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ECONOMICS

In this report:

Malaysia – Lockdown drags July’s production, distributive trade

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Malaysia

Lockdown drags July's production and distributive trade

As expected, both the industrial production and distributive trade collapsed in July, primarily inflicted by the lockdown.

The poor showing is expected to weigh on the 3Q GDP. Based on our monthly projection, July's GDP should be around -8.4% with +/- 2.5-percentage point deviation. For the full year, the GDP is forecasted to be around 3.0%–3.5%.

A. Highlights

- In July, the industrial production (IP) declined by 5.2% y/y in July compared to 1.4% y/y in June – the weakest since May 2020 – reflecting the impact from the extended pandemic induced lockdown measures.
- A breakdown of the data showed steeper contraction in the manufacturing and electricity output at -6.5% y/y and -6.7% y/y, respectively in July (June: -0.2% and -4.8% y/y). The downside was cushioned by a marginal positive mining output growth, at +0.7% y/y (June: +10.3%).
- Export-oriented industries remained healthy, reporting a positive growth of 1.9% y/y in July (June: 8.4%), while domestic-oriented activities plunged by 24.7% y/y (June: -23.0%). The export-oriented sector was supported by coke & refined petroleum products, rubber products, and chemicals & chemical products. Meanwhile, domestic industries were weak as they were dragged by the lockdown.
- In July, the mining output grew by 0.7% y/y supported by natural gas although crude oil output fell by 3.6% y/y (June: +6.3%).
- The impact from the lockdown saw distributive trade dropping by 14.7% y/y in July (June: -10.4%), marking the weakest since May 2020.
- Poor showing was seen across the board i.e. retail segment (-8.1% y/y), motor vehicles (-85.4% y/y) and wholesale trade (-1.1% y/y). Meanwhile, e-commerce activities remained resilient, up 17.9% y/y in July (June: 17.0%).

B. Key Takeaways

- The poor July data is expected due to the impact from the lockdown. It is also expected to weigh on the 3Q GDP. Based on our monthly projection, July's GDP should be around -8.4% with +/- 2.5-percentage point deviation. For the full year, the GDP is forecasted to be around 3.0%–3.5%.



Table 1: Key Industrial Production Data (%)

	Jul'20	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr	May	Jun	Jul
IP m/m	1.3	-1.3	0.5	1.7	-2.7	4.7	0.1	-6.4	7.4	-4.4	-0.2	1.6	-5.3
IP y/y	1.3	-0.2	0.9	-0.6	-2.4	1.7	1.2	1.5	9.3	50.1	26.1	1.4	-5.2
Mfg m/m	0.2	-2.1	2.1	0.1	-2.9	3.3	-0.2	-5.8	6.8	-4.3	-2.0	5.4	-6.1
Mfg y/y	2.9	2.2	4.3	2.4	2.0	4.1	3.5	4.5	12.7	68.0	29.8	-0.2	-6.5
Mining m/m	4.4	0.3	-4.1	7.6	-0.7	10.8	1.7	-8.9	7.0	-5.7	6.0	-6.4	-4.7
Mining y/y	-2.5	-8.2	-10.2	-11.3	-16.4	-5.4	-4.5	-6.0	-1.9	14.3	20.7	10.3	0.6
Electricity m/m	4.2	3.0	-3.7	3.9	-6.0	3.0	-2.2	-5.8	16.2	-2.9	0.2	-12.3	2.3
Electricity y/y	-5.0	-1.1	-2.1	0.8	-2.5	-0.2	-4.6	-5.8	10.3	23.6	8.8	-4.8	-6.6
Mfg Salesm/m	2.0	-0.6	2.3	0.6	-1.7	3.9	-1.4	-3.6	7.2	2.9	-6.1	1.3	-3.6
Mfg Sales y/y	1.9	1.6	3.7	2.2	2.1	4.5	4.1	6.4	15.3	72.5	37.2	6.5	0.6

