



社会经济研究中心
SOCIO-ECONOMIC
RESEARCH CENTRE

13th Malaysian Property Summit 2020

**The Malaysian Economy:
A Macro Perspective**

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Executive Director
13 October 2020

A global recovery is underway; risks still prevalent

Global recovery is slowing emerging

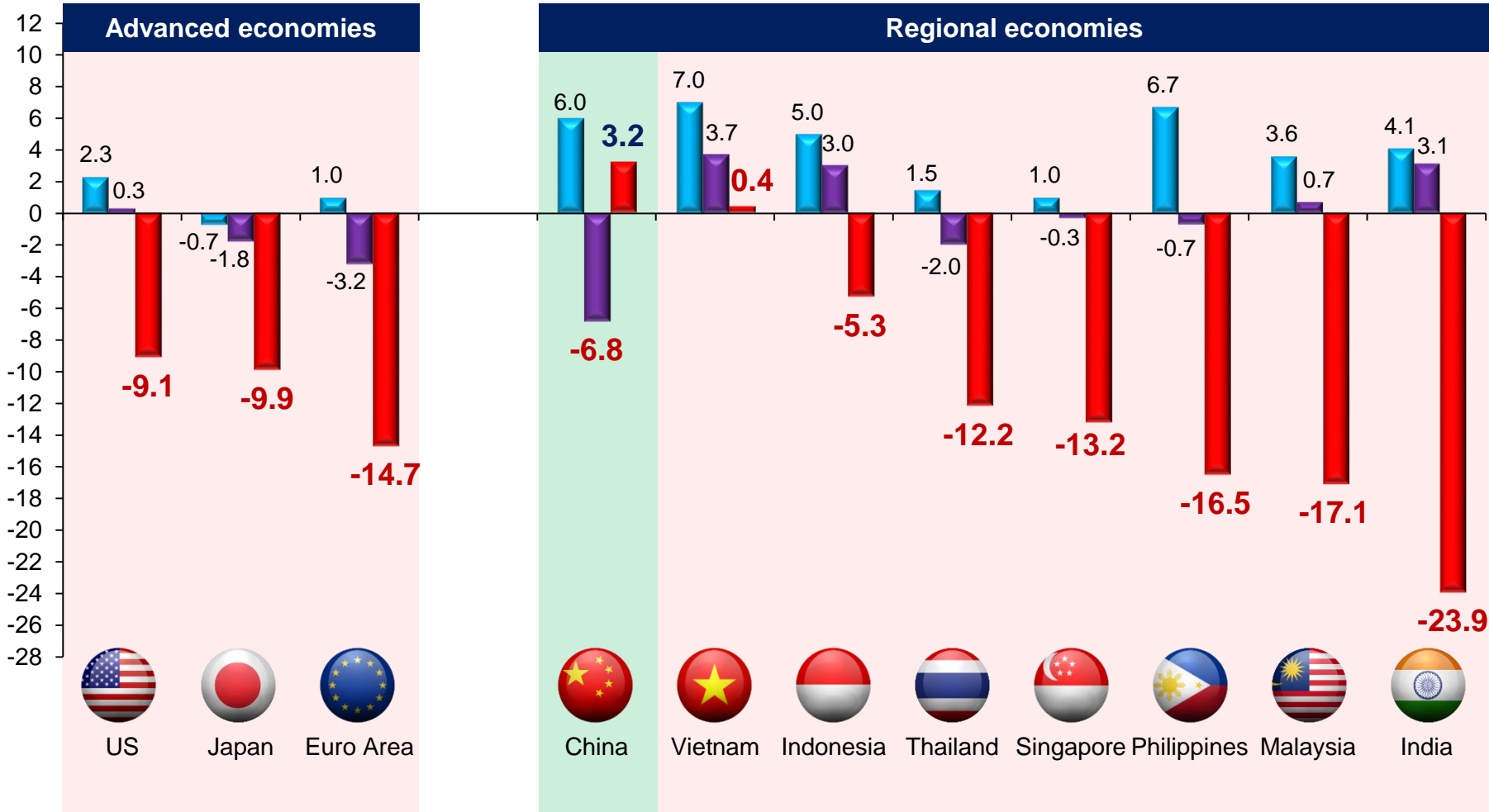
- 👍 **Signs of recovery, albeit unevenly** though the path ahead still full of uncertainty
- 👍 **OECD leading indicators** signal the pace of rebound in the world's leading economies still slow but off the lows
- 👍 **Global PMIs** show a **revived expansion track in manufacturing and services**
- 👍 **Retail spending** has picked up, supported by improving **labour market conditions**
- 👍 **Global trade volume** though continues to decline but at a smaller magnitude

