



# MONTHLY NEWS SCAN

## Tinjauan Berita Bulanan

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### HIGHLIGHTS FOCUS

- **Global economy snapback to prove elusive despite market joy: Reuters polls**
- **OPEC aims to extend oil output cuts through June, alarmed by China virus**
- **Boost to Malaysia's GDP**
- **MITI welcomes US-China phase one trade deal, positive for open economies**
- **Sabah-S'wak link road construction to start June**
- **RM3 mln to upgrade basic facilities in 10 villages**

### INTERNATIONAL ANTARABANGSA

**Global economy snapback to prove elusive despite market joy: Reuters polls:** A significant global upturn will remain elusive this year as many economies still face an array of daunting risks, despite improved sentiment from an initial U.S.-China trade deal and ebullience in financial markets, Reuters polls showed. The global economy in 2019 may have been near its weakest since the financial crisis thanks to trade protectionism and political uncertainty, but world stocks had a blowout year with several indexes repeatedly setting record highs. (24 January, Reuters)

**OPEC aims to extend oil output cuts through June, alarmed by China virus:** OPEC wants to extend current oil output cuts until at least June, with the possibility of deeper reductions on the table if oil demand in China is significantly impacted by the spread of a new coronavirus, OPEC sources said. The quick slide in oil prices over the past few days has alarmed OPEC officials, the sources say, as the new virus found in China and several other countries raised concerns about a hit to economic growth and oil demand. (28 January, Reuters)

**Weak November weighs on UK growth:** The UK's economy grew by just 0.1% in the three months to November, according to the Office for

National Statistics. Growth was slightly stronger in September and October than previously thought, but fell 0.3% in November, dragging down the three-month figure. The ONS said growth in the economy year-on-year was at its lowest since the spring of 2012. Growth in construction was offset by a weakening service sector, while manufacturing was "lacklustre". (13 January, BBC News)

**Japan warns about risks to economy from China virus outbreak:** Japanese Economy Minister Yasutoshi Nishimura warned recently that corporate profits and factory production might take a hit from the coronavirus outbreak in China that has rattled global markets and chilled confidence. Asian stocks extended a global selloff as the outbreak in China, which has killed 106 people and spread to several countries, fuelled concern over the damage to the world's second largest economy - an engine of global growth. (28 January, Reuters)

**Singapore's free trade deal with EU will apply to Britain during Brexit transition period: MTI:** A free trade deal between Singapore and the European Union will continue to apply to Britain during its 11-month Brexit transition period starting on Saturday, the Ministry of Trade and Industry said on Friday (Jan 31). Singapore and the UK meanwhile are working on an agreement to maintain trade continuity after the transition period ends and the EU-Singapore Free Trade Agreement (FTA) no longer applies to Britain. (31 January, The Straits Times)

**South Korean economy ends bad year with stronger-than-expected growth:** South Korea's economy finished its slowest year of growth since the global financial crisis with a spurt that suggests the worst may be over for the Asian bellwether of global tech trade. Gross domestic product expanded in the fourth quarter at its fastest pace since 2017, the Bank of Korea (BOK) said recently. The stronger-than-expected growth was fuelled by an aggressive spending

push by President Moon Jae-in's government and a jump in factory investment that included spending on equipment for making semiconductors. (23 January, The Straits Times)

**French economy shrinks in fourth quarter as strikes bite:** The French economy unexpectedly shrank in the final quarter of 2019 as manufacturing output slumped in the face of strikes over an unpopular pension reform, putting more pressure on President Emmanuel Macron. Macron has so far been able to point to resilient growth and job creation to justify his pro-business reforms. But he faced a wave of protests over the last year, first from the "yellow vests" movement and now from those opposed to his plans to streamline the French pensions scheme. (31 January, Reuters)

**Australia jobless hits nine-month low, analysts give up on February rate cut:** Australian employment outpaced forecasts for a second month in December pushing the jobless rate to a nine-month low, a much-needed improvement that could forestall a near-term cut in interest rates. The local dollar climbed 0.47% to \$0.6874 as the market sharply scaled back the chance of an easing from the Reserve Bank of Australia (RBA) at its policy meeting on Feb. 4. Analysts at several major banks, including CBA, ANZ and Citi, threw in the towel on a February cut though they still expect a move at some point. (23 January, Reuters)

**China posts weakest growth in 29 years as trade war bites, but ends 2019 on better note:** China's economic growth cooled to its weakest in nearly 30 years in 2019 amid a bruising trade war with the United States, and more stimulus is expected this year as Beijing tries to boost sluggish investment and demand. But data on Friday also showed the world's second-largest economy ended the rough year on a somewhat firmer note as a trade truce revived business confidence and earlier growth boosting measures finally appeared to be taking hold. (17 January, Reuters)

