



MONTHLY NEWS SCAN

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HIGHLIGHTS FOCUS

- **Apec seeks policy coordination to weather record recession**
- **Covid-19 crisis sparks record drop in energy investment: IEA**
- **Malaysia is not heading for deflation: Economists**
- **Economic recovery plan to continue through private sector collaboration – MOF**
- **Steps to be taken to rejuvenate tourism after pandemic**
- **Sabah reopens five more sectors**

INTERNATIONAL ANTARABANGSA

Apec seeks policy coordination to weather record recession: Hit by the Covid-19 outbreak, economic growth in the Asia-Pacific region may suffer a record decline this year. The Asia-Pacific Economic Cooperation (Apec) expects the region's real GDP growth to drop by 2.7 per cent, with prolonged trade tensions and lower commodity prices reinforcing the pandemic-driven slump. The contraction would amount to an output loss of US\$2.1 trillion for the region and an additional 23 million unemployed workers due to the economic fallout from the pandemic. (28 May, The Straits Times)

Covid-19 crisis sparks record drop in energy investment: IEA: The energy industry is set to suffer a record drop in investment due to the coronavirus fallout, the International Energy Agency (IEA) recently, and while renewables are likely to fare better than oil, any swift economic recovery could create a global fuel crunch. In its annual report on energy investments, the Paris-based agency estimated the plunge will be of the order of one-fifth from 2019 levels, or almost US\$400 billion (S\$567.75 billion), as firms slash spending amid slumping demand for energy. (27 May, The Straits Times)

Pandemic slams global factories, activity sinks to new lows: Factory activity was ravaged across the world in April, business surveys showed, 1 – 31 May 2020

and the outlook looked bleak as government lockdowns to contain the new coronavirus pandemic froze global production and slashed demand. The coronavirus has infected more than 3.5 million people globally and killed around 247,000. With the public told to stay home in numerous countries, the global economy is expected to suffer its steepest contraction on record this year as supply chains have been massively disrupted. (4 May, Reuters)

Coronavirus creates repair headache for oil and gas industry: The coronavirus pandemic has disrupted maintenance at oil and gas projects and refineries from Russia's Far East to the coast of Canada, storing up problems for an industry already reeling from slumping prices, analysts say. Lockdowns to stop the spread of COVID-19, the flu-like infection caused by the virus, have snarled the supply of spare parts and have prevented maintenance workers from doing their job. Regular repairs are needed to keep wells pumping, pipelines and refineries functioning and ships moving. (19 May, Reuters)

Pandemic sends US jobless rate to 14.7%: The US unemployment rate has risen to 14.7%, with 20.5 million jobs lost in April, as the coronavirus pandemic devastated the economy. The rise means the jobless rate is now worse than at any time since the Great Depression of the 1930s. Since the pandemic began, the US has suffered its worst growth numbers in a decade and the worst retail sales report on record. Just two months ago, the unemployment rate was at 3.5%, a 50-year low. (8 May, BBC News)

EU facing 'deep and uneven recession': The European Union faces a deep and uneven recession, according to a new forecast from the EU's Commission. The bloc's executive arm predicts a recovery in 2021 but warns that the uncertainty is exceptionally high. The Commission predicts a decline in economic activity this year of 7.5%, and slightly more than that for the eurozone. It warns the

outcome could be worse if the pandemic turns out to be longer or more severe than currently envisaged. (6 May, BBC News)

Japan eyes second extra budget to help economy: Japan will take additional stimulus measures "swiftly" to combat the fallout from the coronavirus pandemic, Prime Minister Shinzo Abe said, signaling readiness to compile a second supplementary budget during the current parliamentary session running till next month. The new package of steps would aim to cushion the blow to the world's third largest economy, which is on the cusp of deep recession amid a plunge in global demand and a local state of emergency that has been extended till the end of the month. (12 May, The Straits Times)

China factory activity slows as global slump drags on growth: Factory activity in China expanded at a slower pace in May as the country attempts to get back on track after the coronavirus, official data showed on Sunday (May 31), with the global economic slump making the sector's recovery difficult. China's factories have stirred back to life after the lifting of strict lockdown measures imposed when the deadly pathogen surfaced in the central city of Wuhan, but the spread of the virus worldwide has dragged down key foreign markets - weighing heavily on Chinese exports. (31 May, The Straits Times)

South Korea cuts rates to record low as pandemic hits economy: The Bank of Korea cut its key interest rate to a record low on Thursday (May 28), as it forecast the economy will contract this year for the first time since the Asian financial crisis in the late 1990s. The decision to cut the seven-day repurchase rate by a quarter percentage point to 0.5 per cent was predicted by 18 of 23 analysts surveyed by Bloomberg. One economist forecast a 50 basis point cut, while the rest saw no change. (28 May, The Straits Times)

NATIONAL NASIONAL

Malaysia is not heading for deflation: Economists: Malaysia is not heading for deflation despite Consumer Price Index (CPI) having deflated further 2.9 per cent to 117.6 points in April from 121.1 in the same month in 2019, the lowest level since 2010, economists said. Bank Islam Malaysia Bhd chief economist Dr Mohd Afzanizam Abdul Rashid said the core CPI, which removes the volatile items such as fresh food and administered prices, had been recording positive growth of 1.3 per cent for the past three months now. "Therefore, it is not deflation since the primary driver for the decline in headline CPI was due to fuel prices and electricity charges whereby both sub indices have declined by 38.2 per cent and 33.3 per cent respectively during April. (25 May, Business Times)

