



MONTHLY NEWS SCAN

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HIGHLIGHTS FOCUS

- **Coronavirus: World economy ‘may face double recession’**
- **Coronavirus: Asian economies won’t grow this year, says IMF**
- **Malaysia more resilient than many countries: World Bank**
- **Malaysia’s economy to bounce back to 9 percent in 2021, says IMF**
- **RM553m additional expenditure enactment passed**
- **169,630 Covid-19 aid recipients targeted**

INTERNATIONAL ANTARABANGSA

Coronavirus: World economy ‘may face double recession’: The world economy already faces an economic downturn worse than the Great Depression. But this could be followed by another “possibly much worse downturn”, according to the Economist Intelligence Unit (EIU). World governments are giving trillions of dollars in stimulus packages to help prop up their economies. Sovereign debts that they are racking up may push the global economy into a second recession, the EIU warns. (15 April, BBC News)

Coronavirus: Asian economies won’t grow this year, says IMF: Economies in Asia will see zero growth this year for the first time in 60 years, the International Monetary Fund (IMF) has said. Its bleak outlook for the region comes as it warns the global economy will face the “worst recession since the Great Depression”. Asia’s service sector in particular will struggle to rebound, it said. Airlines, factories, shops and restaurants have been “hard hit” by national lockdowns. (16 April, BBC News)

China on slow road to recovery, but recession risk is high: Reuters poll: The Chinese economy will slowly recover from its first quarterly contraction since current records began, economists predicted in a Reuters poll, but they warned of a likely recession if conditions worsen

again from the global coronavirus pandemic. The poll found China’s gross domestic product (GDP) was expected to grow just 1.3% in the current quarter on a year earlier, after contracting 6.8% in January-March. (23 April, Reuters)

Japan’s factory output, retail sales slump as virus hits economy: Japan’s March factory output fell at the fastest pace in five months, while retail sales also dropped as businesses struggled with the coronavirus pandemic’s sharp hit to overseas and domestic demand. The global economy could suffer its worst downturn this year since the Great Depression of the 1930s due to a virus-driven collapse of activity, with Japan’s economy facing stagnation due to its export dependence and soft domestic consumption. (30 April, Reuters)

Singapore sees sharper economic slump on global coronavirus spread: Singapore is bracing itself for a sharper economic contraction this year than an earlier forecast of a slump of as much as 4 per cent, as the coronavirus pandemic continues to spread globally and disrupts supply chains. The city-state is “very likely” to see a steeper fall in gross domestic product (GDP), Trade and Industry Minister Chan Chun Sing said on Thursday (April 23) in an interview with Bloomberg Television’s Haslinda Amin. “We are really concerned that worldwide, this is going to lead to a more serious problem than many had anticipated just a month ago.” (23 April, The Straits Times)

Europe’s coronavirus lockdown pushes economy into record slump: Europe’s economy suffered a massive blow in April when government restrictions to contain the coronavirus left companies scrambling to stay afloat. An estimate of private-sector activity in the euro area plunged to just 13.5 from 29.7 in March, according to IHS Markit on Thursday (April 23). The drop was far sharper than economists had anticipated and marks the lowest reading for the Purchasing Managers’

Index since it began more than two decades ago. The report is a grim preview for European leaders, who will discuss a possible 2 trillion-euro (S\$3.1 trillion) rescue plan for the region. (23 April, The Straits Times)

Aussie economy to shrink 10% in first half-year: RBA: Australia will suffer its biggest economic contraction since the 1930s in the first half of this year due to coronavirus-driven mobility curbs, the central bank governor said. Reserve Bank of Australia (RBA) governor Philip Lowe said in a speech in Sydney that the country’s national output would fall by around 10 per cent in the first half-year, with most of this decline taking place in the April-June quarter. Unemployment is likely to be around 10 per cent by June as total hours worked are likely to decline by around 20 per cent, he added. (22 April, The Straits Times)

