



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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1 – 31 October 2019

HIGHLIGHTS FOCUS

- **IMF warns world growth slowest since financial crisis**
- **Oil prices slip again amid gathering gloom over global economy**
- **Malaysia's RM1.45 trillion economy to grow 4.6pc this year: RAM**
- **Malaysia confident in China-Asean FTA upgrade**
- **World Bank explores ways of working with Sabah government**
- **Sabah, Sarawak on the same page to strengthen economic and social development**

INTERNATIONAL ANTARABANGSA

IMF warns world growth slowest since financial crisis: The global economy is growing at its slowest pace since the financial crisis, the International Monetary Fund (IMF) has said. The fund said world growth would hit just 3% this year - down from its July forecast of 3.2% and a sharp slowdown from just two years ago. The IMF blamed the slowdown on trade fights, Brexit uncertainty and other geopolitical crises. It added there is an "urgent" need for leaders to de-escalate the tensions. "The global outlook remains precarious," the international lending body said in its annual report. "At 3% growth, there is no room for policy mistakes." (15 October, BBC News)

Oil prices slip again amid gathering gloom over global economy: Oil prices fell extending heavy losses, with traders fearing the global economic slowdown will weigh on future oil demand growth while pegging hopes for a rebound on progress in talks on ending the U.S.-China trade war. Brent crude futures edged down 24 cents to \$58.13 a barrel by 0147 GMT while U.S. West Texas Intermediate (WTI) crude was at \$52.69, down 12 cents. (7 October, Reuters)

Singapore's 2019 growth above zero if "lucky", says PM: Singapore's prime minister said that the city-state's economy should hopefully have slightly expanded over the course of 2019. Lee Hsien Loong said the trade-reliant economy, seen as a bellwether for global growth, was facing uncertain times due to the Sino-U.S. trade war and a global economic slowdown. (16 October, Reuters)

French Q3 growth beats expectations, maintains 0.3% pace: French economic growth defied expectations for a modest slowdown in the third quarter, expanding instead at the same 0.3 percent pace from the previous quarter, the INSEE national statistics office said. The resilience in French gross domestic product will be good news for President Emmanuel Macron, at a time of concerns about a global slowdown brought about by international trade disputes which have hit the nation's main trading partner Germany hard. (30 October, Reuters)

Australia unemployment rate dips, still long way to go: Australian employment boasted another solid gain in September while the jobless rate dipped for the first time in seven months as fewer people went looking for work, a tentative hint of a much-needed tightening in the labor market. The local dollar blipped up a quarter of a cent to \$0.6783 AUD=D3 after Thursday's data showed 14,700 net new jobs were added in September, matching forecasts. Full-time positions made up all the gains with a rise of 26,200. (17 October, Reuters)

U.S. consumer spending slowing; inflation benign: U.S. consumer spending increased marginally in September while wages were unchanged, which could cast doubts on consumers' ability to continue driving the economy amid a deepening slump in business investment. The recent report from the Commerce Department also showed inflation was muted in September. The data came a day after the Federal

Reserve cut interest rates for the third time this year, but signaled a pause in the easing cycle that started in July when it reduced borrowing costs for the first time since 2008. (31 October, Reuters)

Brexit deal means '£70bn hit to UK by 2029': Boris Johnson's Brexit deal will leave the UK £70bn worse off than if it had remained in the EU, a study by the National Institute of Economic and Social Research (NIESR) has found. It concluded that GDP would be 3.5% lower in 10 years' time under the deal. The independent forecaster's outlook is one of the first assessments of how the economy will fare under the new deal. But the Treasury said it plans on a 'more ambitious' agreement with the EU than 'NIESR is basing its findings on'. (30 October, BBC News)

South Korea's October exports to fall for eleventh month on weak China, chip demand: South Korea's exports likely contracted in October, falling for an 11th straight month, pressured by weak sales to China and sluggish global demand for semiconductors. Economists expect the decline to bottom out as favorable base effects will likely kick in starting from November. October shipments were seen slumping 13.8% from a year earlier, according to the median forecast of 15 economists polled, nearly matching the worst decline in 3-1/2 years in August, when exports fell a revised 13.9%. (28 October, Reuters)

