



Malaysia – Current Economic Developments

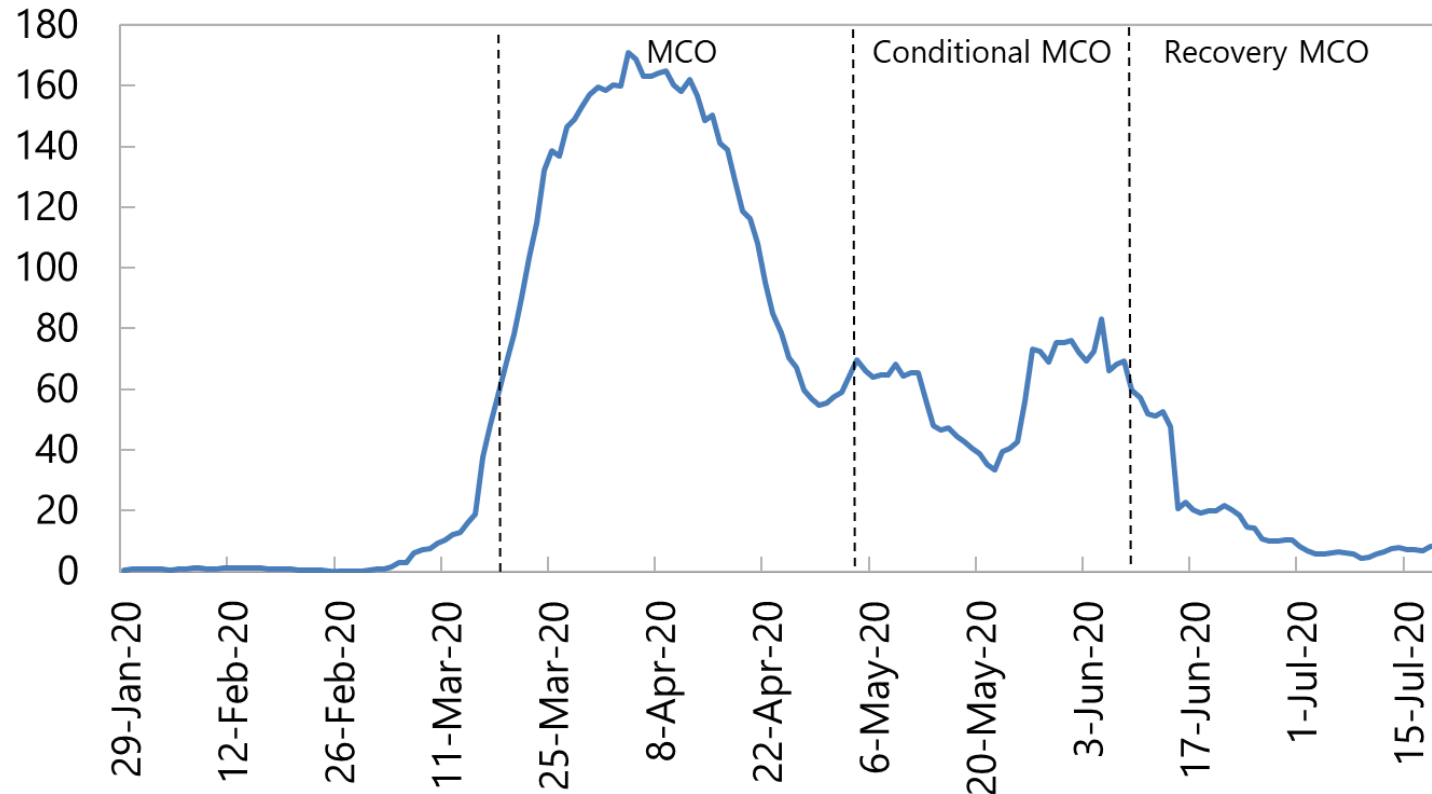
JULY 30, 2020

Dr. Jochen Schmittmann
IMF Resident Representative

Malaysia successfully contained the spread of COVID-19...

Malaysia Daily New COVID-19 Cases

(Number; 10-Day Average)



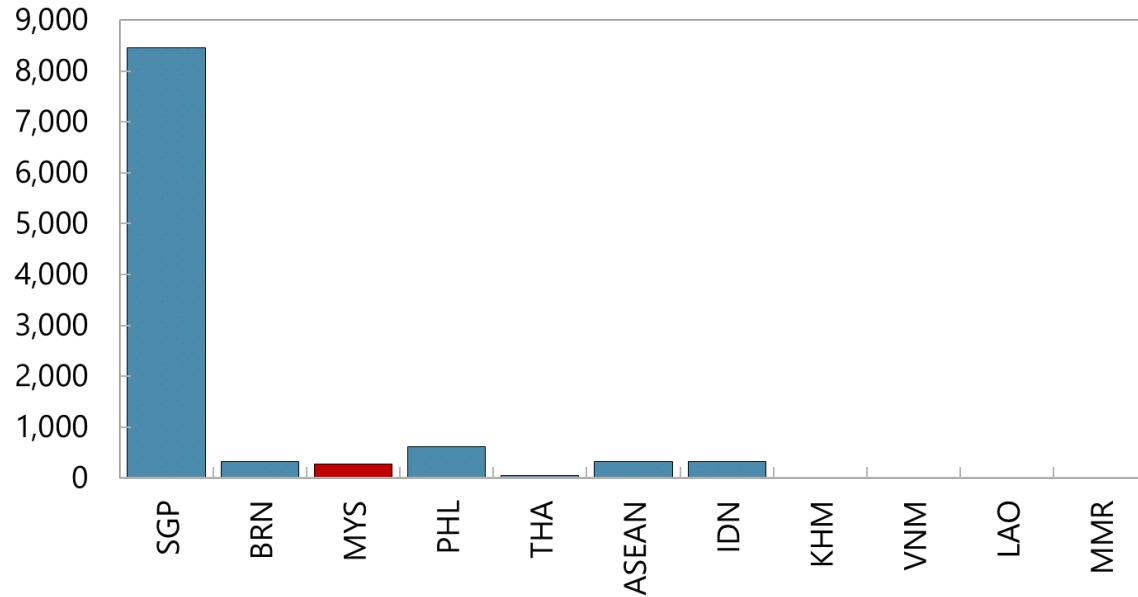
Sources: Johns Hopkins CSSE, European Centre for Disease Prevention and Control (ECDC)

Note: Dates follow ECDC Reporting Dates. MCO=Movement Control Order

...keeping overall cases and fatalities relatively low.