Risks to recovery

- 👎 The pace and strength of recovery is critically dependent on the **future path of virus and vaccines development**, which is anticipated to be available in 2021
- 👎 **Confidence about the virus containment and vaccination** are needed for a full recovery

Global outlook – Worst may be over in 2Q 2020, but recovery far from certain

Real GDP growth (% YoY)



Source: Officials (unadjusted data except Euro Area)

Post-Great Lockdown: Global mobility tracker

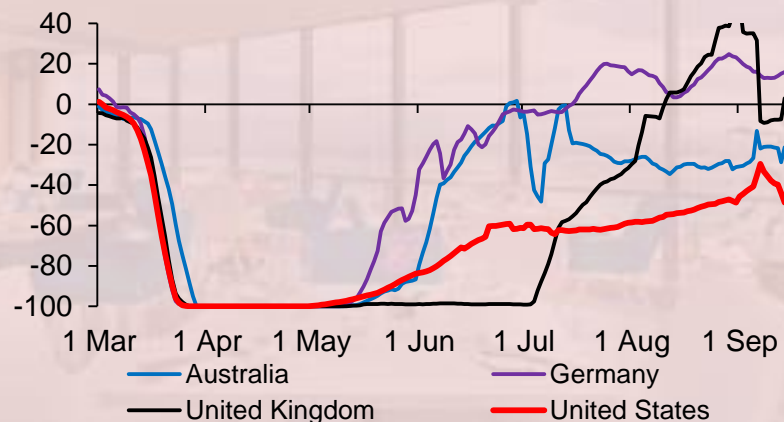
Global flights tracking

'000, 7-day moving average



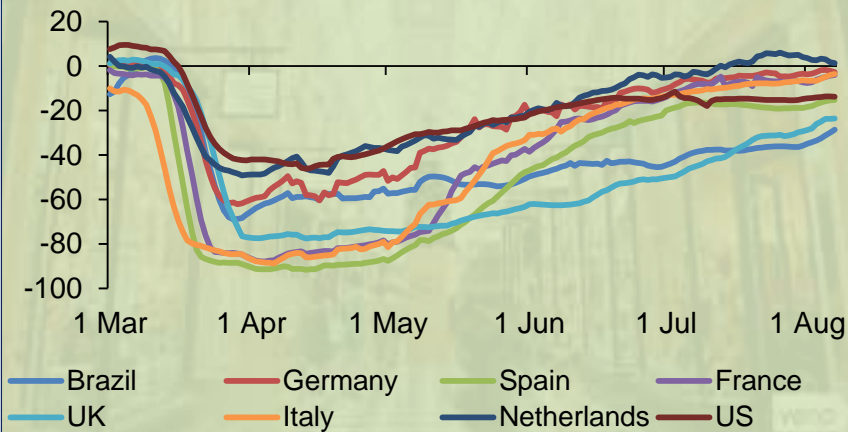
Restaurant bookings

%, 7-day moving average vs. same day of same week one year ago



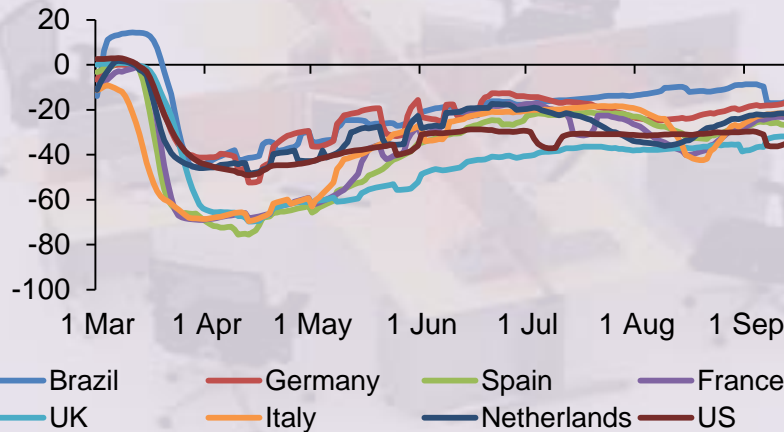
Time spent in retail and recreation

%, 7-day moving average vs. baseline



Time spent in workplaces

%, 7-day moving average, vs. baseline

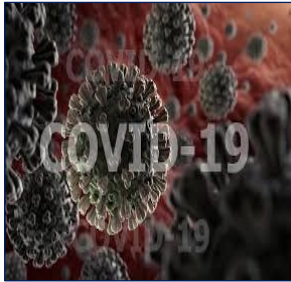


Note: Update for retail and recreation category is temporarily suspended from 17 Aug.

Source: Flightradar24; OpenTable; Google Mobility (baseline = median value for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020)

Top five risks that may temper the global recovery