Coronavirus: Huge economic rescue plan agreed by EU leaders: A plan for injecting billions of euros of emergency aid into Europe’s battered economies has been agreed by EU heads. Meeting via video, they agreed to set up a massive recovery fund, closely tied to the bloc’s seven-year budget. They also confirmed that €540bn (£470bn) of financial support would be released through existing mechanisms from 1 June. European Commission chief Ursula von der Leyen said the fund would mobilise €1 trillion of investment. (23 April, BBC News)

Coronavirus: Eurozone economy shrinks at record rate: The eurozone economy shrank at the sharpest pace on record in the first quarter as the Covid-19 pandemic forced countries into lockdown. A first estimate of GDP between January and March showed a contraction of 3.8%, worse than during the financial crisis. Separate figures revealed a steep fall in economic activity in France and Spain over the same period. In Germany, unemployment has increased though it remains relatively low compared with other nations. (30 April, BBC News)

NATIONAL NASIONAL

Malaysia more resilient than many countries: World Bank: The World Bank says Malaysia will be deeply affected by the Covid-19 shocks but there are a slew of factors that make it more resilient than many other countries. Malaysia has, among others, a diversified economic structure and sound track record of macroeconomic management, the World Bank Malaysia lead economist Richard Record said. It also has deep domestic capital markets, astute financial institutions, and past experience responding to crises, Record said. "While the challenges ahead are unprecedented, because of these reasons the country is well placed to weather the storm," he added. (15 April, Business Times)

Malaysia's economy to bounce back to 9 percent in 2021, says IMF: The International Monetary Fund (IMF) expects Malaysia's economy to bounce back to grow a whopping nine per cent next year, from an expected 1.7 per cent contraction in 2020. This will be the fastest among Asean-5 economies, which according to the IMF is likely to expand at an average 7.8 per cent next year. Asean-5 also comprises Indonesia, Thailand, the Philippines and Vietnam, whose gross domestic product (GDP) are projected to grow 8.2 per cent, 6.1 per cent, 7.6 per cent and 7 per cent respectively. Malaysia's solid projection will also set to outpace the global GDP growth. (16 April, Business Times)

Malaysia to experience short-term benefit from China: RHB Investment Bank said Malaysia is expecting a short-term benefit from the reopening of China's economy after COVID-19 but the general weakness is likely to kick in as recession seems to be looming. It said supply disruption in China has led to a spike in Malaysia's exports and imports, with exports of commodities as well as electrical and electronics pulled the overall exports upward. The Department of Statistics Malaysia recently shared the country's trade figure for the month of February showing the number rising from 11.6 per cent to RM136.3 billion compared to the same month in the previous year. (22 April, Bernama)

Malaysia's GDP to grow -1.02 pct to 3.8 pct this year: MIER: Malaysia's economy can grow 3.8 per cent this

year to post a gross domestic product (GDP) of RM1.47 trillion under the best possible scenario, if the Movement Control Order (MCO) only lasts until April 28, according to a think tank. The country's economy can also contract 1.02 per cent with a GDP of RM1.41 trillion under the worst case scenario, according to the Malaysian Institute of Economic Research (MIER). MIER Deputy Director Professor Dr Jamal Othman said this was based on the world oil price of around US\$35 per barrel in the second half of 2020 and throughout 2021, besides the government's RM260 billion Prihatin stimulus package. (24 April, Business Times)

Government formulating economic recovery plan for short, medium and long term: Prime Minister Tan Sri Muhyiddin Yassin has directed the Ministry of Finance, Economic Planning Unit (EPU), and the Prime Minister's Department to formulate a comprehensive Economic Recovery Plan for the short, medium and long term. He said the plan was aimed at ensuring the economic activities could be revived quickly after the Movement Control Order (MCO) period has ended. "The focus currently is to identify measures and initiatives that can spur economic growth in the short and medium term, as well as to encourage confidence of the people and investors to regenerate the nation's economy. (23 April, Bernama)

Malaysia's trade in Feb 2020 expands 11.6 pct to RM136.28 bil: Malaysia's trade in February 2020 grew 11.6 per cent year-on-year (YoY) to RM136.28 billion from RM122.14 billion recorded in the same period a year ago, according to International Trade and Industry Ministry (MITI). The agency said higher trade was recorded with the United States (US), Singapore, the Republic of Korea (ROK), China and Taiwan. Exports picked up sharply by 11.8 per cent to RM74.45 billion in February 2020, compared to a 1.5 per cent decline in January 2020 while imports expanded 11.3 per cent to RM61.83 billion. (3 April, Business Times)

