



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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HIGHLIGHTS FOCUS

- **Trump ‘signs off’ on deal to pause US-China trade war**
- **South-east Asia may soon need a ‘Plan B’ to deal with low inflation: S&P Global Ratings**
- **‘Malaysia on track towards developed nation status’**
- **Malaysia enters new era of economic momentum with Bandar Malaysia revival - IQI Global**
- **Japanese firm inks RM100m investment in Lahad Datu POIC**
- **Mega Free Trade Zone to be set up in Putatan**

INTERNATIONAL ANTARABANGSA

Trump ‘signs off’ on deal to pause US-China trade war: Asian stock markets rose as the US and China moved toward striking a trade deal to avert a new round of tariffs. The deal could be announced after US President Donald Trump reportedly signed off on the terms. Washington is said to have agreed to remove some tariffs, while Beijing would boost purchases of US farm goods. (13 December, BBC News)

South-east Asia may soon need a ‘Plan B’ to deal with low inflation: S&P Global Ratings: South-east Asia is set for another year of low inflation, generating difficult choices for the region's central banks. S&P Global Ratings sees inflation remaining below central bank targets in most cases in 2020, according to Shaun Roache, S&P's chief APAC economist in Singapore. Policymakers may soon have to think about using tools other than interest rates to achieve their policy goals, he said. (20 December, The Straits Times)

Brexit: Free trade deals ‘won’t offset leaving EU’: Post-Brexit trade deals will not make up for the economic damage inflicted on the UK

from leaving the EU, analysis for BBC Newsnight has suggested. Independent trade experts from the UK Trade Policy Observatory (UKTPO) looked at the likely impact of US, Australian and New Zealand free trade deals. They found that even combined, new tariff-cutting agreements were likely to boost the UK economy by just 0.4%. (11 December, BBC News)

Trade disputes settlement system facing crisis: The World Trade Organization is facing a crisis in its system for resolving disputes between its members. It has an appeal "court" that is the final arbiter on such disputes and which is about to become unable to function. WTO rules say three judges have to hear each case. On 10 December the number goes below that level. Only one will be left. The terms of the other two come to an end, and no replacements have been chosen. (8 December, BBC News)

South Korea Dec. inflation up, but 2019 rate tumbles to record low: South Korea's consumer prices rose 0.7% in December from a year earlier, much faster than in the previous month and just a notch above the market's expectations, official data showed. Compared with a month earlier, the consumer price index rose 0.2% in December, the data from Statistics Korea showed. The median forecast from a Reuters survey was for the index to rise 0.6% in December on-year, up from a 0.2% gain in November, and by 0.1% on-month, compared with a 0.6% fall. (31 December, Reuters)

New Zealand-Singapore upgraded economic agreement ratified: The upgraded Agreement between New Zealand and Singapore on a Closer Economic Partnership (ANZSCEP) has been ratified by the two nations and will enter into force on Jan 1, 2020. The upgraded agreement adds e-commerce and regulatory cooperation chapters to the

ANZSCEP, Singapore's first and New Zealand's second bilateral Free Trade Agreement (FTA) that became effective Jan 1, 2001, the Ministry for Trade and Industry said on Monday (Dec 30). The agreement will address modern trade issues and improve trade rules and provisions that are in line with newer FTAs that Singapore and New Zealand have entered into. (30 December, The Straits Times)

Australia government downgrades outlook for economy, budget surplus: Australia's conservative government recently cut its outlook for growth in the economy and wages as part of a A\$33 billion downgrade to expected revenues over the next four years. Weak household spending and stagnant wage growth were blamed for the miss, though strong company tax receipts and the falling cost of borrowing provided a timely buffer. (16 December, Reuters)

French growth to keep mostly steady through mid 2020: INSEE: France's economy is set to maintain a largely steady pace of growth through to the middle of 2020, dipping only slightly at the start of the year as trade weighs, the INSEE stats agency forecasted. The euro zone's second biggest economy was on course for growth of 0.3% in the final three months of the year, unchanged from the previous quarter and from INSEE's previous forecast, it said in its quarterly economic outlook. (18 December, Reuters)

Japan's output and retail sales fall, signalling economic strains: Japan's industrial output slipped for the second straight month in November, raising the likelihood the economy will contract in the fourth quarter due to slowing demand abroad and at home. Japan's economy has cooled in recent months due to a prolonged hit to exports from soft global demand and a slide in consumer spending following a nationwide tax hike. (27 December, The Straits Times)

NATIONAL NASIONAL

'Malaysia on track towards developed nation status':

