



# MONTHLY NEWS SCAN

## Tinjauan Berita Bulanan

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1 – 31 March 2019

### HIGHLIGHTS FOCUS

- **OECD cuts global outlook again and warns worse may be ahead**
- **Changes in China's economy in March exceed expectations - Premier Li**
- **Mahathir: EU risks 'trade war' with Malaysia over palm oil**
- **Malaysia ranks second in Southeast Asia for trade and connectivity**
- **Sabah to get RM13bil investment in POIC Lahad Datu**
- **Big Sabah potential as fruit, veggie producer**

### INTERNATIONAL ANTARABANGSA

**OECD cuts global outlook again and warns worse may be ahead:** The global economy is suffering more than expected from trade tensions and political uncertainty which are clouding prospects particularly in Europe, according to a gloomy report from the OECD. As these are the organization's first forecasts in almost four months, it's partly playing catch-up with developments since then. In that period, little has gone right for the world's biggest economies: Weakness in the euro area and China are proving more persistent, trade growth has slowed sharply and uncertainty over Brexit has continued. (6 March, Bloomberg)

**Changes in China's economy in March exceed expectations - Premier Li:** China's Premier Li Keqiang said on Thursday that "changes" in the economy in March had exceeded expectations, with the economy operating in a steady manner in the first quarter. Li made the comments while meeting foreign and Chinese executives at the Boao forum in the southern island province of Hainan. China's economic growth cooled to 6.6 percent last year, the slowest pace in nearly 30 years, and analysts polled by Reuters expect a further pullback to 6.3 percent in 2019. (28 March, Reuters)

**Australia consumer sentiment drops as weak GDP spooks households:** Australia's consumer confidence slumped in March as households were shaken by a slowdown in economic growth and the prolonged downturn in the property market. Sentiment fell 4.8 percent to 98.8, the weakest reading since September 2017 and meaning pessimists now outnumber optimists, Westpac Banking Corp. said in a statement Wednesday. It said responses during the survey showed "a marked drop off" after gross domestic product data on March 6. (13 March, Bloomberg)

**UK oil and gas production forecast raised:** Forecasts of how much oil and gas could be produced by the UK offshore industry have been revised upwards. The industry regulator now believes 11.9 billion barrels will be extracted by 2050, up from an estimate of eight billion four years ago. So far, 43 billion barrels of oil or its gas equivalent have been extracted from UK waters. The new prediction is driven by lower production costs, technical advances and 30 new fields coming on stream. (11 March, BBC News)

**Macron's stimulus forecast to give French economy modest lift:** France's economy will perform better in the coming quarter than previously anticipated because it's relatively sheltered from global headwinds and fiscal stimulus will help consumer spending, its statistics office said. France is proving somewhat resilient to a broad euro-area slowdown as it depends less on foreign trade and domestic growth has been fueled by tax cuts introduced in response to the Yellow Vest protests. (20 March, Bloomberg)

**German economy likely grew moderately in first-quarter:** **Economy Ministry:** The German economy had a subdued start to 2019 and probably grew moderately in the first quarter, the Economy Ministry said on Thursday, warning that the industrial sector was likely to remain weak due to sluggish demand from abroad. "The economy has got into turbulent waters due to higher risks

and uncertainties in the external environment," the ministry said in its monthly report. (14 March, Reuters)

**Singapore's core inflation rate hits nine-month low as central bank decision looms:** Singapore's core inflation rate eased to a nine-month low in February, reinforcing expectations that the central bank will keep monetary policy unchanged when it meets next month. The core inflation rate was 1.5 percent on a year-on-year basis, data showed on Monday, its lowest since May 2018, and below the median forecast in a Reuters poll for a 1.7 percent rise. "The lower than-expected inflation print basically reinforces our call for MAS to stay unchanged (in April)," UOB economist Barnabas Gan said, referring to the Monetary Authority of Singapore, the city-state's central bank. (24 March, Reuters)

