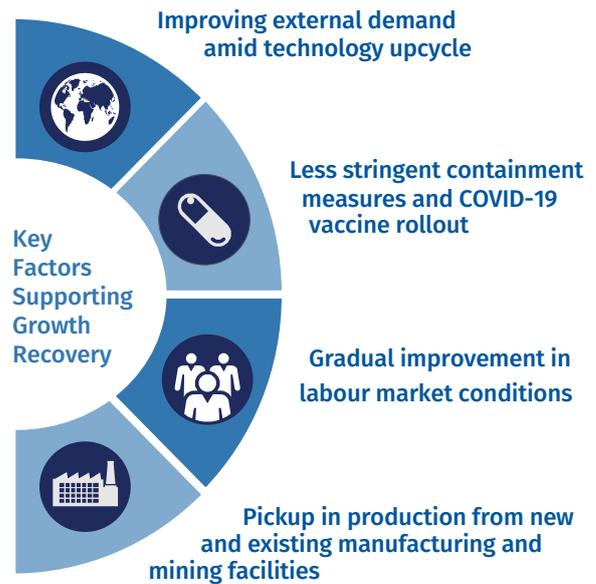
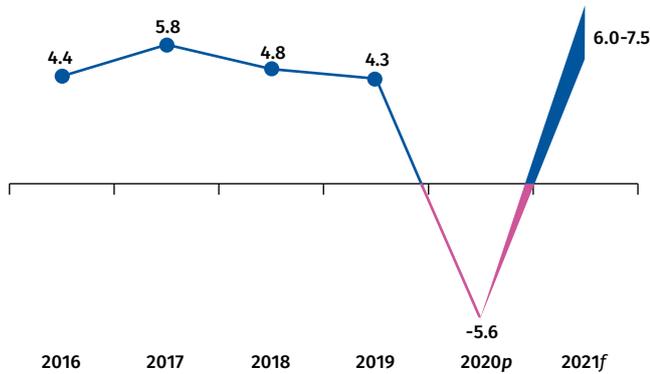


# Key Highlights on Economic Development and Outlook

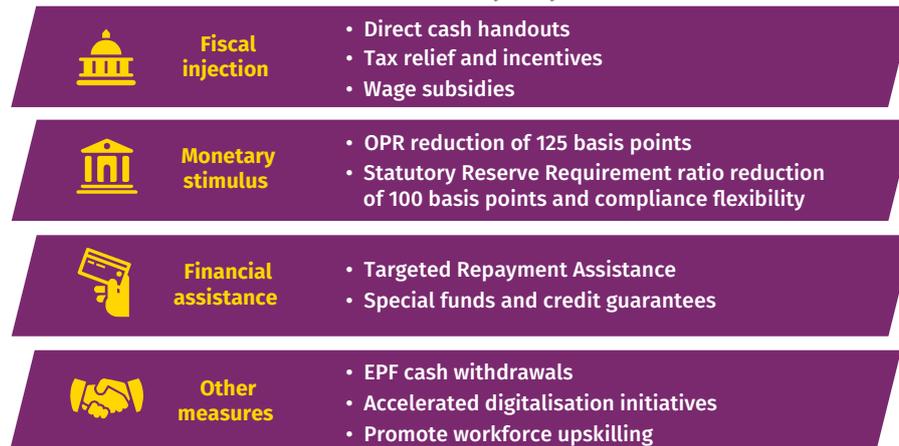
## Malaysia's GDP to rebound in 2021

Real GDP Growth (Annual Change, %)

