



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 24 Issue 5

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

1 – 31 May 2019

HIGHLIGHTS FOCUS

- **China's economy weakened in May, early data show**
- **Brexit shutdown slashes UK car production by 45%**
- **Japanese giant companies pledge their commitment to invest in Malaysia**
- **South Korea seeks Malaysia's expertise for its Muslim friendly hospitality**
- **Master plan for Kadamaian in pipeline**
- **Kudat-Palawan ferry service soon: Loke**

INTERNATIONAL ANTARABANGSA

China's economy weakened in May, early data show: China's economic outlook deteriorated this month, after April's weaker-than-expected performance combined with the renewed trade dispute to hit confidence. That's according to a Bloomberg Economics gauge aggregating the earliest available indicators of business conditions and market sentiment. Copper prices dropped as hopes faded for a quick resolution to the trade dispute, and South Korean exports fell for a fifth month. Sentiment among stock investors and small businesses also declined. (29 May, Bloomberg)

Brexit shutdown slashes UK car production by 45%: Factory shutdowns designed to cope with disruption from a 29 March Brexit, slashed UK car production in April by almost a half. Even though Brexit is delayed, the factories still closed and production fell 44.5% according to the Society of Motor Manufacturers and Traders (SMMT). In what is called "an extraordinary month", the SMMT said only 70,971 cars rolled off production lines. That was 56,999 fewer than in April a year ago. Production for both home and overseas markets fell by 43.7% and 44.7% respectively. (30 May, BBC News)

Singapore's economy gains 3.8% as construction rebounds: The U.S.-China trade war and weaker global demand are clouding the outlook for

Singapore's export-reliant economy, which posted solid growth in the first quarter. Gross domestic product rose an annualized 3.8% from the prior quarter, higher than the government's earlier projection of 2%, as construction rebounded. Compared to a year ago, GDP rose 1.2%, the slowest pace in almost a decade. The Ministry of Trade and Industry sees "pockets of strength" in the economy this year from the services industry, though manufacturing will see a "sharp slowdown" following two years of robust expansion. (21 May, Bloomberg)

Oil mixed as China's economy weakens, but OPEC cuts still support crude: Oil prices were mixed, pressured by a weakening economy, especially in China, yet still supported by ongoing supply cuts from producer club OPEC and U.S. sanctions against Iran and Venezuela. Front-month Brent crude futures, the international benchmark for oil prices, were at \$69.90 at 0106 GMT. That was 21 cents, or 0.3%, below the last session's close, when Brent rose 2.1%. (28 May, Reuters)

Bank of France estimates second quarter French GDP growth at 0.3 percent: The French economy should grow 0.3 percent in the second quarter, the Bank of France forecast, as the euro zone's second-biggest economy maintains a relatively steady pace of growth despite the impact of anti-government protests. The Bank of France added in a monthly business survey that sentiment in the French manufacturing industry had dipped to 99 points in April from 100 points in March, and also fell to 100 points in April from 101 in March in the services sector. (13 May, Reuters)

BOJ's Kuroda sounds alarm on global economy ahead of G20: Bank of Japan Governor Haruhiko Kuroda has said the global economic outlook is highly uncertain, and there are downside risks due to trade friction, China's slowing economy and Britain's negotiations to leave the European Union. "There is a high degree of uncertainty... and the downside risks are large," Kuroda said in a speech at a seminar. On a positive note, Kuroda said concerns

about capital outflows from emerging market economies and widespread currency depreciation have eased. (27 May, Reuters)

German economy suffers another blow as business confidence drops: German business confidence fell to the weakest in more than four years as the escalation of global trade tensions weighed heavily on the outlook. Along with a survey showing manufacturing still contracting and new orders falling, it's a reminder of the shaky situation Europe's largest economy is in. Its car industry is in upheaval and industrial giants such as Thyssenkrupp AG are seeing earnings plunge. (23 May, Bloomberg)

Russian first-quarter economic growth below forecast, slowest since 2017: Economic growth in Russia in the first quarter missed forecasts and slowed to its weakest level since late 2017, recent data showed, raising chances of an imminent rate cut by the central bank. Gross domestic product (GDP) rose 0.5% in the first quarter in year-on-year terms compared with 2.7% in the fourth quarter of 2018, the Russian statistic service said. This brings Russia's economy to the brink of recession as the first quarter growth print was the lowest since the fourth quarter of 2017 when the economy expanded by 0.3%, said Kirill Tremasov, a former economy ministry official and now head of research at Loko-Invest. (17 May, Reuters)

