



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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HIGHLIGHTS FOCUS

- **World economy facing delicate moment, IMF says**
- **U.S. negotiators land in Beijing as data show fragile economy**
- **Malaysia-Nordic trade positive, says Finnish ambassador**
- **Malaysia signs ASEAN Trade in Services Agreement**
- **A first for Sabah in aerospace training**
- **Looking to Jiangxi for industrial boost**

INTERNATIONAL ANTARABANGSA

World economy facing delicate moment, IMF says: The global economy is at what the International Monetary Fund's chief economist calls a "delicate moment". Gita Gopinath says that while she does not predict a global recession, "there are many downside risks". The IMF has released its regular assessment of the World Economic Outlook, which forecasts global growth of 3.3% this year and 3.6% in 2020. That would be slower growth than last year – and for 2019, a downgrade compared with the previous forecast. (9 April, BBC News)

U.S. negotiators land in Beijing as data show fragile economy: U.S. trade negotiators landed in Beijing Tuesday, seeking "substantial" progress in talks aimed at ending the tariff war, as weak economic data underscored the stakes for the global economy. Earlier, China's first official gauge of the manufacturing sector in April fell, signaling that more work is needed to bed down the economic stabilization seen in the first quarter. Industrial production also tumbled in South Korea and Japan, and gross domestic product growth slowed a notch in Taiwan. (30 April, Bloomberg)

Australia economy seen stretching record run as budget back in black: Australia is expected to extend its enviable recession-free run of growth into a third decade, the government said on Tuesday even as

it downgraded forecasts for coming years. Despite that, the government was able to promise a return to budget surplus in 2019/20 starting July 1, the first since 2007/08 before the global financial crisis hit. The improving budget position enabled the government to announce tax cuts and increased health, education and infrastructure spending ahead of a national election due to be called for mid-May. (2 April, Reuters)

Singapore's Finance Minister sees solid Southeast Asia growth despite risks: Singapore and other Southeast Asian economies are poised to remain resilient in the face of increasingly dour signs on the global economy, said Finance Minister Heng Swee Keat. Economies in the 10-member Association of Southeast Asian Nations "and Asean as a group both continue to grow quite well even this year and next," Heng told Bloomberg Television's Haslinda Amin on the sidelines of meetings of the regional bloc in Chiang Rai, Thailand. "There will still be growth even though the growth will be uneven across the world and it'll be slower than before." (8 April, Bloomberg)

Japan's exports fall again amid U.S. pressure in trade talks: Japan's exports shrank for a fourth straight month in March as weakness in global demand continues to weigh on the economy. One of the bright spots in recent data – increasing shipments to the U.S. – could darken if trade talks with the Trump administration that began this week turn sour. The value of exports to the U.S. rose for a sixth month, by 4.4 percent, generating a bilateral surplus of 683.6 billion yen (\$6.1 billion) in March, according to the finance ministry in Tokyo. Sales to China slumped, driving a 2.4 percent drop in total exports. (17 April, Bloomberg)

China's recovery still relies on stimulus as outlook upgraded: China's economic recovery continued this month, underpinned by expansive fiscal policy as investors await a potential resolution of the trade war with the U.S. That's according to a Bloomberg Economics gauge aggregating the earliest available indicators on market sentiment and business conditions.

Although stocks weakened in the second half of April, the big gains since the start of the year kept the three-month weighted average positive. Copper prices, sales managers and smaller enterprises reported weaker readings. (29 April, Bloomberg)

South Korea's GDP contraction sparks currency slide: Thursday's unexpected contraction in the South Korean economy was met by a range of reactions in financial markets, from a flurry of activity in swaps to a mild indifference in equities. The interest-rate swap curve shifted lower after data showed gross domestic product shrank 0.3 percent in the first quarter from the previous three months, versus expectations of an 0.3 percent gain. The currency extended its decline into a fourth day as the figures confirmed U.S.-China trade tensions and a technology downturn are taking a toll on Korea's export-driven economy. (25 April, Bloomberg)

French first-quarter consumer recovery helps keep economy cruising: The French economy maintained a steady pace of growth in the first three months of the year as household spending recovered after anti-government protests at the end of 2018, official data showed on Tuesday. The euro zone's second-biggest economy grew 0.3 percent in the January-March period, the third quarter in a row at that rate, the INSEE statistics agency said. The preliminary GDP reading was in line with the average expectation in a Reuters poll of 27 economists and was just a tad less than the 0.4 percent recorded in the broader euro zone. (30 April, Reuters)