COVID-19 an opportunity for Malaysia to reset aviation industry – Analyst: The COVID-19 pandemic which has caused global economic shutdown with the risk of recession somehow provides an opportunity for

Malaysia to reset its aviation industry and become profitable, says an analyst. Sobie Aviation independent analyst and consultant Brendan Sobie said the local aviation industry was already at a critical juncture even before COVID-19, with all six airlines unprofitable in 2019 and the market suffering from overcapacity. The government, he said, has a lot of initiatives for a reset, but the situation has become more important now as the industry is bleeding really badly and the potential for a collapse is real. (30 April, Bernama)

Malaysia stuck in middle-income trap: Moody's Analytics: Malaysia now faces the challenge of maintaining its competitive edge against both ends of the value chain namely low-wage countries on one side and advanced and more innovative countries on the other, said Moody's Analytics. Moody's Analytics said Malaysia ranks as the third richest country in Southeast Asia, successfully transforming its economy from an agricultural-based one to a manufacturing hub with one of the busiest ports in the world. "Income inequality has been a growing issue between Malaysian states, particularly the richer manufacturing hubs and states that rely on agriculture and other natural resources like palm oil and mining. (29 April, Business Times)

Govt committed to helping SME weather economic challenges - PM Muhyiddin: The government will ensure that the local small and medium enterprises (SME) sector will remain resilient and sustainable in facing the current economic challenges, especially the cash flow problem during the Movement Control Order (MCO) period, said Tan Sri Muhyiddin Yassin. The prime minister said this is because the SME is a key sector, accounting for more than two-thirds of the jobs in the country and almost 40 per cent of the Malaysian economy. Therefore, the government is committed to helping ease the financial burden of SME now, apart from ensuring that they fully benefit from the aid provided under the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and SME additional package of RM10 billion which were unveiled recently, he said. (25 April, Bernama)

LOCAL TEMPATAN

RM553m additional expenditure enactment passed: The State Legislative Assembly recently passed the First Supplementary Supply (2020) Enactment 2020 to take out a total of RM553 million from the Consolidated Fund for additional expenditure this year. Tabling the Bill on Tuesday (21 April), Chief Minister-cum-Finance Minister Datuk Seri Mohd Shafie Apdal said the Sabah Covid-19 Aid Package that was announced on March 25, this year, involves such additional provision (RM553 million), besides from getting less revenue collections that could not be collected by the State government or local authorities (PBT) and giving some discounts on payment of electricity bills. (23 April, Daily Express)

169,630 Covid-19 aid recipients targeted: The State Government is targeting some 169,630 recipients for the Covid-19 special aid for farmers, breeders, and fishermen, said Agriculture and Food Industry Minister Datuk Junz Wong. "We have received 123,583 names, as of April 17. Of the figure, only 118,635 have bank accounts," he said at the State Legislative Assembly sitting recently. "The State Cabinet has discussed about this and we will arrange for the cash aid to be handed over directly at the recipients' homes and we are in the process of doing this." Junz was responding to a supplementary question by Paginatan assemblyman Datuk Abidin Madingkir. (22 April, Daily Express)

RM800K water tanks in Inanam after MCO: The State Government will build four water storage tanks – two each in Kg Kionsom and Kg Kokol in Inanam – to resolve the water woes in two villages involving some 4,000 villagers. State Infrastructure Development Minister Datuk Peter Anthony said the tanks costing RM800,000 in all would be constructed soon as the Movement Control Order (MCO) ends. He said the villagers do not face any problem during rainy season but during dry spell, water resources like water gravity would dry up. "Capacities of their present water storage tanks could

not store enough that come from water gravity resources. (22 April, Daily Express)