The increase in the number of establishments operating in the wholesale and retail trade sector, coupled with the higher Internet usage among them, shows that Malaysia is moving towards a developed nation status, according to the Department of Statistics Malaysia. Citing the Preliminary Report Wholesale and Retail Trade Census 2019 (WRC 2019) launched recently, Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the number of establishments operating in wholesale and retail trade grew 4.8% to 468,930 in 2018 from 370,725 in 2013. "The percentage of Internet usage among the establishments jumped to 83.4% in 2018 from 72.2% in 2013," (28 December, The Star)

Malaysia enters new era of economic momentum with Bandar Malaysia revival - IQI Global:

The Pakatan Harapan (PH) government has sent a very clear message to local and global investors that it will continue to maintain macroeconomic stability to drive the economy forward, said IQI Global Chief Economist Shan Saeed. He pointed out the revived Bandar Malaysia, with an estimated total gross development value of RM140 billion, would herald a new era of economic momentum that benefited the masses. "Engagement and collaboration with Chinese companies bring huge dividends to local players, as they would learn and rewind to align themselves with market forces and efficiency level," (25 December, Bernama)

Malaysian authorities making progress on reform agenda, says IMF:

The Malaysian authorities are making progress on their reform agenda, with real gross domestic product (GDP) growth holding up and is projected at 4.5 per cent for 2019, driven by domestic demand, said the International Monetary Fund (IMF). Malaysia's headline inflation is expected to remain subdued at slightly under one per cent this year while the current account surplus is expected to increase to 3.5 per cent of GDP in 2019, it said in a statement. The statement was issued after the IMF team led by Nada Choueiri visited Kuala Lumpur and Putrajaya on Dec 5-17 to conduct discussions for the

2020 Article IV Consultation with Malaysia. (19 December, The Star)

Inflation to rise to 2.4 pct in 2020 on petrol subsidy policy - MIDF Research:

MIDF Research expects inflationary pressure to surge to 2.4 per cent year-on-year (y-o-y) in 2020 mainly due to the government's petrol subsidy policy. Inflation in 2019 is estimated to settle at around 0.6 per cent y-o-y, which is lower than one per cent in 2018. Head of Research Mohd Redza Abdul Rahman said the price of RON95 had been capped at RM2.08 per litre since February this year, lower than the average price of RM2.20 in 2018, instigating downward pressure to the overall inflation this year particularly through the transport index. However, the government's decision to introduce a new targeted fuel subsidy starting January 2020 would have spillover effects on other basket components such as food. (17 December, Bernama)

Malaysia's Oct exports drop 6.7 per cent, slower than forecast:

Malaysia's exports fell for the third straight month in October, though the pace of decline was slower than expected, government data showed. Exports shrank 6.7 per cent in October, slower than the sharp 12.6 per cent contraction forecast by analysts in a Reuters poll. In September, exports had fallen 6.8 per cent, the biggest drop in three years. Exports to China, one of Malaysia's biggest trade partners, fell 11 per cent in October, on lower shipments of electrical and electronic goods, petroleum and chemical products and crude oil, data from the International Trade and Industry Ministry showed. Exports to Southeast Asia, the European Union, and Japan also declined in October, but shipments to the United States were up 2.7 per cent. (4 December, Business Times)

Govt approves 4 manufacturing projects worth RM5.4b:

The government has approved four manufacturing projects worth RM5.4bil in Sabah, Johor, Selangor and Penang which will create over 1,000 job opportunities. One of the approved projects was an investment worth RM2bil by a multinational glass manufacturer to produce float glass and photovoltaic functional glass at the Kota Kinabalu Industrial Park. "This investment is expected to create over 1,000 job opportunities, whereby 80% will be Malaysians," according to the Ministry of International Trade

and Industry statement. (13 December, The Star)

Malaysia's GDP revised downward to 4.5 pct for 2020: World Bank:

Malaysia's economy is expected to expand at relatively moderate pace despite the continued uncertainty and external headwinds, predicts World Bank Group. "We expect private consumption to be the primary anchor of Malaysia's growth for next year as well as a return of positive contribution in terms of trade and investment, although the performance will still be relatively subdued given the uncertainties around global growth and economic activities," lead economist for macroeconomics, trade and investment Dr Richard Record said. Further, there is also an anticipation on the acceleration of public investment sector over time following the government's revision of mega-infrastructure projects, he said. (9 December, Business Times)

Malaysia's IPI rises 0.3% y-o-y in October:

The Industrial Production Index of Malaysia grew 0.3% in October as compared with the same month last year, underpinned by an increase in the manufacturing and electricity indices. This marked the slowest rate of expansion since February 2013, when output had fallen 4.4%, and was well below the median growth forecast of 1.6% in a Bloomberg survey of economists. The Department of Statistics Malaysia said in a statement that output in the manufacturing sector rose 2.2% year-on-year (y-o-y) in October, as compared to 2.5% in September. (12 December, The Star)

Foreign investors return, net inflow at RM53.3 mln:

Foreign investors have turned net buyers in the equities market with a net inflow of RM53.31 million in the Dec 23-26 period against an outflow of RM57.7 million a week earlier, as the United States-China trade dispute gradually dissipated. However, local retail funds were net sellers at RM30.08 million during the period, switching from being net buyers of equities worth RM13.4 million during Dec 16-19, while local institutional funds were net sellers at RM23.23 million after picking up RM44.3 million net in the previous week's corresponding period. Bank Islam Malaysia Bhd Chief Economist Dr Mohd Afzanizam Abdul Rashid said the US markets continued to reach record highs led by the technology sector. (29 December, Bernama)

LOCAL TEMPATAN

Japanese firm inks RM100m investment in Lahad Datu POIC:

Sabah's investment mission to Japan saw a RM100 million investment agreement from Blue Capital Management Co. Ltd (Blue Capital), a Tokyo-based company engaged in biomass energy use, being finalised. The investment was inked through an agreement signed between Lahad Datu Palm Oil Industry Cluster (POIC) and a local company, Blossom Bio Energy Sdn Bhd (BBE). The historic agreement was witnessed by Chief Minister Datuk Seri Mohd Shafie Apdal, Deputy Chief Minister Datuk Seri Wilfred Madius Tangau and State Secretary Datuk Safar Untong. (5 December, Daily Express)

Mega Free Trade Zone to be set up in Putatan:

A Free Trade Zone (FTZ) with premium outlets will be set up in Putatan. Some 100 acres will be dedicated to this mega project where outlets and stores will be sited within the area upon its completion, according to Bersatu Putatan Division Chief Datuk Arsit Sedi. He said he had spoken to relevant authorities such as the Malaysian Customs Department and they had been very helpful in providing information on the matter. "The development will not only generate business and employment opportunities but also be a tourism attraction," he said. Arsit said more than 100 acres have been identified for the project to develop the area into a tourism attraction. (23 December, Daily Express)

RM2b glass project at KKIP approved: Leiking:

The National Investment Committee (NCI) has approved a manufacturing project worth RM2 billion which will be located at the Kota Kinabalu Industrial Park, said Minister of International Trade and Industry Datuk Darell Leiking. Leiking said the NCI had approved four projects worth RM5.4 billion in the manufacturing sector in Sabah, Johor, Selangor and Penang. "One of the projects approved was a RM2 billion investment by a multinational glass company to produce float and photovoltaic glasses at the Kota Kinabalu Industrial Park," said Leiking on his Facebook page. (13 December, Daily Express)

Micro dam gives light to Kg Buayan-Tiku (Penampang):

The folks in Kg Buayan-Tiku, 18km from Penampang township and barely accessible during rainy weather now enjoy electricity for lighting the 20-30 households, refrigerators and appliances made possible by Shell, NGO Tonibung and Pacos Trust. The supply is from a micro hydro system whose construction is based on the adaption of a hydro dam. But instead of blocking the whole river flow, the existing river flow is divided where half is redirected to a small dam which is then channeled to the turbine generators via pipes. The water that helps spin the turbines is channeled back to the main river flow which makes the system capable of producing energy such as the hydro dam but on a micro scale without neglecting or disrupting the original river flow. (3 December, Daily Express)

RM380m Pagalungan road project:

State Infrastructure Development Minister, Datuk Peter Anthony, said the construction of the 35-kilometre road linking Kg Pengkalan Salung and Pagalungan sub-district will begin in May next year and expected to take about three years to complete. The RM380 million project will also involve the construction of six bridges over several rivers. "This road will give positive economic impact to the people of Pagalungan and its surrounding areas and definitely will enhance their living status, which is in line with the government aspiration to reduce the socio-economic gap between urban and rural areas,". (6 December, Daily Express)

Tangau outlines plans for industrial Sabah by 2030:

The State Government has outlined several plans in an effort to transform Sabah into an industrial state by 2030. Deputy Chief Minister Datuk Seri Wilfred Madius Tangau who is also Trade and Industry Minister said among the plans were to create a conducive, pragmatic investment ecosystem in terms of manufacturing and achievement of targets, programmes, activities and initiatives. He added that this would also include facilitating foreign direct investment (FDI) and domestic investment into Sabah, enhancing the State's efforts to attract investors, while also focusing on investment missions to selected countries such as China, South Korea, Japan and the US. (21 December, Daily Express)

RM9.5b oil storage, refinery facility to be built in Sipitang:

State-owned Sabah Oil and Gas Development Corporation (SOGDC) Sdn Bhd has signed an agreement with a private firm to build Sabah's first petroleum oil storage and refinery facility with investments over US\$2.3 billion (RM9.5 billion). The agreement with Petroventure Energy Sdn Bhd will see the plant being built at the Sipitang Oil and Gas Industrial Park (Sogip) in southwest Sabah, with construction expected to take between three and five years. Deputy Chief Minister Wilfred Madius Tangau, who is also state trade and industry minister, witnessed the signing of the agreement between SOGDC CEO Geaneve Jane and Petroventure Energy president-cum-managing director Mohd Sham Mohd Yassin in Kota Kinabalu. (14 December, Daily Express)

Rainwater project for Pitas folks:

A centralised rainwater harvesting project in Kg Suang Duyung has benefited some 230 residents in the village. The project is due to the initiative of Persatuan Bantuan Perubatan Malaysia (Mercy Malaysia), United Motor Works (UMW) and Gerak Saga Sdn Bhd. Residents said it was a relief as they no longer had to endure hardship especially during the dry season. Their spokesperson, Marius Mokinson, 44, who is also the Village Community Management Council head, said in addition to providing two water tanks to each house, villagers were also provided with water collection point located at the centre of the village. (10 December, Daily Express)

One PPR project in Sabah next year:

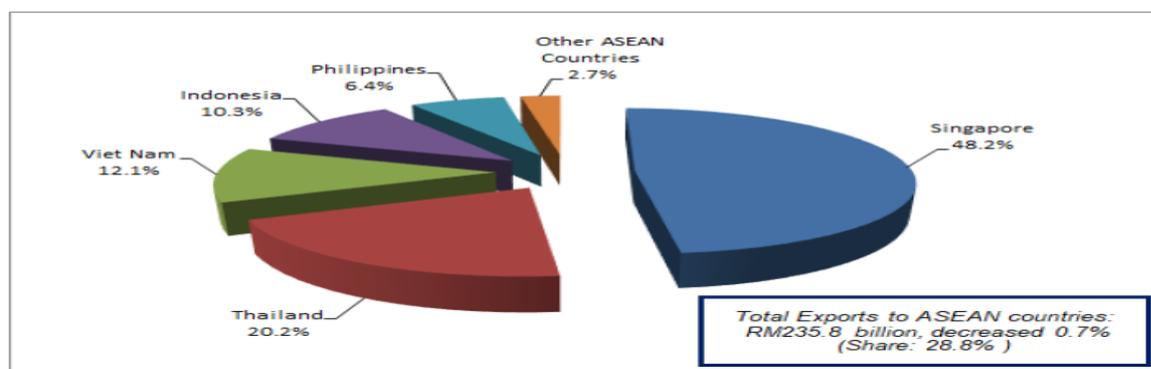
The Housing and Local Government Ministry will build 14 People's Housing Programme (PPR) projects throughout Malaysia next year, said its Secretary-General Datuk Seri Mohammad bin Mentek. Of the 14, one would be in Lahad Datu, in Sabah's east coast. "14 PPRs are to be built by next year and Sabah will have one coming up in Tungkun, Lahad Datu. It will have about 500 units," he told a press conference after officiating the #TrashToCash Eco-Community Programme at PPR Taman Sri Keramat, Putatan, recently. Mentek said besides the additional PPR project in Tungkun next year, there are currently seven PPR projects underway in Sabah. (9 December, Daily Express)

SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Malaysia's External Trade Statistics, October 2019