German business morale dips as economy loses steam: German business morale deteriorated in April, a survey showed on Wednesday, bucking expectations for a small rise and suggesting Europe's largest economy is losing momentum as trade tensions hamper its exporters. The Munich-based Ifo economic institute said its business climate index fell to 99.2 from an upwardly revised 99.7 in the previous month. The April reading compared with a consensus forecast for 99.9. (24 April, Reuters)

NATIONAL NASIONAL

Malaysia-Nordic trade positive, says Finnish ambassador: Nordic countries account for a combined trade of 750 million Euros (about RM3.495 billion) in exports with Malaysia. On the other hand, the region has imports worth 950 million Euros (about RM4.427 billion) from Malaysia. The Nordic region comprises Finland, Sweden, Norway, Denmark and Iceland. Speaking on their behalf, Finland's ambassador to Malaysia Petri Puhakka said in proportion to the size of the Nordic region's population of 27 million, trade with Malaysia (with a population of 32 million) was on a "fairly notable level". (17 April, Business Times)

Malaysia signs ASEAN Trade in Services Agreement: Malaysia has signed the ASEAN Trade in Services Agreement (ATISA) and the Fourth Protocol to Amend the ASEAN Comprehensive Investment Agreement (ACIA). "Both Agreements would strengthen and enhance trade in services and investment respectively among member states of ASEAN," Minister of International Trade and Industry Datuk Darell Leiking, who signed the agreement, said in a statement released here in Kuala Lumpur today. He said this would further stimulate greater opportunities for economic and business development, by creating a larger market and predictability of the business environment in the region, in line with the ASEAN Economic Community (AEC) Blueprint 2025. (23 April, Bernama)

Malaysia eyes potential investments worth RM10bil from expo 2020 Dubai: Malaysia aims to achieve RM10 billion worth of potential investments and businesses from Expo 2020 Dubai, said Energy, Science, Technology, Environment and Climate Change Minister Yeo Bee Yin. She said Malaysia had targeted to secure 1,000 business leads and achieve 20 partnership agreements during the six-month long expo. "The RM10 billion potential investments would be the result of strategic alliances in business leads and signing of mutual agreements," she told a press conference here in Putrajaya today. Also present was United Arab Emirates Deputy Head of Mission to

Malaysia, Nailofer Al Bastaki. (29 April, The Star)

PM's visit to China puts bilateral relations into perspective – CABA: Prime Minister Tun Dr. Mahathir Mohamad's second visit to China has put the Malaysia-China bilateral relations into a broader perspective for the future, said the China-ASEAN Business Association (CABA). Its president, Tan Sri Lim Gait Tong, said the fact that Dr. Mahathir was accorded the greatest respect during his meeting with Chinese President Xi Jinping and Premier Li Keqiang was a testimony to the bond that has been reestablished for the future conduct of government-to-government and business-to-business relations between both countries. "Though the Prime Minister's visit is primarily to participate in the Belt and Road Forum on the President of China's invitation, Tun Dr. Mahathir is taking the opportunity to make his presence and influence felt on a wider front, including business relations events and engagements. (26 April, Bernama)

Export growth may moderate to 3.6 pct: Malaysia's exports growth is expected to moderate further at 3.6 per cent this year from 6.7 per cent in 2018, analysts said. This is amid higher base effects and continuous signs of easing key global indicators, they added. The moderating pace was consistent with global commodity prices, expectation of a slight slowdown in overall business performance on top of the uncertainty over China-US trade conflict, MIDF Research said when commenting on the country's latest trade data today. Malaysia's trade in February had declined 7.2 per cent to RM122.15 billion from RM130.94 billion a year ago, according to the International Trade and Industry Ministry. (5 April, Business Times)

Malaysia's economy to pick in 2H on higher oil prices: Malaysia's economic growth is expected to bounce back in the second half of the year after most likely hitting its lowest level in nearly three years during the first quarter, economists said. They said the economy may have posted the slowest quarterly expansion since the second quarter of 2016 but with the recovery in oil price, a significant pick up is expected from July till December this year. The oil price had gained around 30 per cent in the first quarter of this year, with Brent posting its best quarterly performance in a decade since the second quarter of

2009. Economists too have upgraded their forecast to a median of US\$68.25 a barrel from US\$67 in just about less than a month, according to Bloomberg's survey. (15 April, Business Times)