RM2m to convert Likas sport hall into Covid-19 ward: The State Government has allocated RM2 million to turn the hall in Likas Sports Complex as a makeshift facility to handle Covid-19 patients. Chief Minister Datuk Seri Mohd Shafie Apdal said: "The hall will be modified to become a branch of Queen Elizabeth Hospital to accommodate the placement and additional healthcare centre with the expectation of the increasing number of Covid-19 cases." "The proposed facility will be able to cater about 170 patients. I will inspect the preparation done at the centre, in terms of beds and basic amenities," (21 April, Daily Express)

RM6 mln to upgrade Pitas road – Peter: Sabah Infrastructure Development Minister Datuk Peter Anthony announced RM6 million allocation to upgrade Jalan Salimpodon Darat, Pitas. Peter, who handed over food aid to the villagers in Kampung Salimpodon, said the upgrading work would start after the extended Movement Control Order (MCO) was over. "Although many infrastructure developments have been postponed due to the increasing number of Covid-19, "All we want is to stop the chain and come back to work without risking our health." (12 April, The Borneo Post)

63,092 benefit from RM300 special one-off aid – CM: A total of 63,092 people benefited from the special Covid-19 one-off assistance payment of RM300. In a statement issued by the Chief Minister, Datuk Seri Panglima Mohd Shafie Apdal said it involved payment of RM18,927,600. At the same time, 1,818 students in West Malaysia benefited from the food assistance rendered by the State government. The amount involved is RM874,100 and is distributed to the students through the Sabah -Kuala Lumpur Liaison Office. The State government also provided an assistance of RM500,000 to Universiti Malaysia Sabah (UMS). (8 April, The Borneo Post)

Sabah will focus on main productive sectors to speed up economic development: Sabah will

give focus to the growth of its main productive sectors namely tourism, industry and agriculture in a bid to speed up the development of the state's economy. The Yang Dipertua Negeri of Sabah Tun Juhar Mahiruddin said the focus is in tandem with the re-alignment of the state government to ensure Sabah's development policy stand on firm ground. The industrial sector, especially manufacturing-based, would be given focus on becoming a catalyst in generating more employment opportunities for the people especially during the implementation of the 12th Malaysia Plan (2021-2025). "This is aimed at accelerating the transformation of Sabah's economic structure to become an industrial state. (16 April, Bernama)

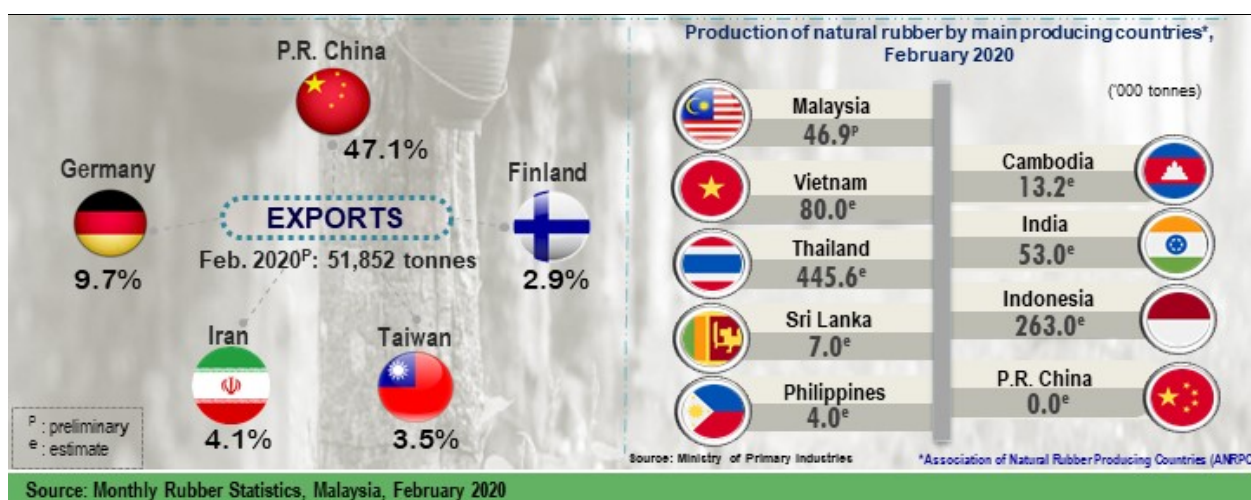
Over RM11 mln worth of contributions to combat Covid-19: The State Government has received contributions worth RM11,380,000 in cash and kinds from State statutory bodies, NGOs and the private sector in support of its efforts to stem the Covid-19 spread in Sabah. Of the total, RM3,950,000 was in financial aid and channelled to the State Disaster Assistance Management Committee Fund, said Chief Minister Datuk Seri Shafie Apdal at the State Assembly Sitting recently. The State Government, he said, would ensure that the contributions would be used specifically for issues pertaining to Covid-19 in Sabah. (21 April, The Borneo Post)

