



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 24 Issue 6

IDS Online <http://www.ids.org.my>

1 – 30 June 2019

HIGHLIGHTS FOCUS

- **World Bank warns of weaker global growth**
- **Asia's monster trade pact could be done this year, minus a few**
- **Malaysia's Q1 FDI surges 73.4 per cent to RM29.3 bln**
- **Japan to invest further in Malaysia's infrastructure assets**
- **Sabah to have international cruise-ferry terminal**
- **Sabah to proceed with TAED and dam**

INTERNATIONAL ANTARABANGSA

UK signs post-Brexit free trade deal with South Korea: The UK and South Korea have signed an outline free trade agreement (FTA) that seeks to maintain existing trade arrangements post-Brexit. International Trade Secretary Liam Fox signed the deal with his South Korean counterpart Yoo Myung-hee in Seoul. The preliminary agreement marks the first post-Brexit trade deal the UK has secured in Asia. The agreement is roughly in line with the terms of the existing Korea-EU FTA. (10 June, BBC News)

Singapore to review 2019 growth call as trade war spreads: Singapore's economic growth will probably be weaker than previously forecast as the U.S.-China trade war spreads to the technology sector, the central bank's Managing Director Ravi Menon said. The government and central bank are reviewing their growth projection range of 1.5% to 2.5% for this year, Menon said at the release of the Monetary Authority of Singapore's annual report. (27 June, Bloomberg)

Asia's monster trade pact could be done this year, minus a few: As a monster Asian trade pact enters its next round of deliberations this weekend, Deborah Elms is upbeat

about its prospects for completion this year -- though perhaps without all 16 members. The Regional Comprehensive Economic Partnership -- which includes all 10 Southeast Asian economies plus China, Japan, South Korea, India, Australia, and New Zealand -- could be finalized in 2019, though likely with only a "subset" of the negotiating economies, Elms, executive director of the Asian Trade Centre, said at an American Chamber of Commerce in Singapore event on trade. (26 June, Bloomberg)

New Zealand's sluggish growth leaves door open for RBNZ rate cut: New Zealand's economic growth held at a five-year low in the first quarter, leaving the door open for the central bank to cut interest rates again. The Reserve Bank of New Zealand cut interest rates to a record-low 1.5% in May, betting that extra stimulus will lift economic activity later this year and help get inflation back to its 2% target while ensuring that employment growth doesn't falter. (20 June, Bloomberg)

Japan's slow inflation, manufacturing slump could draw early Bank of Japan action: Japan's core consumer inflation slowed in May and factory activity shrank in June, underlining the growing stress on the economy and keeping the central bank under pressure to expand its radical stimulus program, possibly as early as July. The soft batch of data highlights the challenge the Bank of Japan faces in spurring inflation towards its 2% target, as trade frictions and slowing global growth threaten to derail the country's economic recovery. (20 June, Reuters)

Russia seen cutting rates sooner as inflation, economy slow: Reuters poll: Russia's central bank is seen cutting rates sooner than previously expected as inflation is slowing toward the target, a monthly Reuters poll showed. The central bank is seen

keeping its key rate at 7.50% at the July board meeting before trimming it to 7.25% at the next meeting in September, the average forecast among analysts and economists from 16 banks and companies polled in late June showed. (28 June, Reuters)

G20 summit: Trump and Xi agree to restart US-China trade talks: The US and China have agreed to resume trade talks, easing a long row that has contributed to a global economic slowdown. US President Donald Trump and China's President Xi Jinping reached agreement at the G20 summit in Japan. Mr. Trump also said he would allow US companies to continue to sell to the Chinese tech giant Huawei, in a move seen as a significant concession. Mr. Trump had threatened additional trade sanctions on China. (29 June, BBC News)

World Bank warns of weaker global growth: The global economy is weakening, according to a new assessment from the World Bank. The bank said it now expects growth of 2.6% for 2019 edging up to 2.7% the following year. The slowdown is widespread, according to the Bank's economists, affecting many countries. And there are risks to even this subdued outlook, including the uncertainty for business created by international trade tensions. (4 June, BBC News)