Indonesia and Malaysia unite to fight EU's ban on palm oil: Malaysia and Indonesia stand united in fighting the discriminatory delegated regulation supplementing Directive 2018/2001 of the European Union Renewable Energy Directive II. In a recent statement, Primary Industries Ministry said the Council of Palm Oil Producing Countries (CPOPC) was now in Brussels to register the two major global palm oil producers' protests to the members of the European Parliament. The Malaysian delegation is led by Primary Industries Ministry secretary-general Datuk Dr. Tan Yew Chong. (7 April, Business Times)

Malaysia's reserves at US\$103 bln at end-March 2019 – BNM: Malaysia's reserves remained usable as at end-March 2019, with official reserve assets at US\$103.01 billion, in accordance with the International Monetary Fund's Special Data Dissemination Standard (IMF SDDS) format. In a statement today, Bank Negara Malaysia (BNM) said other foreign currency assets amounted to US\$147.3 million. "For the next 12 months, the pre-determined short-term outflows of foreign currency loans, securities and deposits, which include among others, scheduled repayment of external borrowings by the government and repayment arising from maturity of the foreign currency Bank Negara Interbank Bills, amounted to US\$4.27 billion. (30 April, Bernama)

Growth forecast at 4.7%: The World Bank Group has maintained Malaysia's 2019 gross domestic product (GDP) growth forecast at 4.7%, driven by private consumption. Lead economist for Malaysia Richard Record said private consumption would continue to be the main driver of growth, albeit expanding at a more measured pace. "Household spending will be buoyed by stable labour market conditions and income support measures such as the cost of living aid," he told reporters at the East Asia and Pacific economic update briefing here in Kuala Lumpur yesterday. He said gross fixed capital formation was expected to increase slightly, driven by the private sector, while public investment was expected to remain subdued in the near term. (25 April, The Star)

LOCAL TEMPATAN

A first for Sabah in aerospace training: Sabah will have the country's first and only training centre offering Aircraft Maintenance Technician under European Aviation Safety Agency (EASA) Category A training programme with dual certification when the proposed RM25 million KKIP Aerospace Training Centre at Kota Kinabalu Industrial Park (KKIP) begins operations mid next year. The training programmes comes with certifications by the Civil Aviation Authority of Malaysia (CAAM) and EASA. With an initial investment value of RM35 million, this five-acre aerospace training centre is expected to cater up to 250 students annually. (30 April, Daily Express)

Looking to Jiangxi for industrial boost: Chief Minister Datuk Seri Mohd Shafie Apdal has set his sights on Jiangxi Province in China to propel industrialisation in Sabah. Upon arriving in Nanchang City on Saturday, he paid a courtesy call on Jiangxi Governor Yi Lianhong at the Qianhu State Guest House where both leaders signed a Letter of Intent (LoI) to establish a Sister Province relationship. Shafie said Sabah and Jiangxi intend to explore trade, investment, agriculture and tourism to generate mutual benefits and promote common prosperity and development. (22 April, Daily Express)

Govt approves RM183 mln allocation for Sandakan: The federal government has approved a development allocation of RM183 million this year for 49 projects and programmes in Sandakan, Sabah. Finance Minister Lim Guan Eng said the allocation would ensure the local economy's continued strength and benefit nearly 400,000 residents in the district. Projects that have been identified include the Sungai Anip flood mitigation project worth an estimated RM40 million. "The government has also approved a RM80 million project to expand the Sandakan airport involving, among others, the extension of the runway and improving the aprons," he said in a statement today. (23 April, The Borneo Post)

Kota Belud to spearhead organic rice: Kadamaian is set to become the first constituency to implement the System of Rice Intensification (SRI) 1 - 30 April 2019

concept to produce organic rice. Rural Development Minister Datuk Ewon Benedick said the project will be implemented by villagers of Kg. Tambatuon and the Malaysian Agroecology Society for Sustainable Resource Intensification with support from Kota Belud Integrated Agriculture Development Area and local NGO, Pacos Trust. "With support from these bodies, I'm confident we will be able to bring rice that are produced from the village to a bigger market," he said. (11 April, Daily Express)

RM316.9m for 81 rural Sabah road projects: Things are starting to look up for Sabah, especially in terms of amenity development such as roads, bridges and drainage systems in rural areas. This is thanks to the RM1.13 billion allocation to the State for rural development through the Rural and Regional Development Ministry under the leadership of Datuk Seri Rina Mohd Harun. Rina said the RM1.13 million involved 27 new projects and 98 existing projects. She said the ministry was committed to further strengthening Sabah's rural transport network via the implementation of 81 rural road construction projects involving an allocation of RM316.9 million this year. (8 April, Daily Express)

