



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 24 Issue 11

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

1 – 30 November 2019

HIGHLIGHTS FOCUS

- **New warning on global economic slowdown**
- **Australia and others ask for Brexit trade compensation**
- **FDI into Malaysia is much bigger than before - PM Mahathir**
- **Economy grew slower at 4.4% in 3Q but within forecast**
- **Shafie woos Japanese investors**
- **Sabah expects GDP to grow 5.1pc next year**

INTERNATIONAL ANTARABANGSA

New warning on global economic slowdown: A leading international economic organisation has warned that risks to the global outlook have increased. The Organisation for Economic Cooperation and Development - the OECD - says in a new report that prospects have steadily deteriorated. It forecasts continued growth of around 3% but warns that the risks have increased. The report says a lack of direction on climate policy is holding back business investment. Although the OECD is not forecasting a recession, it is a decidedly downbeat report. (21 November, BBC News)

Australia and others ask for Brexit trade compensation: Countries including Australia have asked for trade compensation from the UK and the EU over Brexit disruption. Fifteen countries, including the US, India and New Zealand, have been setting out Brexit concerns at a World Trade Organization (WTO) meeting in Geneva. Australian officials said their beef and lamb exporters had already been hit after several Brexit delays. Brazil said Brexit plans for Northern Ireland could breach WTO rules. (15 November, BBC News)

Germany narrowly avoids recession despite trade war hit: Germany has narrowly avoided a recession,

according to new official data. The country's economy grew by 0.1% in the third quarter of the year after contracting in the previous three months. A recession is often defined as two consecutive quarters of declining economic activity. Germany's strength as an exporter of manufactured goods has left it exposed to recent conflict in global trade. (14 November, BBC News)

China's factory activity unexpectedly returns to growth in November: Factory activity in China unexpectedly returned to growth in November for the first time in seven months, as domestic demand picked up on Beijing's accelerated stimulus measures to steady growth. But gains were slight, and export demand remained sluggish. More U.S. tariffs are looming within weeks and Beijing and Washington are still haggling over the first phase of a trade deal. (30 November, Reuters)

Euro-Area sentiment brightens in sign economy reached trough: Economic confidence in the euro area improved more than forecast this month, adding to signs the region might be through the worst of its recent slump. The European Commission survey is the latest to suggest growth prospects in the 19-nation region have at least stopped deteriorating after the European Central Bank unleashed new monetary support in September. Sentiment improved in industry, services, retail and among consumers in November, with forward-looking sub-components faring particularly well. (28 November, Bloomberg)

Japan's October factory output falls 4.2%, jobless rate holds steady: Japan's industrial output slipped at the fastest pace since early last year in October, exposing widening cracks in the economy which faces a decline in domestic and foreign demand. Output fell 4.2 per cent in October from a month ago, trade ministry data showed, below the median market

forecast for a 2.1 per cent fall and swinging from a 1.7 per cent rise the previous month. That matched a similar fall in January 2018. (30 November, The Straits Times)

South Korea central bank chief says economy bottoming after cutting growth forecasts: Bank of Korea Governor Lee Ju-yeol insisted that Korea's economy was already passing through its most painful moment after the central bank cut its growth forecasts on Friday (Nov 29), but kept its policy unchanged. "Cautiously speaking, the economy appears to be passing through the bottom," Lee said in a press conference. "Forecasts that global uncertainties will ease and the tech business situation will improve from the middle of next year are prevalent." (29 November, The Straits Times)

U.S. economy picks up in third-quarter; data surprise on the upside: U.S. economic growth picked up slightly in the third quarter, rather than slowing as initially reported, and there are signs the downturn in business investment may be drawing to a close. The modest firming in growth reported by the government came alongside data showing the number of Americans filing claims for unemployment benefits dropped last week after standing at a five-month high for two straight weeks. (27 November, Reuters)

French fourth quarter GDP growth will slip to 0.2%, Bank of France estimates: The French economy should grow 0.2% in the fourth quarter, the Bank of France estimated which would mark a slowdown from the third quarter as international trade disputes cloud the outlook for the global economy. Business leaders expect industrial production to slow in November, particularly among carmakers which have been hit by trade disputes, and a slowdown in construction, the French central bank's survey said. (12 November, Reuters)