The US Presidential Election on 3 November is the key upcoming event and the main political uncertainty until year-end



1

New lockdowns to control a sharp spike in infection cases (a second wave or a third wave) may threaten the global recovery; the longer- than-expected vaccines availability would dampen confidence



2

Premature withdrawal of fiscal stimulus and monetary accommodation. Central banks are expected to remain in accommodative mode for some time. Fiscal stimulus is still needed as a reduction of public-sector demand would trigger a renewed contraction of the economy



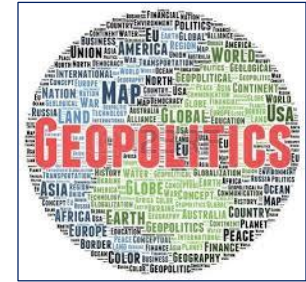
3

A sudden reversal of investors' positive optimism towards the stock markets on worries about the worsening economic outlook, could trigger sharp capital outflows and the tightening of global financial conditions volatility



4

Lingering uncertainties about the US-China tensions on trade and technology as well as political relations



5

Geopolitical events, including political events

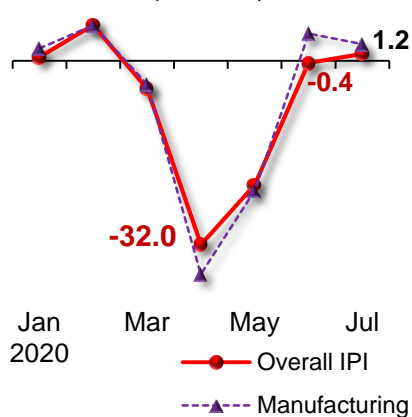
The Malaysian Economy

Prospects in 2020-2021 – What might the recovery look like?

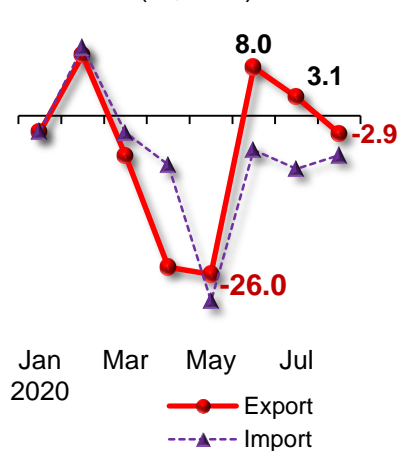


Malaysia's economic recovery tracker

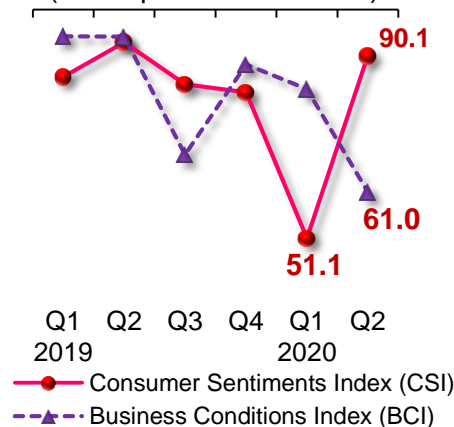
Industrial Production Index (IPI)
(%, YoY)