RBNZ needs 3% economic growth to meet targets, Bascand says: New Zealand's economy needs to grow at around 3% a year for the central bank to meet its inflation and employment goals, Deputy Governor Geoff Bascand said. Speaking to a Wellington business audience after the Reserve Bank cut interest rates, Bascand said growth had fallen below its potential rate of 2.8%, meaning more spare capacity in the economy and less price pressure. "We think capacity pressures will just become a little less," he said. (10 May, Bloomberg)

NATIONAL NASIONAL

Japanese giant companies pledge their commitment to invest in Malaysia: Japanese giant companies have pledged their commitment to expand their investments and businesses in Malaysia, said Prime Minister Tun Dr Mahathir Mohamad. In a special media conference with Malaysian journalists, Dr Mahathir said all of the 19 Japanese companies he met in a business dialogue had expressed their support for the country and would campaign to get more Japanese companies to invest in Malaysia. "The Japanese conglomerates were from various sectors, ranging from health to financial services, and all of them have expressed their desire to expand their business, or invest in new projects in Malaysia," he said after concluding his three-day working visit to Japan. (31 May, Bernama)

South Korea seeks Malaysia's expertise for its Muslim friendly hospitality: South Korea is seeking Malaysia's expertise, as well as accreditation for its friendly hospital services to further strengthen the sector which saw one million Muslim visitors arrived in the country in 2016, an increase of 33 per cent from a year before, says Korea Institute of Halal Industry (KIHI). Its director-general Dr James Noh said currently the sector was operated by Korea Tourism Organisation, a government agency which oversees the South Korean tourism industry. "But I think we need some kind of accreditation from Malaysia as it is recognised worldwide (for its halal industry)," he told Bernama on the sidelines of the four-day Seoul Food 2019 held in Seoul. (22 May, Bernama)

Malaysia's economy unaffected by inclusion in US Treasury currency manipulator list: There are no consequences to Malaysia's economy from the country's inclusion in the United States (US) Treasury's monitoring list of potential currency manipulators, Bank Negara Malaysia (BNM) said here (Kuala Lumpur). "The Malaysian economy remains resilient, underpinned by strong economic fundamentals, including the flexibility accorded by a floating exchange rate and strong external balance," it said. Malaysia is among nine countries in the list, alongside China, Germany, Italy, Ireland,

Japan, South Korea, Singapore and Vietnam. The inclusion comes with no immediate penalty. (29 May, Bernama)

Malaysia, Singapore sign supplemental agreement on suspension of RTS Link Project: Malaysia and Singapore officially signed the supplemental agreement (SA) for suspension of the Rapid Transit System (RTS) Link Project until September 30 this year. Transport Minister Anthony Loke said Malaysia would reimburse Singapore about RM2 million by 31st July 2019, as abortive costs incurred as a result of the six-month suspension. Loke and his Singapore counterpart Khaw Boon Wan sealed the agreement to formalise the suspension at the Transport Ministry here (Singapore). (21 May, Bernama)

Malaysia's export, import to grow by 1.9 pct and 1.8 pct in April – RAM: RAM Rating Services Bhd (RAM Ratings) expects Malaysia's export and import in April to grow at 1.9 per cent and 1.8 per cent respectively, resulting in an overall trade surplus of RM13.4 billion for the month. In a statement, RAM Ratings said this represented an improvement over the marginal contraction of 0.5 per cent in export and 0.1 per cent in imports recorded in the preceding month. Looking ahead, it said the lacklustre trade momentum was unlikely to recover in the near term, largely due to the escalating dispute between the United States (US) and China. "The tit-for-tat tariff actions between the two countries in the past fortnight and the consequent bans on essential inputs for their high-tech products marks a turning point for the trade tensions, rapidly dimming hopes for a 'quick fix' trade deal," said head of research, Kristina Fong. (31 May, Bernama)