## NATIONAL NASIONAL

**Boost to Malaysia's GDP:** Bank Negara appears to be focused on boosting gross domestic product (GDP) growth with the surprise cut in the overnight policy rate (OPR) recently. This is attributable to the downside risks to growth that are still present globally with the ongoing trade negotiations between the United States and China, according to economists. "The adjustment in the OPR is a pre-emptive measure to protect growth, given the escalating growth risks. "Of particular concern is the uncertainty caused by the ongoing trade negotiations and the delay in the implementation of certain projects," Public Invest Research said in its report. (24 January, The Star)

**MITI welcomes US-China phase one trade deal, positive for open economies:** Ministry of International Trade and Industry (MITI) lauds the recent agreement between the United States of America and China following the phase one trade deal signed on January 15. Deputy Minister Dr. Ong Kian Ming said the trade agreement would be 'good' for all open trading economies such as Malaysia. "It gives more certainty and stability to the international trading landscape. That is something we welcome. "We hope this (outcome) will stabilise the global value chain, which many Malaysian companies or multinational companies are base in the country," he said on the sideline of MITI Seminar on Industry4WRD Incentives held in Kuala Lumpur. (20 January, Business Times)

**November industrial output up 2%, nearly double forecast:** Malaysia's industrial production index (IPI) grew at a much faster pace of 2% in November 2019 from a year ago, which was nearly double a Bloomberg survey of a 1.1% increase. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the growth in November was driven by the increase in the index of manufacturing (2.5%), electricity (1.6%) and mining (0.5%). On a year-on-year basis, the manufacturing sector output rose by 2.5% in November 2019 after

recording a 2.2% growth in October 2019. (10 January, The Star)

**Malaysia achieves 2019 fiscal deficit target of 3.4%:** The government has achieved its fiscal deficit target for 2019 of 3.4% of gross domestic product (GDP), says Finance Minister Lim Guan Eng. "We reached the target 100%, we achieved a fiscal deficit of 3.4% of GDP. We definitely achieved it," he said. Lim was speaking to reporters after the Kuala Lumpur Customs Department's Meet the Customer Day recently. Lim also announced that the government collected RM27.6bil in Sales and Service Tax (SST) revenue, surpassing the target of RM22bil in the budget. He said it showed that the economy is still sustainable. (10 January, The Star)

**Macroeconomic stability drives Malaysia's economic growth:** Macroeconomic stability will drive Malaysia's economic growth this year with Gross Domestic Product (GDP) growth of between 4.4 per cent and 4.9 per cent easily achievable, said IQI Global chief economist Shan Saeed. The country he said, will continue to be on the global investors' radar due to its solid economic position and importance in the Belt and Road Initiative (BRI). Shan even predicted the ringgit to improve to RM3.97 against the US dollar this year. "The global economy is heading for a major slowdown but despite this, Malaysia's economy would demonstrate economic confidence due to strong productivity,". (17 January, Business Times)

**RAM Ratings sees RM9.5b trade surplus in December:** RAM Ratings expects a trade surplus of RM9.5bil for December as its imports and exports see a turnaround. In its report issued on Friday it expected Malaysia's imports to expand by 3.9% and exports by 1.7% in December 2019. "This contrasts against respective declines of 3.6% and 5.5% the preceding month. The better showing was achieved despite subdued global demand, which has been affecting Malaysia's trade performance," it said. However, RAM pointed out the "phase one" trade deal signed between the US and China on Jan 15, 2020 could trigger another

round of disruptions for global trade flows. (31 January, The Star)

**12th Malaysia Plan to crystallise SPV2030 execution:** The 12th Malaysia Plan (12MP), covering three development dimensions - economic empowerment, environmental sustainability and social re-engineering - will further crystallise the implementation of the Shared Prosperity Vision 2030 (SPV2030). The SPV2030 - unlike the National Economic Policy (NEP), which is a policy prescription - is a new initiative providing a 10-year development roadmap and framework for the country's economic restructuring to benefit all Malaysians, regardless of race and ethnicity. Measures and courses of action to achieve the SPV2030 goals would be incorporated in the 12MP, which is expected to be tabled in Parliament in the third quarter of this year. (30 January, The Star)

**Govt determined to drive digital economy growth in 2020:** The government is determined to drive the development of digital economy to boost the nation's economic growth, said Finance Minister Lim Guan Eng. He said the digital economy could also attract investors and encourage human capital development as well as research. "Malaysia's transformation towards digital economy could only be realised if the people immerse themselves in the digital culture and take part in digital transactions in a move towards becoming a cashless society," he said. (27 January, The Star)