**Russian inflation in March seen at 5.2-5.4 y/y - econ ministry:** Russia's economy ministry said on Wednesday that consumer inflation in March would stand at between 5.2 and 5.4 percent year on year, compared with 5.2 percent in February. Inflation is likely to remain at around 5.4 percent between March and May, before slowing to 4.3 percent by the end of this year, the ministry said in a monthly report on inflation. In month-on-month terms, inflation in March is expected to stand between 0.3 and 0.4 percent, compared with 0.4 percent in the previous month, the ministry said. (13 March, Reuters)

**Indonesia says low-carbon plan could spur annual GDP growth:** Indonesia plans to adopt a more sustainable economic development plan from 2020 that could deliver annual GDP growth of 5.6 to 6 percent over the next 25 years, its planning minister said on Tuesday. The Low Carbon Development Initiative (LCDI) aims for more environmentally friendly growth in Southeast Asia's biggest economy and the world's third-largest greenhouse gas emitter after the United States and China, according to some estimates. (26 March, Reuters)

## NATIONAL NASIONAL

**Mahathir: EU risks 'trade war' with Malaysia over palm oil:** The European Union risks opening up a trade war with Malaysia over its "grossly unfair" policies aimed at reducing the use of palm oil, Prime Minister Mahathir Mohamad said on Thursday. This month, the European Commission concluded that palm oil cultivation results in excessive deforestation and its use in transport fuel should be phased out by 2030. Malaysia, the world's second biggest palm oil producer after Indonesia, relies on the crop for billions of dollars in foreign exchange earnings and hundreds of thousands of jobs. (29 March, The Star)

**Malaysia ranks second in Southeast Asia for trade and connectivity:** Malaysia has maintained its strong position globally, ranking second highest in Southeast Asia and 12th out of 169 countries for trade connectivity, says the DHL Global Connectedness Index (GCI) report. The fifth edition of the GCI, which measures international flows of trade, capital, information and people, stated that Malaysia also improved the depth and breadth of its global connectedness to 15th and 28th places in the world respectively. DHL Express Malaysia and Brunei managing director Julian Neo said Malaysia's consistent top 20 ranking in the Global Connectedness Index is evidenced by a steady growth in Malaysia's trade with ASEAN. (18 March, Business Times)

**20 new infrastructure projects to be implemented this year – Baru Bian:** The Works Ministry will implement 20 new infrastructure projects worth RM5.26 billion this year that will help stimulate the country's economy. Minister Baru Bian said they include the mega projects that had been long planned, such as the Central Spine Road (CSR), the Pan Borneo Highway, and the Sarawak-Sabah link road projects. "I believe these infrastructure projects will effectively help stimulate the country's economy...we will also try to renegotiate some of the planned projects that have yet to take off. "We have to be careful because once signed, we cannot amend the contract," he told Bernama after the recording session of the Bernama News Channel's (BNC) Property Hot Seat programme here in Kuala

Lumpur today. (14 March, Business Times)

**Malaysia not entering recession, not suffering deflation:** Malaysia is neither entering a recession nor is it suffering from deflation, Bank Negara says. Despite tough economic headwinds, central bank governor Datuk Nor Shamsiah Mohd Yunus asserts, Malaysia is expected to remain on a steady growth path this year, supported by resilient domestic demand. Underlying inflation, on the other hand, is expected to be broadly stable, sustained by steady expansion in economic activity in the absence of excessive demand pressure, she said. According to Bank Negara's latest projection, Malaysia's gross domestic product (GDP) is expected to expand between 4.3% and 4.8% this year. This is a slightly more cautious forecast compared with the 4.9% GDP growth estimated by the Finance Ministry during the tabling of the 2019 Budget last November. (28 March, The Star)

