



COVID-19, MCO & PRIHATIN

# MACROECONOMIC IMPACTS

**Malaysia Indicator**

**MEDIA INTELLIGENCE REPORT  
30th MARCH – 6th APRIL 2020**

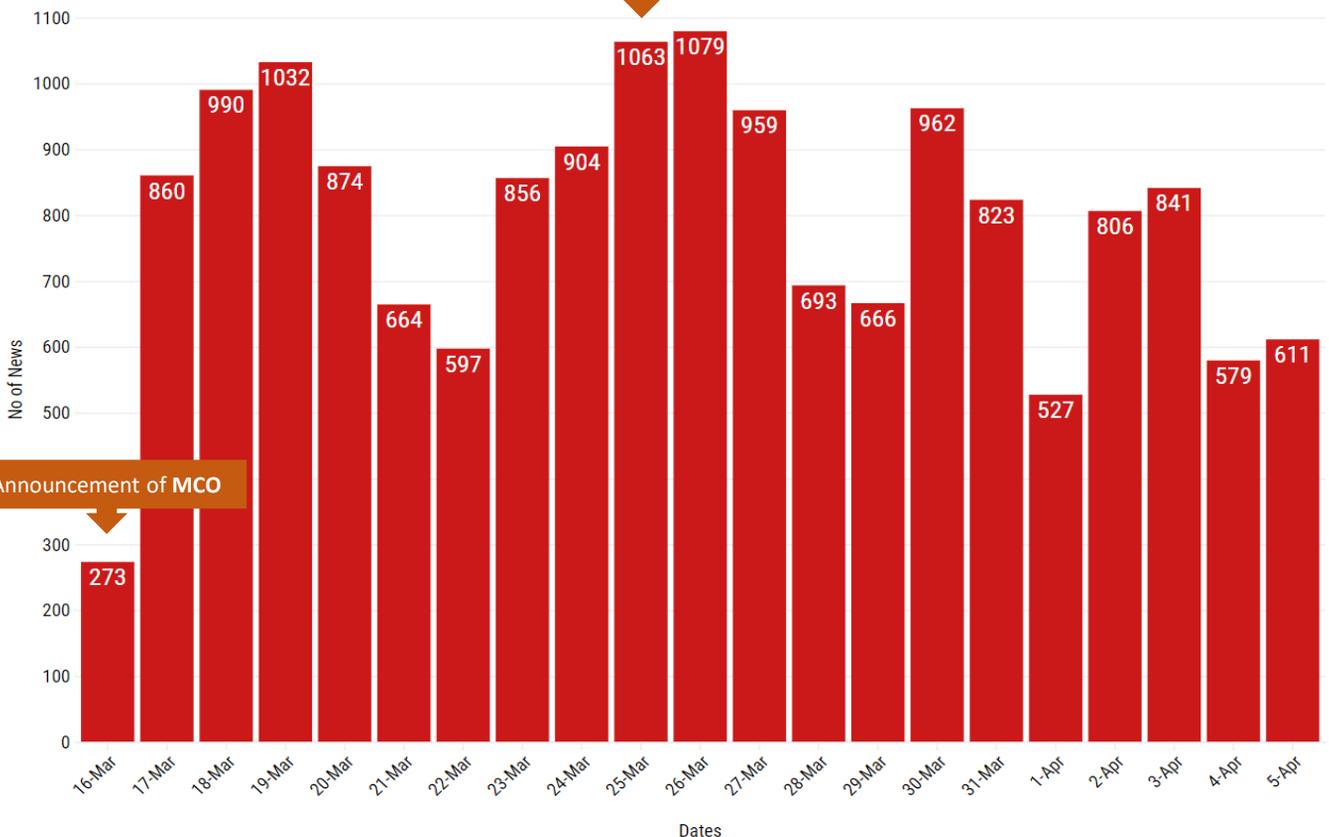
Disclaimer: This media intelligence overview is based on known public media outlet coverage. All opinions published in the report were meant to reflect the media sentiment but in no circumstances to be taken as a direct statement from Malaysia Indicator. Any inquires please reach out to [editor@malaysiaindicator.com](mailto:editor@malaysiaindicator.com)

# DOUBLE THE TROUBLE

The COVID-19 pandemic is arguably the most disruptive global event in recent times. It is unprecedented in magnitude and has direct impact on the economy and the quality of life of the general population. Adding to the impact of COVID-19 is the restriction to movements that have sent shock waves through the global supply chain and consequently dampened demand. While the move will inevitably take a toll on the economy, it is deemed as necessary to keep the pandemic at bay.

Malaysia has also subscribed to similar measure with the announcement of nationwide **Movement Control Order (MCO)** starting from March 18 to March 31, 2020 following the surge in the number of positive cases. The MCO was later extended till 14<sup>th</sup> April as announced on March 25. With the unprecedented quarantining of huge subsets of the population, the disruption in economic activity caused by the MCO will last even after the restoration of economic activities. While the exact extend of the impact of both the pandemic and its MCO measure is unknown, its economic impact is expected to linger around for another 12-18 months as the market takes time to rebound.

