What is the Current Economic Situation & How Does COVID-19 Affect Us?

Survey: Effect of COVID-19 on Malaysians

[latest] Real Estate Related Info From:
- BNM Annual Report 2019
- Economic and Monetary Review 2019
- Financial Stability Review 2H 2019

Economic stimulus packages

Conclusion
Introduction

Summary of Findings: Special Survey by Department of Statistics Malaysia (DOSM)

Brief Profile:
168,182 respondents
58.9% Female; 41.1% Male
Selangor (27.1%) and Johor(20.3%) [States with Highest Response]
*Civil servants are not included in the analysis

Effect of COVID-19 on Malaysians
**Savings Readiness Duration**

Only Government Link Companies (GLC) and Multinational Companies (MNC) employees are financially prepared if **Total Lockdown** is enforced. Meanwhile, more than two-thirds (71.4%) of self-employed respondents have savings of **less than 1 month**.

- GLC Employee (78.9%)
- MNC Employee (75.2%)
- Employer (77.2%)
- Private Employee (82.7%)
- Own Account Worker (71.4%)

**Financial Readiness if Movement Control Order Extended**

<table>
<thead>
<tr>
<th>Category</th>
<th>Ready (%)</th>
<th>Not Ready (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Employed</td>
<td>18.1</td>
<td>81.9</td>
</tr>
<tr>
<td>Employer</td>
<td>28.7</td>
<td>71.3</td>
</tr>
<tr>
<td>GLC Employee</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Private Employee</td>
<td>34.9</td>
<td>65.1</td>
</tr>
<tr>
<td>MNC Employee</td>
<td>36.2</td>
<td>63.8</td>
</tr>
</tbody>
</table>

Source: Department of Statistics Malaysia
### Changes of Income Due to COVID-19 Outbreak (%)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Experiencing Drop in Monthly Income</th>
<th>Receiving Income as Usual</th>
<th>Experiencing Increase in Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>70.0</td>
<td>29.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Industrial</td>
<td>46.7</td>
<td>52.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Service</td>
<td>54.2</td>
<td>45.4</td>
<td>0.4</td>
</tr>
</tbody>
</table>

### Percentage of Workers Who Lost Their Job by Main Sector

- **AGRICULTURE** – 21.9% compared to other sectors  
  - Fisheries (33.0%)
- **SERVICES** – 15% compared to other sectors  
  - Food & Beverages Services (35.4%)
- **INDUSTRIES** – 6.7% compared to other sectors  
  - Construction (11.8%)

- Among the employees in the **Agriculture sector**, 79.1% of respondents in the **Fishing sub-sector** experienced reduction in income.
- In terms of workers who lost their job, the **fisheries sub-sector** had the highest percentage of workers who lost their job too.

*Source: Department of Statistics Malaysia*
BNM Projected **Malaysia Economic Growth**: Between -2.0% and +0.5% in 2020
Malaysia’s Current Economy Affected by Both Weak Global Demand & Domestic Containment Measures

Exports:
Weak Global Demand, Disruption in Supply Chains & Lower Foreign Tourist Receipts

Private Investments:
Weak Demand & Business Sentiments

Private Consumption:
Lower Income & Containment Measures but Supported by Policy Measures

Contribution to Real GDP Growth

Source: Bank Negara Malaysia
Adverse Scenario 1:
Malaysia to have **V-shaped recession**. It is assumed to experience a sharp recession.

Adverse Scenario 2:
Malaysia to have **L-shaped growth path**. Assumes an environment of prolonged sluggish growth, which will adversely impact income, wealth and sentiments over an extended period, as policy responses are either minimal or significantly underwhelming.

Source: Bank Negara Malaysia
Worse Comes to Worst: Loss Drivers in Adverse Scenario 2

Nearly 90% of losses are credit-driven

Credit risk losses from households
- Personal use (14)
- Motor vehicles (7)
- Residential properties (6)
- Others (3)

Contagion risk (9)
- Market risk (2)
- External funding (1)
- Other businesses (34)

Credit risk losses from other businesses
- Real estate (7)
- Manufacturing (6)
- Construction (5)
- Wholesale, retail, restaurants & hotels (5)
- Transport, storage & communication (3)
- Finance, insurance & business activities (3)
- Others (4)

(% of total losses)

Source: Bank Negara Malaysia
Yet, Financial System Remains Resilient under Simulated Adverse Macroeconomic and Financial Conditions