Economic clouds gather over Germany: Concerns are growing over the strength of Germany's economy - the largest in the eurozone - following the release of more gloomy official figures. Industrial production in April fell by 1.9% compared with the previous month and exports were 0.5% lower than a year earlier. Meanwhile new forecasts from the national central bank, the Bundesbank, reflect the more downbeat prospects. The bank is now predicting growth of just 0.6% for this year, compared with a forecast of 1.6% it made in December. (7 June, BBC News)

NATIONAL NASIONAL

Malaysia's Q1 FDI surges 73.4 per cent to RM29.3 bln: Approved foreign direct investments (FDIs) into Malaysia for the first quarter of 2019 (Q1 2019) soared 73.4 per cent to RM29.3 billion from RM16.9 billion recorded during the same period a year ago. In a statement, the Ministry of Finance (MoF) said Malaysia is benefiting from the tax and investment diversions due to the trade war between the United States (US) and China. It said the rise in overall approved FDIs in Q1 2019 was driven by a surge in investments in the manufacturing sector, which rose 127 per cent to RM20.2 billion, compared with RM8.9 billion a year ago. (14 June, Bernama)

Japan to invest further in Malaysia's infrastructure assets: Japan government is keen to invest more in Malaysia, following its maiden investment here in Tasco-Yusen Gold Cold Sdn Bhd (TYGC), a unit of Tasco Bhd, which is listed on Bursa Malaysia. Japan Overseas Infrastructure Investment Corp for Transport and Urban Development (JOIN) managing executive officer Noriyoshi Torigoe said: "This is our first investment in Malaysia upon the invitation of Yusen Logistics. It's a kickoff to many more, in view of the good relations between Japan and Malaysia." JOIN, incorporated in Japan in 2014 to support Japanese corporations investments in the global infrastructure market, counts Japan's Minister of Finance as its controlling shareholder, owning 87.19 per cent. The remaining shareholders in JOIN consists of 17 Japanese corporations. (11 June, Business Times)

Cautious outlook on M'sia exports: The outlook for Malaysia's exports remains uncertain, particularly in the second half of the year, as it heavily depends on how the US-China trade tensions play out. According to the Socio-Economic Research Centre (SERC), escalating trade tensions and higher tariffs could further impact business and financial market sentiment, slowing investment and trade. "We continue to stay cautious about the outlook of Malaysia's exports, particularly in the second half-year, with a lot hinging on the US-China trade deal that is

proving elusive so far," it said in its April-June 2019 Quarterly Economy Tracker released in Petaling Jaya. (25 June, The Star)

Malaysia economy to grow better in 2H: Malaysia's economy is expected to grow better in the second-half of this year, driven a steady pick-up in services, mining and construction sectors. MIDF Research said the overall business performance is projected to improve steadily for the next six months. "Strong domestic demand and low inflationary pressure are fundamental factors supporting the services sectors," it said in a research note. The research house said the manufacturing sector, which is export-oriented is predicted to experience moderation following the global trade slowdown. (26 June, Business Times)

Malaysia strengthens its position as a key gas player in the region: Malaysia is poised to further strengthen its potential as a key gas player in the region by capitalising on its existing extensive gas infrastructure. The natural gas industry has also contributed significantly to the national gross domestic product over the years, while encouraging investments opportunities for local businesses. Economic Affairs Minister Datuk Seri Mohamed Azmin Ali said Malaysia has recorded consistent economic expansion due to strong economic fundamentals and diverse sectorial strength despite the ongoing global economic challenges. (26 June, Business Times)

Malaysia manages to deliver robust growth: IMF: The International Monetary Fund (IMF) has welcomed the new administration's focus under the Pakatan Harapan (PH) on improving governance and anti-corruption institutions. The IMF managing director Christine Lagarde said the fund had learned about the progress in governance reforms and discussed how it can best engage going forward. "It was a pleasure to visit Malaysia, and I wish to thank Prime Minister (Tun) Dr. Mahathir Mohamad, Finance Minister Lim Guan Eng and Bank Negara Malaysia governor Datuk Nor Shamsiah Mohd Yunus for our constructive dialogue," Lagarde said in concluding her visit to Malaysia. (25 June, Business Times)