Media Coverage of **Extension of MCO** Order (MCO) by Date



# THE AMPLIFIER EFFECT

Dependency | index | vol | influencers | media | sentiment | maps | ontology |

H DISCOVER ANALYZE ACTION

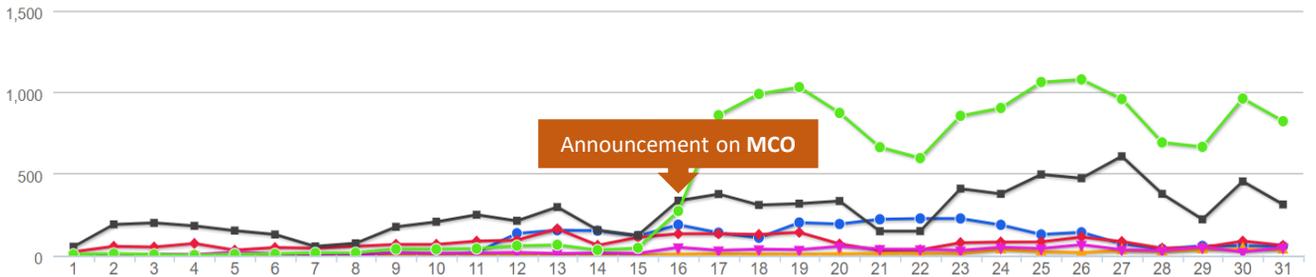
Coronavirus Impact

Covid 19 - Tabligh COVID 19 - TOURISM COVID 19 - ECONOMY COVID 19 - NGO COVID 19 - HOAX Covid 19 - Lockdown

news statements opinions

△ Mar 2020

bar line area



NEWS SHARE OF VOICE

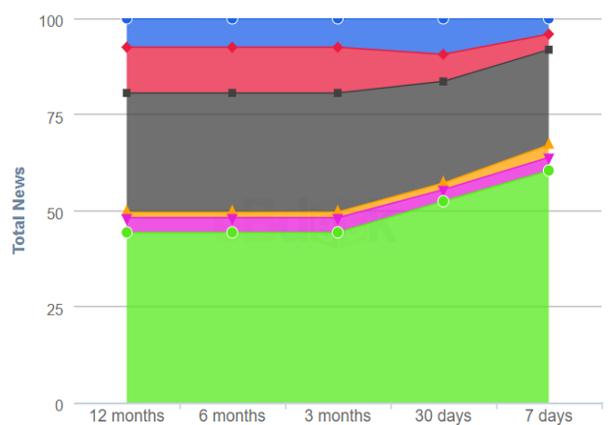
Topic	12 months	6 months	3 months	30 days	7 days
Covid 19 - Tabligh	3,083	3,083	3,083	3,083	300
COVID 19 - TOURISM	4,858	4,858	4,856	2,317	294
COVID 19 - ECONOMY	12,678	12,678	12,669	8,693	1,800
COVID 19 - NGO	602	602	602	552	235
COVID 19 - HOAX	1,549	1,549	1,545	987	248
Covid 19 - Lockdown	18,088	18,088	18,088	17,202	4,384
<b>Total</b>	<b>40,858</b>	<b>40,858</b>	<b>40,843</b>	<b>32,834</b>	<b>7,261</b>

Topic	12 months	6 months	3 months	30 days	7 days
Covid 19 - Tabligh	7.55%	7.55%	7.55%	9.39%	4.13%
COVID 19 - TOURISM	11.89%	11.89%	11.89%	7.06%	4.05%
COVID 19 - ECONOMY	31.03%	31.03%	31.02%	26.48%	24.79%
COVID 19 - NGO	1.47%	1.47%	1.47%	1.68%	3.24%
COVID 19 - HOAX	3.79%	3.79%	3.78%	3.01%	3.42%
Covid 19 - Lockdown	44.27%	44.27%	44.29%	52.39%	60.38%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Trend Area

pie line area



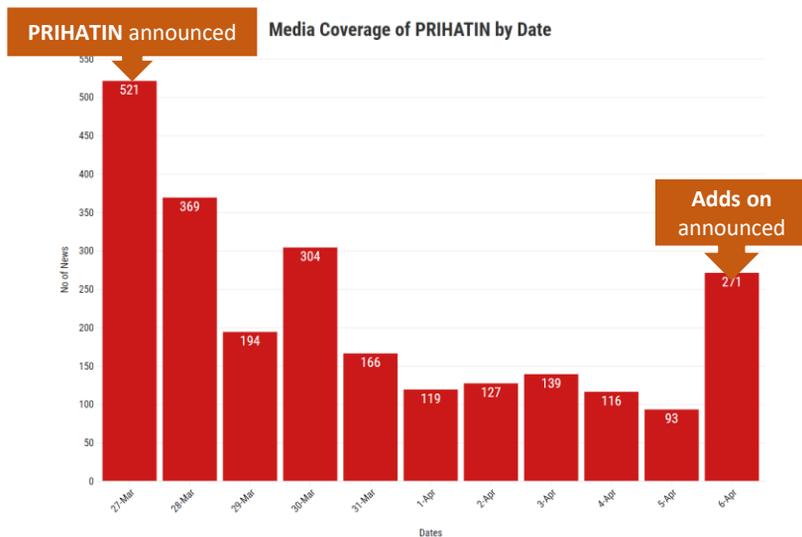
The growing **economic** concern on COVID-19 impact is far surpassing that of **tourism**, statements from **World Health Organisation (WHO)**, school, the **tabligh cluster** and the circulating **hoax** and fake news. Initially, it was the most covered issue following the outbreak.