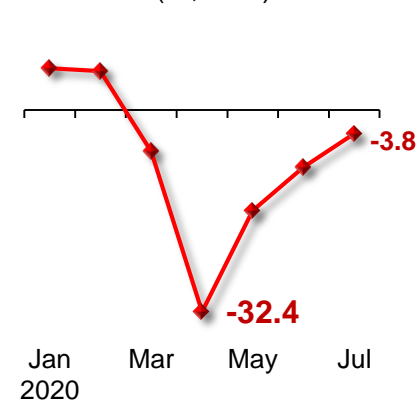
Exports and Imports
(%, YoY)



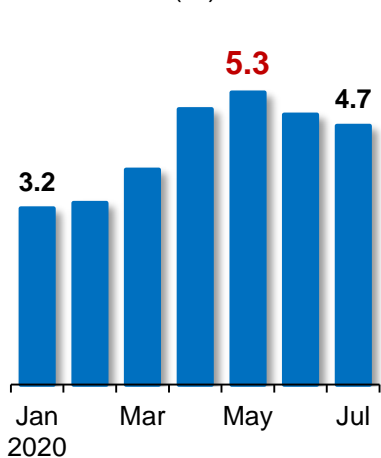
Consumer sentiment & Business confidence
(100=optimism threshold)



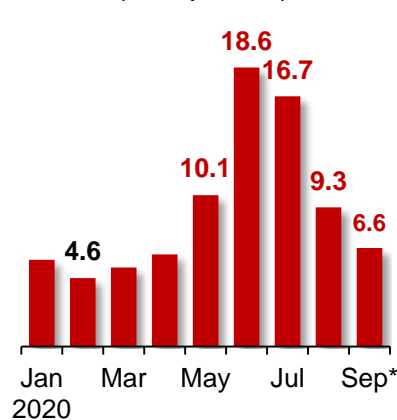
Retail Sales
(%, YoY)



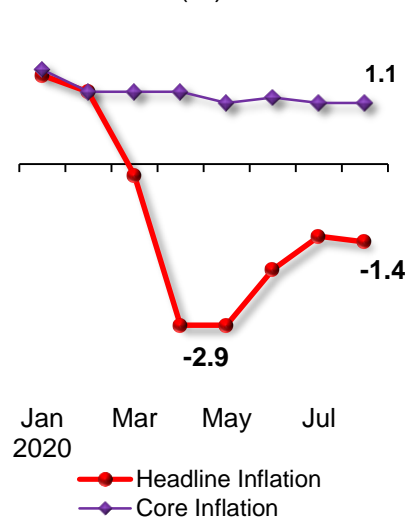
Unemployment Rate
(%)



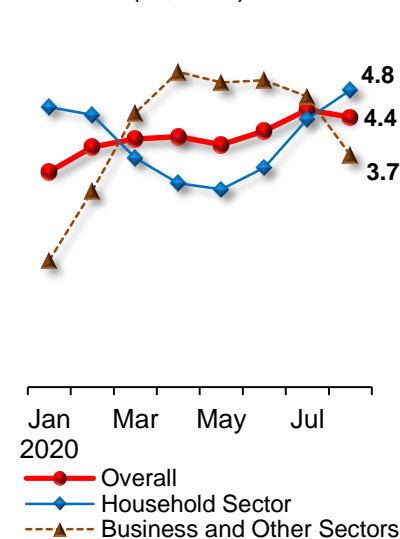
EIS Loss of Employment
('000 person)



Inflation Rate
(%)



Loan Growth
(%, YoY)