Japan's extended exports slump could push BOJ to ease next week: Japan's exports contracted for a 10th straight month in September, adding to speculation the central bank could ease monetary policy soon to support an economy hit by a slowdown in global demand. A bitter Sino-U.S. trade war and slowing growth in China have heightened the risks of a global recession, darkening the outlook for Japan's economy, the world's third-largest. (21 October, Reuters)

NATIONAL NASIONAL

Malaysia's RM1.45 trillion economy to grow 4.6pc this year:

RAM: RAM Ratings expects Malaysia's RM1.45 trillion economy to grow at 4.6 per cent this year before slowing to 4.5 per cent in 2020. In a statement, the credit rating agency said further easing of monetary policy is on the cards, while fiscal policy remains mildly growth-supportive. Against this backdrop, RAM said Malaysia will need to harness its inner strength from resilient domestic demand and accommodating policy measures to build a buffer against external challenges, which are likely to impinge on growth in 2020. The agency shared its views on Malaysia's Macroeconomic and Sectoral Outlook for 2020 at its Annual Credit Summit, held recently. (17 October, Business Times)

Malaysia confident in China-ASEAN FTA upgrade: Malaysia's agricultural sector received a boost in June, after the country started shipping whole frozen durian to China. With the upgrade protocol of the free trade area between China and the Association of Southeast Asian Nations (ASEAN), Malaysian officials are confident that Malaysia will have greater access to the Chinese market. Trade between Malaysia and China is set for a further growth with the upgrading protocol of China-Asean Free Trade Area (CAFTA), especially in agricultural products, predicted Malaysian Agriculture and Agro-based Minister Salahuddin Ayub. (28 October, The Star)

Economic activity slowed in August as leading index fell: The Leading Index (LI) which predicts the economic activity direction on average of four to six months ahead, declined to negative 0.8% in August 2019 from 1.4% in July 2019. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said that real imports of other basic precious and other non-ferrous metals and number of housing units approved were the main components that contributed to the decrease, falling by 0.3 per cent, respectively. "This is parallel with the annual change of LI which showed a negative growth of 0.5% as against 0.4% in the previous month," he said. (25 October, The Star)

World Bank identifies three indicators for Malaysia to ease of doing business:

The World Bank has identified three indicators for Malaysia to improve its score of 'Doing Business', which would rank the country from the current 12th position and be listed on the top 10 in the following years. The World Bank representative to Malaysia and country manager Dr. Firas Raad said the areas of improvements include getting credit, enforcing contracts and resolving insolvency. "The country cannot be complacent as its performance does not depend on the nation alone but rather external factors of the other countries,". (25 October, Business Times)

2020 Budget is supportive of economic growth while committed to narrowing fiscal deficit:

The 2020 Budget is expansionary so as to avoid an economic slowdown. Franklin Templeton GSC Asset Management Sdn Bhd Chief Executive Officer Hanifah Hashim said the budget also reflected the government's continued commitment to reduce fiscal deficit while supporting economic growth. "This fiscal discipline is long-term positive to the fundamental health of the country, providing for flexibility in response to any future economic challenges," she said in a statement. Despite current external headwinds, the government forecast of 4.8 per cent growth in the gross domestic product (GDP) is higher than the 2019 budget estimation of 4.7 per cent economic expansion. (18 October, Business Times)

Govt announces new measures to boost digital economy:

Malaysia is looking to accelerate the country's journey towards becoming a digital economy, with several initiatives being announced including making the country a global test bed for emerging technologies and innovation. Prime Minister Tun Dr Mahathir Mohamad said the digital economy, which had been growing faster than the overall economy, was key to building income for the people. "The initiatives will continue to build on the national aim and vision of shared prosperity, utilising digital technologies for the social and economic uplifting of Malaysians," Dr Mahathir said in his closing remarks at the 30th MSC Implementation Council Meeting (ICM). (16 October, Business Times)

Malaysia on right track back on fiscal path:

