

Better days ahead for Malaysian economy

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► Leading index for June grows at faster pace of 4.5% year on year

PETALING JAYA: Malaysia's leading index (LI) indicated improvements on the economic horizon as its growth in June accelerated to 4.5% year on year and to 3.7% from the previous month, according to released data by the Department of Statistics.

Based on the data, the month-on-month growth reported in June was primarily contributed by the number of new companies

registered (1.5%) and real imports of other basic precious & other non-ferrous metals (1.3%).

Chief Statistician Malaysia Datuk Sri Mohd Uzir Mahidin said the LI showed a better signal of economic direction as various sectors were allowed to resume operations following the implementation of the recovery movement control order (RMCO).

"Despite a deep contraction of

GDP in the second quarter of 2020, the LI is expecting an economic recovery in the second half of 2020 in line with the opening up of more economic activities and no second wave of the outbreak in mind," he said in a statement.

Meanwhile, the coincident index (CI), which reflects the overall current economic performance, recorded a 3.1% year-on-year decline to 110 points in June 2020 from 113.5 points in June 2019.

On a monthly basis, the CI rose 8.7% primarily driven by capacity utilisation in the manufacturing sector (3.2%) and Industrial production Index (2.5%).

Mohd Uzir highlighted that the CI in June showed signs of improvement with a lower negative year-on-year growth, in line with the encouraging growth of exports which bounced to record an increase of 8.8% as against the same month of 2019.

"The sales value in the manufacturing sector rebounded to 4.1% after registering a negative year-on-year growth for three consecutive months," he said.

In addition, the volume index of retail trade registered better negative annual growth in June 2020 of -11.2% against -18% reported in May 2020.