

MALAYSIA WEEKLY ECONOMIC NEWS

(28 June 2021 – 2 July 2021)

Topics	Highlights
<p>Malaysia's manufacturing PMI falls to 39.9 in June 2021</p>	<p>IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) fell to 39.9 in June, from 51.3 in May, pointing to a decline in business conditions in the manufacturing sector, according to IHS Markit. In a statement, IHS Markit said the Malaysian manufacturing sector lost considerable momentum at the end of the second quarter of 2021, as Covid-19 infections led to the reintroduction of stricter containment measures. As a result, both output and incoming orders moderated to the greatest extent since the worst of the initial outbreak of the pandemic in April 2020. Manufacturers signalled a pessimistic outlook regarding the year-ahead outlook for output for only the fourth time in the survey's history, amid concerns about the duration of the pandemic.</p> <p style="text-align: right;"><i>(Source: The Star, 2 July 2021)</i></p>
<p>Govt to revise deficit target due to Pemulih</p>	<p>The implementation of the National People's Well-Being and Economic Recovery Package (PEMULIH) is expected to have an impact on the government's fiscal situation and a new fiscal deficit target will be made when the effects of the current Movement Control Order (MCO) on the Gross Domestic Product (GDP) are announced in August. Treasury deputy secretary-general (policy) Zakiah Jaafar said the RM150 billion PEMULIH involves an additional direct fiscal injection of RM10 billion, which will obviously impact the government's fiscal position. She said the revised target for the nation's financial position will be made after the tabling of the effects of the latest MCO on the GDP in August. Although the fiscal impact will need to be handled, Zakiah said the more important thing now is to ensure the national economy recovers as quickly as possible, whereby the key lies in the country's vaccination programme.</p> <p style="text-align: right;"><i>(Source: The Star, 2 July 2021)</i></p>
<p>Local financial markets affected by domestic, external factors</p>	<p>The domestic financial markets were affected by both domestic and external factors in May, while investor sentiment was affected by the uncertainty surrounding the course of the pandemic in the region, Bank Negara said. It said the imposition of stricter containment measures amid rising Covid-19 cases domestically led to further concerns over the economic outlook and increased risk aversion towards domestic financial assets. The FBM KLCI declined by 1.1% and the ringgit depreciated by 0.8% against the US dollar. The 10-year Malaysian Government Securities' yield increased by nine basis points, driven by expectations of increased domestic fiscal stimulus to support economic activity.</p> <p style="text-align: right;"><i>(Source: The Star, 1 July 2021)</i></p>
<p>Malaysia records 26% jump in Jan-May trade</p>	<p>Malaysia's total trade grew by 26% year-on-year (y-o-y) to RM867.4bil in the first five months of 2021, the Ministry of International Trade and Industry (Miti) said. Trade surplus surged by 112.2% to RM92.79bil, as exports rose by 31.1% to RM480.09bil and imports increased by 20.1% to RM387.31bil. Miti said the country's trade performance maintained its upward trend in May 2021 with trade expanding by 48.75 to RM170.88bil compared to May 2020. Exports surged by 47.3% to RM92.31bil, the ninth consecutive month of y-o-y expansion since September 2020 while imports rose by 50.3% to RM78.57bil and trade surplus expanded by 32.3% to RM13.74bil.</p> <p style="text-align: right;"><i>(Source: The Star, 29 June 2021)</i></p>