**January exports exceed forecast, boost from China and Thailand:** Malaysia's exports in January rose at a faster-than-expected pace of 3.1% year-on-year (y-o-y) to RM85.4bil, underpinned by expansion in exports to China, Thailand and South Korea, compared with a Bloomberg survey of a 0.6% contraction. The Statistics Department announced yesterday that re-exports were valued at RM17.5bil (0.4%) and accounted for 20.5% of total exports. Domestic exports increased RM2.5bil or 3.9% to RM67.9bil. MIDF Equities Research said the stronger performance of the domestic exports in January compared with the 2.7% increase on-year in December indicated a good start for this year as it only recorded a meagre growth of 0.8% in 2018. (5 March, The Star)

**January trade surplus widens to RM11.5b, at 3-month high:** KUALA LUMPUR: Malaysia's trade surplus hits a three-month high, after widening to RM11.5 billion in January from RM10.7 billion in December last year as exports growth outperformed those of imports. International Trade and Industry Ministry today announced that January exports had expanded 3.1 per cent to RM85.41 billion, while imports grew by one per cent to RM73.89 billion. This was 19.2 per cent higher than the January 2018's surplus, the ministry said in a statement. Malaysia's total trade in January expanded 2.1 per cent to RM159.3 billion from a year ago, it added. MIDF Research said the

January exports were a good start for the year as it had only recorded a meagre growth of 0.8 per cent in 2018. (4 March, Business Times)

**Govt targets RM16b revenue from aerospace industry this year:** The government aims to generate up to RM16 billion in revenue from the aerospace industry this year, says International Trade and Industry Minister Datuk Darell Leiking. This would be driven by the vibrant and thriving aerospace industry in the Asia-Pacific region, which is expected to have the highest growth in new aircraft delivery for the next decade, he said. "We would like to see a larger revenue this year (compared with RM14.4 billion last year). "(To achieve this,) the government is looking to have a better coordination between the National Aerospace Industry Coordinating Office and other agencies in focusing to provide a better business environment for the industry. (26 March, Business Times)

**Malaysia's economy sees tepid growth in Q12019:** Malaysia is expected to post tepid economic growth in the first quarter of the year with a slight recovery in the second quarter, MIDF Research said. "(Potential) weak growth in the first quarter is mainly due to uncertainties over the trade negotiation between the US and China. "This is in tandem with the pessimistic trend reflected by the Nikkei Manufacturing PMI for Malaysia, registering below 50 points for five consecutive months since October 2018," the firm said today. MIDF Research expects steady recovery towards the second quarter and the second half of the year amid gradual pick-up in commodity prices, strong domestic demand and receding trade war effects. (26 March, Business Times)

**Inflation falls 0.4pc in February 2019:** The Consumer Price Index (CPI) fell 0.4 per cent to 120.8 in February 2019 compared with 121.3 in the same month last year mainly due to a decline in transport cost, says the Statistics Department. This marked the second consecutive month that the CPI had decreased after January's 0.7 per cent drop. On a monthly basis, headline inflation rose by 0.2 per cent compared with January 2019, the department said in a statement today. Of the main groups under the overall index, the transport index, which contributed 14.6 per cent of overall weight, decreased the most year-on-year (-6.8 per cent). (22 March, Business Times)

## LOCAL TEMPATAN

**Sabah to get RM13bil investment in POIC Lahad Datu:** Sabah is set to receive a single game-changing investment worth RM13 billion that can potentially place the state on the world map of petrochemical products' producers. State Trade and Industries Minister Datuk Wilfred Madius Tangau said this today while referring to the term sheet signed between state-owned POIC Sabah Sdn Bhd, which is the developer of POIC Lahad Datu, and Burel Industries Sdn Bhd. This investment is related to the setting up of a series of high-tech plants to process naphtha into a wide range of petrochemical products for the world market. (6 March, Business Times)