As the Movement Control Order was announced and implemented, the media coverage focused more on the **partial lockdown** instead with **60%** of the media share concentrated on the issue. However, the implementation of MCO had only exacerbated the economic concern of the pandemic. As soon as the MCO was announced on 16<sup>th</sup> March, the number of news related to economy also increase substantially. The growing concern on the impact of the partial lockdown on economic activities in Malaysia is visible with **1,800** news on the economic impact over the last one week period.

# THE BUFFER

With the expected economic downturn due to the MCO, the Prime Minister announced **RM250 billion** worth economic stimulus package known as **Prihatin Rakyat Economic Stimulus Package (PRIHATIN)** on March 27. News coverage on PRIHATIN spike on the date of the unveiling of the stimulus package.

On **6<sup>th</sup> April**, an additional **RM10 billion** allocation for **Small and Medium Enterprises (SMEs)** was announced.



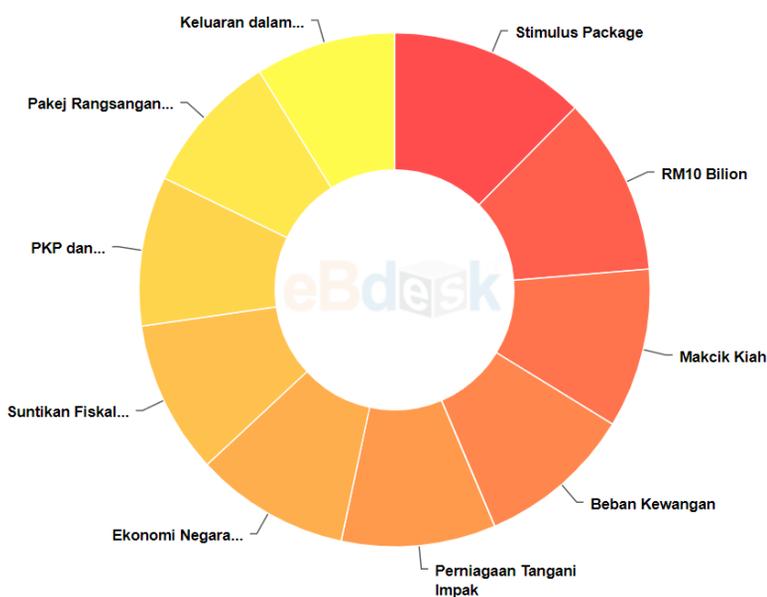
## TOP ISSUES COVERED IN THE MEDIA

## STIMULUS PACKAGE

Top issues

30th MARCH – 6th APRIL 2020

All issues



**PRIHATIN** was intended to be an all-inclusive economic package to weather the impact of COVID-19. The economic stimulus package comprises special allowances for **family of B40 and M40** as well as **microcredit scheme for small and medium-size enterprises (SMEs)**, among many others.

With the additional RM10 billion package, further assistances to cater the concerns of the SMEs were announced. As seen in the top issues, both commoners as Mak Cik Kiah and SMEs were addressed.

Let voice be heard!

