



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 23 Issue 12

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

1 – 31 December 2018

HIGHLIGHTS FOCUS

- **Trade war damage to China's economy is already done, Citi says**
- **Japan confirms economy in second best stretch of post-war growth**
- **Malaysia's economy likely to grow in February 2019**
- **Malaysia is the biggest gainer in corporate governance ranking**
- **Sabah to get RM132m racing circuit**
- **China investors willing to invest US\$2.5 bln in Sabah**

INTERNATIONAL ANTARABANGSA

Trade war damage to China's economy is already done, Citi says: The damage to China's economy from the trade war with the U.S. can't be immediately made good even in the case of a resolution with President Donald Trump, Citigroup economists say. That's because the tariff war is underlining China's rising cost of labor at a time when the job market is under pressure, Citi economists led by Liu Li-Gang said in their 2019 economic outlook report. The trade war with the U.S. could cut China's export growth by almost half next year, putting around 4.4 million jobs at risk, the economists wrote. (12 December, Bloomberg)

Japan confirms economy in second best stretch of post-war growth: Japan is having its second-best stretch of uninterrupted post-war growth, the government said on Thursday, a nod to premier Shinzo Abe's aggressive stimulus measures deployed five years earlier to pull the economy out of prolonged stagnation. But the confirmation comes at a time when Sino-U.S. trade frictions, slowing global demand and volatile markets cloud the outlook for the

export-reliant economy. (13 December, Reuters)

IMF says trade war already hurting Asia, may cut global growth forecasts: Trade frictions between China and the United States are already affecting business confidence and investment in Asia, a senior International Monetary Fund official said, warning that the fund could further cut its global growth forecasts in January. Changyong Rhee, Director of the IMF's Asia and Pacific Department, said Japan and South Korea could be among countries in the region hit hardest by the trade war given their reliance on exports to China. (17 December, Reuters)

German economy cooling but no recession looming: Ifo economist: The German economy is cooling but there is no recession in sight, an economist at Ifo said on Tuesday after the institute's monthly survey showed the business climate in Europe's largest economy deteriorating. Klaus Wohlrabe said uncertainty had increased again and Britain's upcoming departure from the European Union was at the top of the agenda. (18 December, Reuters)

Asia markets rise after US and China agree to trade truce: Asian markets rose after the presidents of China and the US reached a temporary truce in their trade war. At the G20 summit, Donald Trump and Xi Jinping agreed to halt new trade tariffs for 90 days to allow for talks. An escalating trade war between the world's two largest economies has weighed on markets generally. The US and China have imposed billions of dollars of tariffs on one another's goods, posing risks to global trade and the world economy. (3 December, BBC News)

Russian economy minister sees 2018 inflation at 3.9-4.0 pct – Interfax: Russia's economy ministry

expects inflation this year to come in the range of 3.9 and 4.0 percent, exceeding its official forecast of 3.4 percent, Economy Minister Maxim Oreshkin was quoted on Saturday as saying by Interfax news agency. Russia's consumer price index rose 3.8 percent in November in year-on-year terms after a 3.5 percent increase in the previous month, but remained below the central bank's target of 4 percent. (8 December, Reuters)

UK economy slows as car sales fall: Growth in the UK's economy has slowed as car sales fell and the manufacturing sector stalled, the Office for National Statistics (ONS) has said. The economy grew by 0.4% in the three months to October, slower than the 0.6% in the three months to September. The UK's trade deficit also widened as imports grew faster than exports in October. Economists expect growth to slow in the last three months of the year. (10 December, BBC News)

Australia's economy slows, rate hike ever more distant: Australia's economy slowed more than expected last quarter as consumers reacted to tepid wage growth by shutting their wallets, a disappointing outcome that sent the local dollar sliding as investors pushed out the chance of any rate hike. The news came as fears of a possible slowdown in the U.S. economy and the Sino-U.S. tariff slugged world shares and threatened future business investment. (5 December, Reuters)

French November consumer prices rise at slowest pace in seven months: French inflation slipped back in November to its lowest level in seven months, said the INSEE national statistics agency, confirming earlier estimates. INSEE said consumer prices in November rose 2.2 percent on a year-on-year basis, the smallest rise since April, while month-on-month prices fell 0.2 percent. (13 December, Reuters)

NATIONAL NASIONAL

Malaysia's economy likely to grow in February 2019: Malaysia's economy is likely to grow in February to April 2019, says the Department of Statistics. In the "Malaysian Economic Indicators: Leading, Coincident and Lagging Indexes for October 2018" report released yesterday, chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the annual change of the Leading Index (LI) showed an improvement to negative 0.7% in October 2018 from negative 1.7% in September 2018. The LI is designed to monitor the economic performance direction in an average of four to six months ahead. (25 December, The Star)

