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HIGHLIGHTS FOCUS

- A global rout is a great time for a command economy like China
- Coronavirus poses risks to fragile recovery in global economy: IMF
- Economic stimulus package necessary to ensure growth
- Malaysia's power struggle puts economy's outlook at risk
- RM5b green venture a world first
- State Govt can sustain economic growth – CM

INTERNATIONAL ANTARABANGSA

A global rout is a great time for a command economy like China: In times of distress, a centralised financial system can go a long way. Global investors, bruised by an ugly week of asset selloffs, can perhaps consider buying the dip - but only in China. In the past, if the US sneezed, emerging markets would soon be in the emergency room. Not this time. While the S&P 500 Index is heading for its worst week since the global financial crisis, China has been relatively Zen-like, despite being the epicentre of the coronavirus outbreak. The ChiNext index, in particular, is still up 16 per cent this year, even after this week's heavy selling. (28 February, The Straits Times)

Coronavirus poses risks to fragile recovery in global economy: IMF: The coronavirus epidemic has already disrupted economic growth in China and a further spread to other countries could derail a "highly fragile" projected recovery in the global economy in 2020, the International Monetary Fund warned. In a note for G20 finance ministers and central bankers, the global lender mapped out many risks facing the global economy, including the disease and a renewed spike in U.S.-China trade tensions, as well as climate-related disasters. (19 February, Reuters)

Dow falls more than 4% amid coronavirus stock rout: Financial markets suffered a sixth day of losses on recently, as traders dumped shares on fears that the spread of coronavirus will hobble the global economy. In the US, the Dow Jones plunged nearly 1,200 points to lose 4.4%. It was the sharpest points-drop in history. The S&P 500 ended 4.4% lower, while the Nasdaq dropped 4.6%. Earlier, London's FTSE 100 finished 3.5% lower, while Japan's Nikkei 225 led Asian losses, falling more than 2%. (27 February, BBC News)

Brexit complicates EU budget plans: EU leaders are meeting in Brussels this week to discuss the bloc's future budget plans. These negotiations are always challenging, tending to pit net payers against net beneficiaries. There are proposals from the European Commission and the Parliament that some countries think involve spending too much. This time, the talks are further complicated by the departure of the UK, which was a large net contributor. (20 February, BBC News)

Japan's factory activity shrinks at fastest pace since 2012 on coronavirus jolt: Japan's factory activity suffered its steepest contraction in seven years in February, as the widening fallout from the coronavirus outbreak in China reinforced the risk of a recession in the world's third-largest economy. The manufacturing downturn offers the clearest evidence yet of the epidemic's damaging effects on global growth and businesses, and is likely to ramp up pressure on Japanese policymakers to increase stimulus. (21 February, Reuters)

China's factory activity posts record contraction as coronavirus bites: Factory activity in China contracted at the fastest pace on record in February, highlighting the damage from the coronavirus outbreak on the world's second-largest economy.

China's official Purchasing Managers' Index (PMI) fell to a record low of 35.7 in February from 50.0 in January, the National Bureau of Statistics said on Saturday (Feb 29), well below the 50-point mark that separates monthly growth from contraction. Analysts polled by Reuters expected the February PMI to come in at 46.0. (29 February, The Straits Times)

S. Korea keeps rates unchanged, lowers growth outlook: South Korea kept interest rates unchanged yesterday, dashing expectations for a cut even as it downgraded the growth outlook amid mounting fears the coronavirus outbreak could derail Asia's fourth-largest economy. Acknowledging threats from a prolonged outbreak, Bank of Korea (BOK) governor Lee Ju-yeol stressed the limits of monetary policy and called for government spending and more targeted measures to deal with the slowdown. (28 February, The Straits Times)

UK economy saw zero growth at the end of 2019: The UK economy saw no growth in the final three months of 2019, as manufacturing contracted for the third quarter in a row and the service sector slowed around the time of the election. The Office for National Statistics (ONS) said the car industry had seen a particularly weak quarter. The ONS figures also showed the economy grew by 1.4% in 2019, marginally higher than the 1.3% rate in 2018. Recent surveys have suggested that the economy has picked up in the new year. (11 February, BBC News)

