Malaysia successfully contained the spread of COVID-19...
...keeping overall cases and fatalities relatively low.

**ASEAN Confirmed Cases-To-Date**
(Per Million Population)

**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)

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

**Malaysia: Economic Stimulus Package Measures**
(In Percent of GDP)

- Direct Fiscal Stimulus (4.3%)
- BNM Credit Relief Program (6.9%)
- New Public Guarantee Scheme (3.5%)
- Employment Provident Fund Measures (3.5%)
- New BNM Facilities (0.3%)
- Bringing Forward GLC Investment (1%)
- Business Financing by Private Sector and Public Banks (0.4%)
- Other (0.6%)

Total: 20.4% of GDP

Sources: Malaysian Authorities, and IMF Staff Calculations.

**Malaysia Fiscal Deficit and General Government Debt**

- General government gross debt, percent of Fiscal year GDP (RHS)
- Net lending/borrowing, central government, percent of fiscal year GDP (LHS)

Sources: IMF
Monetary and financial policy settings are supportive.

**Malaysia Policy Rate and FX Market Pressures**

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

- Overnight Policy Rate (OPR), %
- Change in Gross Reserves (% m/m)
- USD/MYR (% m/m)

Sources: CEIC
The production side is recovering faster than consumption and services related activities.
Unemployment has risen sharply and inflation remains low.

Sources: Bloomberg

Sources: CEIC
Financial conditions have improved after a sharp deterioration in March/April.
COVID-19 amplifies existing medium-term challenges...

**Relative Income Per Capita of Malaysia**
(In current US$; ratio)

![Graph showing relative income per capita of Malaysia](image)

Sources: World Bank, and World Development Indicators.

**TFP Growth at Constant National Prices**
(Index, 1970=100)

![Graph showing TFP growth](image)

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