The government is on the right track to put Malaysia back on its fiscal path and revive the economy in its three-year financial roadmap, Finance Minister Lim Guan Eng said. Lim said many of the measures from 2020 Budget were designed to optimise short-term support for growth, and at the same time balance the need to remain on a fiscal consolidation path. "The fiscal target is revised to 3.2 per cent of GDP in 2020 from 3.0 per cent previously, but it remains on track to reach 2.8 per cent in the medium term,". (14 October, Business Times)

Producer Price Index local production down 2.4 pct in September:

The Producer Price Index (PPI) local production decreased 2.4 per cent in September 2019 to 105.3 as against 107.9 in the same month of the preceding year, due to the decline in the mining index which fell 14.4 per cent, followed by water supply (-2.8 per cent), agriculture, forestry and fishing (-1.1 per cent) and manufacturing (-1.0 per cent) indices. The index of electricity and gas supply, however, rose 1.3 per cent, the Statistics Department said in a statement. "On a monthly basis, the PPI local production rose 0.7 per cent in September 2019, supported by the mining (6.0 per cent) and manufacturing (0.3 per cent) indices. Conversely, electricity and gas supply and agriculture, forestry and fishing indices decreased 0.9 per cent and 0.7 per cent respectively," it said. (31 October, Bernama)

Bank Negara's international reserves rise to US\$103.3bil:

Bank Negara's international reserves increased to US\$103.3bil as at Oct. 15 2019 from US\$103.0 bil as at Sept. 30 2019. In a statement, Bank Negara Malaysia (BNM) said the reserves position was sufficient to finance 7.6 months of retained imports and is 1.1 times the total short-term external debt. BNM said the main components of the international reserves comprised foreign currency reserves at US\$96.7bil, International Monetary Fund reserves position (US\$1.1bil), Special Drawing Rights (SDRs) (US\$1.1bil), gold (US\$1.9bil), and other reserve assets (US\$2.5 bil). (23 October, The Star)

LOCAL TEMPATAN

World Bank explores ways of working with Sabah government:

The World Bank is exploring ways of working with the Sabah government to support sustainable economic growth and the transition towards shared prosperity. Richard Record, lead economist for Malaysia in the World Bank Group's Macroeconomics, Trade and Investment Global Practice, said the institution is already working on a number of areas in Sabah, including on remittances and Project Greenback 2.0 in Kota Kinabalu. "We are undertaking work on cost of doing business in Sabah,". (22 October, Bernama)

Sabah, Sarawak on the same page to strengthen economic and social development:

The Sabah and Sarawak state governments have agreed to strengthen cooperation in terms of economic and social development for the benefit of the people in both states. This is in line with the focus on improving the infrastructure and basic amenities of the two remaining states considered to be lagging behind. Sabah Chief Minister Datuk Seri Mohd Shafie Apdal said Sabah and Sarawak not only have large areas but also have high yields that would not only benefit the people of both states but also to help realise the development of the country. (14 October, Bernama)

Sabah on track to boost FDI: Sabah is currently on the right track in its efforts to boost foreign direct investments (FDIs) in the state, said Chief Minister Datuk Seri Mohd Shafie Apdal. He said that his working visits to several countries - including China - bore positive results as several parties have expressed their interest to invest in the state's manufacturing and tourism sectors, among others. Mohd Shafie said that he has been monitoring the developments in the state and was aware of the problems faced by investors. "We will help to expedite development approvals if the investors have not been able to obtain them," he told reporters after launching the Ministry of International Trade and Industry (MITI) Day 2019 here (Kota Kinabalu). (19 October, Bernama)

Ministry works with entrepreneur to develop Mesej – Ewon: Rural Development Ministry (KPLB) will be working closely with Asia's prominent agricultural entrepreneur, Prof Datuk Yap Yun Fook to develop Mini Estate Sejahtera (Mesej) agricultural programme in Sabah. Its minister Ewon Benedick said Yap's expertise as a mentor for the country's agro-entrepreneurs recognised by the Ministry of Agriculture and Agro-based Industry (MoA), would be useful to develop KPLB's empty lands as Mesej agriculture. "KPLB has a number of undeveloped lands, and we will be planting high commercial plants,". (11 October, The Borneo Post)