ASEAN Confirmed Cases-To-Date

(Per Million Population)

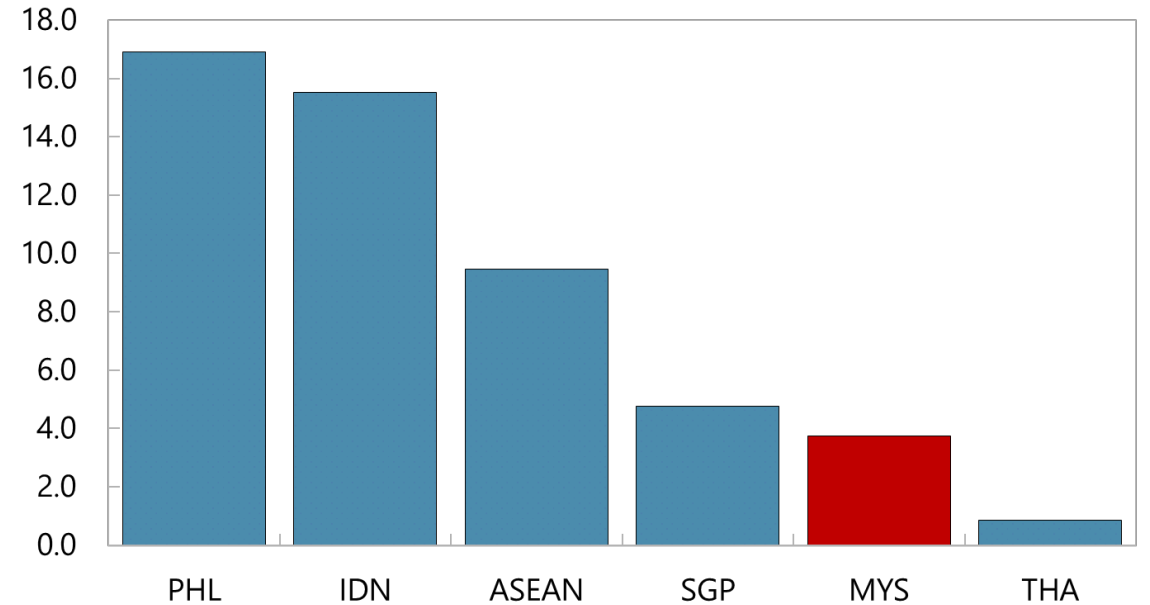


Sources: Johns Hopkins CSSE, European Centre for Disease Prevention and Control (ECDC)

Note: Dates follow ECDC Reporting Dates. As of July 20

ASEAN Death Toll

(Per Million Population)



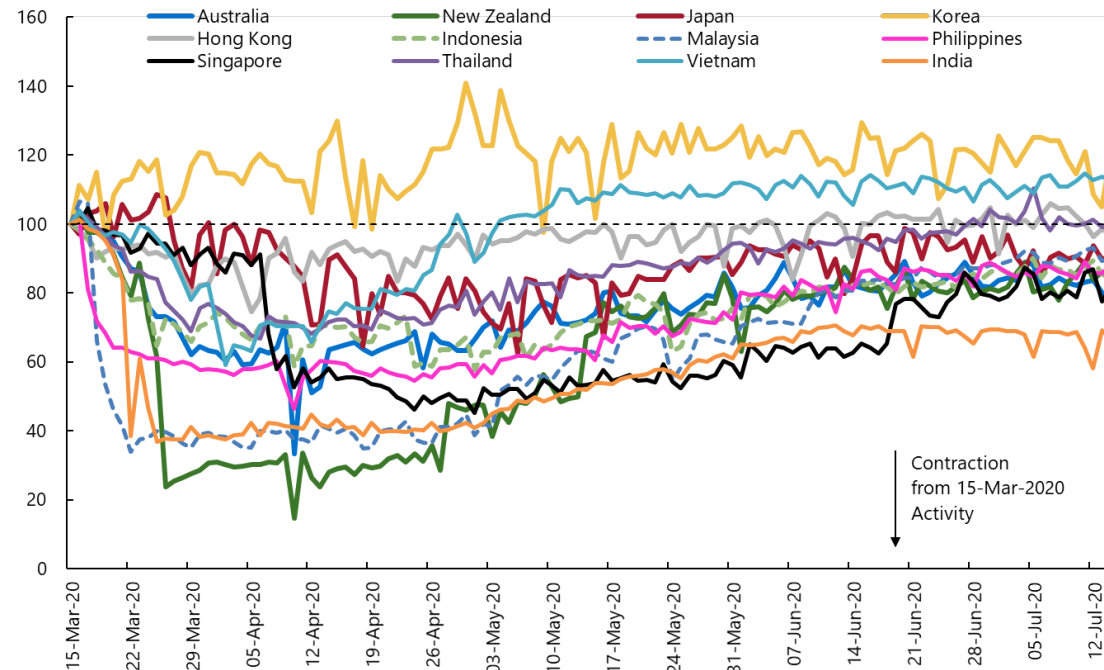
Sources: Johns Hopkins CSSE, European Centre for Disease Prevention and Control (ECDC)

Note: Dates follow ECDC Reporting Dates. As of July 20

Mobility has improved as restrictions are eased.