Russia's economic growth at 1.3% in 2019, slightly above expectations: The Russian economy grew 1.3% in 2019, preliminary data from the statistics service showed, slightly exceeding expectations. Analysts polled by Reuters in late 2019 expected Russia's gross domestic product to expand 1.2%. The central bank predicted that the economy would grow by no more than 1.3%. (3 February, Reuters)

NATIONAL NASIONAL

Economic stimulus package necessary to ensure growth: The economic stimulus package is necessary to ensure Malaysia's economic growth will remain stable as the government's revenue from direct taxation fluctuates with the performance of the economy. Affin Hwang Capital analysts Alan Tan and Kevin Low believe the government will be reverting back to the fiscal consolidation path when the economic environment stabilises. Malaysia's gross domestic product (GDP) is expected to grow between 3.2 per cent and 4.2 per cent this year due to the impact of Covid-19 outbreak. (28 February, Business Times)

Malaysia's power struggle puts economy's outlook at risk: Malaysia's political upheaval is jeopardising the economy's outlook at a time of heightened global risks and brewing discontent among locals about rising living costs. The ruling coalition collapsed Monday amid a power struggle between 94-year-old Prime Minister Tun Dr Mahathir Mohamad and his planned successor. The political uncertainty is stalling economic policy, including a stimulus package that was due to be unveiled by Dr Mahathir on Feb. 27 to counter the Covid-19 coronavirus outbreak. Now, that set of incentives won't be announced in time as it hadn't been approved by the previous cabinet, said Ong Kian Ming, who served as deputy trade minister. (25 February, The Star)

World Bank reviewing Covid-19 impact before revising Malaysia's GDP growth target: The World Bank is in the midst of reviewing the economic impact of the Covid-19 outbreak on Malaysia's economy before deciding whether to revise the country's gross domestic product (GDP) growth target. In principle, the World Bank is looking at a GDP growth of 4.5 per cent in 2020 for Malaysia. Its Global Knowledge and Research Hub country manager (Malaysia), Dr Firas Raad said a revision was likely in light of the "evolving situation". "Everybody is still looking at the impact and flow channels," he told reporters after the launch of the 'Practitioner's Guide to Innovation Policy' report in Kuala Lumpur. (18 February, Business Times)

Malaysia will be undertaking extensive reforms of the investment process in 2020: MITI: Malaysia will be undertaking extensive reforms in the investment process in order to improve the ease of doing business for both foreign and domestic investors in 2020. The Ministry of International Trade and Industry (MITI) said domestic investors, in particular, will be encouraged to aggressively pursue export opportunities in new overseas markets. Under the leadership of minister Datuk Darell Leiking, the ministry has taken on board constructive feedback offered by investors and other stakeholders on how to improve investment process in order to better drive economic growth towards achieving Malaysia's vision of Shared Prosperity 2030. (14 February, Business Times)

UK sees Malaysia as possible gateway to Asia-Pacific trade: Britain, promoting itself as a willing trade partner for the Asia-Pacific region, is seeking close alignment with Malaysia as its former colony considers ratifying an 11-member Pacific trade pact, the UK's top diplomat said recently. Pushing the tagline "Global Britain is open for business", the UK has launched an aggressive campaign to set up new trade partnerships after it formally quit the European Union at the end of January. Malaysia was the final stop in a four-nation tour of the Asia-Pacific by British Foreign Secretary Dominic Raab, who described the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), representing more than 13 per cent of global gross domestic product, as a "priority" for Britain. (12 February, Business Times)

Malaysia's total trade eases 2.5 pct to RM1.83 trillion in 2019: Malaysia's total trade performance in 2019 eased 2.5 per cent to RM1.835 trillion from RM1.876 trillion recorded in 2018, according to International Trade and Industry Ministry. Its deputy minister Dr. Ong Kian Ming said the lower trade was dragged by softer global demand due to trade tensions and unfavourable external economic conditions. "The decline in total trade was also due to lower demand from Malaysia's major trading countries, especially with Singapore, Hong Kong, France, Thailand and Japan," he said at a press conference on Malaysia's trade performance. (4 February, Business Times)