**Big Sabah potential as fruit, veggie producer:** Sabah has potential to become major fruit and vegetable producers that could meet the needs of big Middle East markets such as Saudi Arabia, Qatar and the UAE if land owners are made aware of their potential, Chief Minister Datuk Seri Shafie Apdal said. Speaking to reporters during a meet-the-people session here in Papar, Shafie said Sabah has big and fertile land that needs to be tapped into, but sadly a lot of land is left idle. "There's a lot of land owned by the people that is left overgrown, so we need to create awareness among landowners and develop land on a major scale, for example by planting fruits and vegetables," he said. "During the haj and umrah season, a lot of fruits are needed in Saudi Arabia and also in Dubai (in the UAE) and Qatar. "In Sabah, fruits and vegetables can be harvested very quickly, like in a month's time, compared to seven years for oil palm and 30 years for timber." (18 March, Daily Express)

**RM247 juta diperuntuk bangunan Kemabong:** Sejumlah RM247 juta diluluskan untuk menyediakan projek infrastruktur asas utama di daerah kecil Kemabong. Ahli Dewan Undangan Negeri (Adun) Kemabong Jamawi Jaafar, berkata peruntukan besar itu adalah untuk membina jalan raya luar bandar Kemabong ke Kampung Rundum. Beliau berkata sejumlah RM212 juta diperuntukkan oleh Kerajaan Persekutuan melalui Kementerian Pembangunan Luar Bandar dan Wilayah bagi membina jaringan jalan raya perhubungan ke

Kampung Rundum. Katanya, tender bagi projek terbabit akan dikeluarkan pada bulan Julai tahun ini. (12 Mac, Utusan Borneo)

**New health clinic for Sebatik Island village:** Construction of the new health clinic at Kampung Sungai Tamang on Sebatik Island, is expected to commence this year, as soon as several issues pertaining to land ownership of the site have been resolved. Sabah Infrastructure Development Assistant Minister Datuk Abdul Muis Picho said the construction of the Type 6 Health Clinic is expected to cost about RM30 million, covering building costs, quarters and equipment. "Currently, residents are forced to seek treatment in Tawau as the island has only a Maternal and Child Health Clinic (KKIA) and they face difficulties in the event of emergency cases at night and low tide," he said. (14 March, New Sabah Times)

**New route will spur devt activities: CM:** Motorists travelling between Penampang and Inanam have an alternative road with the official opening of the 2.7km Nouton-Bukit Padang carriageway, Tuesday. The RM13.545 million road, which starts from Kg. Madpai near Bukit Padang and ends at Taman Nelly in Kolombong connects to two other roads leading to Kolombong light industrial area and Inanam town. Chief Minister Datuk Seri Mohd Shafie Apdal when launching the road said it would not only help ease congestion along the main roads and shorten travelling time but also spur development activities along the stretch. (20 March, Daily Express)

**Lebih RM600j untuk pembangunan infrastruktur di DUN Kuamut, Tongod:** Lebih RM600 juta peruntukan diluluskan Kerajaan Persekutuan dan Negeri bagi melaksanakan pembangunan infrastruktur dalam kawasan Dewan Undangan Negeri (DUN) Kuamut. Ahli Dewan Undangan Negerinya, Datuk Masiung Banah, berkata antara projek pembangunan yang diluluskan pada peringkat persekutuan adalah melibatkan projek pembinaan jalan raya dari Linayukan Tongod ke Sinaron di Keningau melibatkan kos RM320 juta, pembinaan jambatan di Sungai Milian bagi menghubungkan Kampung Penengah ke Kampung Inarad dengan kos RM28 juta selain menaiktaraf jalan raya dari Pekan Tongod ke

Penengah dengan kos RM95 juta. (20 Mac, New Sabah Times)

**2,699 land jobs via road show:** A total of 2,699 job seekers in Sabah landed jobs through the Sabah Career Roadshow Programme, this year. Federal Human Resource Deputy Minister Datuk Mahfuz Omar said 21 employers were involved in the roadshow, involving six districts in the State. Of the figure, he said 522 job seekers from Kota Kinabalu were employed as well as 421 job seekers in Keningau, 711 in Tawau, 490 in Semporna and 525 in Lahad Datu. "There are 1,800 vacancies being offered here by 21 employers in the programme with the presence of over 1,000 job seekers. "Apart from them, special people (OKU) were also given opportunity of employment. (31 March, Daily Express)