Asia Google COVID-19 Mobility Activity

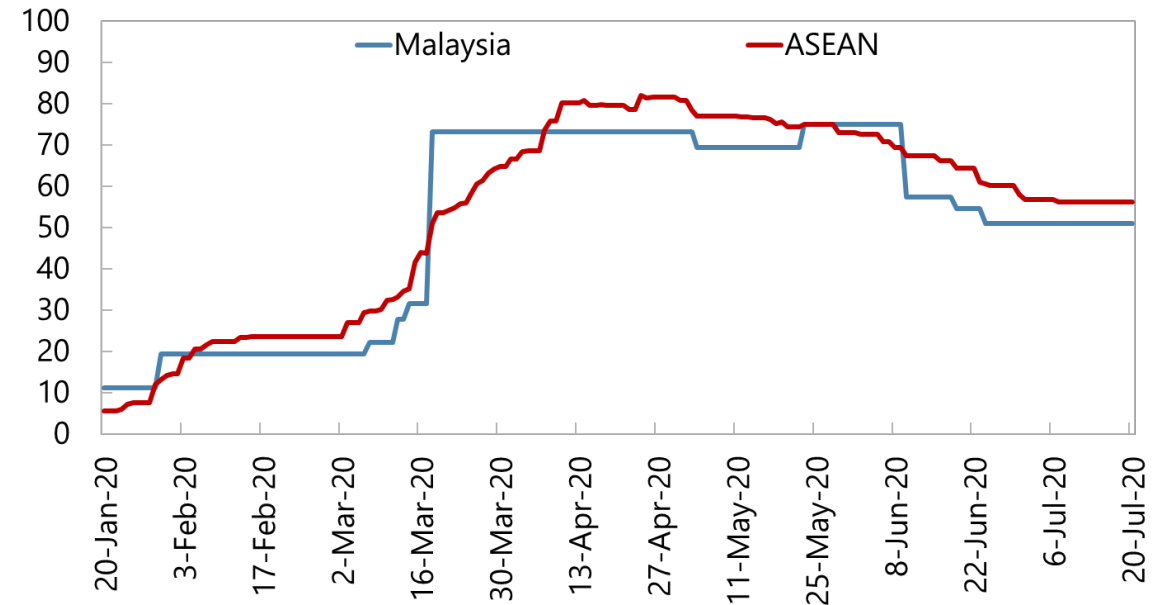
(Percent from Baseline; 15-Mar-2020)



Sources: Google COVID-19 Community Mobility Reports, IMF staff calculation
Note: Average of Retail & Recreation, Grocery & Pharmacy, Parks, Transit Stations, Workplaces

Malaysia and ASEAN Oxford Stringency Index

(Index; 0-100)



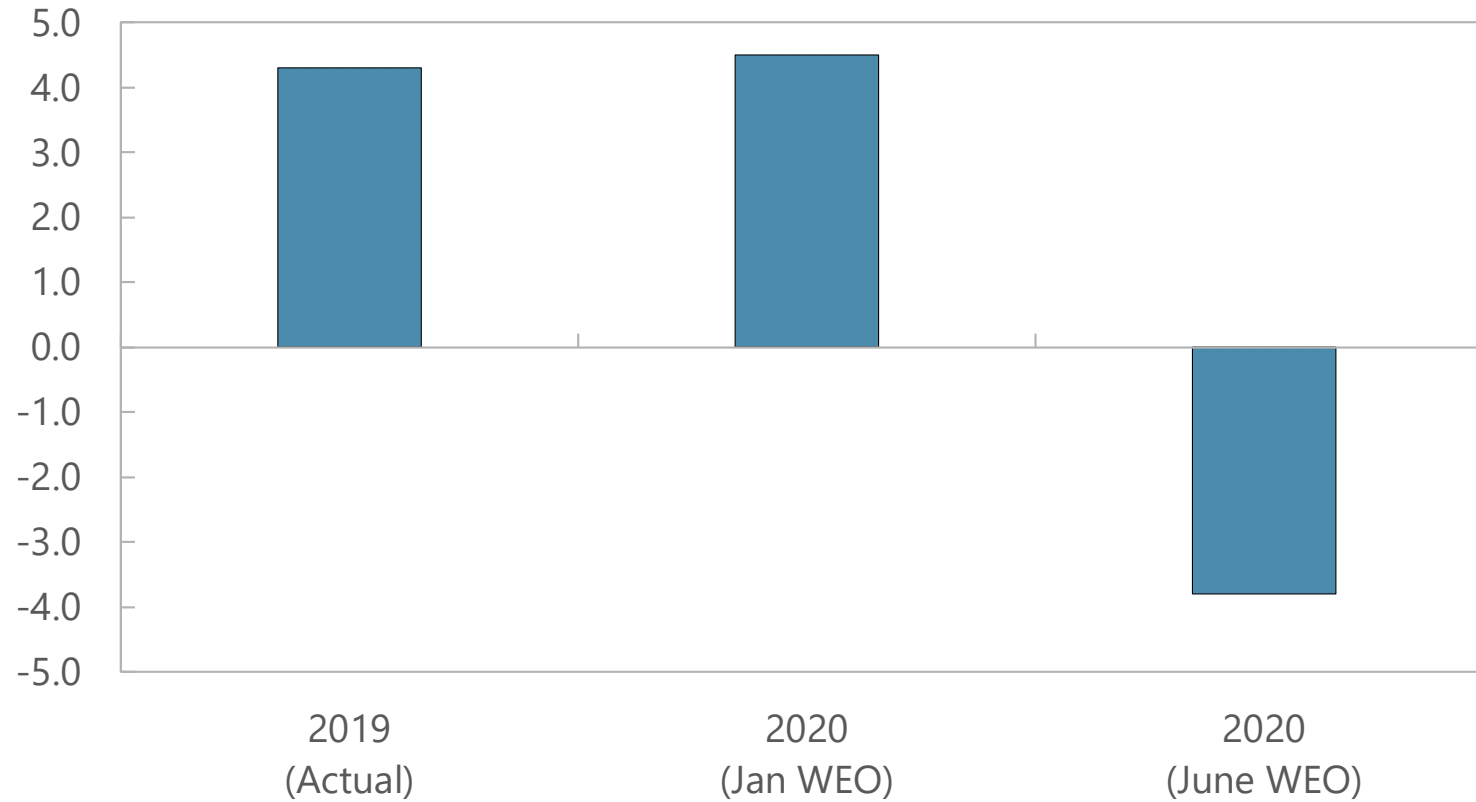
Sources: Oxford

Note: ASEAN Stringency Index weighted by 9 countries (except Cambodia: N/A) based on GDP weights

The COVID-19 shock has hit Malaysia's economy hard.