NATIONAL NASIONAL

FDI into Malaysia is much bigger than before - PM Mahathir: Foreign Direct Investment (FDI) into Malaysia is much bigger than before, Tun Dr Mahathir Mohamad said. "FDI is much bigger than before that we should be very happy about," the Prime Minister said. He said ironically, the Pakatan Harapan government lacked the communication skills to disseminate messages about its good efforts and policies. "This government is not good at communication and telling what it has done. But believe me, this government has done much more things than any other government has done in such a short period of one and a half year," he told reporters after chairing the Parti Pribumi Bersatu Malaysia (Bersatu) Supreme Council Meeting at the Parti Pribumi Bersatu Malaysia headquarters in Kuala Lumpur. (20 November, Bernama)

Economy grew slower at 4.4% in 3Q but within forecast: Malaysia's economy expanded by 4.4% in the third quarter of 2019 (3Q2019), which was line with a Bloomberg survey, due to slower growth in service and manufacturing. The 3Q GDP growth was slower than the 4.9% in 2Q, according to a statement released by the Statistics Department. Bank Negara Malaysia Governor Datuk Nor Shamsiah Mohd Yunus said for the nine months, the economy expanded by 4.6%. She said the pace of growth was expected to be sustained for the remainder of the year and going into 2020. (15 November, The Star)

Malaysia registers RM149b worth of approved investments in Jan-Sept: Malaysia has registered RM149 billion worth of approved investments in the services, manufacturing and primary sectors in first nine months this year. This was 4.4 per cent higher than the RM142.6 billion approved in the same period last year. International Trade and Industry Minister Datuk Darrel Leiking said these investments involved 4,025 projects and will create an additional of 93,841 job opportunities. "The majority of the investments came from domestic sources, which contributed RM82.7 billion or 55.5 per cent of the total investments," he said in a statement. (29 November, Business Times)

October CPI at 1.1% as soft inflation trend continues: The full-year inflation for 2019 may hit the lowest level in a decade as the country's soft inflation trend is expected to continue in the last two months of this year, led by cautious consumer sentiment that keeps price pressures under control. The comment from Bank Islam chief economist Mohd Afzanizam Abdul Rashid came following the Statistics Department's announcement that Malaysia's headline inflation in October was 1.1%, similar to the rate seen in September. For perspective, the monthly headline inflation rate for the January-October 2019 period had remained at 1.5% and below. (21 November, The Star)

M'sia needs quality firms to become industrial hub: The government needs to focus on building a few quality companies instead of a mass of sluggish firms that can compete at the regional level and achieve its aspiration of becoming an Asean hub for various industries. Consulting Board Asia founding partner Datuk Badlisham Ghazali said for Malaysia to become an Asean hub, as envisioned in the Shared Prosperity Vision 2030 (WKB2030), the government needed to start looking at things differently, in terms of developing quality companies at the regional level. "This (Asean hub) is not a new thing for Malaysia. We have been trying to get into a lot of these things such as in maritime, digital economy and fintech," (11 November, The Star)

Malaysia inks four MoUs with South Korea: Malaysia is fully reaping the opportunity to step up its game in various fields by signing four memoranda of understanding (MoU) to tap on and work together with South Korea in Seoul. The four MoU were inked in the presence of leaders of both countries namely Prime Minister Tun Dr Mahathir Mohamed and his counterpart, President Moon Jae-In after a bilateral meeting at the Presidential Blue House. The first MoU is to intensify cooperation on information and communications technology. It was signed between Malaysia's Minister of Communications and Multimedia, Gobind Singh Deo and South Korea's Minister of Science and ICT, Choi Kiyoung. (28 November, Bernama)

Netherlands sees bright future for Malaysian palm oil industry: The Netherlands is convinced of the importance of palm oil and sees a bright future for the industry in Malaysia. The Netherlands Ambassador to Malaysia Aart Jacobi said that he is unperturbed about the talks of measures against palm oil by the European Union (EU). "We all know that oil palm per square metre or per acre has a yield that's 8 times larger than (that of) other oils that we know of. And as such, it is indispensable for a world population that will grow over the next 10 to 20 years. "There are ongoing negotiations and talks on EU measures on palm oil but that is only short term," (26 November, Bernama)