Banking System –
Post Shock Total Capital Ratio

Banking System –
Post-shock Gross Impaired Loans Ratio

Post-Shock Capital Ratios Remain Above Regulatory Minima

Loan Impairments Expected to Rise Sharply under Adverse Conditions

Source: Bank Negara Malaysia
Banks and Insurers’ Capital Buffers Remain Sufficient to Absorb Potential Losses

Banks and Insurers’ Capital Buffers

Excess Capital (RM billion)

140
120
100
80
60
40
20
0

39
121
10
24

Banking System
Insurance Sector

Source: Bank Negara Malaysia
Growth in bank lending to households for housing was **double** the overall loan growth rate for the year 2019.

Yet, Debt-at-risk from the household sector remains low at 5.2% and well within banks’ excess capital buffers.

Banks’ exposure to the property sector remain sizeable, above the long term average.

**Source:** Bank Negara Malaysia
End-financing continued to constitute most of financial institutions’ property exposure.

The share of borrowings by the vulnerable segment (borrowers with monthly earnings of <RM3,000) has declined in 2019, which has reduced risks of falling into financial hardship.

Source: Bank Negara Malaysia
COVID-19 Stimulus Packages: A Total of RM260 billion Allocation

RM260 billion
Former Prime Minister Tun Dr Mahathir Mohamad

RM250 billion
YB Tan Sri Dato’ Haji Muhyiddin bin Mohd. Yassin

RM20 billion

RM10 billion
YB Tan Sri Dato’ Haji Muhyiddin bin Mohd. Yassin
Economic Stimulus Package

27 Feb 2020

Former Prime Minister Tun Dr Mahathir Mohamad started introducing Economic Stimulus Package to mitigate the effect of COVID-19
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

**2020 Economic Stimulus Package**  
**RM20 billion**

### Strategy I  
Mitigating impact of COVID-19

#### Effective Date
1 Apr-30 Sept 2020

- Deferment of tax instalment payments for tourism industry

### Strategy II  
Spurring Rakyat Centric Economic Growth

#### Effective Date
1 Mar-31 Dec 2020

- Stamp Duty Exemption on Loan Restructuring and Rescheduling Agreements

### Strategy III  
Promoting Quality Investments

#### Effective Date
Application from 1 March 2020

- Revision of tax estimate in the third month

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**Easing Cashflow for Businesses**

- The payment of monthly tax instalments is deferred for 6 months in tourism sector and airline companies.

- Provided that the original loan agreement has been duly stamped, stamp duty exemption of 100% will be given on loan agreements

- Companies are allowed to revise their tax estimates earlier, i.e. in the third month of instalment payment schedule, if third month falls in 2020.
2020 Economic Stimulus Package
RM20 billion

Strategy I
Mitigating impact of COVID-19

BNM will provide Special Relief facility worth RM2 billion

Not Stated

Strategy II
Spurring Rakyat Centric Economic Growth

BSN will allocate a RM200 million in microcredit facility

Not Stated

Strategy III
Promoting Quality Investments

To provide financial relief in the form of payment moratorium

Not Stated

Provide Financing Facilities

Bank Negara Malaysia (BNM) provides facility to SMEs at an interest rate of 3.75%

Bank Simpanan Nasional (BSN) provide it with an interest rate of 4% to affected businesses.

Comprising restructuring and rescheduling loans for affected businesses and individuals.

Not Stated

At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

2020 Economic Stimulus Package
RM20 billion

Strategy I
Mitigating impact of COVID-19

Further deduction for training expenses for hotel and tour operators

From 1 April 2020

Effective Date
Not Stated

Strategy II
Spurring Rakyat Centric Economic Growth

Provide up to RM100 million on a matching grant basis to HRDF

Not Stated

Strategy III
Promoting Quality Investments

Retrenched Malaysian workers can rely on the EIS with a current fund of RM1.1 billion

Developing Human Capital

Government will provide a double deduction on expenses incurred on approved training provided to employees in tourism sector.

For Human Resources Development Fund (HRDF) to fund an additional 40,000 employees from the tourism and other affected sectors.