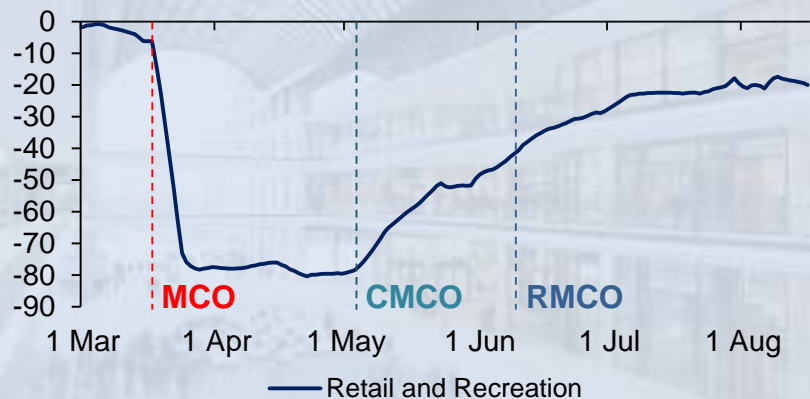


Source: DOSM; MIER; PERKESO; BNM

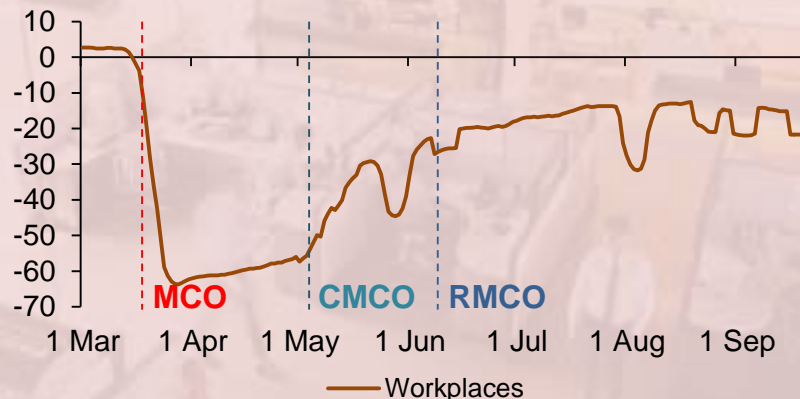
* 1-27 Sep

Reopening economy: Malaysia's mobility tracker

Time spent in retail and recreation

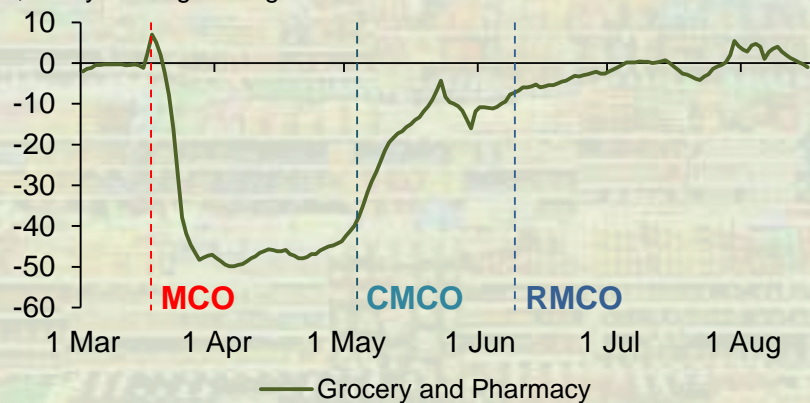


Time spent in workplaces



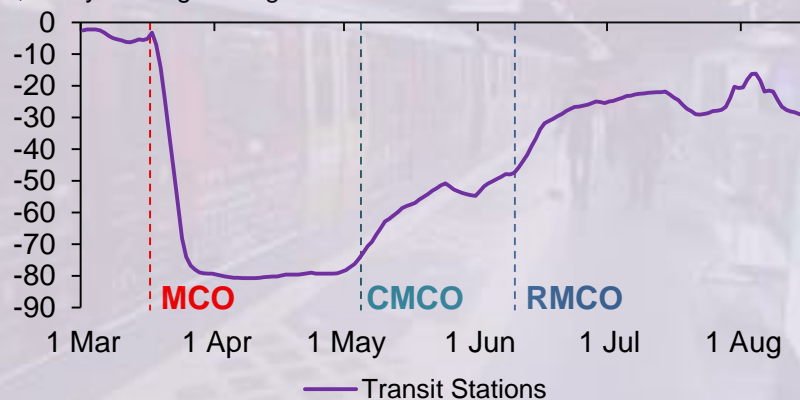
Time spent in grocery and pharmacy

%, 7-day moving average vs. baseline



Time spent in transit stations

%, 7-day moving average vs. baseline



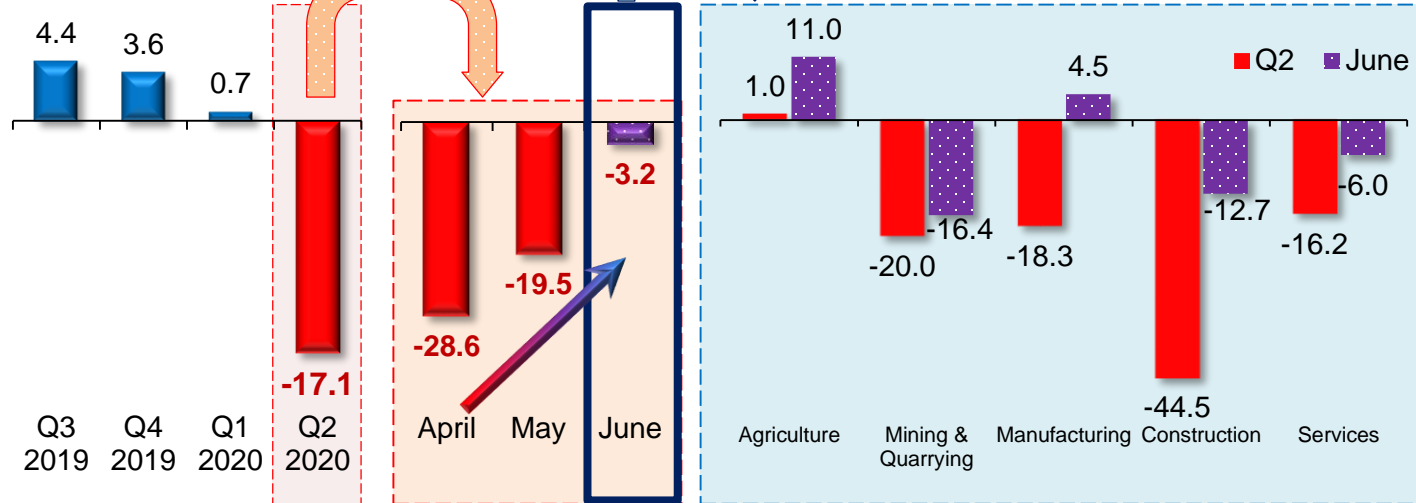
Note: Update (except workplace category) is temporarily suspended from 17 Aug.

Source: Google Mobility (baseline = median value for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020)

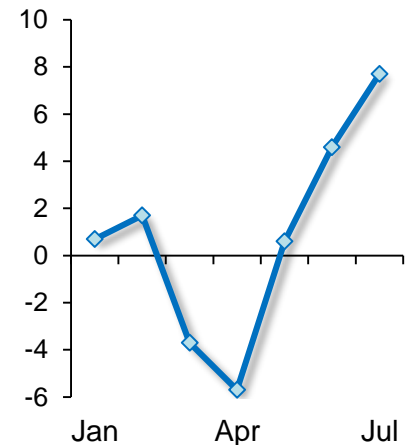
In a nutshell, the economic slump has off the lows since June

- Based on DOSM's monthly GDP estimates, the sharp declines in economic output (GDP) in April (-28.6% yoy) and May (-19.5%) have narrowed sharply to -3.2% in June following the implementation of CMCO and RMCO.