Rubber industry to contribute RM41 bln in 2020: The rubber industry is expected to contribute RM41 billion in 2020 from RM40 billion estimated for this year, driven mainly by the downstream sector including rubber glove, according to Minister of Primary Industries Teresa Kok. She said it was in line with rubber glove industry projection that export revenue would likely hit RM20.68 billion in 2020 from the RM18.2 billion expected in 2019. On this note, she urged the Malaysian Rubber Board (MRB) as custodian of the industry to continue commercialising its research and development (R&D) projects to boost the income of the country, while benefiting smallholders. (26 November, Bernama)

Malaysia-China trade set to record another new high in 2019: The Malaysia-China two-way trade is set to record another new high this year, judging by the first nine months of 2019 performance which has reached US\$89.75 billion (US\$1=RM4.17), up 11.3 per cent from the same period in 2018. Malaysia's special envoy to China Tan Kok Wai said the total trade hit a record high of US\$108.6 billion last year, which is 683 times compared with US\$159 million in 1974, the year when both countries first established their formal diplomatic ties. "Malaysia-China trade volume is about one-fifth of the China-United States and one-third of China-Japan trade volume," he told reporters after the launch of the second China-Malaysia 'Belt & Road' Shaanxi Trade Expo in Kuala Lumpur. In addition, Malaysia-China trade volume accounted for one-fifth of the total China-ASEAN trade. (25 November, Bernama)

LOCAL TEMPATAN

Shafie woos Japanese investors: Chief Minister Datuk Seri Mohd Shafie Apdal began the first leg of his trade mission in Japan addressing 200 investors and businessmen from 140 companies in Kobe, Japan by spelling out investment opportunities available in Sabah. He delivered a keynote address at a business seminar and spent three hours explaining at length the many business potentials in Sabah due to its strategic location as a gateway for Japan to expand their trade to the Asean countries. In particular, he said Sabah's position alongside the increasingly favoured Lombok-Makassar Straits shipping route, ideally places it as a logistics hub for the region. (30 November, Daily Express)

Sabah expects GDP to grow 5.1pc next year: Chief Minister Datuk Seri Mohd Shafie Apdal said more job opportunities are expected to be created in Sabah next year as the State's gross domestic product (GDP) is expected to grow to 5.1 per cent. He said the oil and gas, tourism and agriculture sectors would be among the contributors to this growth, as well as several approaches to be undertaken by the State Government like its effort to boost the downstream industry. "The State Government hopes the global economy will improve further this year. Next year, Sabah's GDP is expected to grow to 5.1 per cent, which is also expected to create even more job opportunities. "It is one of the new State Government's agenda to reduce the unemployment rate through various ways, including creation of more job opportunities. Unemployment is one of our main challenges,". (3 November, Daily Express)

RM498m to develop agri sector: Some RM498.131 million has been allocated to the Agriculture and Food Industry Ministry to develop the agriculture sector next year. Of this, RM345.562 million is for supply, while RM155.569 million for development. Its Minister, Datuk Junz Wong said the big allocation clearly proves that the Warisan-led State Government is committed and attentive to the needs of agriculture development as food supplier for Sabah apart from its contribution to the State's economic growth. Apart from that, he said Chief Minister Datuk Seri Mohd Shafie Apdal has also approved RM24 million for 1 – 30 November 2019

starting the implementation of various programmes under the recently launched Sabah Agriculture Blueprint. (21 November, Daily Express)

Turn Sabah into leading bakery, confectionery hub – Junz: Agriculture and Food Industry Minister Datuk Junz Wong called upon bakery industry players to turn Sabah into a leading bakery and confectionery hub in the Brunei Darussalam-Indonesia-Malaysia-Philippines East Asean Growth Area (Bimp-Eaga). Junz said the bakery industry had been able to offer more variety to the market compared to the past with modernization and skills improvement. "Pastry products have since become one of the staple food products to the locals and tourists. It has directly and indirectly contributed to our local industry and economy," said Junz. (23 November, The Borneo Post)