Malaysia is the biggest gainer in corporate governance ranking: Malaysia ranked fourth out of 12 Asia-Pacific economies in terms of market accountability and transparency, according to the recent 2018 CG Watch Report published by the Asian Corporate Governance Association (ACGA) and CLSA. Finance Minister Lim Guan Eng said the ranking was a significant improvement from seventh place in 2016 and Malaysia was the biggest 2018 gainer among regional rivals, including Australia, China, Hong Kong, Japan and Singapore. "The rise further proves that the government's continuous effort to instil the principles of competency, accountability and transparency in its administration is bearing fruit. (11 December, Business Times)

Malaysia well on track to become high income nation, says World Bank: Malaysia is well on its way to cross the threshold into high-income and developed country status in the coming years, said the World Bank. In a statement issued on Wednesday, Vice President for East Asia and Pacific Victoria Kwakwa said Malaysia's economy was well-diversified and stood on solid foundations, which are primed to take the country to the next level. "We welcome the government's efforts, as part of this process, to strengthen institutions, develop human capital and protect the vulnerable in the society. The World Bank Group stands ready to support Malaysia

during this important transition process," she said. (12 December, The Star)

Malaysia's exports at record high in October, says Guan Eng: Malaysia's exports in October surged to a historic high of RM96.4 billion, Finance Minister Lim Guan Eng said today. In a statement, he said the country also recorded trade surplus of RM16.3 billion, an indication that it is on the right track towards achieving Pakatan Harapan government's three-year fiscal consolidation plan. He said the key indicators by the Statistics Department's latest provisional data revealed that exports in October 2018 registered a new high of RM96.4 billion, an increase of 17.7 per cent year-on-year (y-o-y) while on a month-on-month (m-o-m) basis, exports were up 16.2 per cent or RM13.4 billion from RM83.0 billion. (6 December, Business Times)

Industrial output 4.2% higher, beating forecast: Malaysia's industrial output rose by a stronger-than-expected 4.2% in October, exceeding a Bloomberg survey of 3%. The Statistics Department said the industrial production index's (IPI) increase by 4.2% from a year ago was supported by increase in all indices. Manufacturing output rose by 5.4%, while electricity (2.1%) and mining (1.4%). "On a yearly basis, the manufacturing sector index increased by 5.4% in October 2018 after recording a growth of 4.8% in September 2018," it said in a statement. (13 December, The Star)

RAM projects Malaysia's 2019 fiscal deficit at 3.3%: RAM Ratings Services Bhd has projected Malaysia's fiscal deficit in 2019 to narrow to 3.3% of the gross domestic product (GDP) from an estimated 3.6% in 2018, amid still-resilient domestic demand growth, the implementation of various fiscal measures and ongoing institutional reforms. It said the government's medium-term fiscal framework, which targets an average budgetary shortfall of 3.1% of the GDP throughout 2019-2021, is considered achievable, highlighting the government's commitment to fiscal consolidation. (14 December, The Star)

Malaysia's FDI increased almost four-fold in the first nine-months of this year: Malaysia's foreign direct investments (FDI) increased to RM49 billion for the first nine months of this year due to among others renewed confidence by some of the countries towards Malaysia. Finance Minister Lim Guan Eng said the almost four-fold increase compared to the same period last year, at RM14 billion, was encouraging. "This is part of our efforts to ensure a good and clean Malaysia and a country the people can be proud of, not only in terms of physical, but also financial management. "Although our economy is at a critical level now but I am confident (to improve the country's finances) with several new projections. (1 December, Business Times)

PPI for local production down 2.9% in Nov: The Producer Price Index (PPI) for local production decreased 2.9 per cent year-on-year (y-o-y) in November 2018 from 0.7 per cent in the preceding month. In a statement today, the Department of Statistics said the decrease in the overall index was mainly due to y-o-y decline in agriculture, forestry and fishing (-22.7 per cent), manufacturing (-1.8 per cent) and water supply (-0.1 per cent). "Conversely, the index of mining as well as electricity and gas supply rose 4.5 per cent and 1.2 per cent respectively," it said. Compared with the previous month, the PPI for local production registered a decline of 2.8 per cent in November which was contributed by the indices of mining (-16.4 per cent), agriculture, forestry and fishing (-6.4 per cent) as well as manufacturing (-0.7 per cent). (7 December, The Star)