Sabah gets RM78 mln to repair 19 dilapidated schools:

A special allocation of RM78 million has been granted to build new buildings for 19 dilapidated schools in Sabah. Minister of Education and Innovation Datuk Dr Yusof Jacob announced that the allocation was granted by the federal government to rebuild schools with structures that had been declared unsafe for occupation. "These schools were selected based on priority. A few others have been identified as well, because there are over 500 dilapidated schools in Sabah in dire need of repairs. The 19 schools would be rebuilt first, with repair works for others in the pipeline. "We hope to grant the tender for these new school buildings to local contractors by January 2020 or the end of this year,". (4 October, The Borneo Post)

10 more Sabah native courts: The government will set up 10 Native Courts within five years under the 12th Malaysia Plan (12MP) throughout the State, said Law and Native Affairs Minister Datuk Aidi Mokhtar. He said the ministry plans to construct two buildings annually in all districts at an estimated cost of RM6 million each. "The previous allocation of RM9 million to construct one building is considered massive and we had to reduce it so as we want a modest building,". (22 October, Daily Express)

RM116,000 boost for Marudu folks:

The Ministry of Rural Development Sabah (KPLB) has channelled RM116,000 in development

allocation for the construction of new housing sites and the development arrangement in Kg Sejahtera Kg Samparita Laut. Its Minister, Datuk Ewon Benedick said it is part of a rural development project being applied by the villagers to be included in the implementation of the Sabah KPLB Kampung Sejahtera Programme. He said the sum of RM16,000 was to build additional bathroom and toilet facilities for the village. He also announced the approval of a small project of a multipurpose hall electrical wiring and building concrete staircase to the hall in Kg Samparita Laut, to be implemented under the next year's Kg Sejahtera Programme. (31 October, Daily Express)

Banggi station to be first such in Sabah:

The Government through the Ministry of Housing and Local Government will build the first E-category Fire and Rescue Station in Sabah located in Pulau Banggi, said its Minister Zuraida Kamaruddin here (Keningau). She said the cost of a Category E Fire and Rescue station is between RM300,000 and RM500,000. "Considering that there are currently 24 Fire stations in the state, which is still inadequate due to the size of Sabah and many remote areas and so on, we have built a Category E Fire and Rescue Station," she told reporters after Opening the RM6.09 mil Sook Sub-District Fire and Rescue Station. (28 October, Daily Express)

Bigger grant for women: CM:

The State Government will be increasing its grant for women up to RM1 million, next year, to further enhance women's development in Sabah. Chief Minister Datuk Seri Mohd Shafie Apdal said Sabah Women's Advisory Council (MPWS) and Sabah Women's Affairs Department (Jhewa) can expect to get more funding from the present RM700,000 to RM1 million. He said the State Government recognised women's contribution and dedication not only to the wellbeing of their families but also their commitment and sacrifice to develop Sabah and the nation together with the men which is in line with the State-level celebration of Women's Day theme 'Balance for Better'. (25 October, Daily Express)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

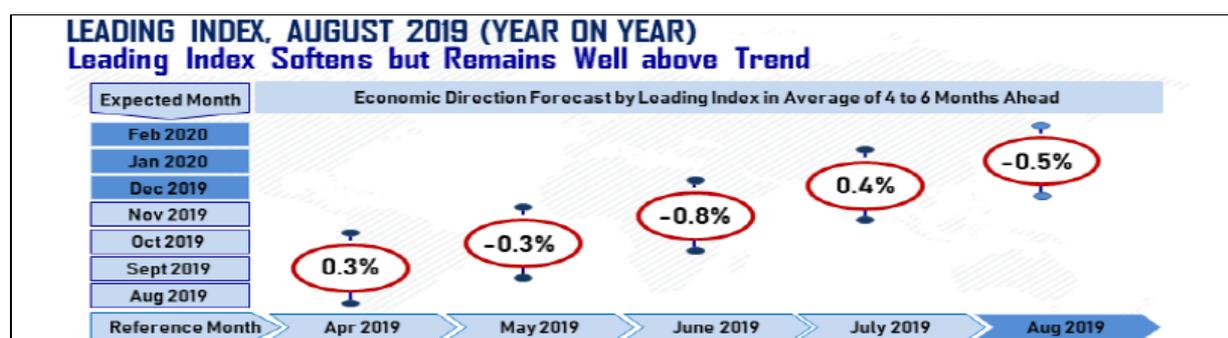
Malaysia's Producer Price Index, September 2019