Govt determined to build new airport in KK: The State Government is determined to build a new airport, despite the Federal Government having no such plan as the present KKIA is fast reaching its maximum passenger capacity of 9.5 million. "It is our intention (to build a new airport). We have to talk to them and discuss about it at the end of this year," Chief Minister Datuk Seri Mohd Shafie Apdal told reporters when asked to comment on the Federal Government plan to expand the Kota Kinabalu International Airport. Kota Kinabalu Member of Parliament Chan Foong Hin was reported saying that the existing KKIA has a maximum capacity of 21 million passengers per annum (mppa) as according to the National Airport Master Plan 2008. (26 November, Daily Express)

RM4.14bil for Sabah's growth: The State Government has proposed a RM4.14 billion budget for 2020 with a surplus of RM48.55 million – the sixth consecutive surplus budget for Sabah since 2015. Chief Minister Datuk Seri Mohd Shafie Apdal said the surplus budget shows that the State Government's financial position remains healthy and stable, with estimated revenue collection at RM4.19 billion. He said the RM4.14 billion supply expenditure estimates for 2020 represent a decrease of RM15.81 million or 0.38 per cent compared to the original estimate in 2019 of RM4.16 billion, adding the amount is divided into three parts, namely emolument expenditure,

recurring expenditure and special expenditure. (15 November, Daily Express)

Allocation to boost rural tourism: The State Government is coming up with a special allocation to upgrade rural roads used for tourism. State Rural Development Minister Datuk Ewon Benedick said the allocation, which will be included in Sabah's 2020 Budget to be tabled next week, is part of his Ministry's initiative to help the rural community develop their tourism industry. "I have received complaints that many roads connecting tourism spots operated by the rural community could not be improved and upgraded because of the lack of funds. (10 November, Daily Express)

Measures to elevate Kudat's economy: The Government is committed in improving the economic standard of people in Kudat and elevating the district into a thriving city. Assistant Minister of Trade and Industry, (MTI) Ben Chong, said various measures have been planned to ensure this effort can be executed effectively. Most recently, an understanding has been achieved between the Sabah and Federal governments to find the best formula to help Small and Medium-Sized Enterprise (SME) entrepreneurs based in Kudat. "I am very grateful to Minister of International Trade and Industry (MITI), Datuk Darell Leiking for sending his Special Officer (Christopher Masudal) to Kudat to identify the weaknesses that have hindered the growth of SME entrepreneurs. (4 November, Daily Express)

Sabah, Mindanao set to boost trade ties: The barter trade between Sabah and Mindanao will soon be strengthened. Mindanao Development Authority (MinDA) Chairman Emmanuel F. Pinol said he was expecting more engagements between the two in the future. "We are going to look at what Mindanao needs from Sabah and what Sabah needs from Mindanao," he told reporters after paying a courtesy call on Chief Minister Datuk Seri Shafie Apdal at the latter's office in Kota Kinabalu. "In January, we will be organising a trade mission from Mindanao to Sabah. I have already committed to the Chief Minister that Mindanao will send a big delegation for the Sabah International Expo, expected to be held late next year," he said. (23 November, The Borneo Post)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

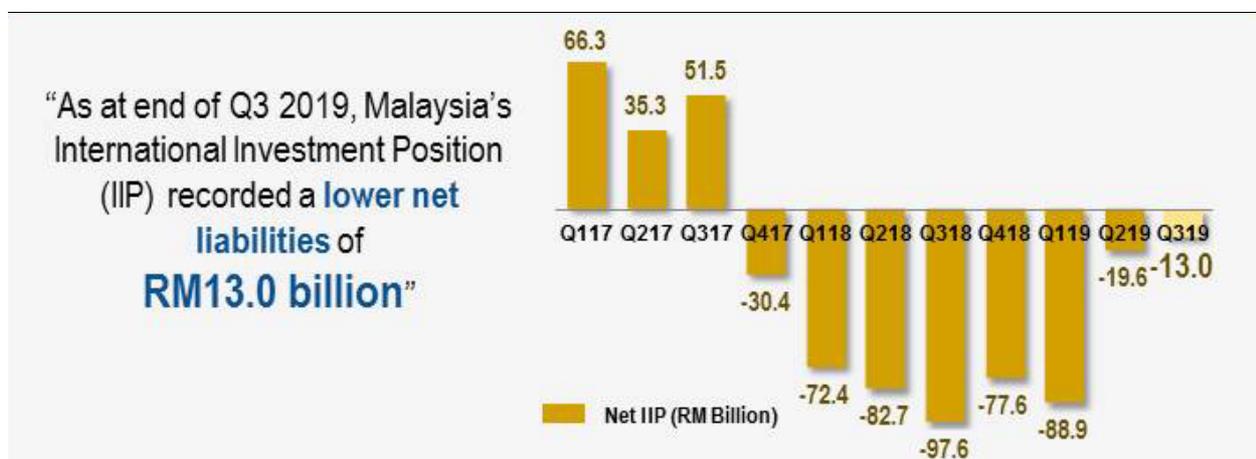
Malaysia's Economic Performance, Third Quarter 2019