Consumer confidence remains low: The consumer confidence index (CCI) has declined for the fifth consecutive quarter since its all-time high after the 14th General Election, as more Malaysians remain apprehensive about job prospects. At 107 points, Malaysia fell just outside the top 10 most optimistic countries, placing 11th on the index, according to Nielsen. "In the fourth quarter of 2019, 70% of Malaysians believed that the country is in a recession, down slightly from 73% posted in the previous quarter; 37% were optimistic about an economic recovery in the next 12 months, which is higher than 34% in the third quarter of 2019. (19 February, The Star)

Malaysia can be electric car hub: Malaysia has the potential to be an electric vehicles (EV) and plug-in hybrid electric vehicles (PHEV) hub, Proton Holdings Bhd deputy chief executive officer Datuk Radzaif Mohamed said. But this requires the local vendor community to develop new skills and invest in advanced technologies, allowing them to make a quantum leap to become a global supplier. Therefore, Radzaif said the National Automotive Policy 2020 (NAP2020) must take a holistic view regarding EV and PHEV encompassing multiple areas. (20 February, Business Times)

Govt to expedite investment projects worth RM21 bln to address COVID-19 impact: The government will expedite the implementation of development projects worth RM21 billion involving government-linked companies (GLCs) and public agencies to address the impact from the Covid-19 outbreak. Interim Prime Minister Tun Dr Mahathir Mohamad when announcing the economic stimulus package worth RM20 billion themed "Strengthening Confidence, Stimulating Growth, Protecting Jobs" today, said the move was taken to further increase the confidence of the business community. Dr Mahathir said the investment projects in 2020 that will be expedited included by the Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) which will open for bids quota of 1,400 megawatts for solar energy generation. (27 February, Bernama)

LOCAL TEMPATAN

RM5b green venture a world first:

The State Government is looking into the possibility of being the first in the world to use biotechnology to convert tropical tree waste into plastic resin. Instead of corn and cassava, the project called the “Benta X Project”, is designed to use existing unutilised resources for social economic development and engineer industries away from relying on natural forests. “This is a good joint effort which allows us to produce biodegradable plastic in our country, because we realise that everywhere, the world is faced with pollution and plastics are among the biggest contributors,” said Chief Minister Datuk Seri Mohd Shafie Apdal. (12 February, Daily Express)

State Govt can sustain economic growth – CM:

Chief Minister Datuk Seri Shafie Apdal said the State Government is confident that it can sustain its economic growth even amidst the current global economic challenges. While he is aware that the global economy is currently facing various problems, he is positive that Sabah will be able to rise above those existing issues. “This year, I am very focused on our existing economic growth even though there are problems, I know that the world economy and this region are facing problems but don’t tell me that there is no solution to the problems in the state level. “We have to find ways and means. We believe. We have confidence that we can sustain the economic downfall at the global level,” said Shafie, who is also State Finance Minister. (12 February, The Borneo Post)

Sabah launches own cooking oil brand:

Sabah government’s ambition of producing a home-grown brand of cooking oil has been realised with the launch of Benta Enak Sedap Sehat (BESS) on Monday (3 February). Sabah Chief Minister Datuk Seri Mohd Shafie Apdal officiated the launching ceremony at the factory of Benta Edible Oil Sdn Bhd, a subsidiary of Yayasan Sabah’s unit Benta Wawasan Sdn Bhd (BWSB), Tawau. Calling it a historic event, Mohd Shafie said the state, through BWSB, was now processing, bottling and marketing the palm-based

cooking oil for the Sabah market at an affordable price, thus benefiting the people. (4 February, New Sabah Times)

City public transport system to be upgraded – CM:

Sabah’s Chief Minister Datuk Seri Mohd Shafie Apdal said the government would upgrade the city’s public transport system to be in line with other cities in the region. “The government will strive to resolve the issue of increasing number of vehicles causing existing roads unable to meet the demand and also inadequate parking facilities. “Therefore, I have directed Warisan Harta to hold discussions with City Hall to find the best way to improve the existing transport system. “I hope that the city’s public transport system will be on par with other cities in the region,” he added. (3 February, New Sabah Times)

RM260 million for repair of 67 dilapidated schools in Sabah this year:

The Sabah Education and Innovation Ministry is focusing on addressing problems of dilapidated schools, with RM260 million to be spent for repair and rebuilding of 67 such schools in the state this year. Its minister, Datuk Dr Yusof Yacob said there are seven categories of dilapidated schools. Those in category seven are declared unsafe and cannot be used, he told reporters after handing over the Cost of Living Aid (BSH) payment to the recipients here today. He said there are 1,300 primary and secondary schools in Sabah and 590 of them were categorised as dilapidated schools. (27 February, The Borneo Post)