Govt allocating significant resources to support SMEs: The Pakatan Harapan government is holding to its 14th General Election's (GE14) pledges since its historic win nearly a year ago by allocating significant resources to support the growth of small and medium enterprises (SMEs) and encouraging their technological adoption. While the SME gross domestic product (GDP) growth is estimated to be sustained at 5.8% in 2018 and 2019, the government has urged SMEs to embrace research and development, technology and explore new growth

areas in the digital economy in the Fourth Industrial Revolution (IR4.0) for more sustainable growth. Prime Minister Tun Dr Mahathir Mohamad wants SMEs to increase competitiveness and actively participate in the global chain and IR4.0. (2 May, The Star)

Malaysia prepares to boost palm-biofuel use in wake of EU limits: Malaysia's national automotive policy is expected to allow for a higher percentage of palm-biodiesel blends over the next few decades, according to International Trade and Industry Minister Darell Leiking. The government plans to include a "B20/B30-ready" specification for vehicles in a review of the policy, Leiking said in a statement. Malaysia, the world's second-largest palm oil producer, plans to double its biofuel programme to B20 by 2020, which mandates fuel be blended with 20 per cent palm-biodiesel. "Palm oil is a viable option to reduce our dependency on fossil fuels, as it has tremendous potential as a renewable source of energy," he said. (25 May, Business Times)

Malaysia to strengthen trade, investment ties with Brazil: Malaysia and Brazil will continue to focus on expanding bilateral trade and investment ties. This is alongside the possibility of having a free trade agreement between Malaysia and Mercosur, an economic and political bloc comprising Argentina, Brazil, Paraguay and Uruguay. The Ministry of International Trade and Industry (MITI) in a statement said, this was discussed during a courtesy call on Brazilian President Jair Bolsonaro, by its minister, Datuk Darell Leiking. He is currently leading a trade and investment mission to three South American countries, including Brazil. (25 May, Bernama)

Malaysia's economic growth to ease in July-Sept 2019: Malaysia's economic growth is anticipated to ease in July to September 2019, says the Department of Statistics Malaysia. In the "Malaysian Economic Indicators: Leading, Coincident and Lagging Indexes, March 2019" Report released, Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the annual change of Leading Index (LI) showed an improvement to negative 1.7 per cent from negative 2.8 per cent in February, 2019. The composite of LI is designed to monitor the economic direction in an average of four to six months ahead. (24 May, Bernama)

LOCAL TEMPATAN

Master plan for Kadamaian in pipeline: The Institute of Development Studies (IDS) Sabah in collaboration with the liaison office of Kadamaian Assemblyman, Kadamaian Community Development Leaders Unit (UPPM) and the Kota Belud District Office are in the midst of preparing a master plan for Kadamaian. State Rural Development Minister Datuk Ewon Benedick said the master plan, which began in May, would take six months to complete and is expected to be launched in January, next year by Chief Minister Datuk Seri Mohd Shafie Apdal. "On March this year, I had requested IDS to help me conduct a study on producing a Master Plan for Kadamaian development as a guide and input for the people of Kadamaian to the government and other strategic partners on the development of Kadamaian," he said after receiving a courtesy call from the top management of IDS headed by its Chief Executive Officer Datuk Johan Ariffin Samad. (16 May, Daily Express)

Kudat-Palawan ferry service soon: **Loke:** Minister of Transport Anthony Loke said it will be just a matter of weeks or a month before the much-awaited Kudat-Palawan roll-on-roll-off (ro-ro) ferry service is operational. At the same time, he said, his office together with relevant government agencies are identifying measures to ensure smooth implementation of barter trade and non-conventional transshipment activities between Sabah, Indonesia and Mindanao. "These include issuance of proper licences for non-conventional small ships (NCSS) urgently used by traders doing business with Sabah," he said during a meeting with officials of the BIMP-EAGA Business Councils of Sandakan, Tawau and Kudat, including representatives from the private sector, here (Sandakan), recently. (13 May, Daily Express)

Telipok-Kiulu road ready by Nov: **Rina:** Construction of the 60km Telipok-Kiulu-Randagong road is 90.68 per cent done and is scheduled to be fully completed by November 2019. Rural and Regional Development Minister Datuk Seri Rina Mohd Harun said the project, which began in 2016, was supposed to be completed in March this year

but unforeseen problems, including unfavourable weather conditions, caused delays. "This RM288 million project is running smoothly and the delays have not caused any increase in the costs. One of the three bridges are complete while construction of the other two is in progress," she told reporters after a visit to the project site. (25 May, Daily Express)