Dependency | index | vol | influencers | media | sentiment | maps | ontology |

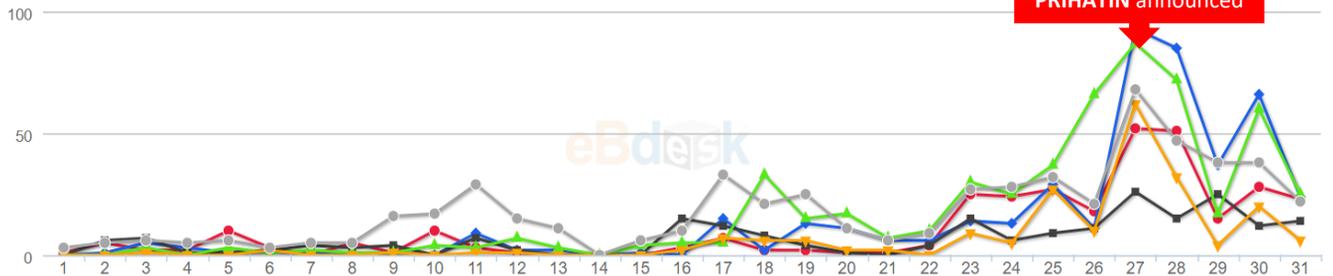
H DISCOVER ANALYZE ACTION

## ECONOMIC STIMULUS IMPACT

PRIHATIN - EPF | PRIHATIN - SME | PRIHATIN - COST OF L | PRIHATIN - EMPLOYMEN | PRIHATIN - GIG ECONO | PRIHATIN - TAX

news | statements | opinions

Mar 2020 bar line area



NEWS SHARE OF VOICE

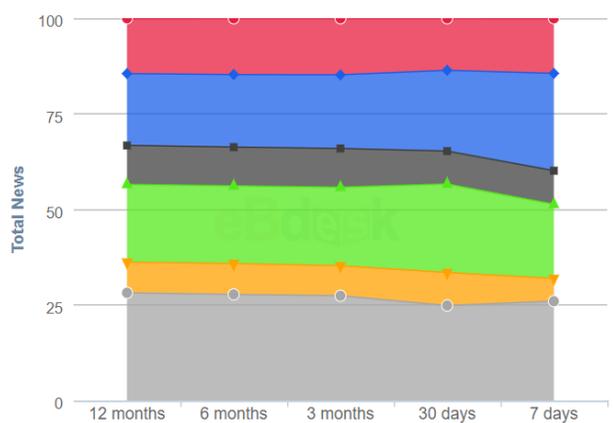
Topic	12 months	6 months	3 months	30 days	7 days
PRIHATIN - EPF	508	508	503	370	90
PRIHATIN - SME	659	655	653	575	159
PRIHATIN - COST OF L	358	350	345	234	55
PRIHATIN - EMPLOYMEN	712	701	696	630	121
PRIHATIN - GIG ECONO	281	278	266	234	37
PRIHATIN - TAX	987	956	929	675	162
<b>Total</b>	<b>3,505</b>	<b>3,448</b>	<b>3,392</b>	<b>2,718</b>	<b>624</b>

Topic	12 months	6 months	3 months	30 days	7 days
PRIHATIN - EPF	14.49%	14.73%	14.83%	13.61%	14.42%
PRIHATIN - SME	18.8%	19%	19.25%	21.16%	25.48%
PRIHATIN - COST OF L	10.21%	10.15%	10.17%	8.61%	8.81%
PRIHATIN - EMPLOYMEN	20.31%	20.33%	20.52%	23.18%	19.39%
PRIHATIN - GIG ECONO	8.02%	8.06%	7.84%	8.61%	5.93%
PRIHATIN - TAX	28.16%	27.73%	27.39%	24.83%	25.96%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Trend Area

pie line area



Among those expected to be badly hit by the MCO is **the Small and Medium Enterprises (SMEs)** which made up 98.5% of business establishment in Malaysia. Previously, with the unveiling of PRIHATIN of 27<sup>th</sup> March, business owners, particularly SMEs are venting out on the lack of government support, implying that the government forgot to take them into account in the “no one left behind” stimulus package.

A look on SMEs related coverage over the past one-week period shows an increasing news coverage following the announcement of the stimulus package, of **25.48% news share**, the issue is among the top media highlight after tax-related news.

With the unveiling of the additional PRIHATIN allocation designated for the SMEs, the special stimulus package aimed to ease the burden of Malaysian SMEs amid the global pandemic showed the government responsiveness in addressing the plight of the business owners.

## TOP INFLUENCERS

30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

The newly elected Finance Minister, **Zafrul Aziz** is leading the influencer on the media statements on Malaysia's GDP following the pandemic and stimulus package buffer effect.

**Conrad Clifford**, the regional vice president Asia Pacific of International Air Transport Association (IATA) is on the second place given the substantial crisis expected on the aviation industry.

Ranking third is the **Bank Negara governor, Nor Shamsiah Mohd Yunus** with 26 statements.

**Najib Razak**, former Prime Minister of Malaysia continued to hold a significant media presence when it comes to the economy. His interview with **The Outlook Asia** on the economic significance of the pandemic and stimulus package was also reported by news publication.

**Peck Boon Soon**, the chief ASEAN economist of RHB Research Institute Sdn Bhd, was also among the top five, given his media statements following the adds-on stimulus package announced on 6<sup>th</sup> April.



**Zafrul Aziz**  
73 statements



**Conrad Clifford**  
30 statements



**Nor Shamsiah Mohd Y...**  
26 statements



**Najib Razak**  
21 statements



**Peck Boon Soon**  
21 statements



**Anthony Dass**  
19 statements



**Justin Ong**  
17 statements



**Muhyiddin Yassin**  
16 statements



**Zaharuddin Abd Rahman**  
14 statements



**Mohd Yusof Saari**  
12 statements

30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

## The inevitable recession

### Zafrul Aziz

Apr 4th · Free Malaysia Today

Pakej Rangsangan Ekonomi Prihatin Rakyat dijangka menyumbang kira-kira 2.8% kepada Keluaran Dalam Negara Kasar (KDNK) tahun ini.