RM2mil to upkeep Federal buildings: Sabah received an additional allocation of RM2 million for the maintenance of Federal buildings, said Sabah Federal Secretary Datuk Samsuni Mohd Nor. The allocation from the Prime Minister's Department brings benefit to the G1 and G2 class contractors, he said, adding the allocation distribution process will be implemented according to the guidelines set by the Finance Ministry. "It is part of initiatives to ensure the country's economy continue moving and the maintenance works can be completed before the end of this year," he told reporters during monitoring the disinfection works carried out at the Sabah Federal Government Administration Complex (KPKPS). (25 April, Daily Express)

SELECTED FACTS AND FIGURES

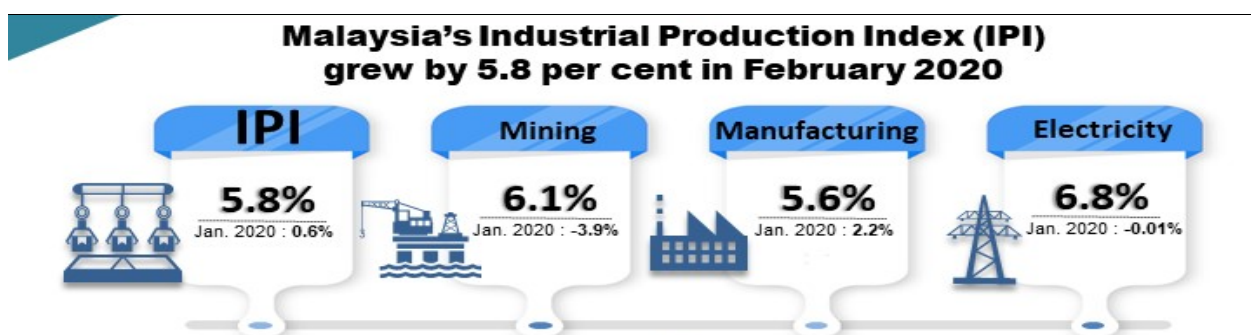
FAKTA MUTAKHIR

Malaysia's Monthly Rubber Statistics, February 2020



(Source: 15 April, Department of Statistics Malaysia)

Malaysia's Index of Industrial Production, February 2020



(Source: 13 April, Department of Statistics Malaysia)

Malaysia's Producer Price Index, March 2020

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

Sector	Code	Weights	Index	Percentage Change					
				Year-on-Year	Month-on-Month				
			Mar 2020	Jan 2020/Jan 2019	Feb 2020/Feb 2019	Mar 2020/Mar 2019	Jan 2020/Dec 2019	Feb 2020/Jan 2020	Mar 2020/Feb 2020
Total		100.000	102.7	2.8	0.9	-1.9	-0.1	-1.3	-3.0
Agriculture, forestry & fishing	A	6.730	101.4	18.0	9.2	13.4	3.8	-7.3	-2.1
Mining	B	7.927	64.4	9.2	-5.2	-35.8	-6.8	-9.1	-31.9
Manufacturing	C	81.571	106.8	0.9	0.8	0.6	0.4	0.1	-0.2
Electricity & gas supply	D	3.442	118.4	0.1	1.6	-0.3	0.1	0.3	0.2
Water supply	E	0.330	111.8	-1.2	-0.8	-0.3	0.0	-0.6	0.7

(Source: 30 April, Department of Statistics Malaysia)