Employment Insurance System (EIS) will also increase the claimable training cost from RM4,000 to RM6,000 for affected sectors. Daily Training Allowance of RM30 per day will be provided to trainees under EIS.
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

2020 Economic Stimulus Package
RM20 billion

<table>
<thead>
<tr>
<th>Strategy I</th>
<th>Strategy II</th>
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<tbody>
<tr>
<td>Mitigating impact of COVID-19</td>
<td>Spurring Rakyat Centric Economic Growth</td>
<td>Promoting Quality Investments</td>
</tr>
</tbody>
</table>

**Effective Date**

1 Apr - 31 Dec 2020
For year of assessment 2020 only
1 Mar - 31 Aug 2020

**Boosting Private Consumption**

- Reduction in employees’ contribution to the EPF
- Special personal income tax relief for domestic travelling expenses
- Service tax exemption for hotel and other accommodation operators

A reduction of 4% minimum is proposed (from 11% to 7%). Yet, employees can still choose to continue the higher rate of EPF deduction.

A special personal income tax relief up to RM1,000 be given to resident individuals for domestic traveling expenses incurred between 1 March 2020 to 31 August 2020.

Exemption from charging 6% service tax on accommodation and related services for a period of 6 months for hotel and other accommodation operators.
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

2020 Economic Stimulus Package
RM20 billion

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<td>Promoting Quality Investments</td>
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<tr>
<td>Accelerated capital allowance for machinery and equipment including ICT equipment</td>
<td>Deduction for renovation and refurbishment expenses</td>
<td>Double deduction for establishment of regional office by international shipping companies</td>
</tr>
</tbody>
</table>

Effective Date

1 Mar–31 Dec 2020

To incentivise businesses to invest in 2020, the annual allowance is increased to 40%.

A deduction is given for renovation and refurbishment expenditure up to a limit of RM300,000.

Pre-commencement expenditure incurred by international companies to set up a regional office in Malaysia will be given double deduction.

Effective for applications received by MIDA by 31 Dec 2021
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

2020 Economic Stimulus Package
RM20 billion

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**Import duty and sales tax exemption on equipment and machinery for port operators**
Currently, port operators who are no longer enjoying tax incentive under the Approved Service Projects are not entitled to claim any import duty and sales tax exemption.
(exclude purchase of spare parts & consumables).

**Expansion of scope of value added activities carried out in LMW and FIZ**
To include into LMW and FIZ: supply chain management, strategic procurement operation and total support solutions activities

*LMW: Licensed Manufacturing Warehouse *FIZ: Free Industrial Zone

**Effective Date**
- 1 Apr 2020 - 31 Mar 2023
- 1 Apr 2020

Promoting Investments
At First, The 2020 Economic Stimulus Package by Former Prime Minister Tun Dr Mahathir Mohamad in Feb 2020

2020 Economic Stimulus Package
RM20 billion

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</table>

**Effective Date**
- Co-Investment Fund of RM500 million to be co-invested and matched by private investors
  - Not Stated
- Waiving of listing fees by SC and Bursa Malaysia
  - Not Stated
- SME Automation & Digitalization Facility of RM300 million
  - Not Stated

- Promoting Investments
  - The co-investment fund will be co-invested on a ratio of at least 1 to 3.
  - For companies seeking listing on LEAP, ACE markets as well as companies with market capitalization of less than RM500 million seeking listing on the Main Market.
  - BNM will provide it at an interest cost of 3.75%.
PRIHATIN / Prihatin Rakyat Economic Stimulus Package

27 March 2020
Current Prime Minister: YB Tan Sri Dato’ Haji Muhyiddin bin Mohd Yassin
Then, comes the PRIHATIN by Tan Sri Dato’ Haji Muhyiddin bin Haji Mohd Yassin

17% of GDP

Objectives of PRIHATIN

- Protecting Rakyat
- Supporting Businesses
- Strengthening Economy

Allocation of PRIHATIN
RM 250 billion

- 51% Welfare of the rakyat
- 40% Supporting Businesses
- 8% Strengthening Economy
- 1% Economic Stimulus Package announced on 27 Feb 2020

RM128 billion (51%) has been allocated for the *welfare of the rakyat.*
PRIHATIN
by Tan Sri Dato’ Haji Muhyiddin bin Haji Mohd Yassin

51% of Allocation – Protecting Rakyat
Healthcare RM 1 billion | Ensuring Sufficient Support to Combat Covid-19

- Monthly Allowance to healthcare and other frontliners until end of outbreak
- Allocation of Medical supplies, such as ventilators, PPE, masks
- Allocation to hire contract nurses.
- Allocation to buy and rent private hospital services.