Real GDP growth
%, YoY



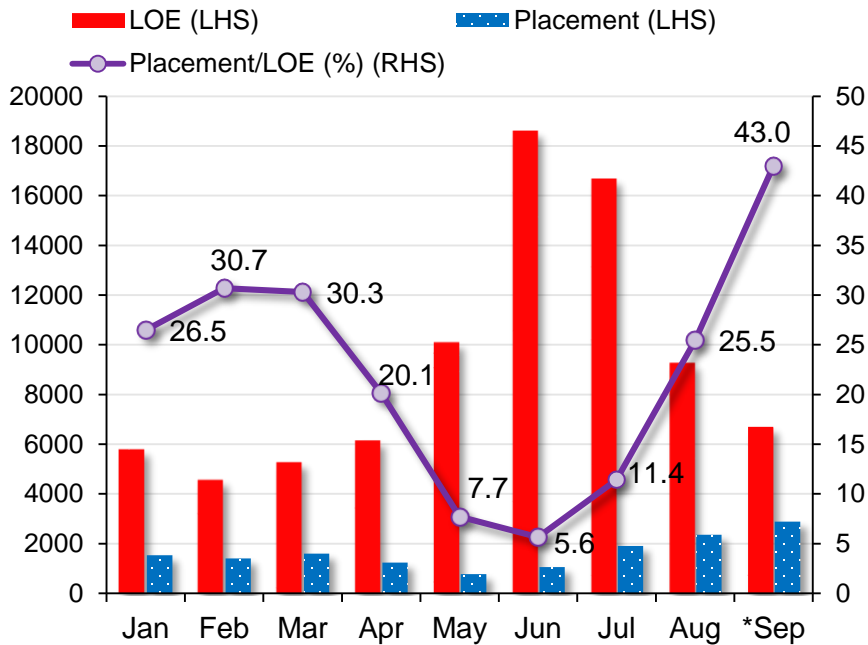
Malaysia's leading index
%, YoY



Source: DOSM

Loss of employment vs. Job placement

- Placement referred to unemployment benefit recipients who have submitted early re-employment allowance
- **Job placement over loss of employment (LOE) ratio** has improved since reaching bottom in June