**Inflation up 1% in Dec, within forecast:** Malaysia's inflation rose by 1% in December last year, in line with a Bloomberg forecast, underpinned by higher food prices, with Kuala Lumpur exceeding the national average. According to the Statistics Department, the consumer price index (CPI) increased by 1% in December to 122.3 compared with 121.1 a year ago. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said that of the 552 items covered in the CPI, 360 items showed an increase in December 2019 from a year ago. He added that 137 items declined while 55 items were unchanged. (23 January, The Star)

## LOCAL TEMPATAN

**Sabah-S'wak link road construction to start June:** Construction of the Sabah-Sarawak link road, which will connect the most remote areas of both states, is expected to begin in six months, says Baru Bian. The Works Minister said the first phase of the project would cost RM2bil from Lawas to Pa' Berunt in Sarawak, a distance of about 90km. "We expect work to start by the middle of this year," he said after a briefing on the latest Pan Borneo Highway development at the Sabah Oil and Gas Terminal. Under the previous alignment, road users travelling from Sabah to Sarawak or vice versa have to go in and out of Brunei eight times. (18 January, Daily Express)

**RM3 mln to upgrade basic facilities in 10 villages:** The Rural Development Ministry (KPLB) has provided an allocation of RM3 million to upgrade the basic infrastructure facilities in 10 villages throughout Sabah this year. Its minister, Datuk Ewon Benedick, said the first village chosen under the program as the Kampung Sejahtera this year is Kampung Tiong Baru Membakut, which was selected based on basic development needs of the village that is still facing various issues including no electricity and treated water supply. He added, as per the target of 10 villages under the Kampung Sejahtera program annually, Ewon said the other nine villages identified are located in Kota Belud, Keningau, Nabawan and Paitan. (5 January, The Borneo Post)

**RM10.6m medical equipment for Sandakan hospital:** The RM10.6 million allocation for Duchess of Kent Hospital (HDOK) from the Federal Finance Ministry and Health Ministry in May, last year, was used for the purchase of 26 high-value medical equipment. Finance Minister, Lim Guan Eng was also pleased that the hospital management saved up to RM200,000 through open tender, which could also be used for the purchase of other medical equipment in the future. "The purchase of the 26 medical assets will also provide patients with amenities, including diagnosis machines and other needs," he said following a visit to the hospital recently. Also present were Tanjung Papat assemblyman, Datuk Frankie Poon Ming Fung, Sandakan Member of Parliament, Vivian Wong, Elopura assemblyman, Calvin Chong, Deputy Director of State Health Department

(Medical), Dr. Abd Kahar Abd Aziz and Deputy Director of HDOK (Medical), Dr. Mohd. Fahmi Othman. (4 January, Daily Express)

**Shafie launches plan to boost Kadamaian socio-economic development:** The Kadamaian Development Plan 2020-2035, which aims to boost the socio-economic development in the constituency to be on par with other developed constituencies, was launched at Kadamaian Square Hall in Taginambur, about half-an-hour drive from town. Chief Minister, Datuk Seri Mohd Shafie Apdal, who officiated the launching of the plan, also approved a RM1 million additional allocation for the implementation of the Taginambur Tamu Development Phase 2 project, which is part of the Kadamaian development initiative. The Kadamaian Development Plan, an initiative by Rural Development Minister Datuk Ewon Benedick as Kadamaian Assemblyman, was based on a study done jointly by the Institute for Development Studies (IDS), Kota Belud District Office, Kadamaian UPPM Office and Kadamaian Assemblyman's Office, using the Assemblyman touchpoint allocation of RM68,000. (21 January, Daily Express)

**Kalabakan set to become food hub of Sabah:** A 1,200 hectare land in Luasong will be developed with mixed crops in efforts to make Kalabakan the food hub of Sabah. "The development plan for the land which has been identified by the State Government is expected to start June this year," Kalabakan Member of Parliament, Ma'mun Sulaiman, said. He said the proposal was mooted by Agriculture and Agro-based Industry Minister, Salahuddin Ayub and had been given the nod by the Government but how the implementation and the type of crops would be looked into. (23 January, New Sabah Times)