Table 1: GDP at Constant 2015 Prices

PERCENTAGE CHANGE FROM CORRESPONDING QUARTER OF PRECEDING YEAR								
	2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
GDP	4.7	5.3	4.5	4.4	4.7	4.5	4.9	4.4
PERCENTAGE CHANGE FROM PRECEDING QUARTER								
Seasonally Adjusted GDP		1.3	0.6	1.5	1.3	1.1	1.0	0.9

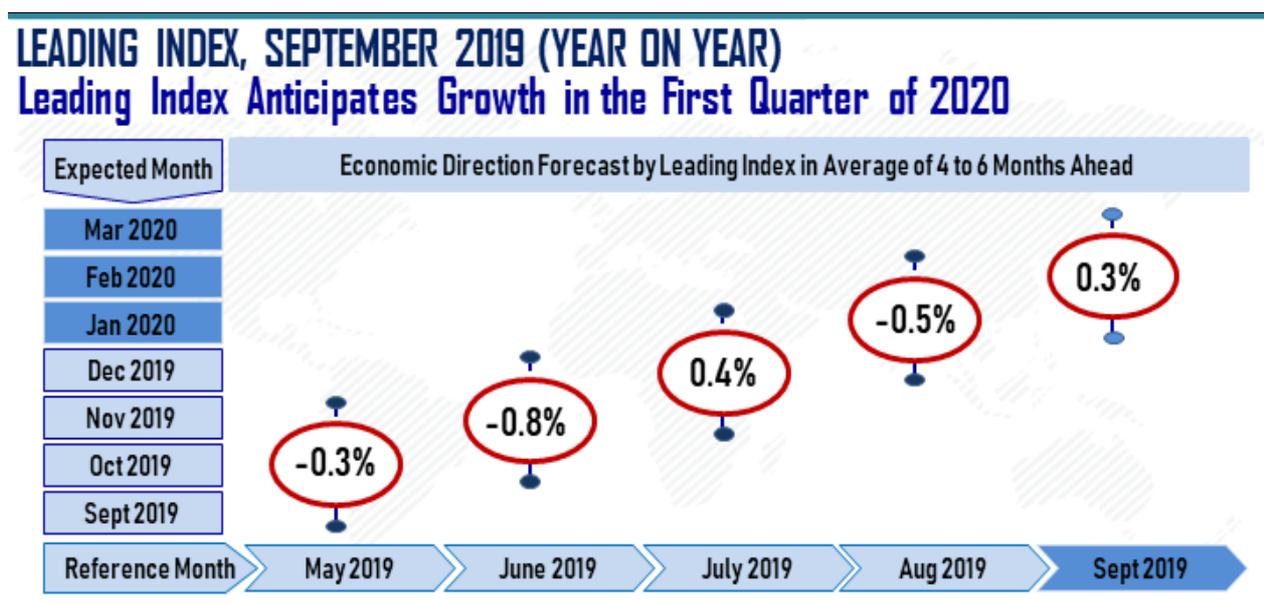
(Source: 15 November, Department of Statistics Malaysia)

Malaysia's International Investment Position, Third Quarter 2019



(Source: 15 November, Department of Statistics Malaysia)