Malaysia: 2020 Growth Projection

(in percent, ppt)

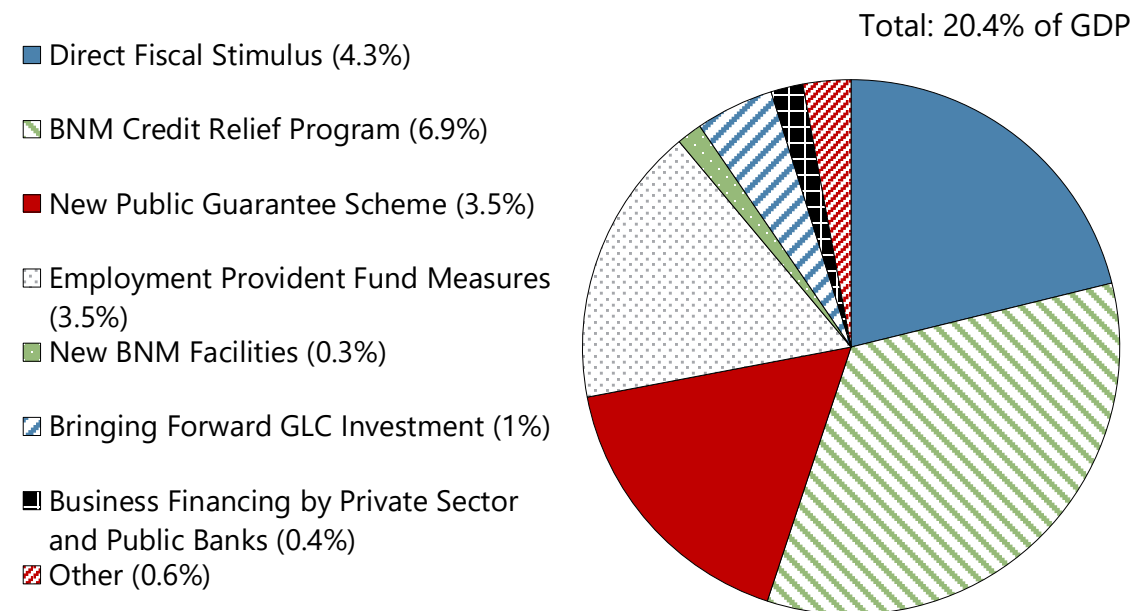


Sources: Haver and IMF staff calculation.

The authorities announced economic stimulus measures amounting to 20.4 percent of GDP.

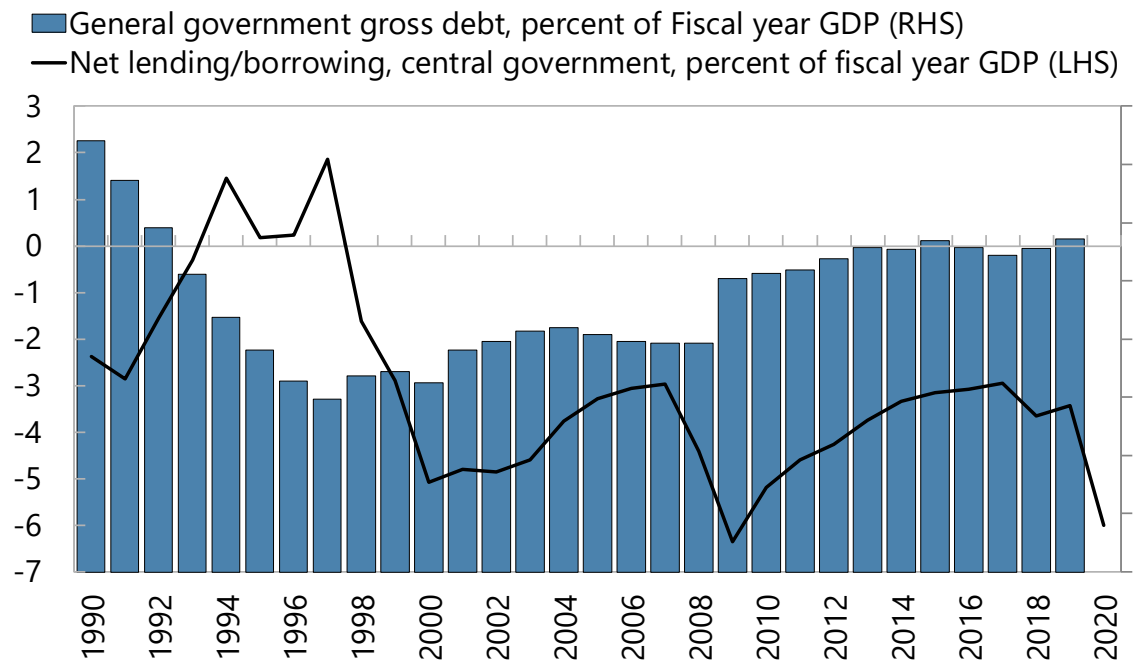
Malaysia: Economic Stimulus Package Measures

(In Percent of GDP)



Sources: Malaysian Authorities, and IMF Staff Calculations.