### Nor Shamsiah Mohd Yunus

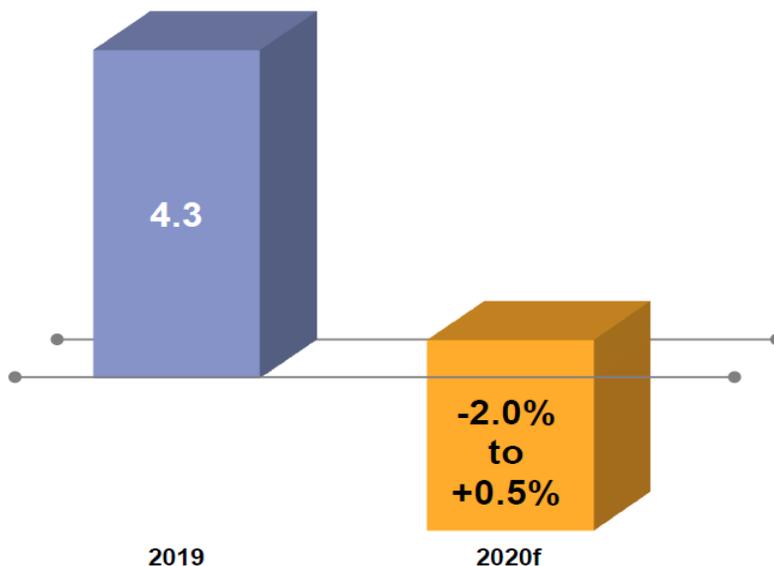
4 hours ago · The Malaysian Reserve

We project Malaysia's GDP for 2020 to be between 0.5% and -2%. In the first half of this year (1H20), spillovers from the global slowdown and our pandemic...

The global economy is projected to register a negative growth in 2020 due to the significant economic repercussions arising from the pandemic virus, while Malaysia's Movement Control Order (MCO) will dampen domestic economic activity. The World Bank Group has significantly lowered its 2020 GDP growth projection for Malaysia to -0.1% from 4.5%, against the backdrop of growing uncertainty over the duration and overall impact of the COVID-19 outbreak. If the expectation becomes true, Malaysia may see its first recession since 1997.

On the other hand, based on the calculation by the Bank Negara as stated in the media statement by the finance minister, **Malaysia's GDP may shrink to -2%** due to the economic impact of the COVID-19 pandemic despite the estimated **2.8 percentage points of economic growth from the PRIHATIN stimulus package**.

**Real GDP Growth**  
Annual Change (%)



30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

## The losing industry

### Conrad Clifford

Apr 3rd · Malaysia Gazette

169,700 pekerjaan pula berpotensi terjejas susulan sekatan perjalanan dan merisikokan RM16.56 bilion dari segi Keluaran Dalam Negara Kasar (KDNK).

### Conrad Clifford

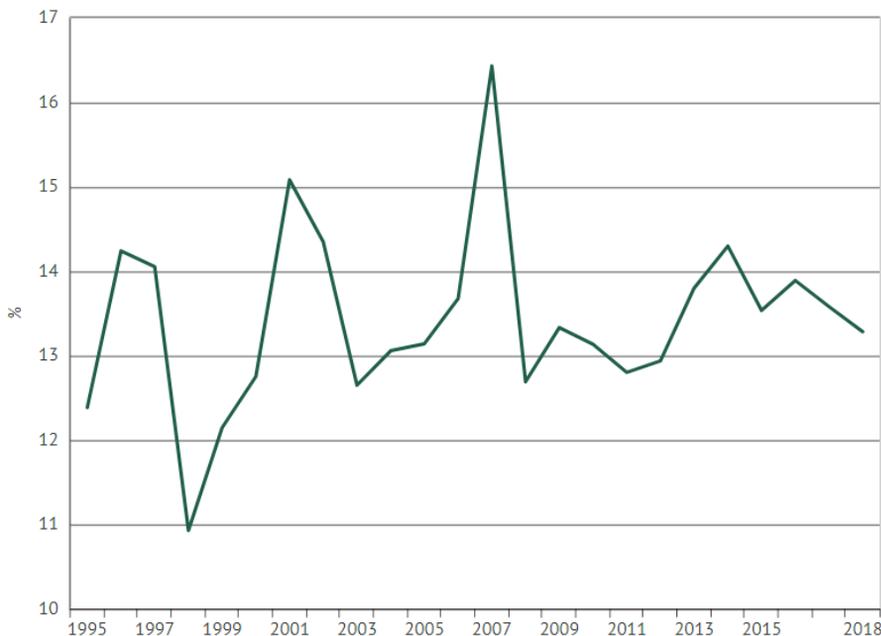
Apr 3rd · Malaysia Gazette

Syarikat penerbangan mereka bergelut demi kelangsungan, mereka menghadapi krisis mudah tunai dan akan memerlukan bantuan kewangan segera untuk mengekalkan...

In 2018, contribution of travel and tourism to GDP (% of GDP) for Malaysia was 13.3%. Tourism-related sectors as the aviation industry is expected to see a sharp drop in activities and pull down the economy. International Air Transport Association (IATA), represented by Conrad Clifford predicted that **169,700 potential jobs** would be impacted by the travel restrictions and Malaysia may loss up to **US\$3.799 billion** in GDP from the aviation industry. While Australia, New Zealand and Singapore have announced a substantial package of measures to support their aviation industry, Malaysia has yet to do so.