Commodities sector faces strong headwinds: The local commodities sector, namely crude palm oil (CPO), rubber, tin, and gold, continues to face strong headwinds in 2018 as the global economy struggles to find its footing. For instance, CPO, which is the country's second biggest contributor to the economy, saw a price decline of about 20% year-to-date due to weaker fundamentals, especially so as its inventory level was nearing three million tonnes as reported by the Malaysian Palm Oil Board (MPOB). (28 December, The star)

LOCAL TEMPATAN

Sabah to get RM132m racing circuit: Sabah will get an international standard racing circuit when the Kota Kinabalu Industrial Park (KKIP), through its subsidiary KKIP Autocity Sdn Bhd, builds the necessary infrastructure. Deputy Chief Minister Datuk Seri Wilfred Madius Tangau said the site for the proposed 1km racing circuit had been identified and that construction was expected to begin next year at a cost of RM132 million. "The land to build the racing circuit has been identified and is being acquired. "The project is phase two of KKIP," he told reporters after representing Chief Minister Datuk Seri Mohd Shafie Apdal in officiating the 2018 KKIP Sabah Drag Battle, in Kota Kinabalu, Saturday. (2 December, Daily Express)

China investors willing to invest US2.5 bln in Sabah: Sabah will strive to create an ideal environment for investors who can bring more capital, technology and jobs that will spur the economic development in the state, said Chief Minister Datuk Seri Mohd Shafie Apdal. Shafie emphasized that the new Warisan-led government is progressively promoting investments into Sabah to boost economic development and prosperity. He said Sabah's wealth of natural resources should rightly provide many employment opportunities to its people and investment must have an impact in terms of providing jobs for the locals as well as creating economic spin-offs. (18 December, The Borneo Post)

Micro-hydro for remote villages: The Government has agreed, in principle, to build a micro-hydro system in all villages in Sabah which are too remote to be connected to the state electricity grid. It will start with 10 villages next year by working with the state's renewable energy champion, Tonibung. State Rural Development Minister Datuk Ewon Benedick said although this plan had yet to be approved, the Government is moving toward the direction with initial discussions already held. "Basically, we have agreed, in principle, that some of the rural

electrification project funds should be spent on installing a micro-hydro system in villages which are too far from the grid. (6 December, Daily Express)

Health clinics in Putatan, Pulau Gaya expected next year: Two health clinics in Putatan and Pulau Gaya are expected to be set up next year to ensure the wellbeing of its people, said Putatan Member of Parliament Awang Husaini Sahari. He made the affirmation following a dialogue with Penampang district senior health officers and a meeting with Kota Kinabalu health officer recently on the need for new clinics. The Putatan health clinic, he noted, had been known to be congested and the most practical solution for the time being is to build another health clinic similar to the existing one. (21 December, New Sabah Times)

500 villagers to enjoy electricity supply this Christmas: The upcoming Christmas and New Year celebrations will be merrier and meaningful to the residents of several villages here following the installation of electricity supply to their homes. Kemabong assemblyman Jamawi Jaafar yesterday said the installation of electricity supply and internal wiring to 37 houses at Kampung Kolorok, 43 houses at Kampung Kapulu and 13 houses at Kampung Ahuron had been completed. He said similar works at houses at Kampung Katubu, Paitan Tengah Kangkawang and Kampung Masej Ulu Paitan would be completed in time for the Christmas celebration, which falls on December 25. (21 December, The Borneo Post)

Financial aid for Sabah SMEs: Small and medium enterprises (SMEs) in Sabah that have been in operation for at least three years can apply for financial assistance from the State Finance Ministry, beginning next year. Chief Minister Datuk Seri Mohd Shafie Apdal said the State Government had provided an allocation in the 2019 State Budget for entrepreneurs who are keen and have the potential to go further in their business. He said this was an initial step by the State Government for entrepreneurs as well as young people, especially in the rural and interior areas, to grow their

enterprises. (7 December, Daily Express)