Govt targets to cut fiscal deficit to below 3% in 2021: Finance Minister Lim Guan Eng says the government's fiscal consolidation is on track as it targets to reduce the deficit from 3.7% of GDP in 2018 to below 3% by 2021. Speaking at the Budget 2020 consolidation at the Ministry of Finance in Putrajaya on Thursday, he said under the fiscal consolidation, the government is cutting the fiscal deficit gradually to 3.4% this year and 3.0% in 2020. "By 2021, we should be able to cut it below 3.0%. The consolidation is necessary to preserve our high credit ratings of A3/A-. "Nevertheless, Malaysia places a premium on economic growth, and the consolidation is proceeding without sacrificing the wellbeing of the rakyat," he said. (27 June, The Star)

Expected crude oil price rebound positive for oil, gas sector: The forecasted rebound in global crude oil prices is positive for Malaysia's upstream sector as it will revive the industry appetite in exploration and development projects. Finance Minister Lim Guan Eng said industry experts expect Brent crude oil to hover from US\$60 to US\$70 per barrel this year and this is sufficient to revive some of the exploration and production activities which may have been deferred or stopped due to lower oil prices last year. Brent crude oil prices experienced great volatility last year, rising up to US\$86 per barrel in October from US\$67 in January before falling by 30% to US\$57 in December due to a glut in the global market. At 2pm on Tuesday (18 June), Brent crude was trading at US\$60.76. (18 June, The Star)

RM92.6 billion in domestic tourism expenditure recorded in 2018: Domestic tourism recorded a total of RM92.6 billion in expenditure last year, an increase of 11.4 per cent compared to RM83.1 billion the year before. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the growth was due to an increase in expenditure by tourists and day-trippers, with each spending a total of RM60.41 billion and RM32.15 billion respectively. "Shopping recorded the highest percentage of contribution to the total expenditure by domestic tourists," he said in a statement on a survey of domestic tourism in 2018. (28 June, Bernama)

LOCAL TEMPATAN

Sabah to have international cruise-ferry terminal: Sabah will have an international cruise and ferry terminal to be undertaken by Suria Capital Holdings Bhd (SCHB) that will propel the property and tourism industry. SCHB chairman, Tan Sri Ibrahim Menudin said the proposed mega development is the Group's long-term plan to develop the existing Kota Kinabalu Port, under its Jesselton Waterfront City (JWC) project. "In the next 8 to 10 years, the entire Kota Kinabalu Port land will be transformed into a new city focus dubbed as the JWC encompassing Suria's mixed development and the State-owned Sabah International Convention Centre (SICC)." "JWC project includes Jesselton Quay (16.25 acres), seven-acre One Jesselton Waterfront, the proposed International Cruise Terminal (ICT) and the proposed ferry terminal," he said. (28 June, New Sabah Times)

Sabah to proceed with TAED and dam: The Sabah government will proceed with the controversial multi-billion ringgit Tanjung Aru Eco-Development (TAED) project. And to support the massive project, Sabah will need to build the dual-capability Papar Dam, said Infrastructure Development Minister Datuk Peter Anthony. Both projects have received objections from environmentalists and villagers among others. Peter stood firm in the government's decision to implement both projects despite the disagreements. "This is the only way for us to address Sabah's future water needs," he said, adding that the dam would support the TAED project. (26 June, New Sabah Times)

RM130mil allocation for 3 Sabah landfill projects: The Federal Government through the Housing and Local Government Ministry has allocated RM130 million for three landfill projects in Sabah to improve and enhance solid waste management. Its Secretary-General Datuk Seri Mohammad Mentek said the allocation will be used to upgrade the existing Kayu Madang landfill which will cost RM40 million and to construct two new regional landfills, with each costing RM45 million, in Tawau and Beaufort. He said the regional landfill in Tawau, scheduled to be completed in October, will have a capacity of 250 tonnes per day. (14 June, Daily Express)

RM20m Keningau village road upgrade starts: Upgrading of the Padang Tembak road costing nearly RM20 mil has already begun, said Assistant Minister for Rural Development Rasinin Koutis here. He said the 1.5 km road from Tanah Merah to Kampung Linsosod, will ease 1,000 users from six villages in Mukim Luagan who used it daily. According to him, works on the road have started after finalising the tender of the project including its costs. "Residents of Kampung Padang Tembak, Tanah Merah, Tudan Baru, Bayangan, Linsosod and Toboh Baru use the road daily to go to their farms," he said at his Hari Raya Open House in Kampung Padang Tembak, Keningau. (11 June, Daily Express)