RM290 million first phase of connectivity plan in eight states:

The government will implement the first phase of the National Fiberisation and Connectivity Plan (NFCP) in eight states including Sabah this year, at a cost of RM290 million, said Communications and Multimedia Minister Gobind Singh Deo. He said the first phase which began on Feb 15, comprises 152 sites, 50 of which will be established in Sabah in the following areas — Nabawan, Tenom, Keningau, Papar, Tawau, Semporna, Kunak, Beluran, Tongod, Tuaran, Kudat, Kota Marudu and Pitas. “The NFCP is a five-year-plan launched in September last year. Under this plan, the government will launch six initiatives comprising NFCP 1 to 6, beginning this year. (22 February, Daily Express)

Water woes of 2,000 Tenom farmers to end:

Water supply issues faced by over 2,000 farmers from seven villages in Lagud Seberang here will be resolved once dredging and reclamation of the river bank to the water pump house is completed. State Infrastructure Development Minister Datuk Peter Anthony said about RM100,000 to RM200,000 will be allocated by the government to carry out the reclamation works. He said the government is concerned about the people’s sufferings from water shortage in the fields as a result of the drought and shallow riverbank. “It is for this reason I have made an immediate commitment and I estimate between RM100,000 or RM200,000 to clear the river and drains as a short term measure after which we will look for a suitable site to place the pump station,” he said. (17 February, Daily Express)

RM2mil allocated for alternative rural water supply:

The State Rural Development Ministry has allocated RM2 million towards the implementation of the alternative rural water supply programme (BALBA) this year. Its Minister Datuk Ewon Benedick said the BALBA programme is among the new initiatives introduced by the Ministry to aid rural residents who frequently face water supply problems. “BALBA is a water supply programme with alternative methods of treatment either using gravity water pipes and wells or underground water sources at secluded and remote areas from the State Water Department’s reticulation system”. (15 February, Daily Express)

9,000 more land grants in store for rural folks:

More individual land grants are in store for rural folks who have long lived in forest reserves in Sabah. Chief Minister Datuk Seri Mohd Shafie Apdal said at the next State Assembly sitting in April, he would state the number of additional individual land grants for the purpose and the districts involved. He said so far, 1,800 individual land grants had been approved to be handed over to kampung residents in this category in Keningau. According to him, this year, the State Government would be giving more than 9,000 individual land grants to kampung residents who have lived for a long time in forest reserves. (10 February, Daily Express)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

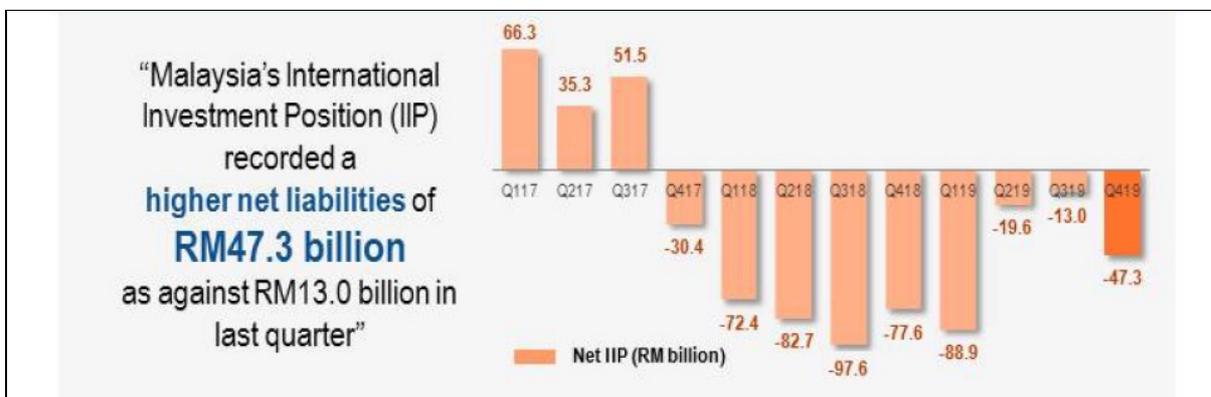
Malaysia's Economic Performance Fourth Quarter 2019