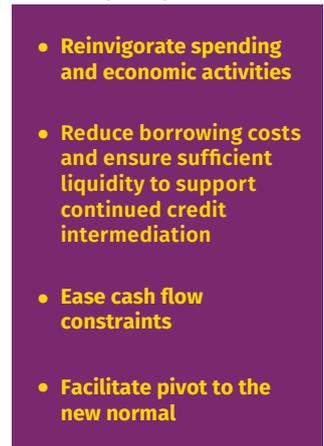


## Comprehensive and complementary policy support has been and will remain central in supporting the economy

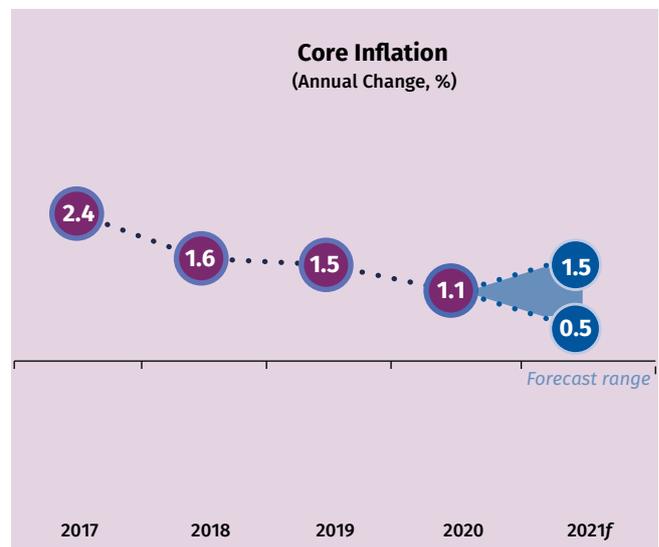
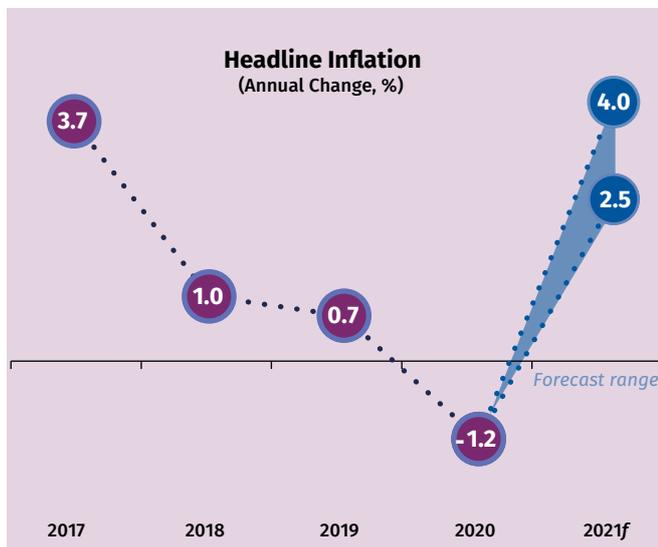
Key Policy Measures



Key Policy Outcomes



## Higher headline inflation amid increase in global oil prices, while underlying inflation will remain subdued

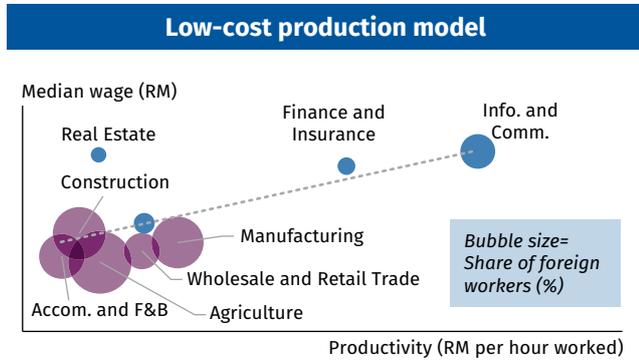


f forecast  
p preliminary

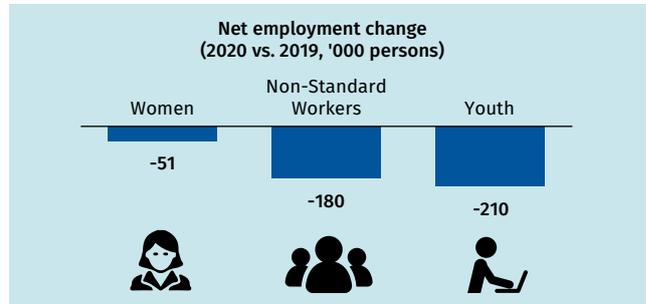
# Key Highlights on Box Articles

## Getting the Great Reset Right: Structural Labour Market Issues in the Post-COVID-19 World

Prevailing structural impediments weigh on future job and income prospects



COVID-19 pandemic has impacted vulnerable segments of the labour market disproportionately



Note: Non-standard employment is proxied by own account workers, unpaid family workers, and employers. Youth refers to ages 15-24

### Insufficient high-skilled job creation



**86k**  
Net employment gains in high-skilled jobs\*



**151k**  
Graduate entry into labour force\*

\*Average annual change, 2010-2019

### Skills mismatches

Skill shortages reported by employers

- Oral expression and writing
- Social perceptiveness
- Critical thinking

### Policy priorities geared towards enhancing workforce agility and resilience



Encourage demand for high-skilled workers



Improve training and matching mechanisms



Enhance labour market resilience

## A Vision for Social Protection in Malaysia

### Reforms to social protection pillars



#### Pillar 1: Social Safety Nets

- Streamlining of programmes
- Enhanced targeting mechanism
- Ensuring complementarities with ALMPs



