

Dots & Plots

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We Will Get There

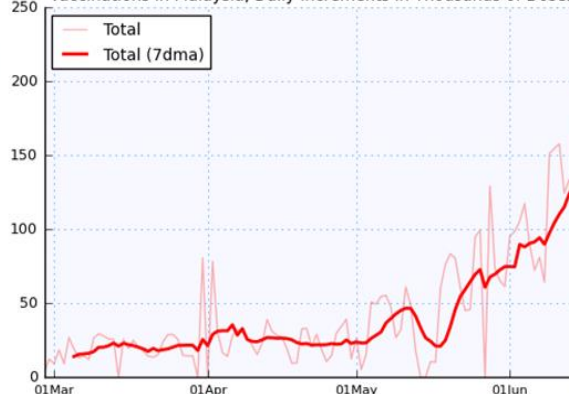
Malaysia maps out its winding road to recovery

- Malaysia’s PM Muhyiddin Yassin announced what he calls the “National Recovery Plan” yesterday. It is a roadmap showing how Malaysia can embark on a gradual easing of restrictions in the coming months, leading up to the grand destination of a full reopening by early November, hopefully.
- This comes after his Jul 11th’s announcement of a two-week extension of the Phase 1 restrictions, which impose a strict ban on most business activities, to June 28th because new Covid-19 cases remained elevated. While cases have come down to around 5000 since then, it remains above the 4000-threshold that is seen essential for easing measures.
- Another stated criterion for moving to Phase 2 is that at least 10% of Malaysia’s population of around 33mn have to be fully vaccinated by then. Even though inoculation rate has accelerated – with ~200k shots earlier this week – only 4.3% are now fully vaccinated. To hit the 10% threshold, the remainder 1.89mn people have to receive their second jabs very soon.
- The PM noted that such numbers may be reached by early July. That is not impossible if the inoculation rate keeps pace, but it will also mean a focus on administering second shots, rather than broadening the protection umbrella by giving the first shots to as many as possible like some countries are doing.
- Hence, as much as there is hope for some easing of restrictions in 2 weeks or so, a lot of stars must be aligned. Until then, the economy will continue to be held ransom. The PM highlighted that the ongoing MCO 3.0 restrictions are impacting the economy at a rate of MYR1bn per day. Although less punitive than the 2.4bn per day during MCO 1.0 of 2020, it does hurt more than the 300mn daily hit of the MCO 2.0 of early 2021 due to its heavier restrictions.
- The government has kept mum about any revision to its earlier 6.0-7.5% 2021 GDP forecast so far. However, going by its daily hit estimate, and assuming no further extension of Phase 1, it would mark around 2ppt hit, putting the bottom part of their forecast range in line with [our 4.0% forecast](#).

Malaysia's National Recovery Plan

Dates		Jun 2021	Jul - Aug	Sep - Oct	Nov - Dec
Phases		Phase 1	Phase 2	Phase 3	Phase 4
		Essential Services Only	More businesses to open, interstate travel and social activities remain banned	All business activities, except those involving close contact and crowded spaces, to reopen.	Full reopening
Key Criteria to Move into the Phase	Average Daily Covid-19 Cases	>4000	<4000	<2000	<500
	ICU capacity	"Critical"	No longer "critical"	"Comfortable"	"Comfortable"
	% Population who are fully vaccinated	<10%	10%	40%	60%

Vaccinations in Malaysia, Daily Increments in Thousands of Doses



Source: OCBC, Bloomberg, The Edge.

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