Sabah will continue to empower mesej, Kampung Sejahtera initiatives – Ewon: Sabah will continue to empower the Mini Estate Sejahtera (Mesej) initiative and Kampung Sejahtera programme by introducing several improvements, including additional economic activities and rural tourism, said state Rural Development Minister Datuk Ewon Benedick. He said the state government had provided allocations to two Mesej projects each in Kaingaran, Tambunan and Kinolosodon, Papar, to develop homestays to promote tourism activities. "Meanwhile, programmes related to additional economic activities such as short-term agriculture and livestock enterprises will also be introduced as a source of additional income to the participants at Mesej," he said in a statement here in Kota Kinabalu. (4 June, New Sabah Times)

Sabah to turn to China to develop Sabah's infrastructure – CM: Chief Minister Datuk Seri Mohd Shafie Apdal is turning towards China to bring in its well-reputed investors to develop the infrastructure in Sabah. Shafie said part of the state government's focus is on port railway line connectivity and a dam to generate electric power for a future industrialized Sabah. "I know we have received a lot of investors coming from China, but we have to make detailed due diligence to find out whether they are really in that part of the field," Shafie said in his discussion with China Industry and Information Technology Minister, Miao Wei, during Miao's courtesy visit to the Sabah State Administration Centre (PPNS) in Kota Kinabalu. (14 June, The Borneo Post)

3,000 penduduk Piasau KB, bakal nikmati bekalan air dari sumber bawah tanah: Kira-kira 3,000 penduduk Kampung Piasau Kota Belud bakal mendapat bekalan air alternatif melalui pembinaan Telaga dan Sistem Penapisan Air Bawah Tanah Ringkas (SPATR) di kampung itu yang dibiayai sepenuhnya oleh Kerajaan Persekutuan melalui Jabatan Mineral dan Geosains (JMG) Sabah. Majlis perasmian telaga dan sistem penapisan itu dijangka akan disempurnakan oleh Menteri Pembangunan Luar Bandar Sabah merangkap Ahli Dewan Undangan Negeri (Adun) Kadamaian Datuk Ewon Benedick, pada 22 Jun, bermula jam 8 pagi, di Dewan Kampung Piasau Kota Belud. (19 June, New Sabah Times)

New bridge to connect Tenom and Kemabong: Construction of a new bridge connecting Tenom and Kemabong in Sabah is scheduled to begin next year, said state Infrastructure Development Minister Datuk Peter Anthony today. He said the state government had approved an allocation for the construction of the large capacity bridge which will cross the Padas river. Without disclosing the amount of the allocation for the project, he said it was part of the government's larger development package for Tenom which was aimed at improving access routes to and from the town, for the benefit of its residents. Speaking to reporters here, he said the state government was doing its best to identify infrastructure facilities such as roads which were needed to improve accessibility for people, not just in Tenom but throughout the state. (15 June, Bernama)

RM6m upgrade for Tambunan, K'gau complexes: The State Youth and Sports Ministry has allocated RM6 million to upgrade the synthetic track of Keningau Sports Complex and Tambunan Sports Complex this year. Its Minister, Phoong Jin Zhe, who visited the two complexes, said both complexes have similar problem in which the tracks are badly damaged. "This has been raised in my Ministry together with the Permanent Secretary of the Ministry, Deputy Permanent Secretary and the State Sports Board and that we have approved RM6 million to upgrade and replace the entire synthetic tracks for both of these complexes," he told reporters after visiting the Keningau Sports Complex. (21 June, Daily Express)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES, APRIL 2019