- Healthcare Spending/research by select ministries
- Daily Allowance of RM50 for up to 14 days under mySalam is extended to individuals quarantined as patients under investigation. Applies to B40 group
- Insurance and takaful companies will bear COVID-19 screening test costs of up to RM300 per policyholder.
Cash payout under National Caring Aid (Bantuan Prihatin Nasional) to B40 and M40 group

Electricity bill discounts ranging from 15% to 50% for a period of 6 months (April to Sept 2020)

Withdrawals from Account B capped at RM1500. Under Private Retirement Scheme (PRS) between April and Dec 2020.

Free internet for all users from April 2020 up to end of MCO.

6 months rental waiver for B40 individuals staying in Project Perumahan Rakyat and Project Perumahan Awam
51% of Allocation – Protecting Rakyat

People (Others) | Daily Living Assistance

- **Students**: RM200 cash payout to students of higher education institutions.
- **Pensioners**: Cash payout of RM500 each for public servants (including staff under contract) below grade 56 and retirees.
- **Informal Sector**: Cash payout of RM500 to each e-hailing driver.
- **Vulnerable Groups**: Food assistance, healthcare and shelters (RM25 million) to vulnerable groups.
- **Tour Bus Operators / Taxis**: Road tax waiver to tour bus and taxi operators.

Deferment of PTPTN and PTPK loan repayments for six months. (1 Apr to 30 Sept 2020)

PRIHATIN by Tan Sri Dato’ Haji Muhyiddin bin Haji Mohd Yassin
### 40% of Allocation – Supporting Businesses

**Firms** | Lowering Cost of Business and Releasing Cashflow for Micro SMEs and SMEs

<table>
<thead>
<tr>
<th>Fund to Assist SMEs &amp; micro-entrepreneurs</th>
<th>1) <strong>Special Relief Fund (SRF)</strong> increase to RM5 billion. Interest reduced from 3.75% to 3.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2) Size of All Economic Sector Facility fund increase to RM6.8 billion to enhance access to financing for SMEs</td>
</tr>
<tr>
<td></td>
<td>3) <strong>Additional funds of RM500 million</strong> under Micro Credit Scheme for soft loans at 2% interest rate without collateral. Relaxation of loan eligibility to a min of 6 months of operation.</td>
</tr>
<tr>
<td></td>
<td>4) SMEs with business records of less than 4 years can leverage the <strong>BizMula-i and BizWanita-i schemes</strong> for financing up to RM300,000 under Credit Guarantee Malaysia Berhad</td>
</tr>
<tr>
<td></td>
<td>5) <strong>Syarikat Jaminan Pembiayaan Perniagaan (SJPP)</strong> will provide RM5 billion worth of guarantees with guaranteed coverage increased from 70% to 80% for SMEs that face difficulties in obtaining loans</td>
</tr>
</tbody>
</table>

[Provide additional funds of RM4.5 billion]
### 40% of Allocation – Supporting Businesses

**Firms | Lowering Cost of Business and Releasing Cashflow for Micro SMEs and SMEs**

<table>
<thead>
<tr>
<th>Assist Business Cashflow</th>
<th>1) EPF will launch the <strong>Employer Advisory Services programme</strong> on 15 Apr 2020. Estimated to provide cashflow to employers at RM10 billion, benefitting over 480,000 SMEs, while securing more than 8 million jobs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2) <strong>Waiver of HRDF</strong> contribution for 6 months from Apr 2020 across all sectors.</td>
</tr>
<tr>
<td></td>
<td>3) Allows <strong>postponement of income tax instalment payments to all SMEs for 3 months starting 1 Apr 2020</strong>. Other affected sectors are allowed to revise the amount of income tax imposed in 3rd, 6th and 9th instalments during the basic accounting period</td>
</tr>
<tr>
<td></td>
<td>4) <strong>Banking institutions to offer 6-month moratorium</strong>, converting of credit card balance to term loans and restructuring of corporate loans.</td>
</tr>
<tr>
<td></td>
<td>5) From 1 Apr 2020, the <strong>moratorium will be extended to loans from TEKUN Nasional, Majlis Amanah Rakyat (MARA) and other cooperatives</strong> and Government agencies providing financing facilities.</td>
</tr>
</tbody>
</table>
## 40% of Allocation – Supporting Businesses

