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# ECONOMICS

**In this report:**

**Malaysia – Macro data underpins improving outlook**

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## Malaysia

### Macro data underpins improving outlook

**IP grew for the second consecutive month by 1.5% y/y in February from 1.2% y/y in January. Improving IP was supported by better performance from across the three IP sub-sectors. At the same time, distributive sales fell slower contraction by 0.9% y/y in February (Jan: -2.6%).**

**With the gradual improvement in the overall economic performance and supported by low base, the economy should expand around 6%. And the interest rate (OPR) Policy is more likely to stay unchanged at 1.75% for 2021.**

- Industrial Production (IP) grew for the second consecutive month by 1.5% y/y in February from 1.2% y/y in January. Improving IP was supported by better performance from across the three IP sub-sectors. While manufacturing grew by 4.5% (3.5% in January), mining fell by 6.0% (-4.5% in January) alongside electricity which was down by -5.8% (-4.6% in January).
- But on a monthly basis, the IP fell 6.4% m/m in February from 0.1% m/m in January partly due to shorter working days, Lunar New Year holiday and the impact from less stringent MCO 2.0.
- Export-oriented industries rose 5.8% y/y in February from 4.5% y/y in January. It came from continued healthy performance from E&E (Feb: 10.3%; Jan: 7.9% y/y), rubber products (Feb: 66.1% y/y; Jan: 75.1% y/y), and chemicals & chemical products (Feb: 3.6% y/y; Jan: 0.2% y/y).
- Gradual pickup in overall sentiments led to a slower contraction from distributive sales by 0.9% y/y in February (-2.6% in January). Much of the support came from motor vehicles sale (-0.1% y/y in February vs -12.4% y/y in January) and wholesale trade (-0.1% y/y in February vs -0.4% y/y in January). Retail sales remained a drag, down by -3.0% y/y (Jan: -2.6% y/y).
- With the gradual improvement in the overall economic performance and supported by low base, the economy should expand around 6%. And the interest rate (OPR) Policy is more likely to stay unchanged at 1.75% for 2021.

**Table 1: Key Industrial Production Data (%)**

	Feb'20	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb
IP m/m	-6.7	-0.2	-30.5	18.9	26.3	1.3	-1.3	0.5	1.7	-2.7	4.7	0.1	-6.4
IP y/y	5.7	-5.1	-32.1	-21.8	-0.4	1.3	-0.2	0.9	-0.6	-2.4	1.7	1.2	1.5
Mfg m/m	-6.6	-1.0	-35.8	26.9	37.0	0.2	-2.1	2.1	0.1	-2.9	3.3	-0.2	-5.8
Mfg y/y	6.2	-4.1	-37.2	-22.6	4.7	2.9	2.2	4.3	2.4	2.0	4.1	3.5	4.5
Mining m/m	-7.5	2.6	-19.1	0.4	2.4	4.4	0.3	-4.1	7.6	-0.7	10.8	1.7	-8.9
Mining y/y	4.0	-7.3	-20.2	-22.8	-17.0	-2.5	-8.2	-10.2	-11.3	-16.4	-5.4	-4.5	-6.0
Electricity m/m	-4.5	-0.8	-13.3	13.8	0.2	4.2	3.0	-3.7	3.9	-6.0	3.0	-2.2	-5.8
Electricity y/y	6.8	-7.0	-19.3	-10.3	-2.4	-5.0	-1.1	-2.1	0.8	-2.5	-0.2	-4.6	-5.8
Mfg Salesm/m	-5.7	-1.0	-31.2	18.1	30.5	2.0	-0.6	2.3	0.6	-1.7	3.9	-1.4	-3.6
Mfg Sales y/y	7.6	-3.0	-33.0	-20.4	4.2	1.9	1.6	3.7	2.2	2.1	4.5	4.1	6.4