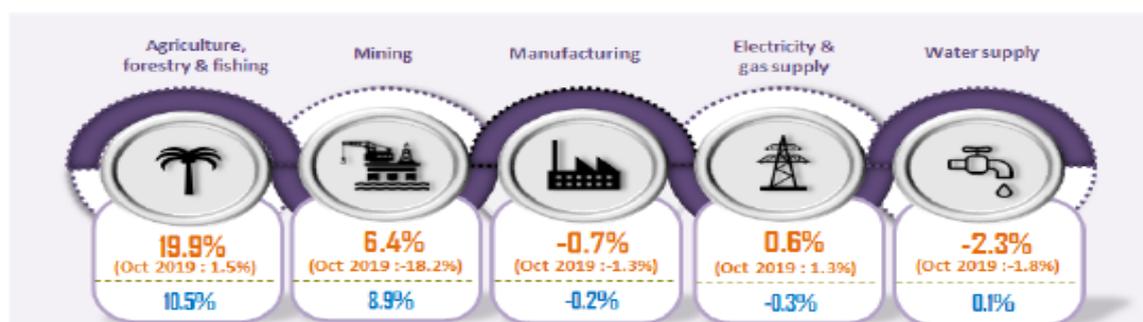
The following charts show Malaysia's trade with ASEAN countries for the period January - October 2019.

Exports, Jan – Oct 2019, percentage share



(Source: 4 December, Department of Statistics Malaysia)

Malaysia's Producer Price Index, November 2019



(Source: 31 December, Department of Statistics Malaysia)

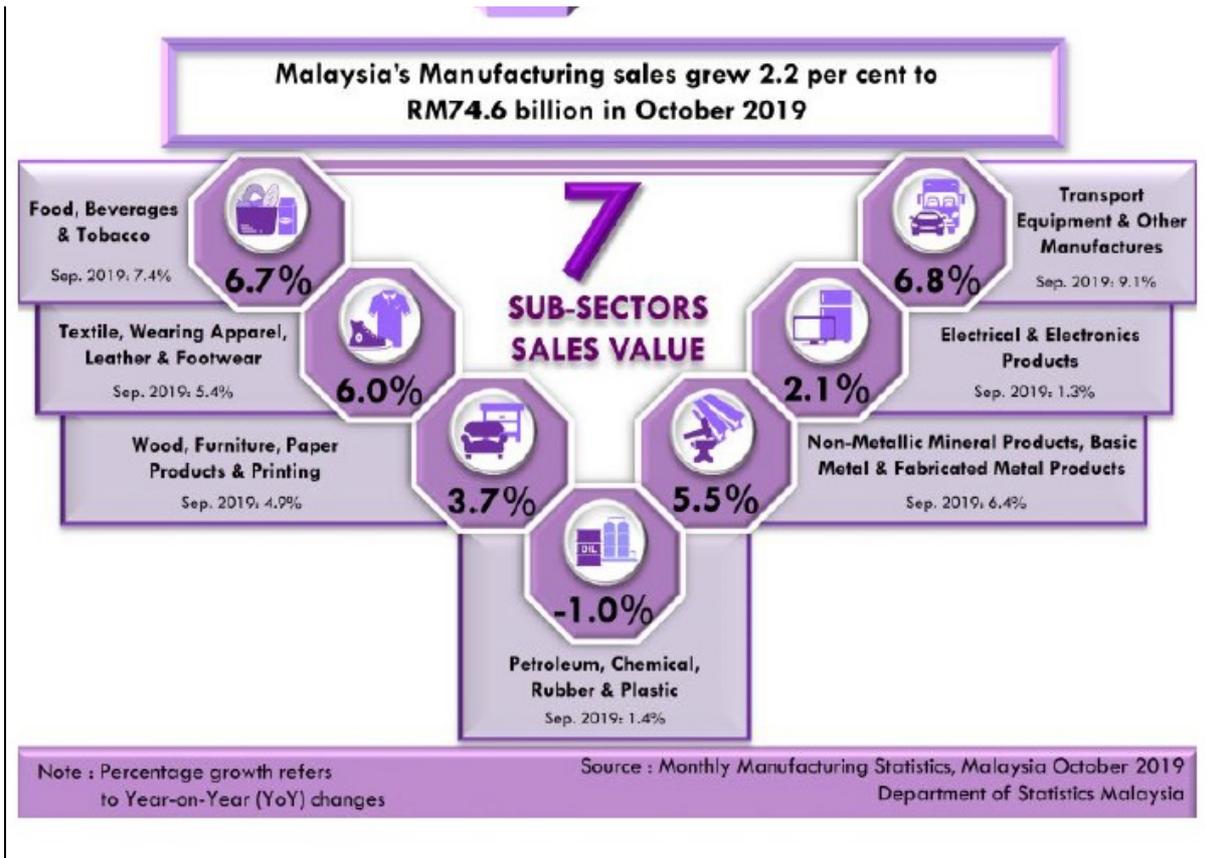
Malaysia's Consumer Price Index, November 2019