Malaysia Fiscal Deficit and General Government Debt

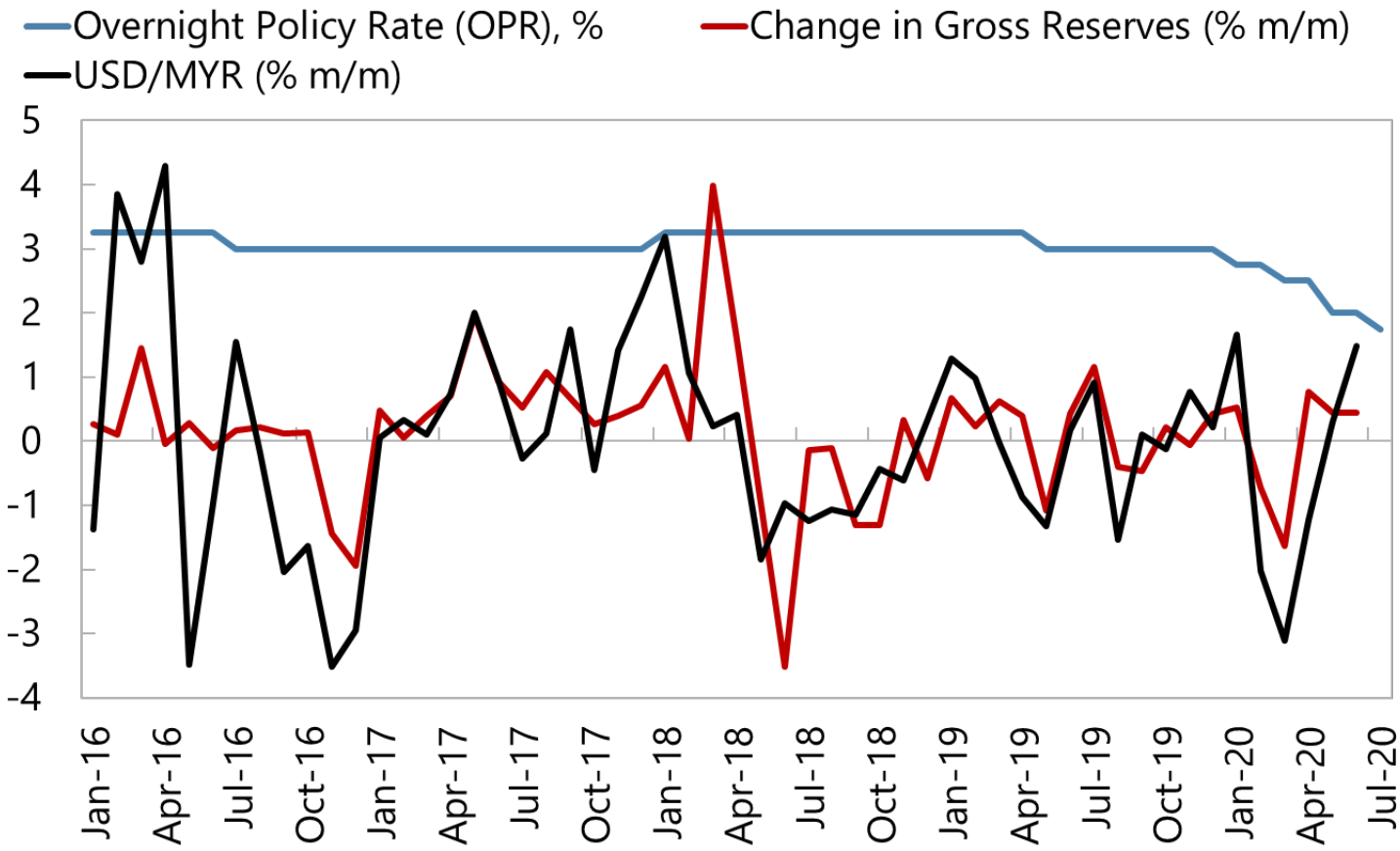


Sources: IMF

Monetary and financial policy settings are supportive.

Malaysia Policy Rate and FX Market Pressures

(OPR: Percent and Reserves & Currency: Percent month/month)

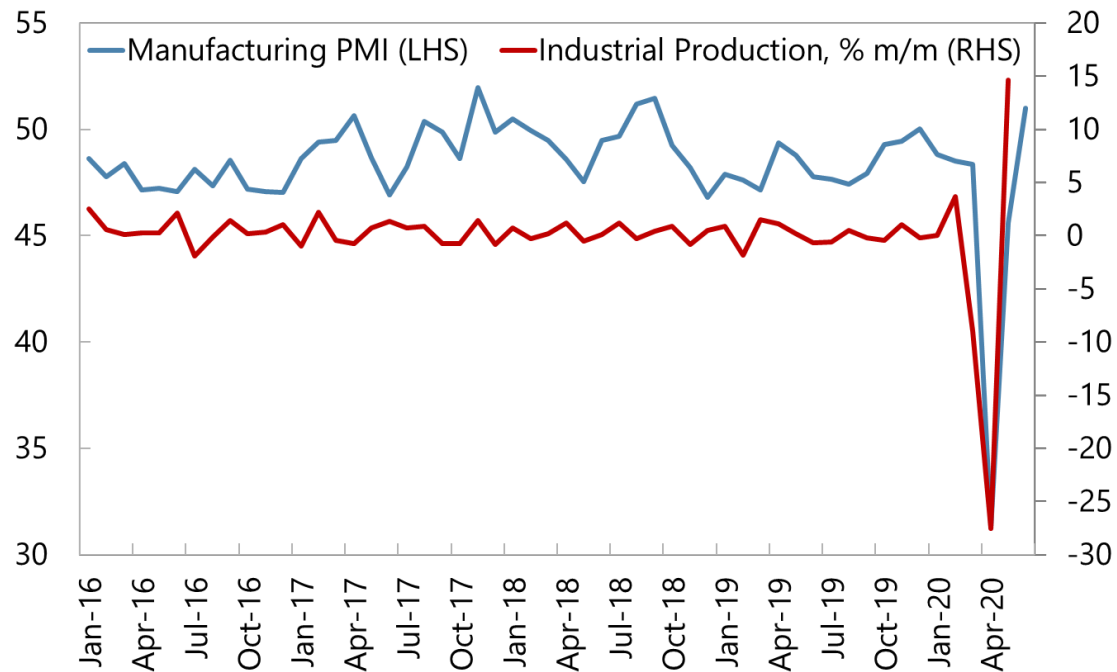


Sources: CEIC

The production side is recovering faster than consumption and services related activities.