Sabah plans to set up fifth industrial park: Sabah plans to set up a fifth industrial park in the State. State Trade and Industry Assistant Minister Datuk Azhar Matussin said his ministry has been given the task to plan and initiate the move. Presently, there are four industrial parks in Sabah, namely the Sipitang Oil and Gas Industrial Park, Kota Kinabalu Industrial Park (KKIP), Palm Oil Industrial Cluster (POIC) Lahad Datu and POIC Sandakan. "The State Government via the Trade and Industry Ministry is aiming for a 30 per cent contribution from the industry sector to the Gross Domestic Product (GDP) in 10 years, from the present 7.2 per cent. "To achieve this, a fifth industrial park has been proposed and we invited State Lands and Surveys Department Director Datuk Safar Untong to a preliminary meeting on Wednesday to discuss the proposal," Azhar told reporters, here in Kota Kinabalu, Thursday. (5 April, Daily Express)

New town and railroad to boost Tenom income: Chief Minister Datuk Seri Mohd Shafie Apdal said the establishment of a new town in Melalap and reconstruction of the

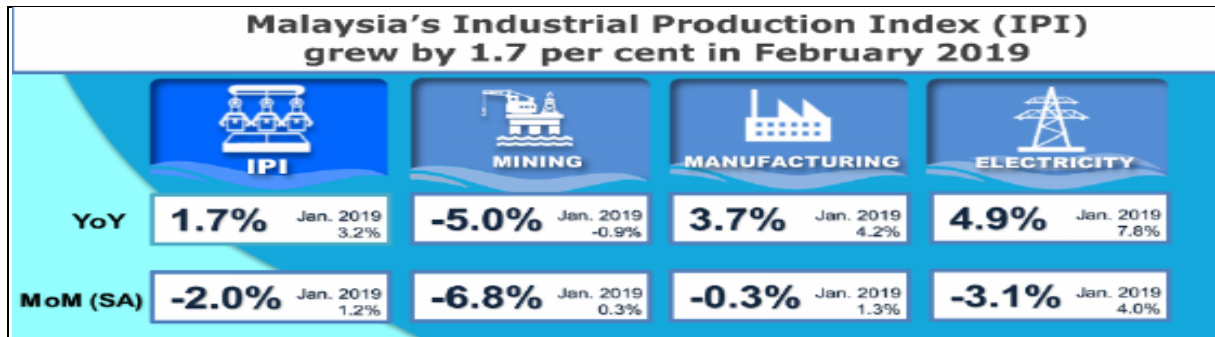
railroad can boost the living standard and the people's economy here. He said the creation of Melalap involves 300 acres to be turned into a new administration centre for the district, with the construction of government offices, police station, hospital, schools, religious houses and other facilities for the benefit of the people. "We will ensure development of the interior so that it can be justified for the benefit of rural people who want development. "The creation of Melalap can spur the lives of the people and their economy in the interior, this is to address the hardship faced by the people due to distance from the city. (1 April, Daily Express)

Potential for Tuaran to develop bee industry: The district has the potential to further develop a profitable stingless bee honey-based industry, said Deputy Chief Minister Datuk Seri Wilfred Madius Tangau. Tangau, who is also Trade and Industry Minister, urged entrepreneurs, especially rubber smallholders here, to combine their effort to realise this aim. "To establish such industry, it needs the cooperation of all quarters as we are aware that not everyone is able to set up a factory," he said when closing the Basic Tantadan (Stingless Bee) Industry Course, at the Tamparuli Multipurpose Hall, near here, Friday. "I would like to see a stingless bee honey processing plant to be set up in Tuaran but the local entrepreneurs should try to raise the capital to build it without being too reliant on government's assistance." (27 April, Daily Express)

Sabah to produce in large quantity quality seaweed: The Ministry of Agriculture and Food Industry (MAFI) will come out with a mechanism to ensure large production of quality seaweed as well as to ensure sufficient supply of raw materials for local industrialisation purposes. Its Minister Datuk Junz Wong told reporters after visiting several seaweed farms at Kg. Gelam-Gelam here in Semporna on Wednesday. "We are developing the seaweed industry through three categories namely nucleus farms, clusters projects and mini estates programmes," Junz informed. Between 2019 & 2020, we are targeting to develop 400 farmers and their families through nucleus farms which are expected to cover 200 hectares. It is expected to produce 1,200 metric tons per year. (25 April, New Sabah Times)

SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

MALAYSIA'S INDEX OF INDUSTRIAL PRODUCTION, FEBRUARY 2019



(Source: 11 April, Department of Statistic Malaysia)

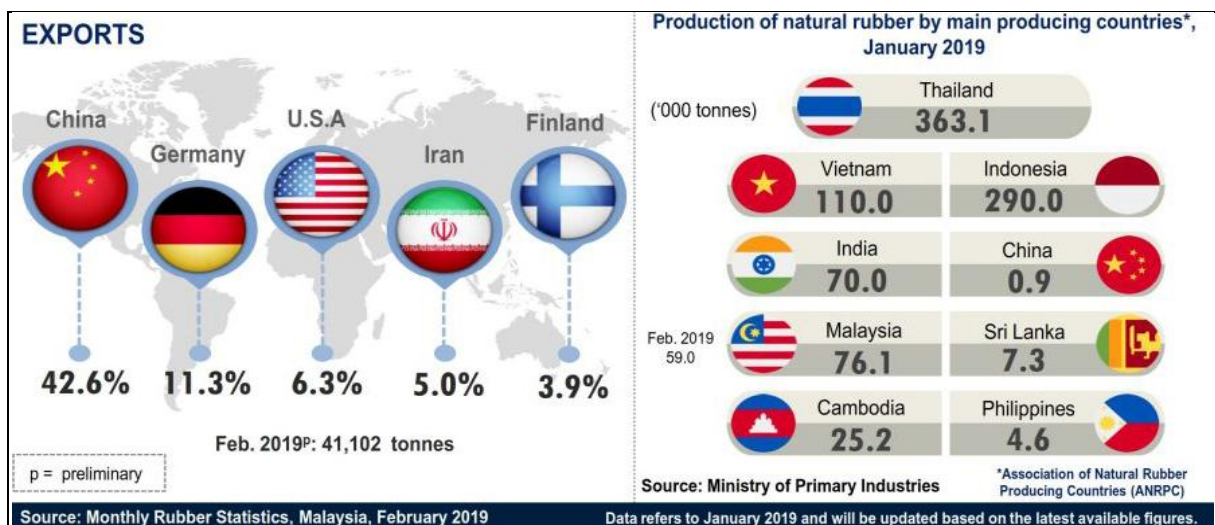
MALAYSIA'S PRODUCER PRICE INDEX, MARCH 2019

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

Sector	Code	Weights	Index Mar 2019	Year-on-Year		Percentage Change			
				Jan 2019/ Jan 2018	Feb 2019/ Feb 2018	Mar 2019/ Mar 2018	Jan 2019/ Dec 2018	Feb 2019/ Jan 2019	Mar 2019/ Feb 2019
Total		100.000	104.7	-3.6	-1.6	-1.5	0.6	0.6	-0.3
Agriculture, forestry & fishing	A	6.730	89.4	-14.0	-11.6	-14.2	7.2	0.2	-5.8
Mining	B	7.927	100.3	-8.4	2.4	3.0	1.8	4.7	0.5
Manufacturing	C	81.571	106.2	-2.3	-1.3	-0.8	-0.1	0.2	0.1
Electricity & gas supply	D	3.442	118.8	2.2	0.8	2.1	0.3	-0.3	2.1
Water supply	E	0.330	112.1	-1.0	-2.0	-1.7	-1.7	-1.0	0.2

(Source: 30 April, Department of Statistic Malaysia)

MALAYSIA'S MONTHLY RUBBER STATISTICS, FEBRUARY 2019



(Source: 11 April, Department of Statistic Malaysia)