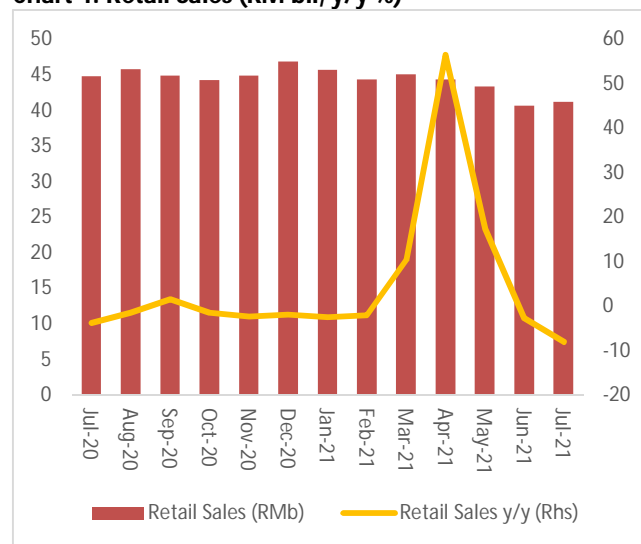
Source: CEIC/AmBank Research

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

	Jul'20	Aug	Sep	Oct	Nov	Dec	Jan'21	Feb	Mar	Apr	May	Jun	Jul
Wholesale Sales m/m	2.2	3.7	1.2	1.7	-1.2	4.8	0.2	-5.1	0.3	0.4	0.6	-4.8	-2.4
Wholesale Sales y/y	-4.5	-3.9	-4.2	-0.9	-0.7	-0.6	-0.4	-0.1	1.8	40.5	30.9	3.6	-1.1
Retail Sales m/m	7.1	2.3	-2.1	-1.4	1.4	4.5	-2.6	-3.0	1.6	-1.5	-2.2	-6.4	1.4
Retail Sales y/y	-3.8	-1.5	1.6	-1.5	-2.3	-2.0	-2.5	-2.1	10.5	56.4	17.3	-2.9	-8.1
Motor Vehicles Sales m/m	14.3	-0.7	-0.8	-5.8	-0.5	4.4	-19.1	3.3	34.6	-7.9	-16.2	-92.0	118.6
Motor Vehicles Sales y/y	1.7	1.0	17.1	2.2	1.2	7.4	-12.4	-0.1	40.7	1,551.3	71.1	-92.4	-85.4

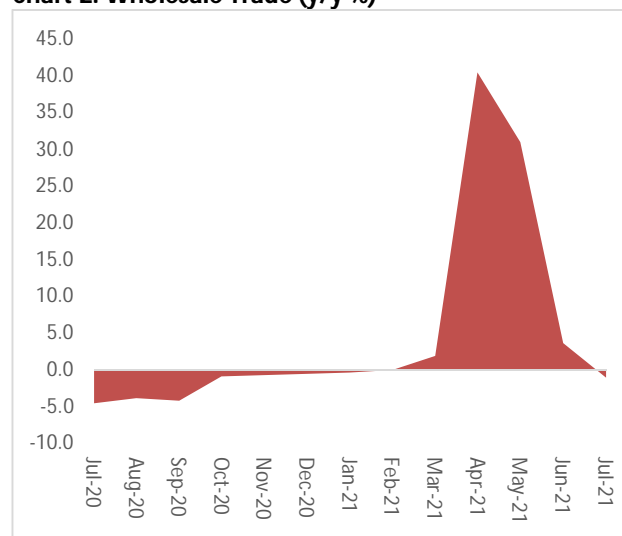
Source: CEIC/AmBank Research

Chart 1: Retail Sales (RM bil, y/y %)



Source: CEIC/AmBank Research

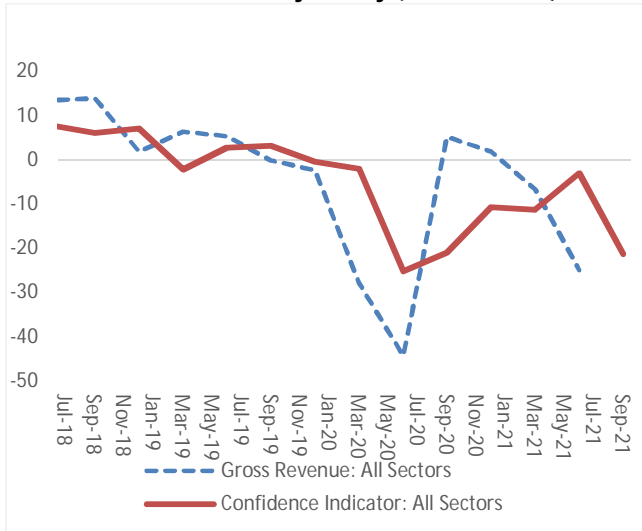
Chart 2: Wholesale Trade (y/y %)



Source: CEIC/AmBank Research

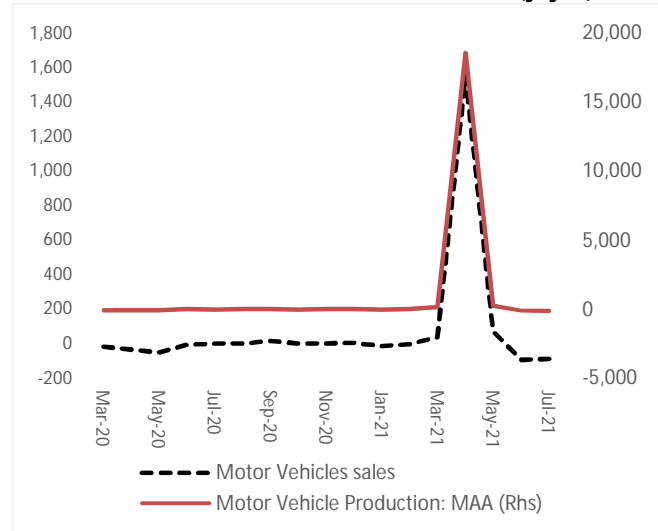


Chart 3: Business Tendency Survey (All Sectors, %)