Extra boost for Sabah oil palm: Sabah's oil palm industry received a shot in the arm with the recognition of Lahad Datu Palm Oil Industrial Cluster (POIC) as a palm oil tender port. The status not only means an additional port and bulking facilities at Lahad Datu, but also directs benefits to palm oil sellers and buyers, as well as lifts the east coast town's profile in the global edible oil map. "It will facilitate the development of the palm oil downstream industry...generates new investment and employment opportunities in the east coast," said Chief Minister Datuk Seri Shafie Apdal. (22 May, Daily Express)

RM500,000 grant for KB village to boost tourism: The State Government has allocated a grant of RM500,000 to the Kampung Kiau Nuluh Tradition and Nature Conservation Society (Gompito) here for developing tourism facilities. According to State Rural Development Minister Datuk Ewon Benedick who is also Kadamaian Assemblyman, the Sabah Government segregated 1,200 acres of Sabah Parks and handed the portion over to residents of Kampung Kiau in recognition of their ownership of the customary land within. "For sustainability of the area, the villagers have agreed to set up a trust and initiate the community forest conservation system (tagal) for development of an ecotourism centre," he said while launching the local Pesta Kaamatan at Dewan Budaya Kiau Nuluh. (20 May, Daily Express)

Measures to strengthen Tuaran's development: Several measures are being taken to strengthen the district's development, said Deputy Chief Minister Datuk Seri Wilfred Madius Tangau. Tangau who is also Tuaran MP and State Trade and Industry Minister said among the main focus is hardcore poverty eradication. "To this end, the e-Kasih list for the district had been reviewed and streamlined," he said when opening the Tuaran Kaamatan Festival celebration, at Tun Hamdan Hall, Tamparuli. "Of the 2,000

households listed, we managed to finalise the list to only 900 households. "And we have distributed these 900 households to be 'adopted' by various Federal and State government agencies." (6 May, Daily Express)

RM10.8mil allocation for Duchess of Kent Hospital: The Federal Government has approved an allocation of RM10.8 million for the Duchess of Kent Hospital (HDOK) Sandakan to purchase new medical equipment as well as for the construction of a new building. Finance Minister Lim Guan Eng said out of the total, the purchase of medical equipment worth RM7.4 million was to replace damaged equipment, while another RM3.4 million was for the construction of a new building to house medical records and new ear, nose and throat (ENT) clinic. "RM6 million of the allocation is from the Finance Ministry, while RM4.8 million is from the Health Ministry,". (28 May, Daily Express)

YB: Sukau projects in mid-year: Development projects for Sukau constituency particularly under the Pekan Baharu Sukau programme will be implemented in the middle of this year. Sukau Assemblyman Datuk Saddi Abdul Rahman said the implementation of the projects was made based on the recent discussion and approval by the State Government. He said that the projects were planned during the previous government but that it will be continued for the sake of people in Sukau. "Among the planned development are Sukau Second Brigde and Pekan Baharu Sukau. Both projects are very much awaited by the people of Sukau. "We felt grateful that the Chief Minister has agreed to approve these projects. I believe these projects will be started after Hari Raya,". (30 May, Daily Express)

Pledge to build sports complex in Kuala Penyu: Youth and Sports Minister Syed Saddiq Abdul Rahman has pledged to build the long awaited sports complex in Kuala Penyu. Speaking to reporters when met at the Sabah Rakan Muda breaking of fast ceremony at Kampung Limbawang Mosque, he said that the project which was approved by the previous government was shelved due to land issue. According to him, Beaufort MP Datuk Azizah Mohd Dun had raised the matter to him recently, and informed him that the land issue had been resolved. (27 May, New Sabah Times)

SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

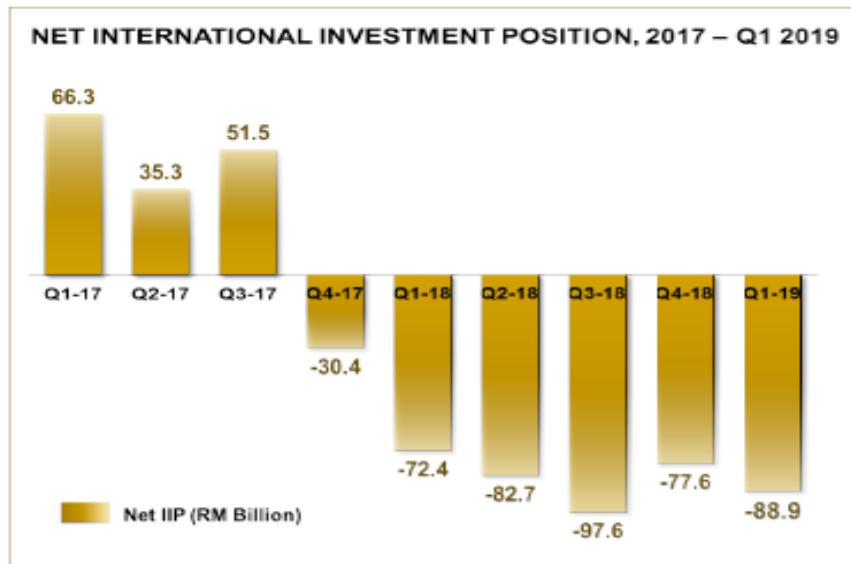
MALAYSIA'S ECONOMIC PERFORMANCE, FIRST QUARTER 2019

Table 1: GDP at Constant 2015 Prices

	PERCENTAGE CHANGE FROM CORRESPONDING QUARTER OF PRECEDING YEAR						
	2017	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
GDP	5.7	4.7	5.3	4.5	4.4	4.7	4.5
Seasonally Adjusted GDP	PERCENTAGE CHANGE FROM PRECEDING QUARTER						
			1.3	0.6	1.5	1.3	1.1

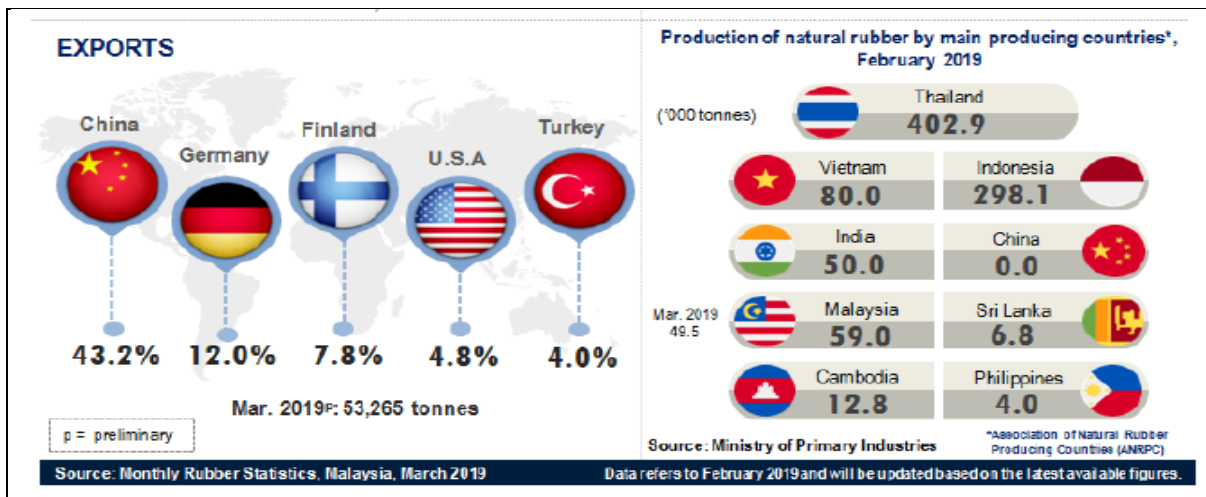
(Source: 16 May, Department of Statistics Malaysia)

MALAYSIA'S INTERNATIONAL INVESTMENT POSITION, FIRST QUARTER 2019



(Source: 16 May, Department of Statistics Malaysia)

MALAYSIA'S MONTHLY RUBBER STATISTICS, MARCH 2019



(Source: 13 May, Department of Statistics Malaysia)

MALAYSIA'S CONSUMER PRICE INDEX, APRIL 2019

Table 1: Consumer Price Index (2010=100): Annual Percentage Change by Sub-Groups Food & Non-Alcoholic Beverages Malaysia, April 2019/April 2018