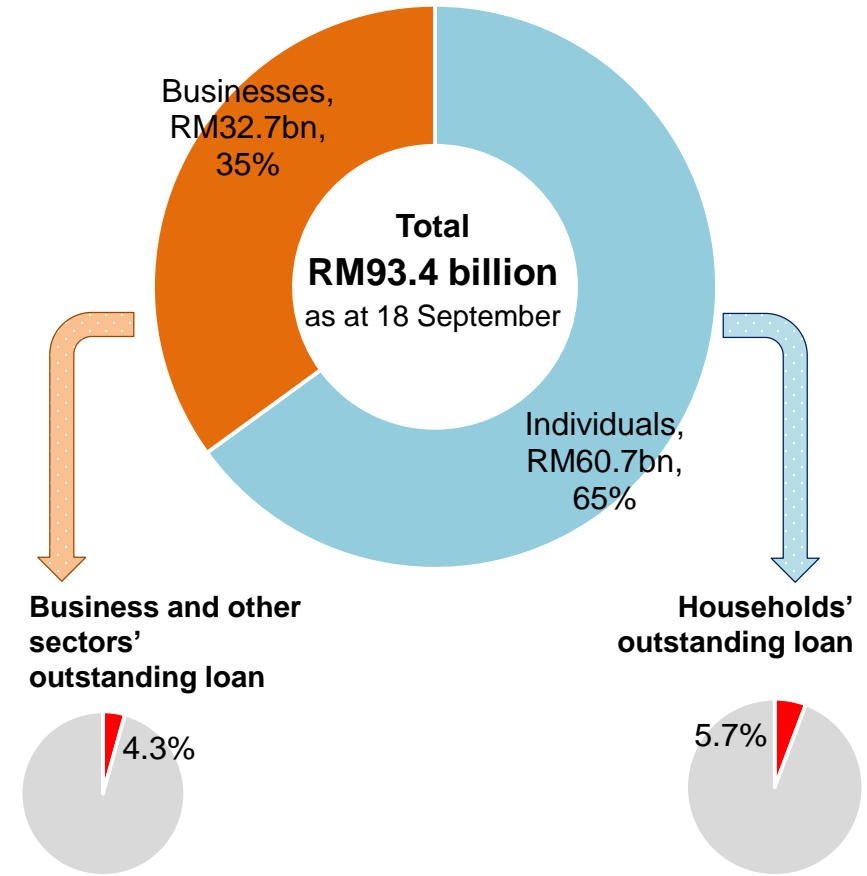


Source: PERKESO; LAKSANA

* As of 28 Sep, 4pm

Loan moratorium

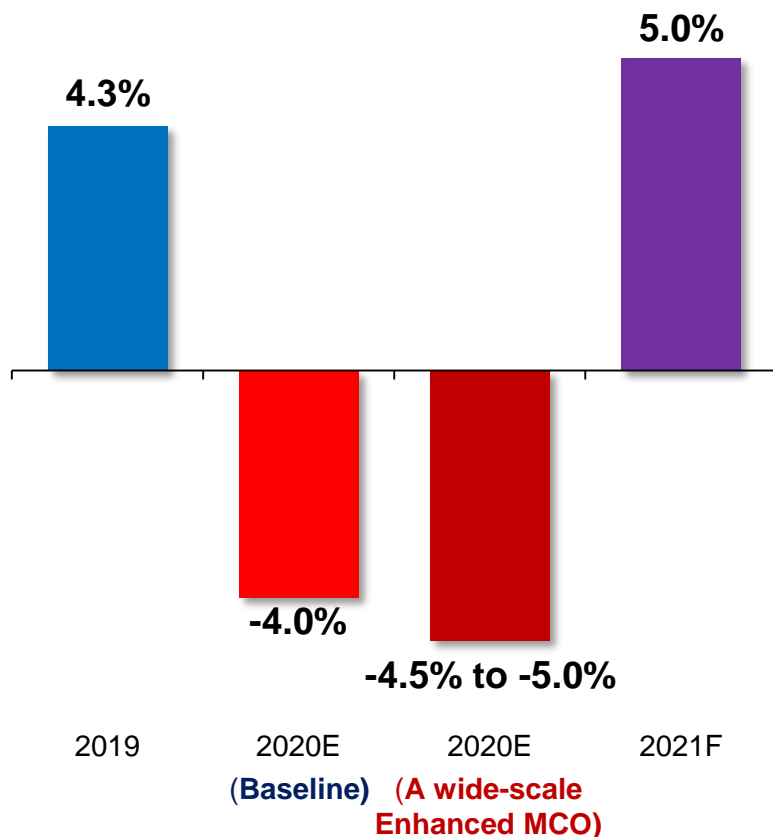
98% of about 500,000 borrowers were approved for targeted extension of loan moratorium as at 11 September



Blanket moratorium had benefitted 7.7 million individuals (or 93% of individual borrowers) and 243,000 SME borrowers (or 95% of total SME borrowers)

Malaysia is well positioned to recover but risks remain

Real GDP Growth



Source: DOSM; SERC

Positive Outlook

- 👍 “Sudden stop” in activity in 2020 will normalise in 2021 amid some permanent loss in output
- 👍 Technical base comparison sees a “sharp” bounce in annual growth comparison in 2021
- 👍 Services and tourism-related sectors will be revitalised as tourist arrivals resume gradually
- 👍 Construction: Supported by on-going public infrastructure projects and new projects
- 👍 Exports will rebound as global trade picks up

Risks to outlook

- 👎 Uncertainty about the future path of virus & vaccines availability
- 👎 A wide-scale Enhanced MCO
- 👎 A prolonged drag in global recovery
- 👎 Longer time for some domestic sectors to repair damage
- 👎 Households repair balance sheet & rebuild savings
- 👎 Slow recovery in jobs market

Property sector remains a challenging outlook

The Negatives

- 📢 Sharp economic downturn in 2020
- 📢 Lingering uncertainty about the pace and strength of recovery in 2021
- 📢 Highly cautious consumer sentiment
- 📢 Weak labour market conditions (loss of employment and pay cuts or freeze)



The Positives

- 👍 Incentives to spur buying interest in primary market
 - **Reintroduced the Home Ownership Campaign (HOC)** – Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM 1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 to 31st May 2021.
 - **Real Property Gains Tax exemption** for property sales from 1st June 2020 to 31st December 2021 (This exemption is limited to the disposal of three units of residential homes per individual)
- 👍 Historical low mortgage rate (3.3% p.a)
- 👍 Weak Ringgit
- 👍 Malaysian properties remain attractive to foreigners and expats



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谢谢
THANK YOU

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