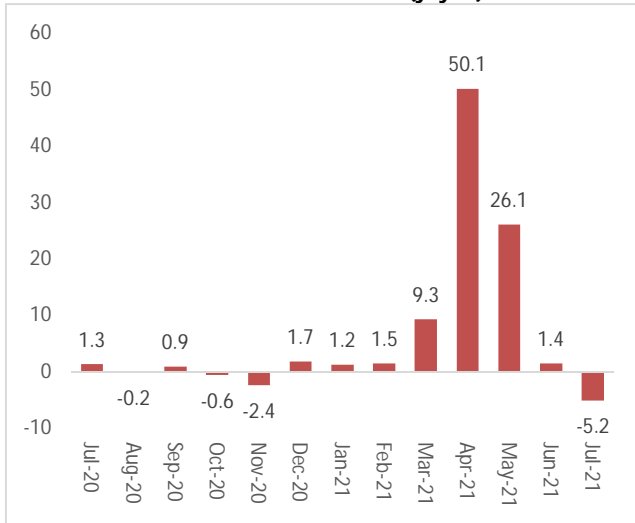
Source: CEIC/AmBank Research

Chart 4: Motor Vehicles Sales and Production (y/y %)



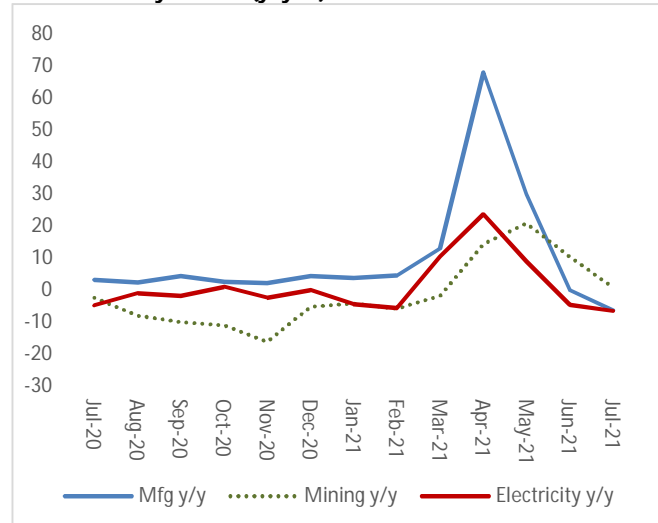
Source: CEIC/AmBank Research

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



Source: CEIC/AmBank Research

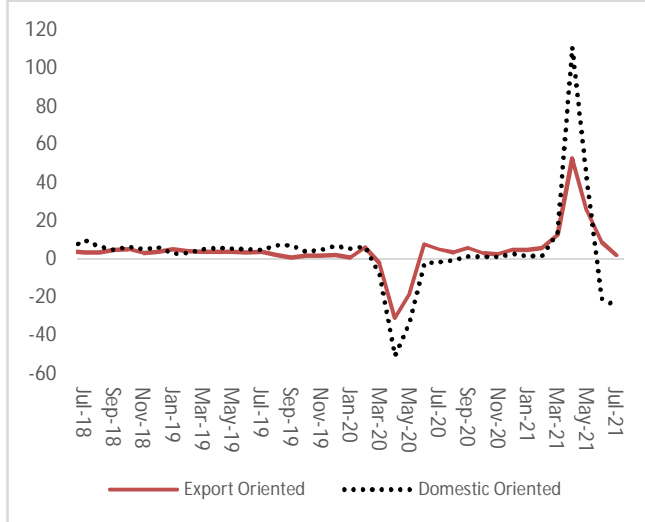
Chart 6: IPI by Sector (y/y %)



Source: CEIC/AmBank Research

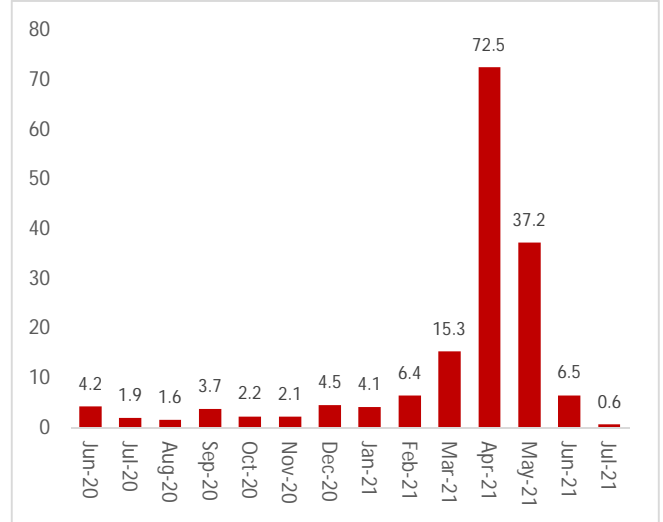


Chart 7: Export & Domestic-Oriented Industries (y/y %)



Source: DOS/AmBank Research

Chart 8: Manufacturing Sales (y/y %)



Source: CEIC/AmBank Research



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