**Industri homestay Sabah catat pendapatan lebih RM6 juta:** Industri inap desa atau 'homestay' di Sabah, mencatatkan perkembangan positif dan antara yang menghasilkan pendapatan tertinggi di Malaysia dengan kutipan lebih RM6 juta pada tahun lepas, kata Menteri Pelancongan, Seni dan Budaya Datuk Mohamaddin Ketapi. Katanya daripada jumlah itu, Homestay Seri Serbang yang terletak di Bongawan mencatat pendapatan RM2,026,612 dengan 68,269 penginap, termasuk dari luar negara. "Di Sabah sahaja, terdapat 51 kampung mempunyai homestay dengan Papar dan Beaufort sebagai kawasan terbesar terlibat homestay," katanya kepada pemberita

selepas merasmikan Jelajah Cuti Cuti Malaysia sempena Tahun Melawat Malaysia 2020 (VM2020), di Sekolah Menengah Kebangsaan Bongawan II. (13 Januari, New Sabah Times)

**Upgrading of all Sabah road infrastructures soon – Peter:** All road infrastructures throughout Sabah are expected to be upgraded around 50 per cent by 2021 to 2022. Sabah Infrastructure Development Minister Datuk Peter Anthony said that the State Government is always committed and concerned about the people's problems, especially in rural areas. "As the minister who is responsible for the infrastructure around Sabah, we will make sure that all roads connecting the city or rural roads will be repaired. "I have directed the Public Works Department that we will ensure that at least 50 per cent of the roads throughout the state either in the city or villages will be improved by the year 2021 – 2022," he said. (3 January, New Sabah Times)

**RM4.2 mln spent on welfare aid in Membakut – Wan Azizah:** The Government spent RM4.2 million last year on welfare assistance in the district alone, said Deputy Prime Minister Datuk Seri Dr Wan Azizah Wan Ismail. Speaking to reporters after her unexpected visit to the Membakut Welfare Department office, she said the visit was to see the operation and implementation of government initiatives in the sub-district. "The RM4.2 million amount spent in 2019 helped 8,717 senior citizens (totalling RM3 million), 3,011 needy children (totalling RM883,880), 349 chronic patients (totalling RM112,150), 268 disabled workers allowance (totalling RM107,020) and 234 people with disabilities totalling (RM58,500). (5 January, The Borneo Post)

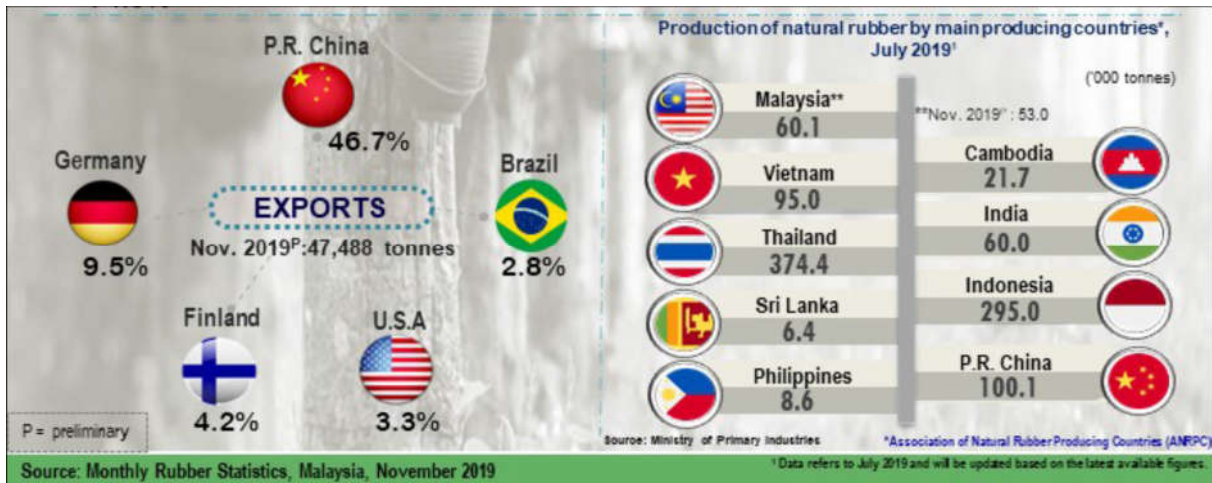
**Sabah Chief Minister to launch state's own cooking oil 'Sabah Best' soon:** Chief Minister Datuk Seri Shafie Apdal will be launching the state's own cooking oil product by this year. He said the name of the cooking oil, 'Sabah Best', would be manufactured by Sawit Kinabalu in Sandakan and Tawau. Shafie said the company's factories in Sandakan and Tawau had been in operation but had not marketed the product yet. "It was supposed to be launched much earlier but due to the Kimanis by-election we will do it by this year," he told reporters after launching the Career Carnival Kimanis 2020 in Membakut yesterday. (12 January, The Borneo Post)