A viable aviation sector is paramount to support the economic recovery after the MCO as it plays vital role in connecting manufacturing hubs and support tourism once the COVID-19 crisis is over.

## Malaysia - Contribution of travel and tourism to GDP as a share of GDP



Source: [knoema.com](http://knoema.com)

30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

## Prioritizing necessary measure

### Najib Razak

Apr 4th · Mykmu

(Kadar hutang negara) sudah naik kepada 53 peratus (daripada KDNK), hampir cecah siling 55 peratus."

### Najib Razak

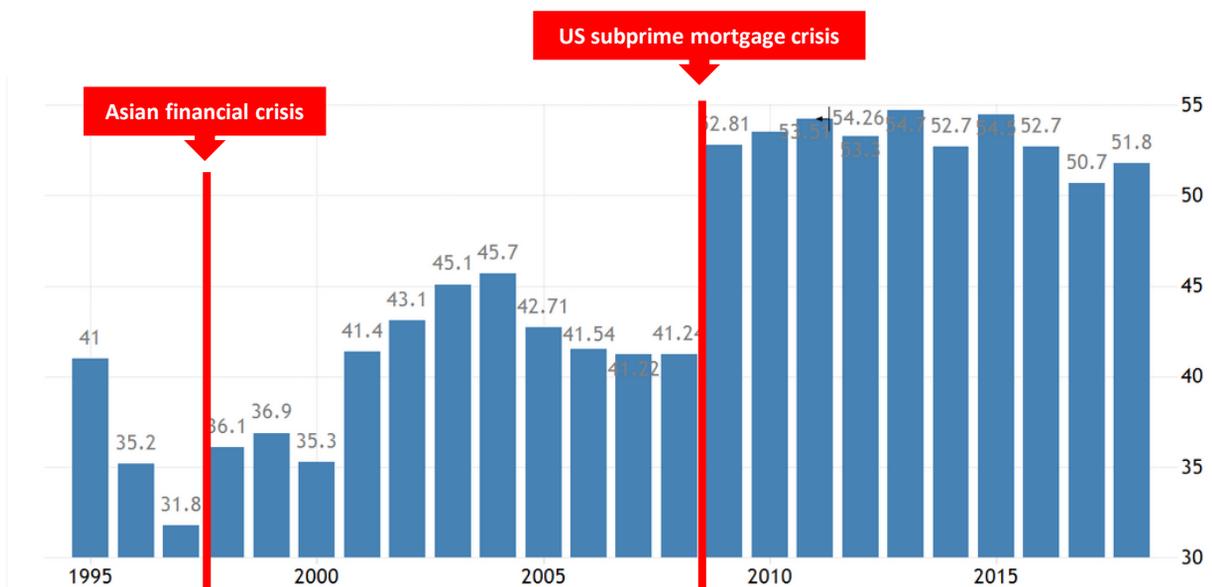
Apr 4th · Mykmu

Tapi pada saya menyelamatkan ekonomi negara dan menyelamatkan kepentingan rakyat adalah lebih utama daripada rating kredit,"

Najib Razak, the former Prime Minister was also among the top influencers. Popular among his Facebook followers, his economic posting received substantial response in the social media website. His Facebook live interview on the **economic impact of COVID-19** was also reported in a local media.

He reportedly emphasized on the importance of curbing COVID-19 first before being preoccupied with the economy. He also believed that the government should spend more to stimulate the economy once the pandemic is controlled through an Economic Recovery Plan. While the **debt to GDP ratio** will increase to an unprecedented level, he believed that it is a necessary move to help the economy recover after the pandemic.

## Malaysia debt to GDP ratio surged in every crisis.



Source: Bank Negara

30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

## Mitigating impact by stimulus package adds-on

### Peck Boon Soon

Yesterday · Sinar Harian

Saya fikir ia (Prihatin Tambahan) akan membantu perniagaan untuk mendapat peluang yang lebih baik untuk bertahan dan mengurangkan impak COVID-19 terhadap...

### Peck Boon Soon

Yesterday · Bernama

la bantuan yang besar untuk PKS, kerana aliran tunai negatif menjadi isu utama semasa PKP."

The **Prihatin Package for SMEs (Additional Measures)**, which was recently announced on April 6 has been received well by the media. PRIHATIN was previously deemed as people friendly yet business unfriendly. The adds on to PRIHATIN ensures that SMEs are not left behind and more comprehensively covered.

The chief ASEAN economist of RHB group, **Peck Boon Soon** expressed his confidence that the additional measures will provide more flexibility for SMEs to manage their businesses as it will help to address the negative cash flow during the MCO. The research house has also predicted that Malaysia's GDP growth forecast will be at zero per cent for 2020.