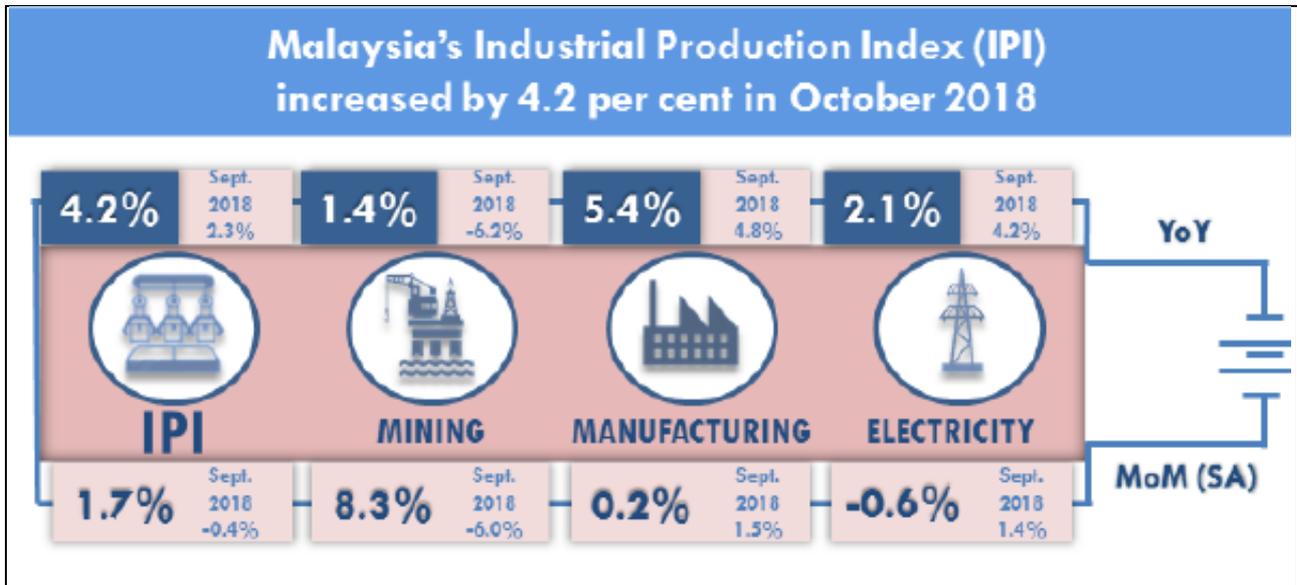
Green technology to be used in fish farming: Agriculture and Food Industry Minister Datuk Junz Wong said his ministry was facilitating the use of Recycling Aquaculture System (RAS) green technology. He said this after his meeting with SQ Aqualogical Sdn Bhd CEO Ian Quek recently. RAS is a latest green technology in fish farming where no waste by-products are discharged into the environment. "All fish wastes whether solid or soluble wastes will be recycled by a biological filtration system and converted to useful nitrates. These nitrates are used in the cultivation of grass and plants which will be used as feed for the fishes," Junz explained. (3 December, The Borneo Post)

774 Tongod Hardcore Poor Housing Programme participants paid RM1.8 mil dividends: The Sabah Government has paid RM1,855,200 dividends to 774 participants of Tongod Hardcore Poor Housing Programme (PPRT) Farm. Sabah Rural Development Minister, Datuk Ewon Benedick said, this is part of the delayed dividend payment which the participants have been waiting for the past two years. "As soon as I was given the mandate to become Sabah KPLB Minister, I was visited by some of Tongod PPRT participants asking about their dividend. (13 December, New Sabah Times)

Sandakan first district to have agri database: The Agriculture Department officially launched its Farmer Database (Pangkalan Data Petani), to record the data of all farmers registered with the Department. Sandakan is the first district to implement a systematic and organised management database for registered local farmers in the state. Deputy Director of Agriculture, (Management Division) of Sabah Agriculture Department, Muhidin Haji Ismail said the database is part of upgrading efforts to enhance data of local farmers in Sandakan. It allows the State Government to intensify its food production as well as facilitate the Department in identifying farmers implementing Good Agricultural Practices. (14 December, Daily Express)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

