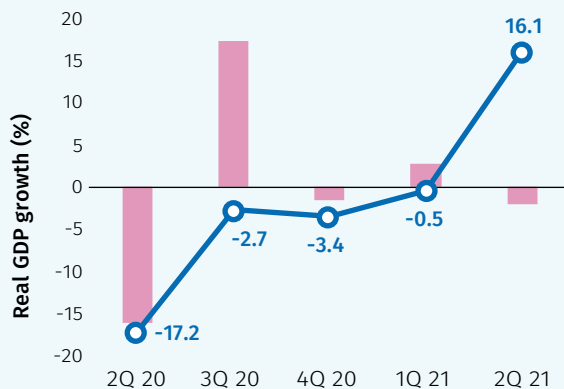


# Highlights: 2Q 2021

## GDP growth turned positive, while headline inflation temporarily spiked in 2Q 2021

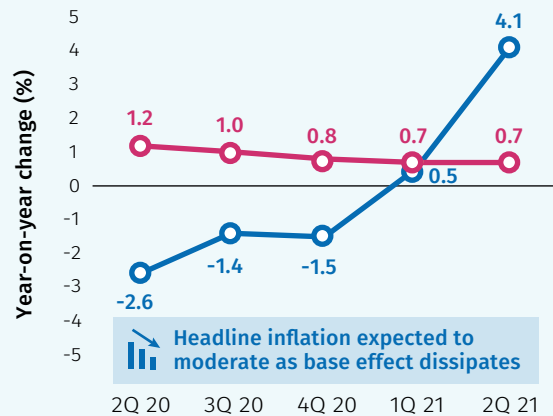
Growth was supported by an improvement in domestic demand and robust exports performance



■ quarter-on-quarter (seasonally adj.)  
 ○ year-on-year

Source: Department of Statistics, Malaysia

Headline inflation increased, driven mainly by the base effect from low fuel prices



○ Headline inflation  
 ○ Core inflation\*

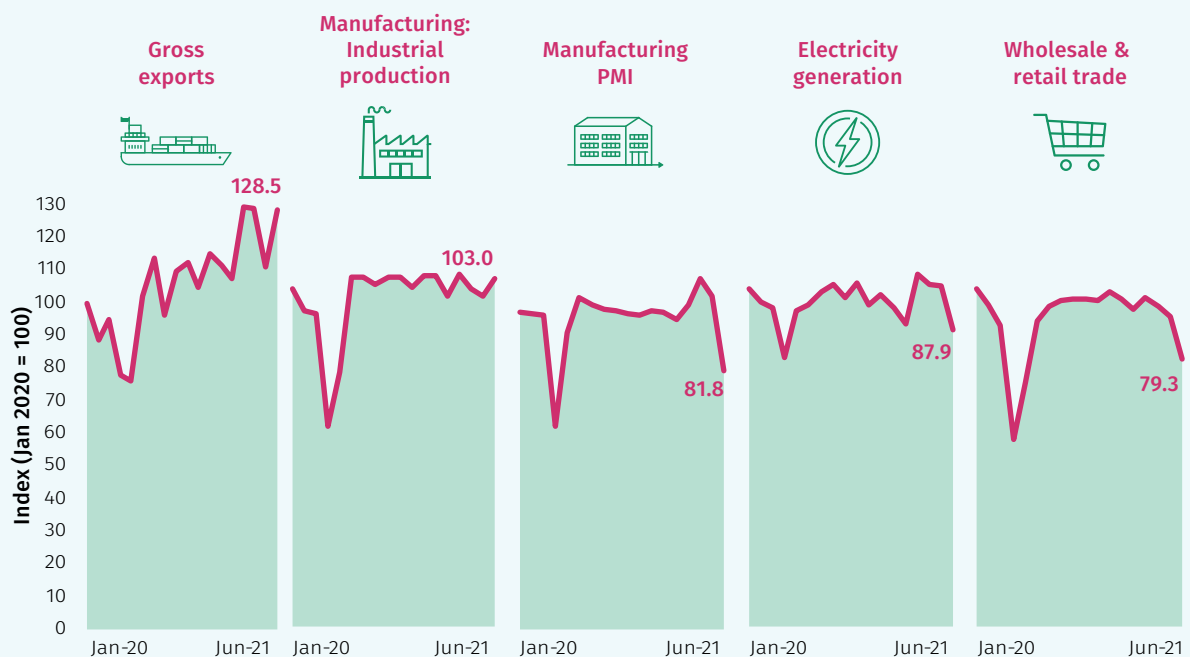
\* Core inflation is computed by excluding price-volatile and price-administered items

Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Headline inflation expected to moderate as base effect dissipates

## External trade improved further, while domestic activities moderated towards the end of 2Q 2021 following imposition of tighter containment measures

### Key Economic Indicators



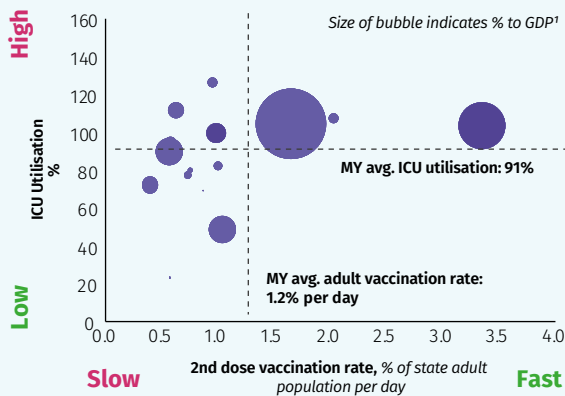
Source: Department of Statistics, Malaysia, Bank Negara Malaysia, IHS Markit, Tenaga Nasional Berhad

# Highlights: 2Q 2021

Domestically, rapid vaccination rates with easing demands on healthcare capacity would lead to better economic outcomes

**Fast vaccination rates and lower ICU utilisation will enable the swift easing of containment measures**

ICU Utilisation and Vaccination Rate by State



<sup>1</sup> Refers to share to GDP in 2020

Note: ICU utilisation and vaccination rates refer to the 7-day average between 3 – 9 Aug 2021

Source: COVID-19 Immunisation Task Force, Ministry of Health, Department of Statistics, Malaysia and Bank Negara Malaysia

Principles in Assuming Phased Transition

Current ICU utilisation	Current speed of vaccination rate	Assumed transition path
Low	Fast	Faster and earlier transition to Phase 4
Low	Slow	As vaccination rate improves, transition to subsequent phases is shorter
High	Fast	1. Gradual transition to the next phase as ICU utilisation stabilises and improves 2. As vaccination rate progresses and ICU utilisation improves, transition to subsequent phases will be swift
High	Slow	

In the baseline assumption, **all states** are expected to transition to **Phase 3 by October 2021** and **Phase 4 by November 2021**

## Uncertainty on evolution of the pandemic and the containment measures would affect growth trajectory