Malaysia Manufacturing PMI and Industrial Production

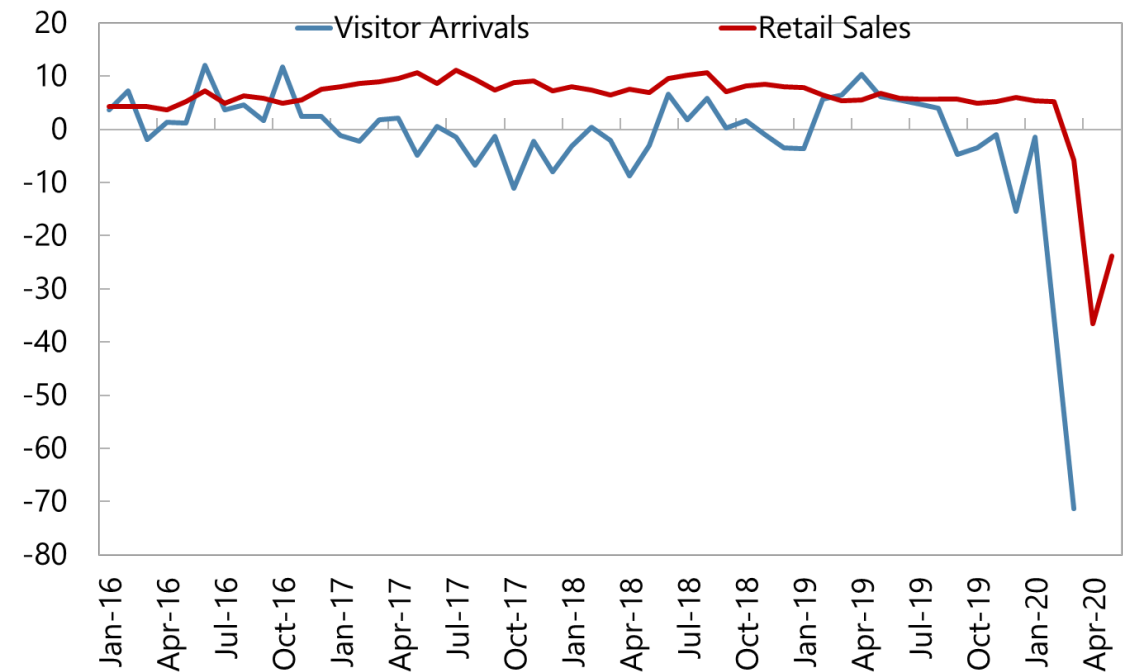
(LHS: Diffusion Index; RHS: Percent month/month)



Sources: Haver

Malaysia Visitor Arrivals and Retail Sales

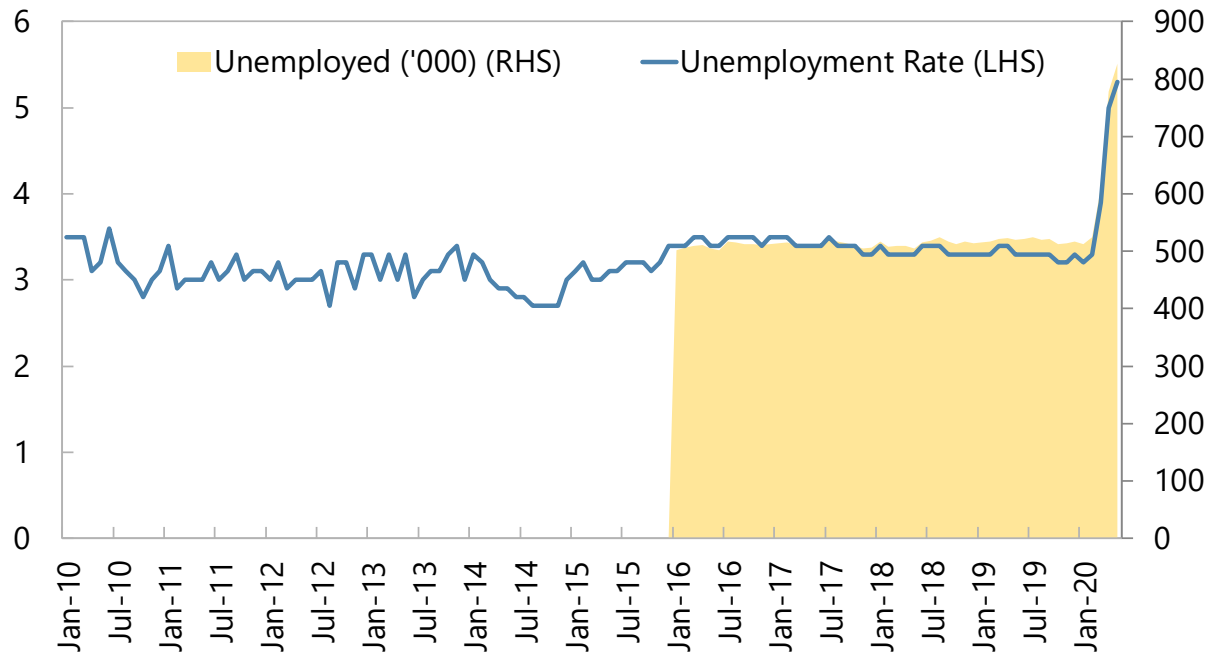
(Percent year/year)



Sources: CEIC

Unemployment has risen sharply and inflation remains low.