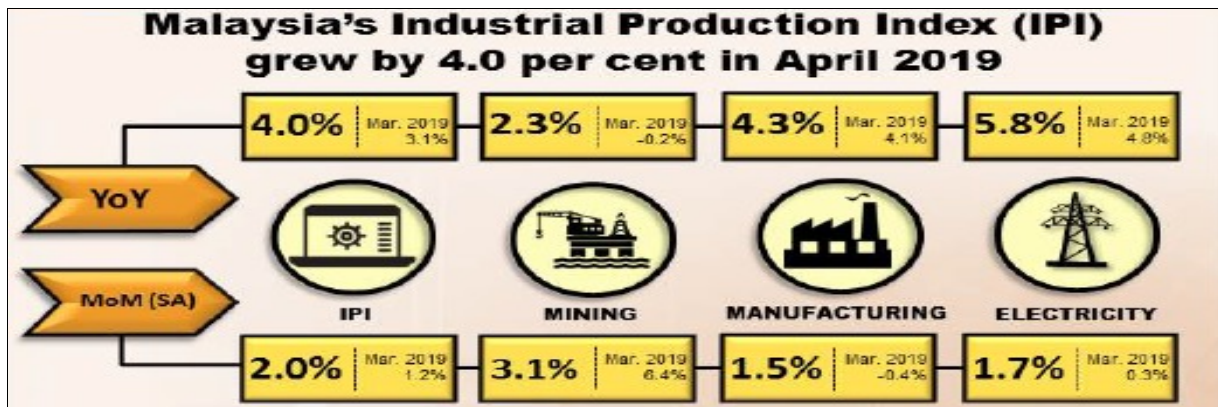
The U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced today that the **goods and services deficit** was \$50.8 billion in April, down \$1.1 billion from \$51.9 billion in March, revised.

U.S. International Trade in Goods and Services Deficit

Deficit:	\$50.8 Billion	-2.1%°
Exports:	\$206.8 Billion	-2.2%°
Imports:	\$257.6 Billion	-2.2%°

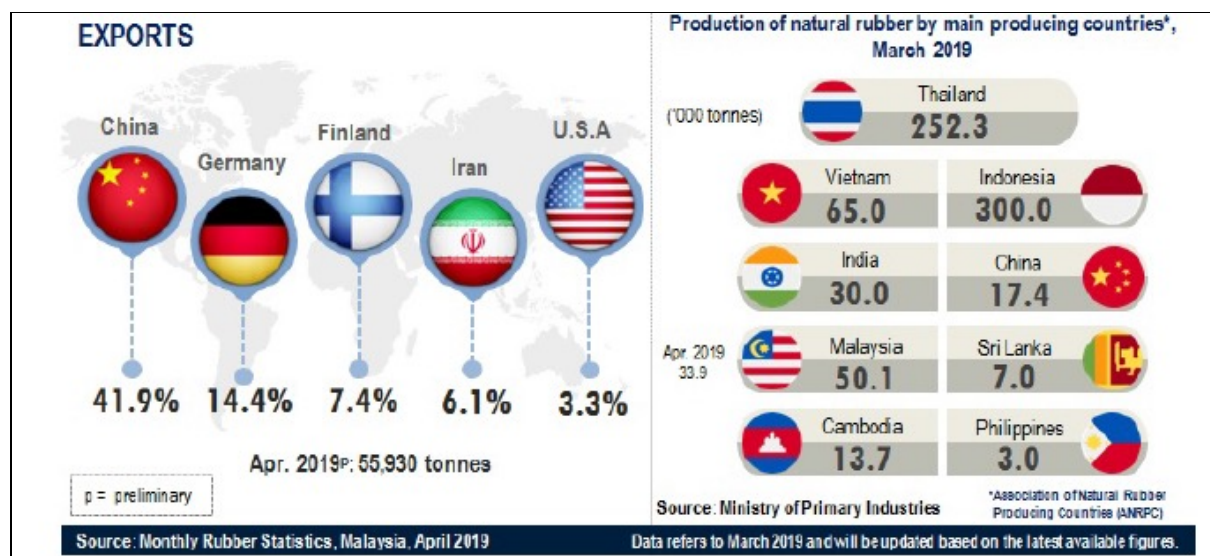
(°)Statistical significance is not applicable or not measurable.
Data adjusted for seasonality but not price changes

(Source: 6 June, U.S. Census Bureau, U.S. Bureau of Economic Analysis; U.S.)