#### Pillar 2: Social Insurance

- Incentivising private retirement schemes
- Addressing gaps in coverage for the self-employed and underemployed



#### Pillar 3: Active Labour Market Policies (ALMPs)

- Boosting synergy between stakeholders
- Introducing training and upskilling conditionalities

### Accompanying multi-pillar reforms



Formulation of a roadmap for all social protection reforms



Establishment of a centralised social protection database



Establishment of a one-stop centre for all social protection programmes

# Key Highlights on Box Articles

## Asset Purchases by Central Banks

Distinct objectives and scale of asset purchase

### Advanced Economies (AE)



- Monetary accommodation to support growth amid limited space in conventional monetary policy



- Larger scale: 6% to 12% of GDP

### Emerging Market (EME)

- Address market dislocation, excessive volatility and illiquidity
- Some stepped in for deficit financing

- Smaller scale: 0.6% to 6% of GDP

While asset purchases is a legitimate policy option, its utilisation requires careful consideration of potential long term adverse impacts



Negative impact on central banks' credibility and independence

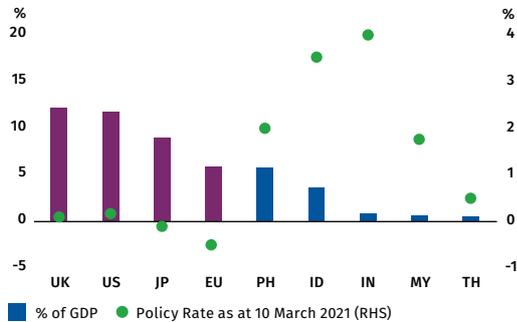


Large balance sheets expose central banks to market risk with potential capital loss



Hindering effective price discovery in the market

Purchases by AE notably larger than regional EME in 2020 as policy rates in AE remain low



BNM purchased RM9.4 bil of government bonds between Mar and Dec 2020 in order to...



Ensure market remains orderly for effective financial intermediation by addressing excessive volatility and illiquid conditions



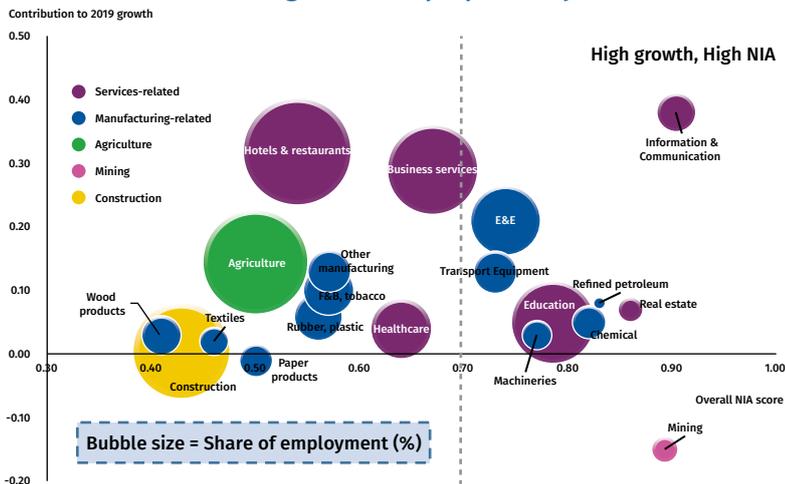
Manage banking system liquidity



Build inventory for repo and securities lending operations

## Innovation Malaysia: Towards Higher Quality Growth in a Post-Pandemic Future

Industries with high NIAs can propel Malaysia forward



### Quality Investment and Innovation-led Growth

- Adoption of National Investment Aspirations (NIAs\*)
- Investment in knowledge and tech-intensive activities
- Diversifying into more complex products
- A mission-based investment approach

### The 3D's of Reforms



#### Accelerate Digitalisation

- Strengthening digital enablers
- Digitalising existing industries
- Catalysing new digital industries



#### Rethink Downstreaming

- Higher palm oil product complexity
- Leader in sustainable practices
- Enhance R&D for specialty products



#### Reduce Distortion

- Tailor incentives to right activities
- Align with NIAs for quality investment
- Attain allocative efficiency

\*NIAs are overarching strategic developmental objectives, namely: to increase economic complexity, create high-value jobs, extend domestic industry linkages, develop new and existing clusters, as well as improve inclusivity.