**Help for entrepreneurs to market products: Tangau:** Small industry entrepreneurs in the State will be given more opportunities to market their products. Deputy Chief Minister and Sabah's Minister of Trade and Industry, Datuk Seri Panglima Wilfred Madius Tangau said the Government through its ministry would provide assistance to local products to be introduced to market abroad. "The ministry will help entrepreneurs participate in exhibitions or exposures as a way of promoting their products and also provide the required courses at either state or national level, he said when launching the Tongod District Level 2019 Festa Exhibition (FIKS) programme on Friday. (30 March, Daily Express)

**Turning Kemabong into a sub-district:** Huge funds have been allocated for various infrastructure development in the Kemabong sub-district this year. Kemabong Assemblyman Jamawi Jaafar said a total of RM212 million is to upgrade the road from Kemabong Town to Kampung Rundum and RM179 million to upgrade the Kampung Ulu Tomani road. A total of RM35 million is for rural power supply to residents in Kampung Rundum, Samambu and Bingkoi, while RM30 million is for the construction of the new Sekolah Kebangsaan Kemabong. He said the project will not only provide basic amenities for the people's comfort in the area, but also contribute to improving local economic capacity through their involvement in agriculture and tourism sectors. (24 March, Daily Express)

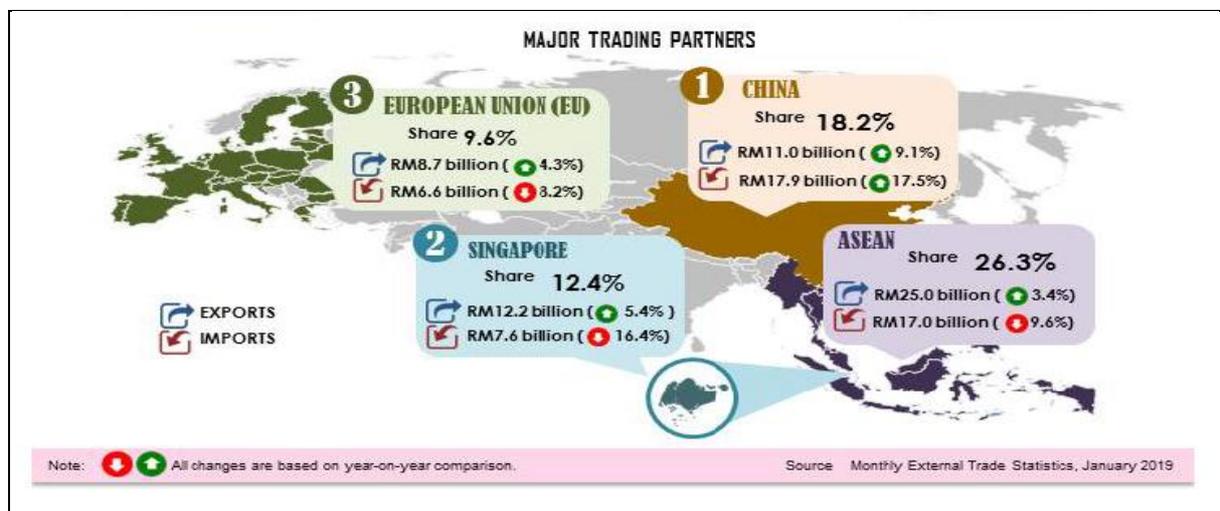
# SELECTED FACTS AND FIGURES

## FAKTA MUTAKHIR



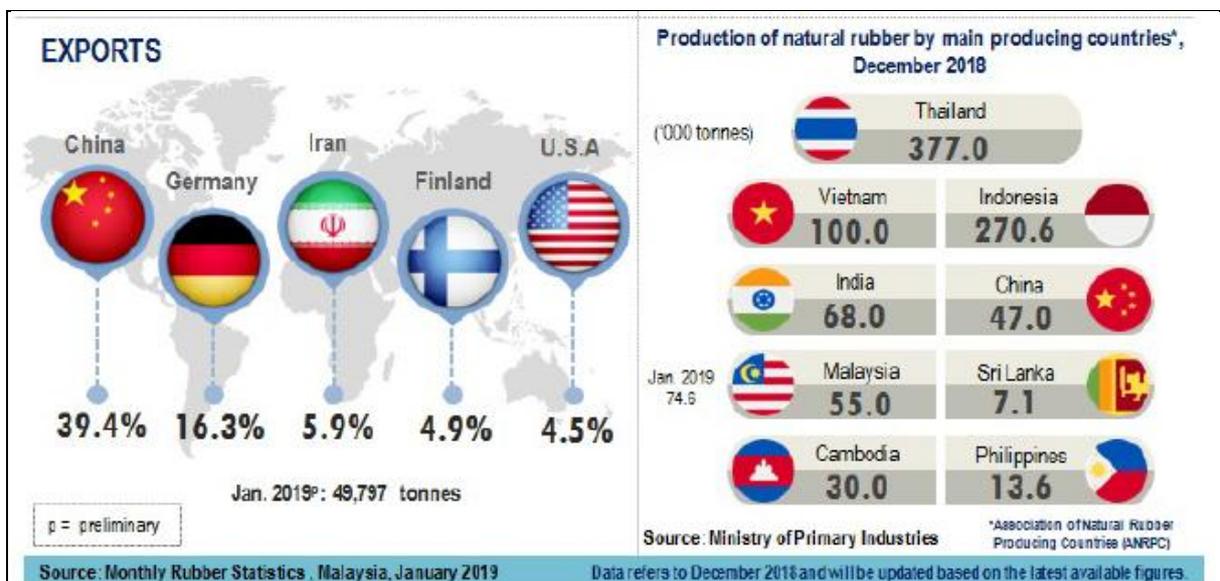
(Source: 14 March, Department of Statistics Malaysia)

### MALAYSIA'S EXTERNAL TRADE STATISTICS, JANUARY 2019



(Source: 4 March, Department of Statistics Malaysia)

### MALAYSIA'S MONTHLY RUBBER STATISTICS, JANUARY 2019



(Source: 12 March, Department of Statistics Malaysia)

