
GDP By Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>4.7</td>
<td>4.5</td>
<td>4.9</td>
<td>4.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Sectoral</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.1</td>
<td>5.6</td>
<td>4.2</td>
<td>3.7</td>
<td>-5.7</td>
</tr>
<tr>
<td>Mining</td>
<td>-2.6</td>
<td>-2.1</td>
<td>2.9</td>
<td>-4.3</td>
<td>-2.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5.0</td>
<td>4.1</td>
<td>4.3</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Construction</td>
<td>4.2</td>
<td>0.3</td>
<td>0.5</td>
<td>-1.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Services</td>
<td>6.8</td>
<td>6.4</td>
<td>6.1</td>
<td>5.9</td>
<td>6.1</td>
</tr>
</tbody>
</table>

GDP growth in 2019 – 4.3%
GDP growth in 2020 – estimated 3.2% – 4.2%

Source: Malaysia Economic Monitor, December 2019  World Bank, Bank Negara Quarterly
Tun Dr Mahathir Mohamad on 27 Feb 2020: Malaysia revised Gross Domestic Product (GDP) growth to be in the range of 3.2% to 4.2% for 2020 due to the global economic scenario and Covid-19 impact.

Standard Chartered has cut its 2020 forecast for Malaysia's gross domestic product (GDP) growth to 2.5% from 4.2% as the demand outlook worsens more than expected.

(Source: The Edge Markets 20 March 2020)
### Status of COVID-19 as of 26 March 2020 @5pm

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of New Cases</td>
<td>235</td>
</tr>
<tr>
<td>Total Cases</td>
<td>2,031</td>
</tr>
<tr>
<td>No. of Patients Cured and Discharged</td>
<td>215</td>
</tr>
<tr>
<td>Total Deaths</td>
<td>23</td>
</tr>
<tr>
<td>No. in ICU</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Ministry of Health Malaysia
“Bolstering Confidence, Stimulating Growth, Protecting Jobs”

3 main strategies:

- Mitigating impact of COVID-19 outbreak
  - restructuring and rescheduling of loans
  - deferment and revision of income tax estimation
  - service tax exemption for hotels
  - tax deduction on PPEs provided to employees
  - further deduction to hotel operators for training expenses
  - exemption from HRDF levy - 6 months
  - one-off cash incentive RM600 for taxi & tour bus drivers, tour guides
Catalysing economic growth

- Employees Provident Fund (EPF) Employee Contribution reduced by 4% percent from 11% to 7%

Promoting quality investment

- accelerating public investment
- SME Automation And Digitalization Facility (ADF)
Movement Control Order (MCO) – from 18 March 2020

- Duration of MCO
  - from 18 March to 31 March 2020

- ERP under EIS
  - Pre condition of 30 days no pay before entitled to claim
Under MCO – Full Wages?

ISSUE:

- SHOULD EMPLOYERS PAY FULL SALARY DURING MCO?
- NO WORK NO PAY PRINCIPLE

MEF position win-win formulation

(a) Employees may take up to 5 days annual leave or unpaid leave or combination of both; in the event the employee refuses to take annual leave or unpaid leave, employer may decide not to pay employee for up to 5 days, and,

(b) Employers may grant paid leave for the remaining 9 days.
Malaysia will face recession if partial lockdown extended, MIER warns

- Malaysian Institute of Economic Research (MIER)
  - Malaysia's real gross domestic product (GDP) may shrink by about 2.9% for 2020 compared to 2019
  - result in 2.4 million people losing their jobs
    - 67% estimated (presumably mainly non-salaried jobs) will be unskilled workers
Announcement of Second MCO

- Prime Minister announced 2\textsuperscript{nd} MCO on 25 March 2020
- Government extended Movement Control Order (MCO) to April 14 from March 31\textsuperscript{st} previously
- Stimulus: business and personal Bank loans given moratorium of 6 months
Impact of COVID-19 on air travel and hotels

- Malaysia Airports Holdings Bhd (MAHB)
  - 23.4% year-on-year (y-o-y) decline in number of passengers travelling through its airports in Malaysia
  - Malaysia Airlines recorded 63 percent flight cancellations
  - AirAsia suffered 70 percent cancellations, and
  - Malindo Air saw 510 flights cancelled

- Malaysian Hotel Association
  - >190,000 room bookings cancelled, translating into losses of more than RM75 million
Impact of COVID-19 on Airlines

- MAS
  - offering all employees the option of taking three months no-pay leave or five days no-pay leave per month for at least three months, starting April
  - 10 per cent pay cut for its senior management and forgo their allowances

- Malindo Air
  - ordered staff to take two weeks unpaid leave
  - 50% salary cut
  - asking vendors to delay payments

- Air Asia
  - pay cut
  - free munch and external training suspensions
  - duty travel restriction
Stimulus Package 2

- (SP2) to be announced on 27 March 2020 by PM 3.00 pm