selangor and Kuala Lumpur could reopen. Car dealers posted total losses of more than RM14bil in June and July due to sharp plunge in sales of vehicles in the domestic market following the MCO, the MAA said. For July, the total industry volume fell by 87.9% to 7,086 units from 58,878 units a year ago. Passenger vehicle sales plunged to 4,949 units from 53,415 a year ago. As for commercial vehicles, it fell to 2,137 units from 5,463 units. Year-to-date, sales volume until July was 10.2% higher at 256,215 units compared with 232,424 units in the previous corresponding period.</p> <p style="text-align: right;"><i>(Source: The Star, 16 August 2021)</i></p>