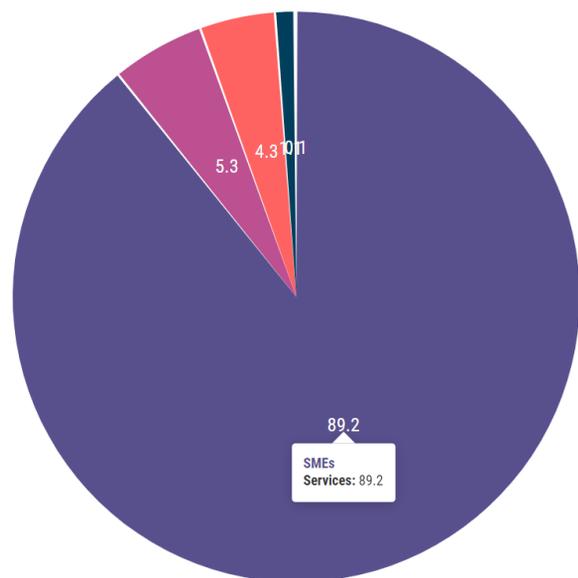
**Small and medium enterprise** made up **98.5% of the business establishment in Malaysia** with **89.2% of the SMEs** participated in the services sector. As such, a significant percentage of employees are working for the SMEs.

The salary subsidy for SMEs under the PRIHATIN stimulus package adds-on will ensure employers are able to allocate enough fund to prevent retrenchment.

Composition of SMEs in Malaysia (%)

Department of Statistics, 2016

Services Manufacturing Construction Agriculture Mining and Quarrying

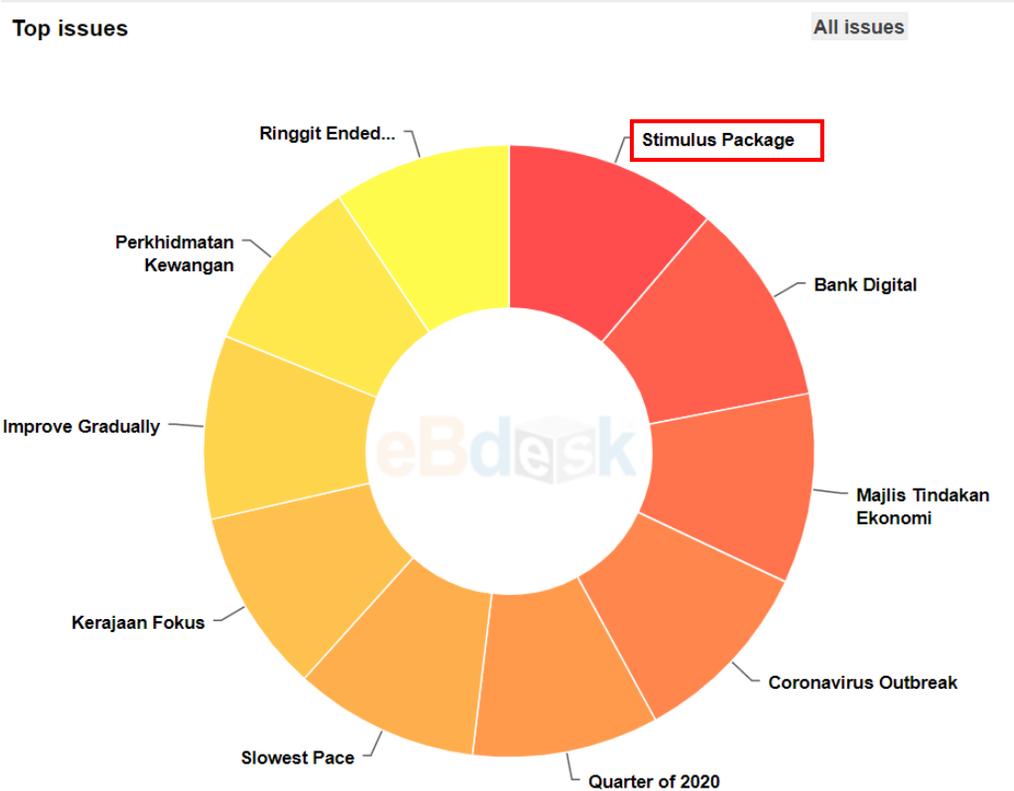


# THE VOICE OF BANK NEGARA



As the governor of Bank Negara, **Nor Shamsiah Mohd Yunus's** media presence over the last few weeks is mainly concentrated on the **PRIHATIN stimulus package** and the mitigating efforts done by the government to counteract the economic impact of the pandemic and the Movement Control Order. While ranking third on the influencer list, her media statements on the economic impact over the last one-week period is highly relevant particularly those related to the other macroeconomic indicators aside from GDP: **inflation and unemployment**.

Nor Shamsiah Mohd Yunus



30<sup>th</sup> MARCH – 6<sup>th</sup> APRIL 2020

## Nor Shamsiah Mohd Yunus

Apr 4th · The Star Online

Malaysia would still have a surplus in its current account balance while inflation would continue to be low.

## Nor Shamsiah Mohd Yunus

Apr 3rd · The Edge Markets

Malaysia will be able to weather the storm despite expected contractions in the GDP forecast.

## Nor Shamsiah Mohd Yunus

Apr 3rd · Focus Malaysia

the Covid-19 scenario would likely result in weaker labour market conditions with the unemployment rate to go up from 3.3% in 2019.