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

Sector	Code	Weights	Index						
			Year-on-Year		Percentage Change			Month-on-Month	
			Sept 2019	July 2019/ July 2018	Aug 2019/ Aug 2018	Sept 2019/ Sept 2018	July 2019/ June 2019	Aug 2019/ July 2019	Sept 2019/ Aug 2019
Total		100.000	105.3	-2.2	-1.9	-2.4	-0.1	0.2	0.7
Agriculture, forestry & fishing	A	6.730	95.1	-6.5	-0.9	-1.1	1.3	5.2	-0.7
Mining	B	7.927	103.1	-9.9	-10.9	-14.4	-1.2	-2.0	6.0
Manufacturing	C	81.571	106.0	-0.9	-1.0	-1.0	-0.1	0.0	0.3
Electricity & gas supply	D	3.442	117.4	1.5	2.2	1.3	0.2	0.4	-0.9
Water supply	E	0.330	111.6	-2.8	-2.6	-2.8	-0.4	0.2	0.0

(Source: 31 October, Department of Statistics Malaysia)

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



(Source: 25 October, Department of Statistics Malaysia)

Malaysia's Monthly Rubber Statistics, August 2019

Table 1: Principal statistics of rubber, August 2019

Principal Statistics	August 2018	July 2019	August 2019	Change month-on-month August 2019/ July 2019 (%)	Change year-on-year August 2019/ August 2018 (%)
Production (tonnes)	62,862	60,088	57,599	-4.1	-8.4
Exports (tonnes)	57,670	67,273	55,879	-16.9	-3.1
Imports (tonnes)	77,246	84,560	86,977	2.9	12.6
Domestic consumption (tonnes)	42,993	41,796	41,673	-0.3	-3.1
Closing stocks (tonnes)	184,051	181,906	182,690	0.4	-0.7
Number of paid workers (estate)	11,752	11,160	11,086	-0.7	-5.7
Salaries & wages (estate) (RM'000)	17,541	18,539	18,170	-2.0	3.6

(Source: 11 October, Department of Statistics Malaysia)

Malaysia's External Trade Statistics, August 2019



(Source: 4 October, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, September 2019

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

Sub-groups	Weight	Index Sep 2019	Year-on-Year Percentage Change		Month-on-Month Percentage Change	
			Aug 2019/ Aug 2018	Sep 2019/ Sep 2018	Aug 2019/ July 2019	Sep 2019/ Aug 2019
Food & Non-Alcoholic Beverages	29.5	133.2	2.6	2.2	0.2	-0.2
Food	28.4	134.2	2.6	2.2	0.3	-0.2
Food At Home	16.9	130.2	1.3	1.6	0.3	-0.5
Rice, Bread & Other Cereals	3.5	110.9	0.7	0.7	-0.1	0.1
Meat	4.5	125.4	0.6	2.0	1.7	-1.6
Fish & Seafood	5.5	152.9	0.9	1.6	0.7	-0.3
Milk & Eggs	6.5	127.5	3.4	2.6	1.3	0.4
Oils & Fats	7.5	117.8	0.0	-0.1	0.1	0.0
Fruits	8.5	133.3	1.7	1.4	-0.1	-0.7
Vegetables	9.5	131.7	3.2	2.6	-1.9	-1.1
Sugar, Jam, Honey, Choc. & Confectionery	10.5	134.9	0.0	0.8	0.0	-0.1
Food Products n.e.c.	11.5	132.5	1.4	1.3	0.2	0.0
Food Away From Home	12.5	140.5	4.4	3.2	0.1	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.6	2.6	2.5	0.1	0.1

(Source: 23 October, Department of Statistics Malaysia)