### Firms | Lowering Cost of Business and Releasing Cashflow for Micro SMEs and SMEs

<table>
<thead>
<tr>
<th>Social Financial Programme</th>
<th>Social donations will be channeled in the form of initial capital for <strong>micro-entrepreneurs</strong> using <strong>zakat</strong> funds and matched with microfinancing at affordable rates.</th>
<th>First Phase of collaboration between Bank Islam Malaysia Berhad &amp; the Federal Territory Islamic Religious Council. Commence in May 2020.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantee Facility Scheme for Corporates</td>
<td>Up to 80% of the loan amount for financing working capital requirements. Programme will be managed by Danajamin.</td>
<td>Minimum Guaranteed loan size is RM20 million per company. Available for application from 1 May to 31 Dec 2020 OR until the fund is fully utilized.</td>
</tr>
<tr>
<td>[RM 50 billion Guarantee Scheme]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Job Retention Programme | Conditions:  
  • Employer suffering a 50% drop in revenue since 1 Jan 2020  
  • Employee’s monthly salary below RM4000 and shall not terminate existing employees / instruct to take leave  
  • Employer shall not implement pay cut on existing employees | |
| [Government subsidise employees’ wages of RM600 per month for a 3-month period] | | |

**PRIHATIN**
by Tan Sri Dato’ Haji Muhyiddin bin Haji Mohd Yassin
PRIHATIN
by Tan Sri Dato’ Haji Muhyiddin bin HajiMohd Yassin

1% of Allocation – Strengthening the Economy

- Government will continue all projects allocated in Budget 2020 [Including ECRL, MRT2 and Pan Borneo Highway]

Total Size of Selected Projects under Construction (RM billion)

- Implementation of small projects (With Allocation of RM2 billion) which have multiplier effects and employment maintenance
PRIHATIN Financial Injection: Federal Government only provide a Direct Fiscal Injection of RM25 billion out of the RM250 billion

<table>
<thead>
<tr>
<th>Federal Government</th>
<th>TOTAL: RM25 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>RM million</td>
</tr>
<tr>
<td>Bantuan Prihatin Nasional</td>
<td>10,000</td>
</tr>
<tr>
<td>Wage Subsidy</td>
<td>5,900</td>
</tr>
<tr>
<td>Small Infrastructure Projects</td>
<td>2,000</td>
</tr>
<tr>
<td>Healthcare (COVID-19)</td>
<td>1,500</td>
</tr>
<tr>
<td>Food Security Fund</td>
<td>1,000</td>
</tr>
<tr>
<td>Micro Credit Scheme</td>
<td>500</td>
</tr>
<tr>
<td>Assistance for Tertiary Student</td>
<td>270</td>
</tr>
<tr>
<td>Others</td>
<td>630</td>
</tr>
<tr>
<td>Economic Stimulus Package (PRE1)</td>
<td>3,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public and Private Institution</th>
<th>TOTAL: RM225 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>RM million</td>
</tr>
<tr>
<td>Loan Moratorium</td>
<td>100,000</td>
</tr>
<tr>
<td>Danajamin, Financing Guarantee Scheme</td>
<td>50,000</td>
</tr>
<tr>
<td>EPF: i-Lestari Scheme</td>
<td>40,000</td>
</tr>
<tr>
<td>EPF: Employer Advisory Services</td>
<td>10,000</td>
</tr>
<tr>
<td>BNM: Facilitation Fund</td>
<td>4,000</td>
</tr>
<tr>
<td>Others</td>
<td>4,500</td>
</tr>
<tr>
<td>Economic Stimulus Package (PRE1)</td>
<td>16,500</td>
</tr>
</tbody>
</table>
PRIHATIN Package - Additional Measures for SMEs

6 April 2020
Current Prime Minister: YB Tan Sri Dato’ Haji Muhyiddin bin Mohd Yassin
**Prihatin Tambahan – RM10 billion**

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prihatin Special Grant</td>
<td>A special grant of RM3000 will be provided to each qualifying micro SME.</td>
</tr>
</tbody>
</table>
| Micro Credit Scheme               | • Interest rate (prev. 2.0%) for Micro Credit Scheme is abolished (0%) OR  
                                         • Micro Credit Scheme will be extended to TEKUN Nasional, with a max loan limit of RM10,000 per company (0% interest rate) |
| IMSME.COM.MY - Application for financial assistance provided by Credit Guarantee Corporation (CGC) and supported by Bank Negara Malaysia | • SMEs may refer to IMSME.COM.MY (a business financing referral platform) to apply for loans and schemes proposed under the Economic Stimulus Packages. This would be an alternative to loans provided by banking institutions. |
**Prihatin Tambahan – RM10 billion**