## Nor Shamsiah Mohd Yunus

Apr 3rd · The Malaysian Reserve

We estimate that the RM15 billion in capital expenditure to build major transport infrastructure will help lift 2020 GDP growth by 1%,"

Bank Negara foresees a rise in the unemployment rate to **4% or 629,000 individuals** this year, **up from 3.3% in 2019**. In comparison, during the global financial crisis, the country's unemployment rate was at 3.7% in 2009, while during the Asian financial crisis in 1998, the unemployment rate was at 3.2%.

Adding to the concerning outlook is the fact that GDP has to grow at the rate of above 4% to create enough job opportunity for the fresh graduates. As such, youth unemployment will be a future challenge ahead.

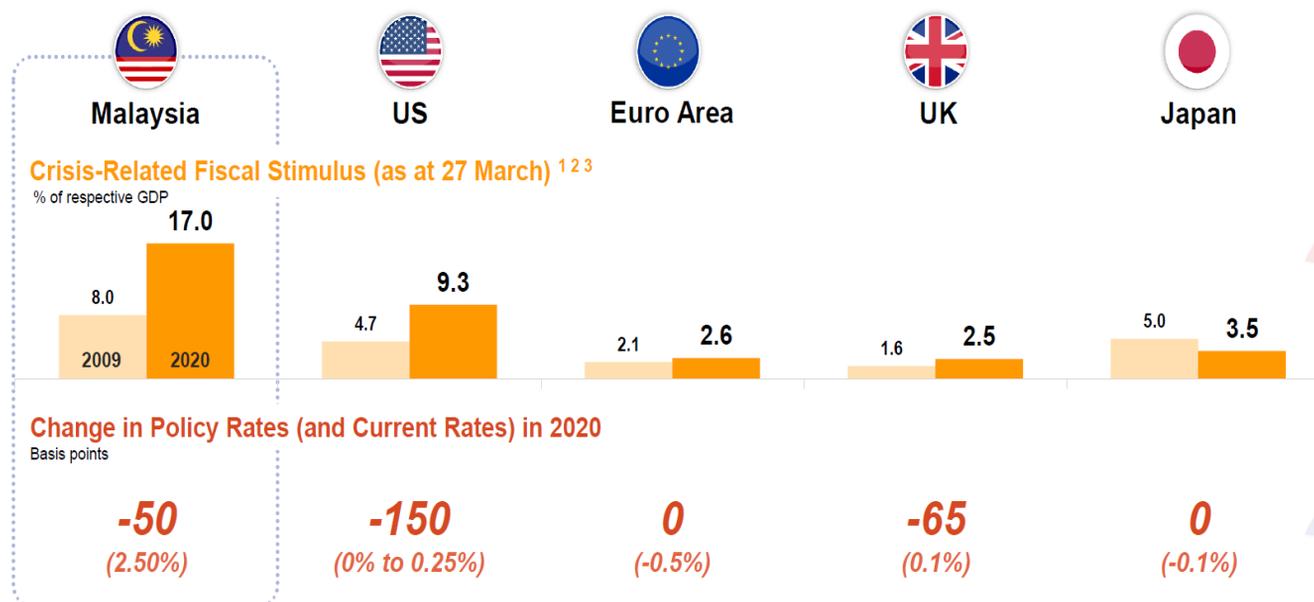
## Unemployment Rate (%)



Source: Bank Negara

On the other hand, the central bank expect **an inflation of around 0.5% to - 1.5%**. Economists expected that the Central Bank may be willing to lower the interest rate to further stimulate the economy, although this may imply a difficulty to normalize the interest rate in the future along with inflated government budget.

# Desperate Times Call for Desperate Measures



<sup>1</sup> Estimated stimulus measures for MY. For other economies, 2009 refers to GFC-related discretionary spending while for 2020 refers to announced fiscal measures related to COVID-19.

<sup>2</sup> US and Japan proposed USD2 tn and USD190 bn in spending, respectively in 2020.

<sup>3</sup> Fiscal Stimulus of the Euro Area in 2020 is estimated as an average of Germany, France and Italy. Source: Pakej Rangsangan Ekonomi Prihatin Rakyat 2020, IMF, national authorities, CEIC, news flows and staff estimates

The economic responses outlined by the government is certainly costly. In fact, Malaysia has one of the biggest stimulation packages in place with the central bank lowering the policy rate by 0.50% while the government introduced stimulus packages worth 17% of GDP.

The declining oil price and tourism revenues that contributed significantly to the government income will mean a growing budget deficit, yet the measures taken is still necessary. Moving forward, this may imply the need to revamp governmental revenue toward a taxation system that will be less dependent on oil revenue and its like.

While significant measures was taken to cushioned the impact on people and business alike, some amount of job losses and business closures will be unavoidable. Yet, deliberate inaction will caused far greater damage than investing in the necessary measure today.

# Malaysia Indicator



We are research-based entity focusing on open source data intelligence. Leveraging on Big Data and Artificial Intelligence, we establish various data storytelling in many context such as price intelligence, social listening, economic intelligence and media monitoring.

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