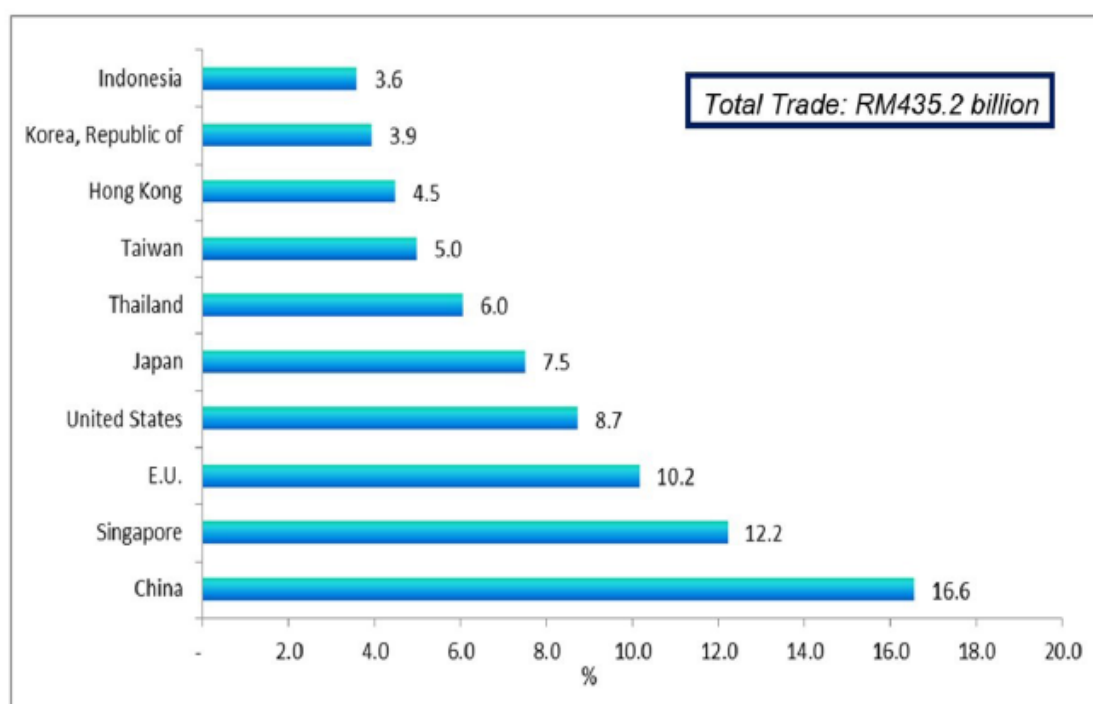
Sub-groups	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change		
		Weight	Apr 2019	Mar 2019/ Mar 2018	Apr 2019/ Apr 2018	Mar 2019/ Feb 2018
Food & Non-Alcoholic Beverages	29.5	132.3	1.1	1.1	-0.5	-0.2
Food	28.4	133.2	1.1	1.1	-0.4	-0.2
Food At Home	16.9	129.0	-0.4	-0.2	-0.9	-0.5
Rice, Bread & Other Cereals	3.5	110.7	-0.2	-0.4	0.1	0.1
Meat	2.5	121.3	-1.1	-3.6	-2.9	-3.1
Fish & Seafood	4.0	151.0	0.1	0.2	-1.3	-0.4
Milk & Eggs	1.5	125.5	2.0	1.9	0.0	-1.8
Oils & Fats	0.6	118.0	-0.8	-1.0	0.2	-0.4
Fruits	1.2	132.9	-0.2	0.1	-0.7	0.1
Vegetables	2.1	132.6	-2.0	2.2	-1.1	1.8
Sugar, Jam, Honey, Choc. & Confectionery	0.6	135.0	-2.3	-2.2	0.0	0.2
Food Products n.e.c.	1.0	131.7	-0.5	-0.5	0.1	0.2
Food Away From Home	11.5	139.8	3.4	3.1	0.1	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.3	-0.5	-0.2	0.4	0.3

(Source: 24 May, Department of Statistics Malaysia)

MALAYSIA'S EXTERNAL TRADE STATISTICS, MARCH 2019

The following charts show Malaysia's major trading partners for January - March 2019.

Total Trade by Major Countries, Jan – Mar 2019, percentage share



(Source: 3 May, Department of Statistics Malaysia)