Table 1: GDP at Constant 2015 Prices

PERCENTAGE CHANGE FROM CORRESPONDING QUARTER OF PRECEDING YEAR								
	2018	2019	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
GDP	4.7	4.3	4.4	4.7	4.5	4.9	4.4	3.6
PERCENTAGE CHANGE FROM PRECEDING QUARTER								
Seasonally Adjusted GDP			1.5	1.3	1.1	1.0	0.9	0.6

(Source: 12 February, Department of Statistics Malaysia)

Malaysia's International Investment Position Fourth Quarter 2019



(Source: 12 February, Department of Statistics Malaysia)

Malaysia's Monthly Rubber Statistics, December 2019

Table 1 presents the principal statistics of rubber for December 2019 while Chart 1 shows the monthly time series from December 2018 to December 2019.

Table 1: Principal statistics of rubber, December 2019

Principal Statistics	December 2018	November 2019	December 2019	Change month-on-month December 2019/ October 2019 (%)	Change year-on-year November 2019/ November 2018 (%)
Production (tonnes)	55,037	53,019	58,437	10.2	6.2
Exports (tonnes)	48,183	47,488	50,516	6.4	4.8
Imports (tonnes)	84,035	144,250	104,524	-27.5	24.4
Domestic consumption (tonnes)	41,833	41,463	40,351	-2.7	-3.5
Closing stocks (tonnes)	174,004	216,582	245,002	13.1	40.8
Number of paid workers (estate)	11,481	11,002	11,053	0.5	-3.7
Salaries & wages (estate) (RM'000)	18,858	17,494	20,555	17.5	9.0

(Source: 10 February, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, January 2020

Table 1: Percentage Change of Food & Non-Alcoholic Beverages Sub-Groups

Sub-groups	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change		
		Weight	Jan 2020	Dec 2019/ Dec 2018	Jan 2020/ Jan 2019	Dec 2019/ Nov 2019
Food & Non-Alcoholic Beverages	29.5	134.1	1.7	0.9	0.5	0.1
Food	28.4	135.1	1.7	0.9	0.4	0.1
Food At Home	16.9	131.2	1.1	0.4	0.6	0.2
Rice, Bread & Other Cereals	3.5	111.1	0.6	0.7	0.1	0.1
Meat	2.5	124.1	-3.0	-4.5	0.2	0.4
Fish & Seafood	4.0	155.2	2.5	1.2	1.3	0.9
Milk & Eggs	1.5	123.8	-1.5	-2.7	-1.0	-1.0
Oils & Fats	0.6	118.1	0.0	0.0	0.1	0.1
Fruits	1.2	134.4	1.4	0.7	0.4	0.4
Vegetables	2.1	138.8	5.7	5.7	2.3	-0.1
Sugar, Jam, Honey, Choc. & Confectionery	0.6	134.8	0.4	0.1	0.0	-0.1
Food Products n.e.c.	1.0	133.6	1.8	1.8	0.2	0.2
Food Away From Home	11.5	141.4	2.5	1.7	0.2	0.1
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.7	1.4	1.4	-0.3	0.3

(Source: 21 February, Department of Statistics Malaysia)

Malaysia's Producer Price Index, January 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		
			Jan 2020	Nov 2019/ Nov 2018	Dec 2019/ Dec 2018	Jan 2020/ Jan 2019	Nov 2019/ Oct 2019	Dec 2019/ Nov 2019	Jan 2020/ Dec 2019
Total		100.000	107.3	1.2	3.5	2.8	1.3	0.8	-0.1
Agriculture, forestry & fishing	A	6.730	111.7	19.9	21.9	18.0	10.5	2.6	3.8
Mining	B	7.927	104.1	6.4	19.3	9.2	8.9	2.1	-6.8
Manufacturing	C	81.571	106.9	-0.7	0.5	0.9	-0.2	0.6	0.4
Electricity & gas supply	D	3.442	117.8	0.6	1.2	1.0	-0.3	0.7	0.1
Water supply	E	0.330	111.7	-2.3	-2.9	-1.2	0.1	0.0	0.0

(Source: 27 February, Department of Statistics Malaysia)