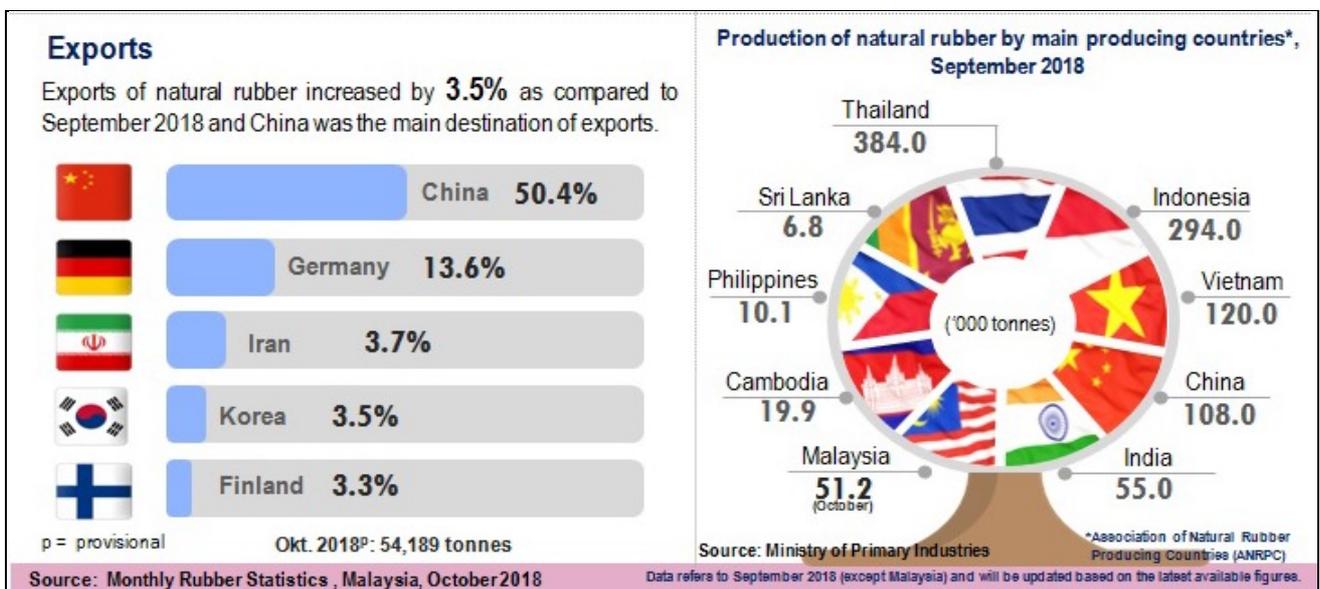


(Source: 12 December, Department of Statistics Malaysia)



(Source: 14 December, Department of Statistics Malaysia)

MALAYSIA MONTHLY RUBBER STATISTICS, OCTOBER 2018



(Source: 12 December, Department of Statistics Malaysia)

MALAYSIA CONSUMER PRICE INDEX, NOVEMBER 2018

Table 1: Consumer Price Index (2010=100): Annual Percentage Change by Sub-Groups Food & Non-Alcoholic Beverages, Malaysia, November 2018/November 2017

Sub-groups	Weight	Index		Year-on-Year Percentage Change		Month-on-Month Percentage Change	
		Nov 2018	Oct 2018/ Oct 2017	Nov 2018/ Nov 2017	Oct 2018/ Sept 2018	Nov 2018/ Oct 2018	
Food & Non-Alcoholic Beverages	29.5	131.3	1.2	1.1	0.5	0.2	
Food	28.4	132.3	1.3	1.2	0.5	0.3	
Food At Home	16.9	128.8	0.3	-0.2	0.5	-0.1	
Rice, Bread & Other Cereals	3.5	110.3	-0.3	-0.3	0.2	0.0	
Meat	2.5	122.8	-0.3	-2.2	1.4	-1.5	
Fish & Seafood	4.0	150.0	0.8	0.5	-0.5	0.2	
Milk & Eggs	1.5	124.4	-0.2	-0.2	0.2	-0.2	
Oils & Fats	0.6	118.1	-0.6	-0.7	0.1	0.1	
Fruits	1.2	131.8	-0.4	0.2	-0.3	0.6	
Vegetables	2.1	133.3	3.0	0.8	3.8	0.0	
Sugar, Jam, Honey, Choc. & Confectionery	0.6	134.1	-2.3	-2.3	0.1	0.1	
Food Products n.e.c.	1.0	131.0	-0.4	-0.7	0.2	0.0	
Food Away From Home	11.5	137.8	2.7	3.3	0.4	0.8	
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	110.6	-1.3	-1.1	0.3	0.4	

(Source: 19 December, Department of Statistics Malaysia)

MALAYSIA PRODUCER PRICE INDEX, NOVEMBER 2018

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

Sector	Code	Weights	Index		Percentage Change Month-on-Month			Percentage Change Year-on-Year		
			Nov 2018	Sept 2018/ Aug 2018	Oct 2018/ Sept 2018	Nov 2018/ Oct 2018	Sept 2018/ Sept 2017	Oct 2018/ Oct 2017	Nov 2018/ Nov 2017	
Total		100.000	105.2	1.2	0.3	-2.8	-0.2	0.7	-2.9	
Agriculture, forestry & fishing	A	6.730	87.5	-0.5	-2.8	-6.4	-16.4	-17.6	-22.7	
Mining	B	7.927	102.8	10.3	2.1	-16.4	28.9	30.6	4.5	
Manufacturing	C	81.571	106.7	0.3	0.4	-0.7	-1.7	-0.7	-1.8	
Electricity & gas supply	D	3.442	116.2	-0.1	-0.1	0.3	1.0	1.0	1.2	
Water supply	E	0.330	114.3	0.2	-1.0	0.5	0.4	-1.0	-0.1	

(Source: 31 December, Department of Statistics Malaysia)