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

Sub-groups	Weight	Index Nov 2019	Year-on-Year Percentage Change		Month-on-Month Percentage Change	
			Oct 2019/ Oct 2018	Nov 2019/ Nov 2018	Oct 2019/ Sep 2019	Nov 2019/ Oct 2019
Food & Non-Alcoholic Beverages	29.5	133.3	1.8	1.5	0.1	0.0
Food	28.4	134.3	1.8	1.5	0.1	0.0
Food At Home	16.9	130.1	0.9	1.0	-0.1	0.0
Rice, Bread & Other Cereals	3.5	110.9	0.5	0.5	0.0	0.0
Meat	2.5	123.4	-0.2	0.5	-0.8	-0.8
Fish & Seafood	4.0	151.9	1.4	1.3	-0.7	0.1
Milk & Eggs	1.5	126.2	2.3	1.4	0.0	-1.0
Oils & Fats	0.6	117.9	-0.3	-0.2	-0.1	0.2
Fruits	1.2	133.3	1.4	1.1	-0.4	0.4
Vegetables	2.1	135.9	0.8	2.0	2.1	1.1
Sugar, Jam, Honey, Choc. & Confectionery	0.6	134.9	0.6	0.6	-0.1	0.1
Food Products n.e.c.	1.0	133.1	1.4	1.6	0.2	0.2
Food Away From Home	11.5	140.9	2.9	2.2	0.1	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.7	2.2	1.9	0.0	0.1

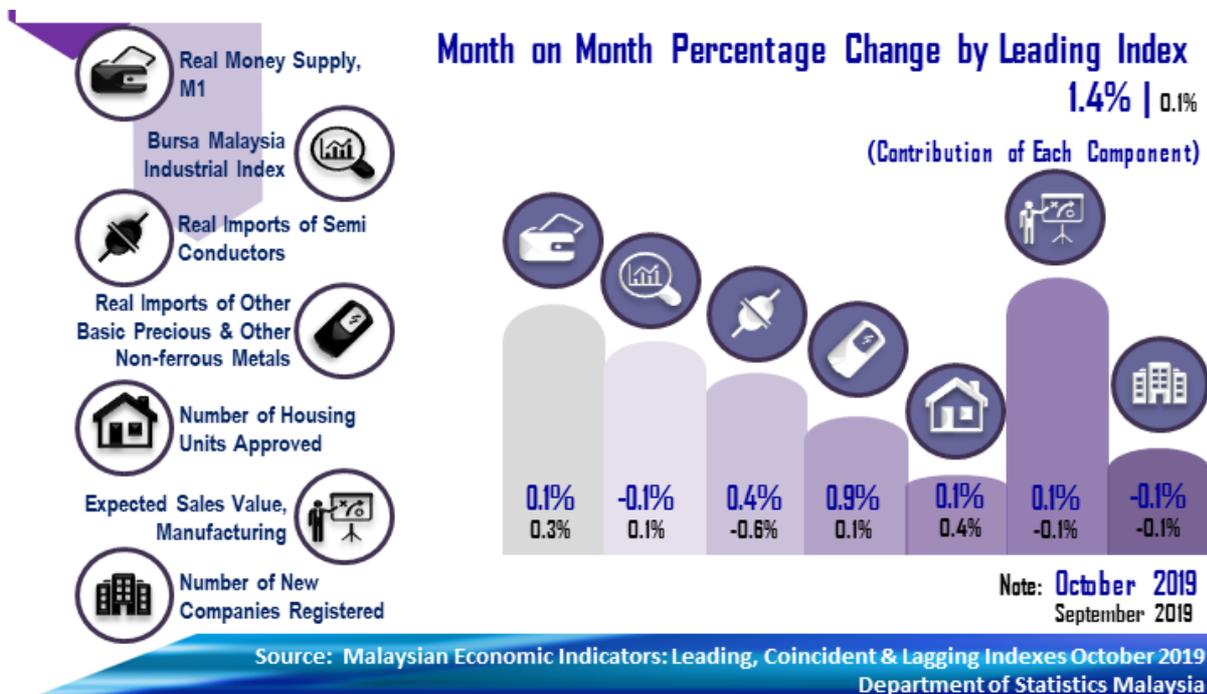
(Source: 20 December, Department of Statistics Malaysia)

Malaysia's Monthly Manufacturing Statistics, October 2019



(Source: 12 December, Department of Statistics Malaysia)

Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, October 2019



(Source: 24 December, Department of Statistics Malaysia)