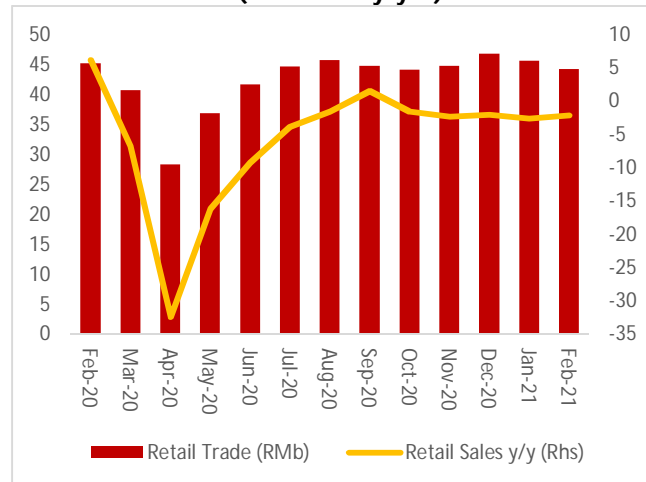
Source: CEIC/AmBank Research

**Table 2: Key Wholesale and Retail Sales Data (%)**

	Feb'20	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb
Wholesale Sales m/m	-5.4	-1.6	-27.2	8.0	20.3	2.2	3.7	1.2	1.7	-1.2	4.8	0.2	-5.1
Wholesale Sales y/y	4.9	-2.7	-26.3	-23.6	-8.7	-4.5	-3.9	-4.2	-0.9	-0.7	-0.6	-0.4	-0.1
Retail Sales m/m	-3.4	-9.9	-30.5	30.5	13.0	7.1	2.3	-2.1	-1.4	1.4	4.5	-2.6	-3.0
Retail Sales y/y	6.3	-6.6	-32.4	-16.1	-9.2	-3.8	-1.5	1.6	-1.5	-2.3	-2.0	-2.5	-2.1
Motor Vehicles Sales m/m	-9.4	-4.4	-92.2	709.0	78.9	14.3	-0.7	-0.8	-5.8	-0.5	4.4	-19.1	3.2
Motor Vehicles Sales y/y	3.5	-15.3	-93.2	-49.5	-4.5	1.7	1.0	17.1	2.2	1.2	7.4	-12.4	-0.1