# SELECTED FACTS AND FIGURES

## FAKTA MUTAKHIR

Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, November 2019  
(Source: 24 January, Department of Statistics Malaysia)

### Malaysia's Monthly Rubber Statistics, November 2019



(Source: 15 January, Department of Statistics Malaysia)

### Malaysia's Producer Price Index, December 2019

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

Sector	Code	Weights	Index Dec 2019	Percentage Change					
				Year-on-Year		Month-on-Month			
				Oct 2019/ Oct 2018	Nov 2019/ Nov 2018	Dec 2019/ Dec 2018	Oct 2019/ Sept 2019	Nov 2019/ Oct 2019	Dec 2019/ Nov 2019
<b>Total</b>		<b>100.000</b>	<b>107.4</b>	<b>-2.9</b>	<b>1.2</b>	<b>3.5</b>	<b>-0.2</b>	<b>1.3</b>	<b>0.8</b>
Agriculture, forestry & fishing	A	6.730	107.6	1.5	19.9	21.9	-0.2	10.5	2.6
Mining	B	7.927	111.7	-18.2	6.4	19.3	-2.5	8.9	2.1
Manufacturing	C	81.571	106.5	-1.3	-0.7	0.5	0.1	-0.2	0.6
Electricity & gas supply	D	3.442	117.7	1.3	0.6	1.2	-0.1	-0.3	0.7
Water supply	E	0.330	111.7	-1.8	-2.3	-2.9	0.0	0.1	0.0

(Source: 30 January, Department of Statistics Malaysia)

## Malaysia's Consumer Price Index, December 2019

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

Sub-groups	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change		
		Weight	Dec 2019	Nov 2019/ Nov 2018	Dec 2019/ Dec 2018	Nov 2019/ Oct 2019
<b>Food &amp; Non-Alcoholic Beverages</b>	<b>29.5</b>	<b>133.9</b>	<b>1.5</b>	<b>1.7</b>	<b>0.0</b>	<b>0.5</b>
<b>Food</b>	<b>28.4</b>	<b>134.9</b>	<b>1.5</b>	<b>1.7</b>	<b>0.0</b>	<b>0.4</b>
<b>Food At Home</b>	<b>16.9</b>	<b>130.9</b>	<b>1.0</b>	<b>1.1</b>	<b>0.0</b>	<b>0.6</b>
Rice, Bread & Other Cereals	3.5	111.0	0.5	0.6	0.0	0.1
Meat	2.5	123.6	0.5	-3.0	-0.8	0.2
Fish & Seafood	4.0	153.8	1.3	2.5	0.1	1.3
Milk & Eggs	1.5	125.0	1.4	-1.5	-1.0	-1.0
Oils & Fats	0.6	118.0	-0.2	0.0	0.2	0.1
Fruits	1.2	133.8	1.1	1.4	0.4	0.4
Vegetables	2.1	139.0	2.0	5.7	1.1	2.3
Sugar, Jam, Honey, Choc. & Confectionery	0.6	134.9	0.6	0.4	0.1	0.0
Food Products n.e.c.	1.0	133.3	1.6	1.8	0.2	0.2
Food Away From Home	11.5	141.2	2.2	2.5	0.1	0.2
<b>Coffee, Tea, Cocoa &amp; Non-Alcoholic Beverages</b>	<b>1.1</b>	<b>112.4</b>	<b>1.9</b>	<b>1.4</b>	<b>0.1</b>	<b>-0.3</b>

(Source: 22 January, Department of Statistics Malaysia)

## Australia Consumer Price Index, December 2019

Weighted average of eight capital cities	Sep Qtr 2019 to Dec Qtr 2019	Dec Qtr 2018 to Dec Qtr 2019
	% change	% change
<b>All groups CPI</b>	<b>0.7</b>	<b>1.8</b>
Food and non-alcoholic beverages	1.3	2.6
Alcohol and tobacco	3.0	6.5
Clothing and footwear	-0.3	1.4
Housing	0.1	0.2
Furnishings, household equipment and services	-0.3	1.1
Health	-0.3	3.2
Transport	1.5	2.8
Communication	-1.0	-3.8
Recreation and culture	0.9	1.5
Education	0.1	2.9
Insurance and financial services	0.4	0.7
<b>CPI analytical series</b>		
All groups CPI, seasonally adjusted	0.6	1.8
Trimmed mean	0.4	1.6
Weighted median	0.4	1.3

(Source: 29 January, Australian Bureau of Statistics)