

CMCO to boost domestic spending, says Kenanga

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KUALA LUMPUR, May 4 -- The Conditional Movement Control Order (CMCO) which kicks off today will help to boost the economy and rebuild consumers' confidence, says Kenanga Investment Bank Bhd.

The investment bank said the CMCO will also benefit domestic spending if the standard operating procedures are strictly adhered to.

"Domestically, the relaxation of the movement restriction allows businesses to resume economic activities, generate revenue and consequently reduce layoffs.

"With greater stability in future income flow, consumers would be able to spend, hence supporting private consumption growth," it said in a note today.

However, any improvement to the economy and the people's well-being following the CMCO would be gradual, and is also heavily contingent on the development of new cases in the coming days, the investment bank said.

On Friday, Prime Minister Tan Sri Muhyiddin Yassin declared a CMCO effective May 4 to May 12, following favourable progress in the containment of the COVID-19 pandemic.

The investment bank said unemployment rates could still exceed 4.0 per cent, but contained below 5.0 per cent for this year as fiscal stimulus and monetary easing help to cushion the pandemic's impacts.

As at end-February, the unemployment rate remained at 3.3 per cent.

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