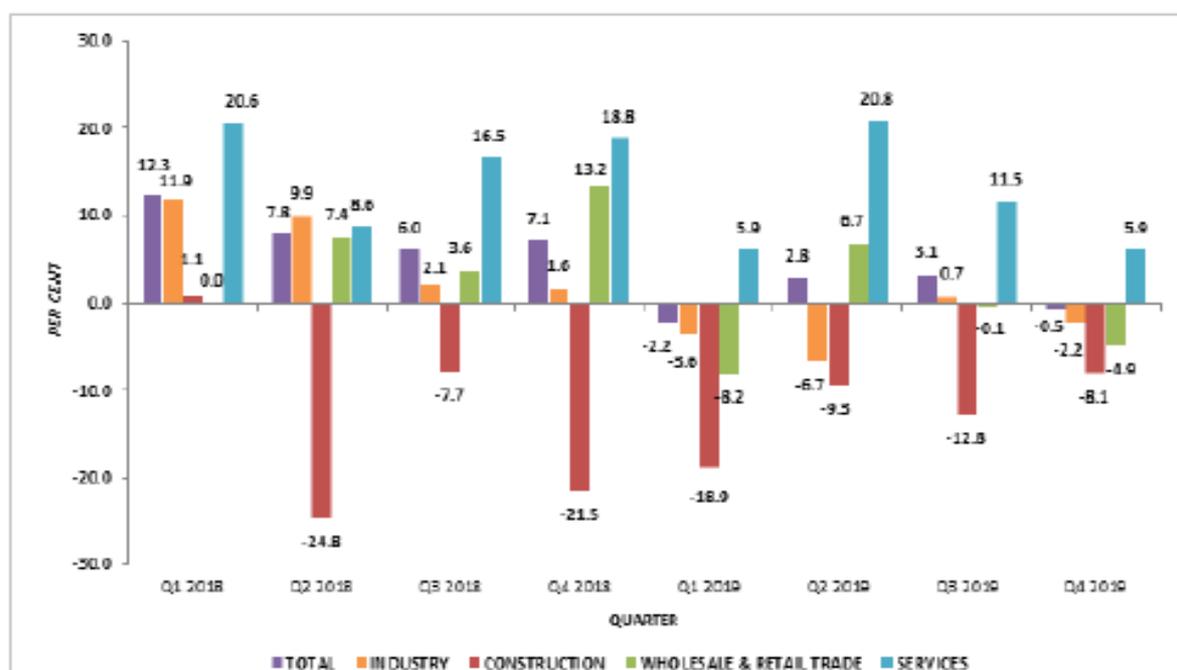
Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, September 2019



(Source: 25 November, Department of Statistics Malaysia)

Malaysia's Business Tendency Statistics, Fourth Quarter 2019

Chart I: Quarterly Confidence Indicator by Sector, Malaysia, 2018-2019



(Source: 28 November, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, October 2019

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

Sub-groups	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change		
		Sep 2019/ Sep 2018	Oct 2019/ Oct 2018	Sep 2019/ Ogos 2019	Oct 2019/ Sep 2019	
	Weight	Okt 2019	Sep 2019/ Sep 2018	Oct 2019/ Oct 2018	Sep 2019/ Ogos 2019	Oct 2019/ Sep 2019
Food & Non-Alcoholic Beverages	29.5	133.3	2.2	1.8	-0.2	0.1
Food	28.4	134.3	2.2	1.8	-0.2	0.1
Food At Home	16.9	130.1	1.6	0.9	-0.5	-0.1
Rice, Bread & Other Cereals	3.5	110.9	0.7	0.5	0.1	0.0
Meat	2.5	124.4	2.0	-0.2	-1.6	-0.8
Fish & Seafood	4.0	151.8	1.6	1.4	-0.3	-0.7
Milk & Eggs	1.5	127.5	2.6	2.3	0.4	0.0
Oils & Fats	0.6	117.7	-0.1	-0.3	0.0	-0.1
Fruits	1.2	132.8	1.4	1.4	-0.7	-0.4
Vegetables	2.1	134.4	2.6	0.8	-1.1	2.1
Sugar, Jam, Honey, Choc. & Confectionery	0.6	134.8	0.8	0.6	-0.1	-0.1
Food Products n.e.c.	1.0	132.8	1.3	1.4	0.0	0.2
Food Away From Home	11.5	140.7	3.2	2.9	0.1	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.6	2.5	2.2	0.1	0.0

(Source: 20 November, Department of Statistics Malaysia)