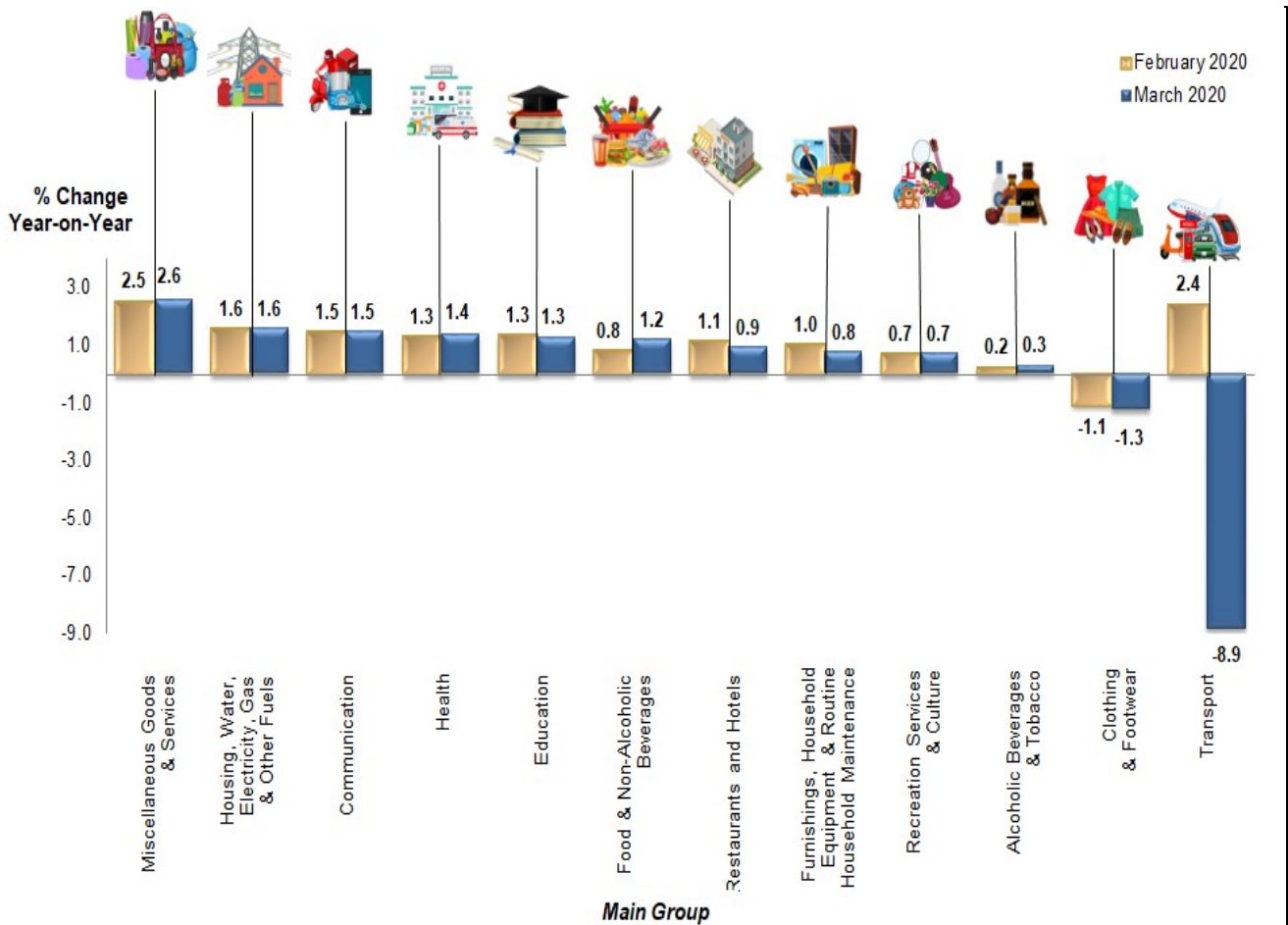
Malaysia's Sales Value of Wholesale & Retail Trade, February 2020



(Source: 22 April, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, March 2020

Chart 1: Percentage Change of Consumer Price Index by Main Group:



(Source: 22 April, Department of Statistics Malaysia)