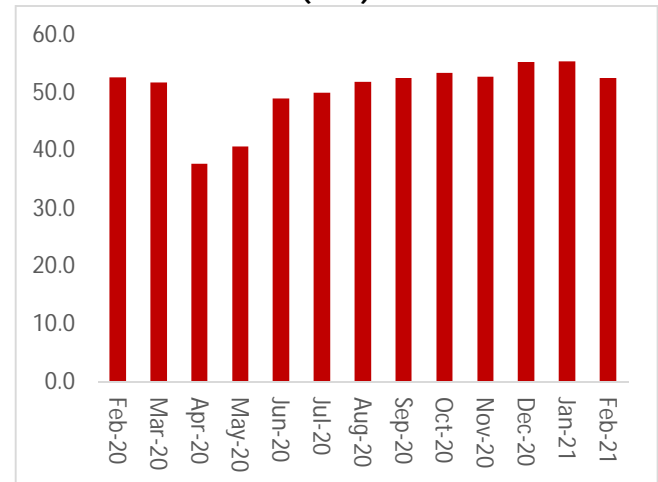
Source: CEIC/AmBank Research

**Chart 1: Retail Sales (RM'bil and y/y %)**



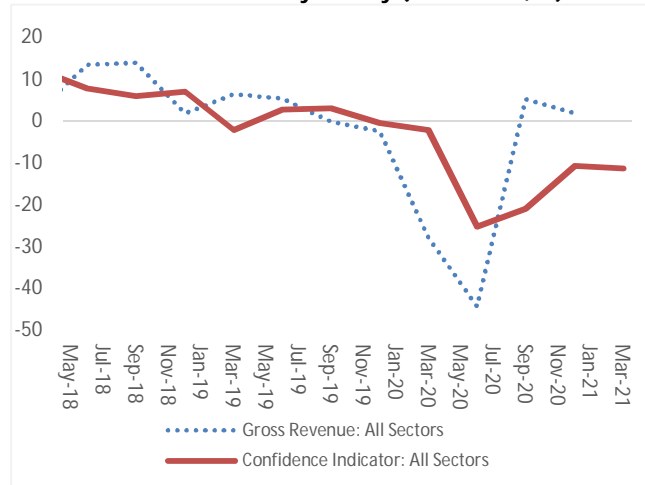
Source: CEIC/AmBank Research

**Chart 2: Wholesale Trade (RMb)**



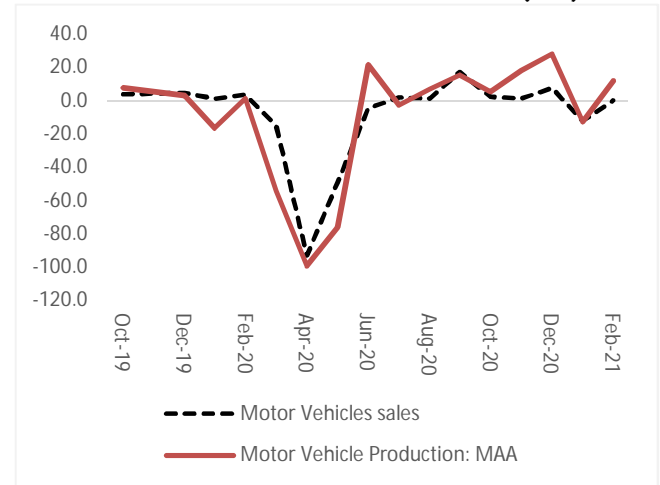
Source: CEIC/AmBank Research

**Chart 3: Business Tendency Survey (All Sectors, %)**



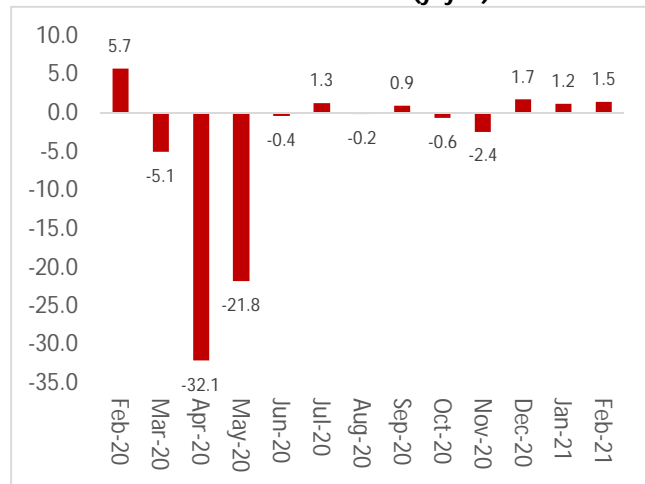
Source: CEIC/AmBank Research

**Chart 4: Motor Vehicles Sales and Production (unit)**



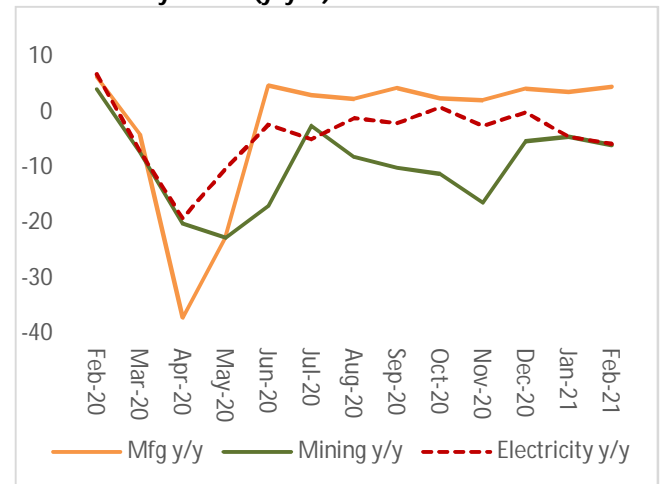
Source: CEIC/AmBank Research

**Chart 5: Industrial Production Index (y/y %)**



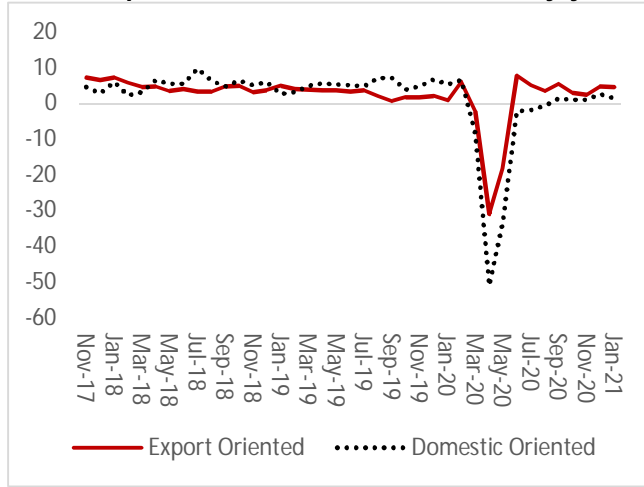
Source: CEIC/AmBank Research

**Chart 6: IPI by Sector (y/y %)**



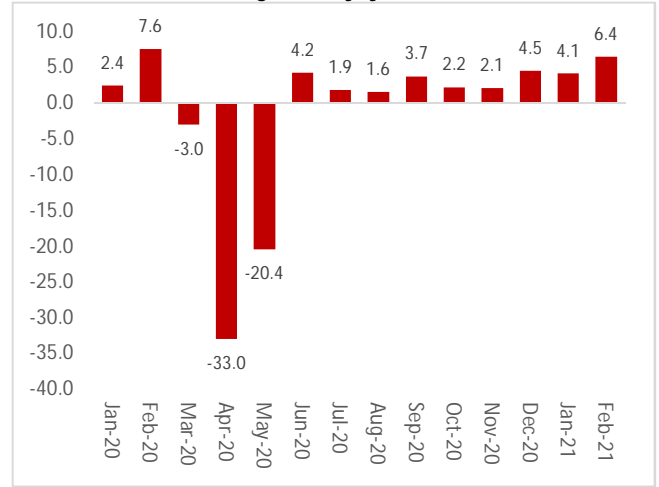
Source: CEIC/AmBank Research

**Chart 7: Export & Domestic-Oriented Industries (y/y %)**



Source: CEIC/AmBank Research

**Chart 8: Manufacturing Sales (y/y %)**



Source: CEIC/AmBank Research

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