(Source: 11 June, Department of Statistics Malaysia)

MALAYSIA'S MONTHLY RUBBER STATISTICS, APRIL 2019

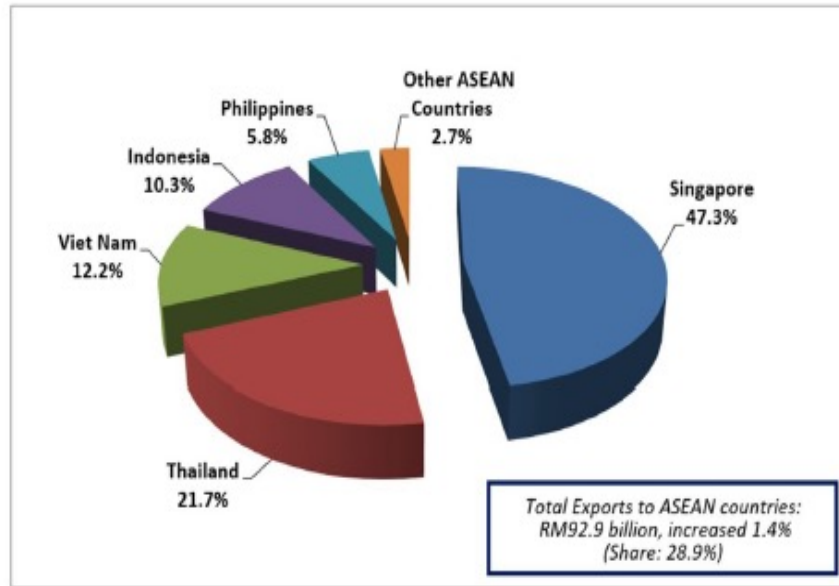


(Source: 14 June, Department of Statistics Malaysia)

MALAYSIA'S EXTERNAL TRADE STATISTICS, APRIL 2019

The following charts show Malaysia's trade with ASEAN countries for January – April 2019.

Exports, Jan – Apr 2019, percentage share

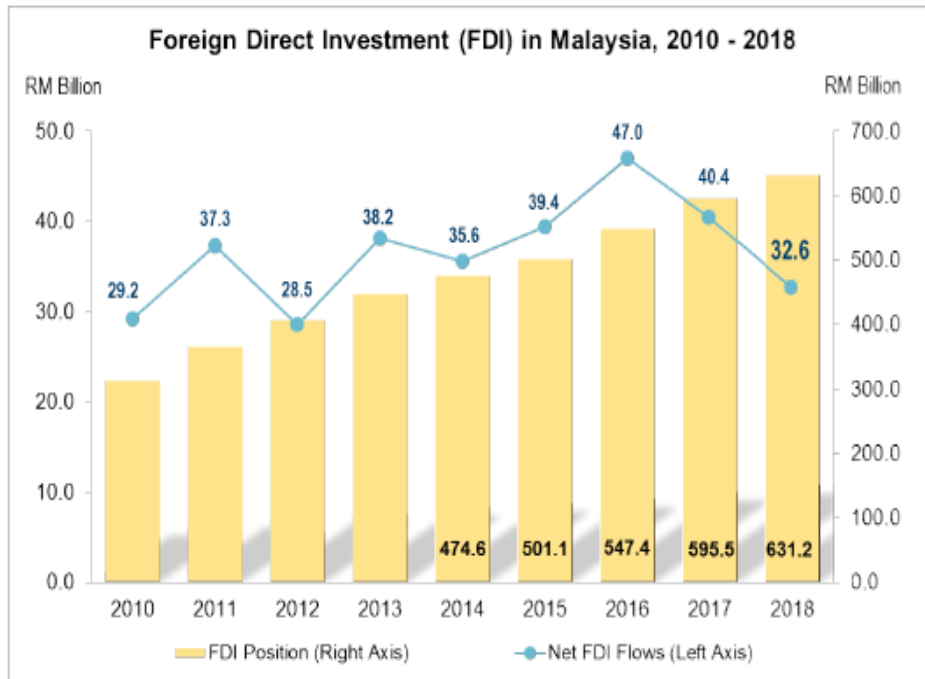


(Source: 3 June, Department of Statistics Malaysia)

STATISTICS OF FOREIGN DIRECT INVESTMENT IN MALAYSIA, 2018

Foreign Direct Investment (FDI) in Malaysia recorded a value of RM32.6 billion

In 2018, FDI in Malaysia recorded RM32.6 billion as against RM40.4 billion in the previous year. The FDI flows was in continuous downward trend since 2017 due to lower investment in Mining and quarrying sector.



(Source: 27 June, Department of Statistics Malaysia)