**Additional Job Retention Programme – RM7.9 billion**
Wage subsidy raised from RM5.9 billion to RM13.8 billion for firms:

<table>
<thead>
<tr>
<th>Total Number of Employees of the Company</th>
<th>Subsidy</th>
<th>Maximum number of eligible employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 200 employees</td>
<td>RM600</td>
<td>200</td>
</tr>
<tr>
<td>76 to 200 employees</td>
<td>RM800</td>
<td>-</td>
</tr>
<tr>
<td>Below 76 employees</td>
<td>RM1,200</td>
<td>-</td>
</tr>
</tbody>
</table>

Condition: To retain workers for 6 months

**Waiver or reduction of rental for premises owned by GLCs**
Encourage private landlords to follow suit with tax deduction for rental waived during Apr-Jun 2020
**Prihatin Tambahan – RM10 billion**

**Other Initiatives (for all qualifying businesses):**

- 25% reduction of levy on foreign employees permits that expire between 1 Apr 2020 and 31 Dec 2020. (This will not apply to work permits for domestic helpers)

- Extended deadlines from the SSM:
  
  - The deadline to submit statutory documents to SSM will be extended automatically by 30 days from the end date of the MCO.
  - The deadline to file financial statements will be extended such that the deadline is 3 months from the end date of the MCO. (Applicable to companies with financial periods ending between 30 September 2019 and 31 December 2019.)
Conclusion
Malaysia Monetary Policy:
Focus On - Providing Support to Domestic Economic Growth
Priority: Ensure Financial System Continues to serve Needs of the Economy
Financial Aid and Injections from the Government Need to be Spent to Boost the Economy

Among all the income classes, Top 20 (T20) income class group showed a significant decrease in consumption expenditure which topped at 59%.

### 2019

**59.8%**

Contribution of Household Sector to nominal GDP

The Private Expenditure is expected to reduce by 8-10%.

The delays in spending by household due to MCO and their concerns on COVID-19 will delay the economic recovery process.

### Average Consumption Expenditure Before and During the MCO by Income Class

<table>
<thead>
<tr>
<th>Income Class</th>
<th>Average Household Expenditure Before the MCO</th>
<th>Average Household Expenditure during the MCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>T10</td>
<td>1450</td>
<td>4096</td>
</tr>
<tr>
<td>T20</td>
<td>2089</td>
<td>2125</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2637</td>
<td>59.8%</td>
</tr>
<tr>
<td>B10</td>
<td>2946</td>
<td>897</td>
</tr>
<tr>
<td>B20</td>
<td>3339</td>
<td>2019</td>
</tr>
<tr>
<td>B30</td>
<td>3800</td>
<td>51%</td>
</tr>
<tr>
<td>B40</td>
<td>4150</td>
<td>297</td>
</tr>
<tr>
<td>M10</td>
<td>1915</td>
<td>0</td>
</tr>
<tr>
<td>M20</td>
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<td>T10</td>
<td>3003</td>
<td>8</td>
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<tr>
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<td>3967</td>
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</tr>
<tr>
<td>Malaysia</td>
<td>4096</td>
<td>-48%</td>
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</tbody>
</table>

Source: Department of Statistics Malaysia
Ultimately, Covid-19 Vaccine is the Cure for Everything

**Retail Segment**
Heading Downward
Rents come under further pressure due to enforcement of MCO until 28 April 2020

**Commercial Investment**
Under Pressure
Investment transactions will be limited as viewings are not happening

**Residential Transaction**
Disruptions
Difficulties in conducting property viewings and title searches

**Industrial / Logistics**
Positive Note
Give rise to potential decentralisation of logistics players into multiple smaller satellite distribution hubs

Phase 3 of MCO:
Strict implementation of specific Site Operating Procedures (SOP) has been carried out to prevent pandemic from spreading at work sites

Industry expert said the potential of more job layoffs will cause a rise in non-performing loans which will conclusively lead to more auctions in the market, because of the challenging business environment.
Advice that gives advantage

For more information, please contact amy.wong@savills.com.my