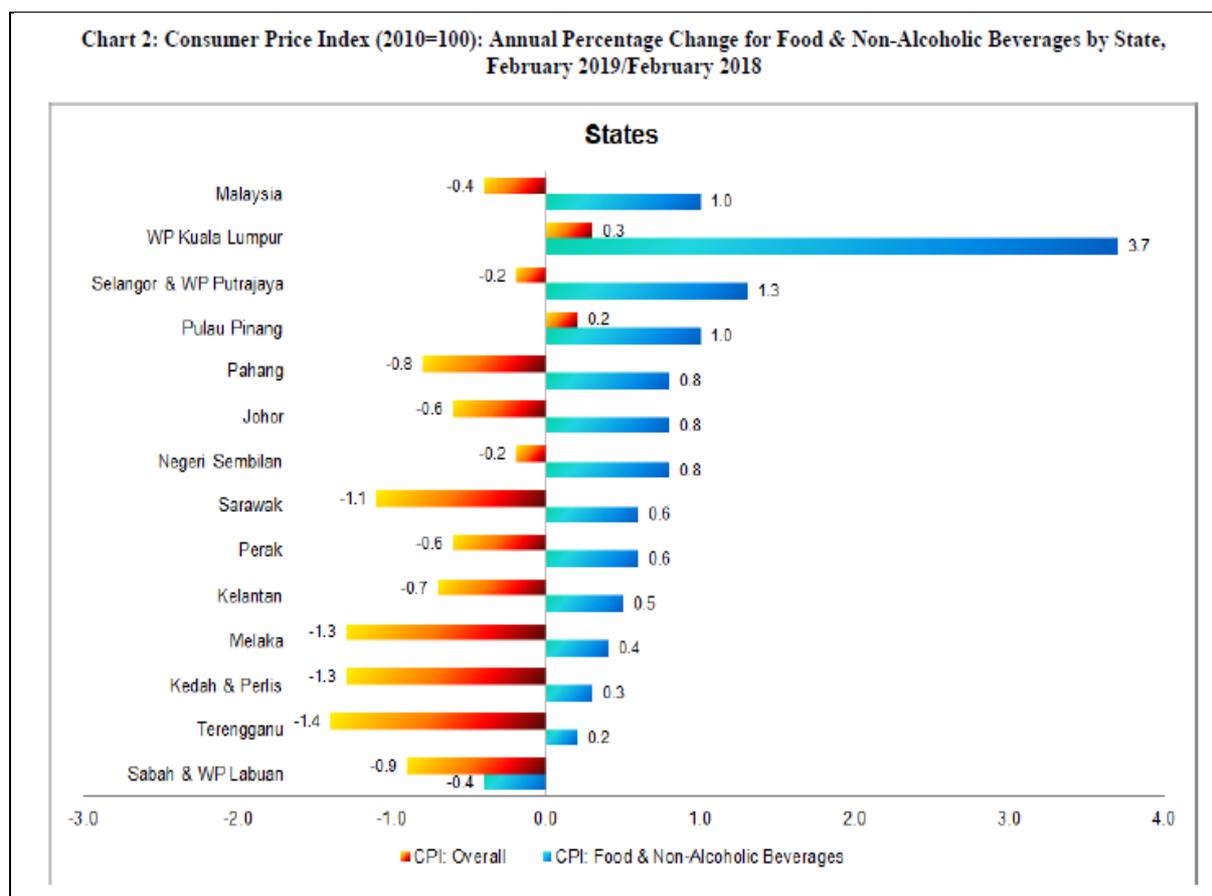
## MALAYSIA'S PRODUCER PRICE INDEX, FEBRUARY 2019

**Table 1: Producer Price Index (2010=100) Local Production by Sector (MSIC 2008), Malaysia**

Sector	Code	Weights	Index		Year-on-Year		Percentage Change		
			Feb 2019	Dec 2018/ Dec 2017	Jan 2019/ Jan 2018	Feb 2019/ Feb 2018	Month-on-Month		
							Dec 2018/ Nov 2018	Jan 2019/ Dec 2018	Feb 2019/ Jan 2018
<b>Total</b>		100.000	<b>105.0</b>	<b>-3.7</b>	<b>-3.6</b>	<b>-1.6</b>	<b>-1.3</b>	<b>0.6</b>	<b>0.6</b>
<b>Agriculture, forestry &amp; fishing</b>	<b>A</b>	6.730	<b>94.9</b>	<b>-17.6</b>	<b>-14.0</b>	<b>-11.6</b>	<b>0.9</b>	<b>7.2</b>	<b>0.2</b>
<b>Mining</b>	<b>B</b>	7.927	<b>99.8</b>	<b>-4.3</b>	<b>-8.4</b>	<b>2.4</b>	<b>-8.9</b>	<b>1.8</b>	<b>4.7</b>
<b>Manufacturing</b>	<b>C</b>	81.571	<b>106.1</b>	<b>-2.6</b>	<b>-2.3</b>	<b>-1.3</b>	<b>-0.7</b>	<b>-0.1</b>	<b>0.2</b>
<b>Electricity &amp; gas supply</b>	<b>D</b>	3.442	<b>116.3</b>	<b>1.6</b>	<b>2.2</b>	<b>0.8</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.3</b>
<b>Water supply</b>	<b>E</b>	0.330	<b>111.9</b>	<b>0.8</b>	<b>-1.0</b>	<b>-2.0</b>	<b>0.6</b>	<b>-1.7</b>	<b>-1.0</b>

(Source: 28 March, Department of Statistics Malaysia)

## MALAYSIA'S CONSUMER PRICE INDEX, FEBRUARY 2019



(Source: 22 March, Department of Statistics Malaysia)