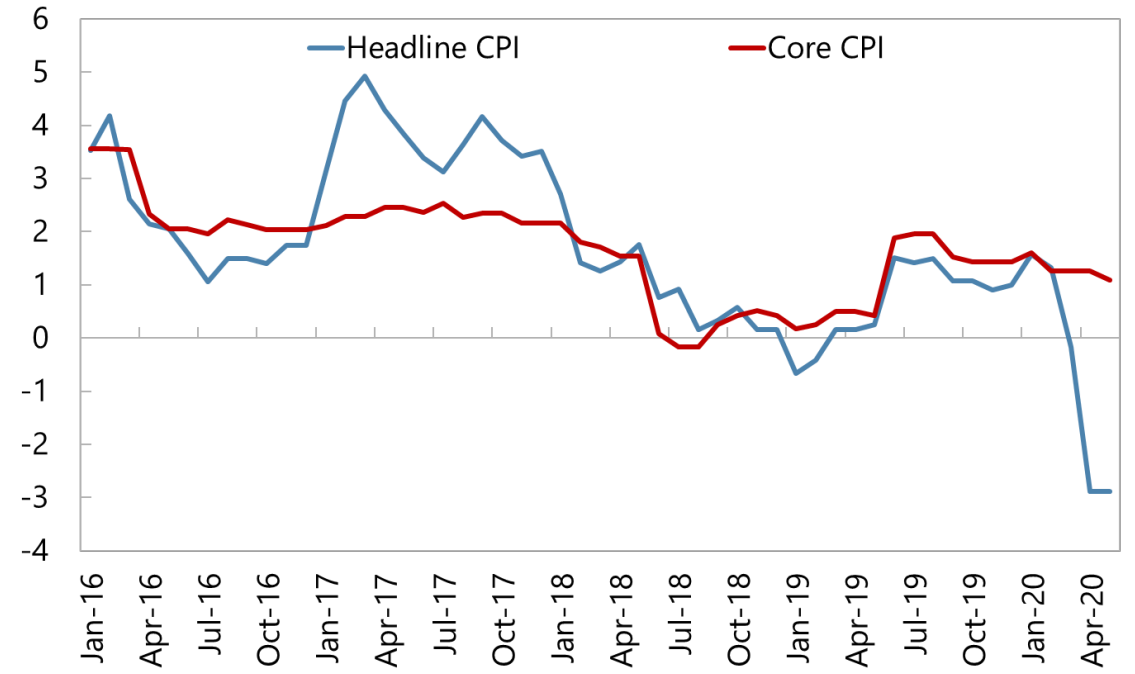
Malaysia Unemployment



Sources: Bloomberg

Malaysia Inflation

(Percent Year/Year)

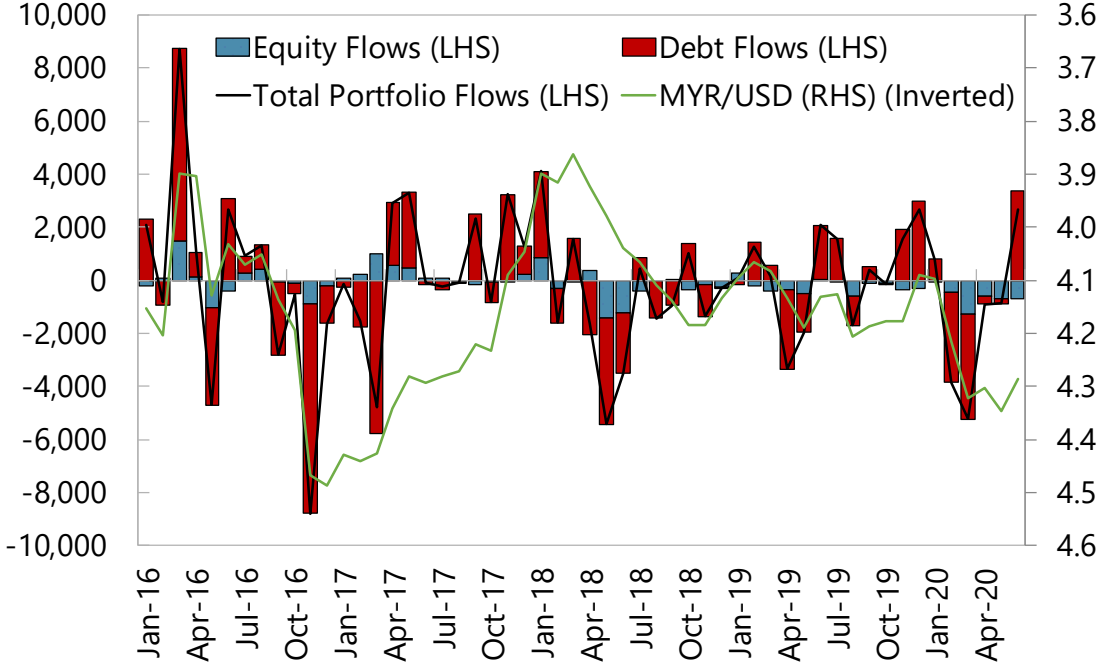


Sources: CEIC

Financial conditions have improved after a sharp deterioration in March/April.

Malaysia Portfolio Flows and Ringgit

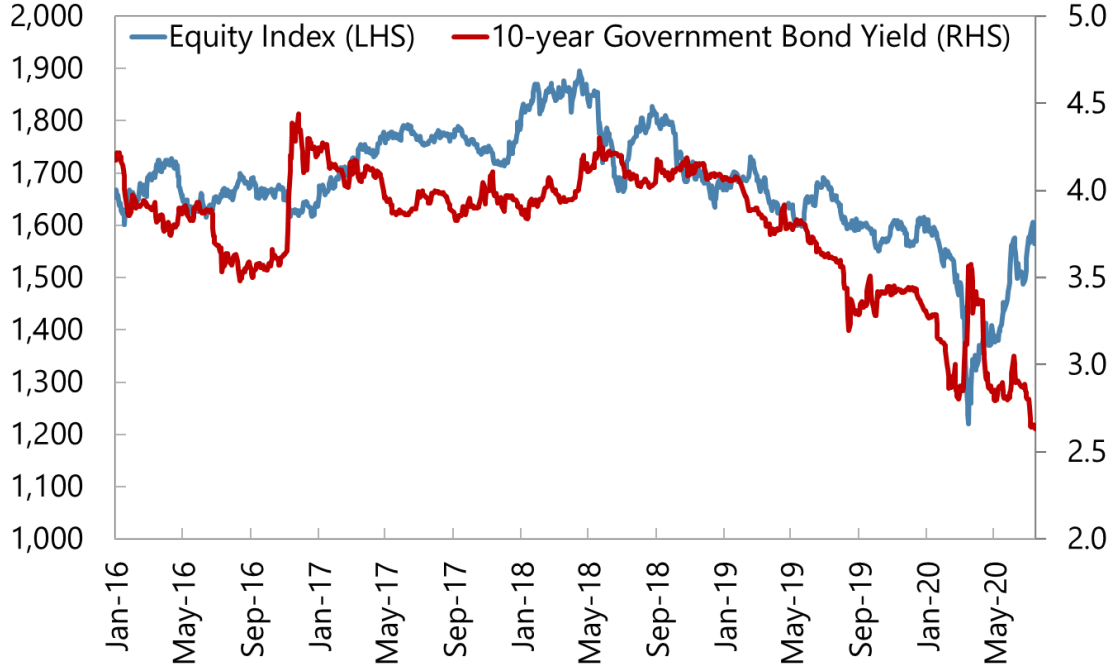
(LHS: Millions of US Dollars; RHS: Exchange Rate)