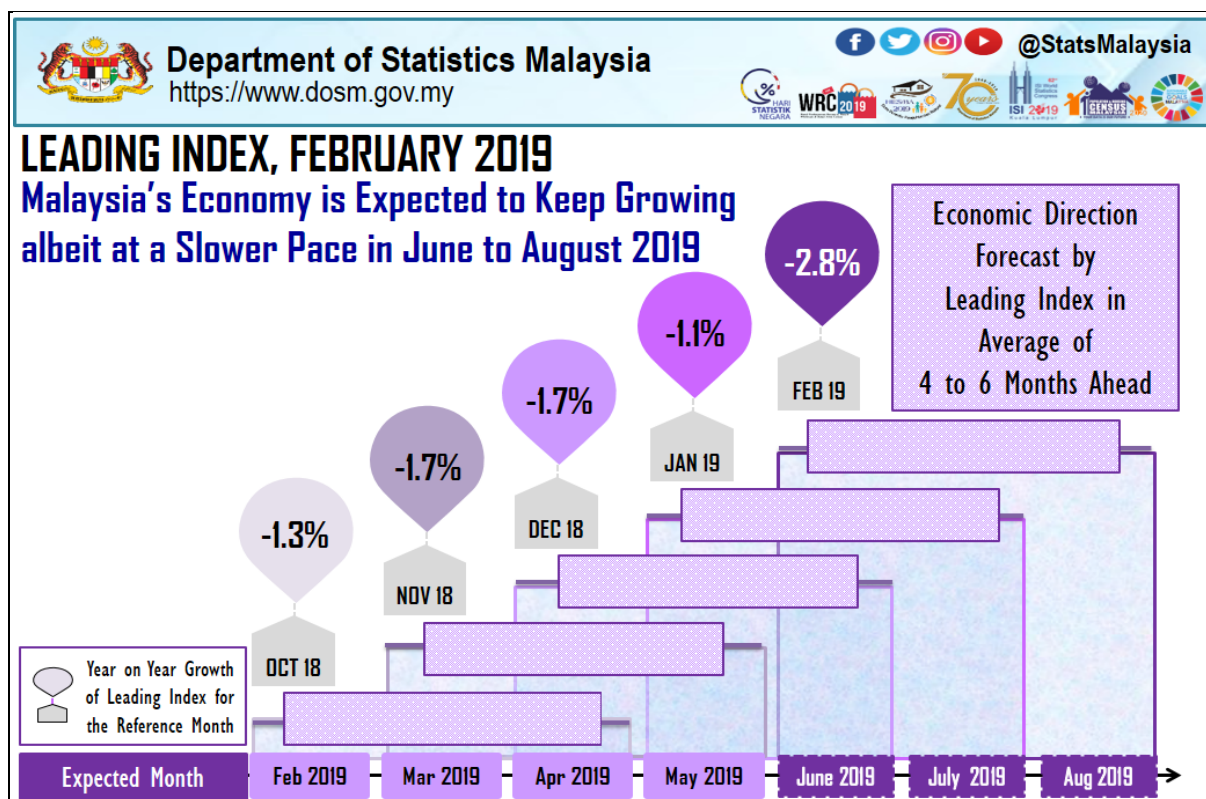
MALAYSIA'S CONSUMER PRICE INDEX, MARCH 2019

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

Sub-groups	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change			
		Weight	Mar 2019	Feb 2019/ Feb 2018	Mar 2019/ Mar 2018	Feb 2019/ Jan 2019	Mar 2019/ Feb 2019
Food & Non-Alcoholic Beverages		29.5	132.5	1.0	1.1	0.2	-0.5
Food		28.4	133.5	1.1	1.1	0.1	-0.4
Food At Home		16.9	129.6	-0.5	-0.4	0.1	-0.9
Rice, Bread & Other Cereals		3.5	110.6	-0.2	-0.2	0.2	0.1
Meat		2.5	125.2	2.1	-1.1	-0.8	-2.9
Fish & Seafood		4.0	151.0	0.1	0.1	0.1	-1.3
Milk & Eggs		1.5	127.0	1.0	2.0	0.5	0.0
Oils & Fats		0.6	118.5	-0.6	-0.8	0.2	0.2
Fruits		1.2	132.8	0.1	-0.2	0.1	-0.7
Vegetables		2.1	130.2	-6.3	-2.0	0.2	-1.1
Sugar, Jam, Honey, Choc. & Confectionery		0.6	134.7	-2.2	-2.3	0.1	0.0
Food Products n.e.c.		1.0	131.5	-0.5	-0.5	0.1	0.1
Food Away From Home		11.5	139.7	3.4	3.4	0.3	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages		1.1	112.0	-0.6	-0.6	0.5	0.4

(Source: 24 April, Department of Statistic Malaysia)

MALAYSIA'S ECONOMIC INDICATORS: LEADING, COINCIDENT & LAGGING INDEXES, FEBRUARY 2019



(Source: 25 April, Department of Statistic Malaysia)