Sources: Bloomberg

Malaysia Equities and 10-Year Government Bond Yield

(LHS: Index; RHS: Percent)

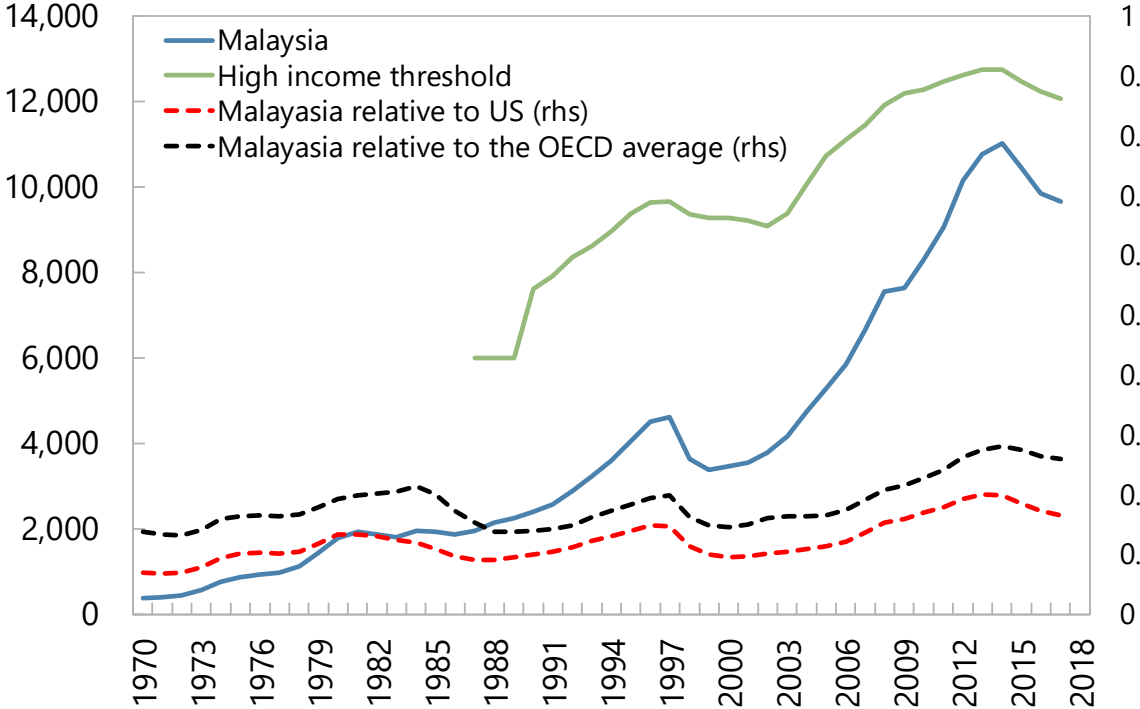


Sources: Bloomberg

COVID-19 amplifies existing medium-term challenges...

Relative Income Per Capita of Malaysia

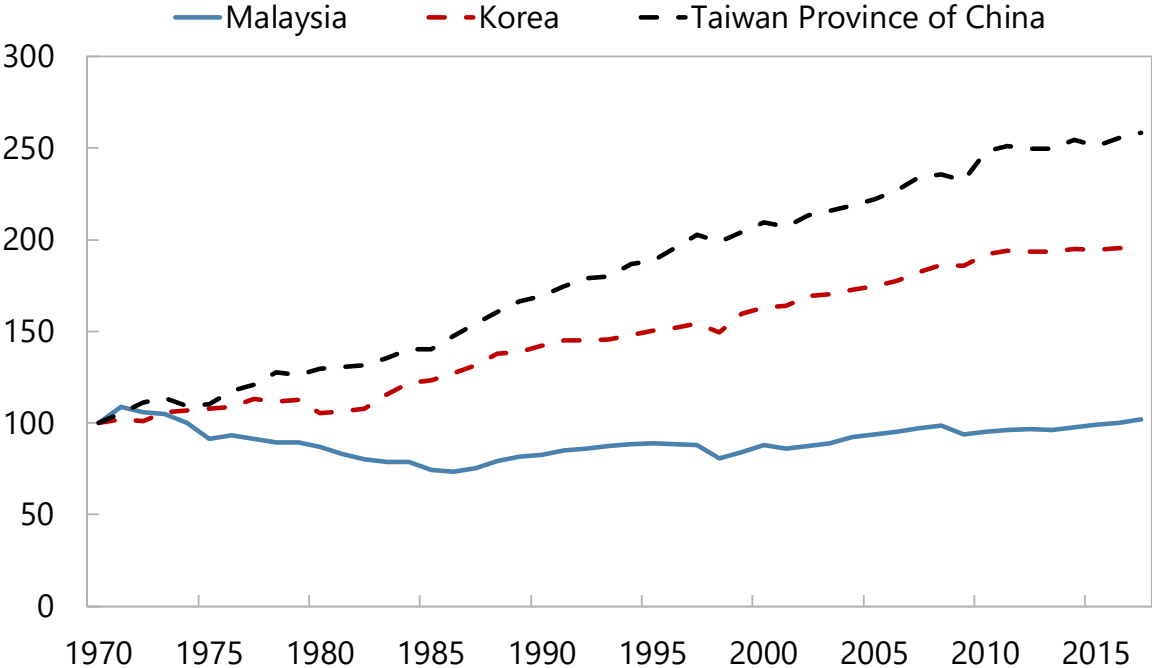
(In current US\$; ratio)



Sources: World Bank, and World Development Indicators.

TFP Growth at Constant National Prices

(Index, 1970=100)



Sources: Penn World Table and IMF staff calculation.

...and a protracted and uneven recovery is likely.

Large uncertainty and important risks...

- Uncertainty around pandemic evolution
- Weaker external demand; GVC reconfiguration
- Rising inequality and informality
- High leverage among some firms and households could weigh on recovery
- Global financial conditions could abruptly tighten again
- Prolonged sectoral issues and scarring (tourism, retail)

...but also some opportunities:

- COVID-19 could accelerate digitalization and productivity gains
- Position for a green recovery
- Malaysia is well placed to benefit from growth in the E&E and medical supply sectors

Thank you