Economic recovery plan to continue through private sector collaboration – MOF: The short-term economic recovery plan which will be announced by the Prime Minister will see continued cooperation between the government and the private sector to ensure its smooth and orderly implementation to revive the economy. Finance Minister Tengku Datuk Seri Zafrul Tengku Aziz said the government has engaged with various stakeholders to explore possible scenarios and to obtain feedback which would help the government in making relevant decisions for the benefit of various sectors. He said some of the measures announced under the Prihatin Rakyat Economic Stimulus Package (ESP) were only for three months and six months period, which would end soon. (29 May, Bernama)

Malaysia's GDP to grow 2.2 per cent in Q1 2020 - IHS Markit: Malaysia's gross domestic product (GDP) growth is expected to ease to an annual rate of 2.2 per cent in the first quarter of 2020 (Q1 2020) from 3.6 per cent in Q4 2019, according to IHS Markit's estimates. Similar to Japan's economic growth, IHS Markit said Q1 2020 GDP growth for Malaysia looks set to be worse than the depth of the global financial crisis. The research house projected Japan's Q1 2020 GDP to register a fall of 2.1 per cent year-on-year. In its Week Ahead Economic Preview note release today, IHS Markit said the week ahead would see some key retail sales

and industrial output numbers released globally, which would provide important signals as to just how steeply economies may collapse in the second quarter. (8 May, Bernama)

Malaysia, Singapore to resume discussions on High-Speed Rail project soon – Azmin: The Malaysian and Singaporean governments have agreed to resume discussions on the Kuala Lumpur-Singapore High-Speed Rail (HSR) infrastructure project in the near future, said Senior Minister cum International Trade and Industry Minister Datuk Seri Mohamed Azmin Ali. In a statement recently, he said the discussions would encompass some of the proposed changes in the commercial and technical aspects of the project. Mohamed Azmin said this decision arrived after both sides had mutually agreed to extend the deferment of the KL-Singapore HSR project to Dec 31, 2020. (31 May, Bernama)

MITI to woo Japanese companies seeking to leave China – Azmin: The Ministry of International Trade and Industry (MITI) is identifying Japanese companies seeking to relocate their operations from China that can be invited to invest in Malaysia. Senior Minister cum MITI Minister Datuk Seri Mohamed Azmin Ali said this followed Japan's decision to help its manufacturers shift production out of China or relocate their operations to other countries in response to the COVID-19 impact. "MITI will strive to convince Japanese investors to use Malaysia as a new investment destination, as well as a hub to penetrate the ASEAN market, with ASEAN being home to over 650 million people,". (28 May, Bernama)

March unemployment rate hits 3.9pct, highest since June 2010: Malaysia's unemployment rate increased to 3.9 per cent in March, the highest since 3.6 per cent in June 2010, the Department of Statistics said. This had led to the first quarter's (Q1) unemployment rate increasing to 3.5 per cent from 3.2 per cent in Q4 of 2019, said chief statistician Datuk Seri Dr Mohd Uzir Mahidin. "This high unemployment rate was mainly attributed to the adverse impact of the Movement Control Order (MCO) on the labor market. "The unemployment rate was the highest ever recorded since the second quarter of 2017," he said during a Facebook live session. (8 May, Business Times)

Malaysia posts highest Q1 export value since 2011: Malaysia's trade grew 1.2 per cent to RM440.38 billion year-on-year in the first quarter (Q1) of 2020. Higher trade was recorded with Indonesia, the United States, South Korea, Saudi Arabia and Singapore, the International Trade and Industry Ministry said in a statement recently. Exports increased 1.1 per cent to RM238.68 billion, the highest export value recorded for Q1 thus far, the ministry said. Imports rose 1.3 per cent to RM201.69 billion. Trade surplus in Q1 2020 was valued at RM36.99 billion, rising 0.1 per cent from the same period in 2019. "This was the largest trade surplus recorded for Q1 since 2011. Compared to the fourth quarter of 2019, total trade, exports and imports contracted by 8.1 per cent, 7.4 per cent and 8.9 per cent respectively," the ministry said. (4 May, Business Times)

Services sector revenue up 1.5 pct y-o-y in Q1 2020 – DoSM: The services sector's revenue rose 1.5 per cent year-on-year (y-o-y) to RM437.8 billion in the first quarter of 2020 (Q1 2020), said the Department of Statistics Malaysia (DoSM). Chief statistician Malaysia Datuk Seri Dr Mohd Uzir Mahidin said the growth was driven by wholesale and retail trade, food and beverages, as well as the accommodation segment, which increased 1.5 per cent y-o-y to RM347.3 billion. Apart from that, he said the growth was also contributed by the information, communication, transportation and storage segment, which rose 1.4 per cent y-o-y RM63.9 billion, as well as professional and real estate agent segment which climbed five per cent y-o-y to RM9.8 billion. (12 May, Bernama)

Headline inflation declines to -0.2 per cent in March – BNM: The headline inflation declined to -0.2 per cent in March 2020 from 1.3 per cent registered in February 2020, said Bank Negara Malaysia (BNM). "The negative inflation reflected the decline in transport inflation due to lower retail fuel prices amid significantly weakened global oil prices," the central bank said in its monthly highlights. The country's economy last swung into deflation in the January-February period of last year, the first time since the aftermath of the global financial crisis in 2009. The Consumer Price Index (CPI) posted -0.7 per cent and -0.4 per cent in January and February 2019, respectively. (6 May, Bernama)

LOCAL TEMPATAN

Steps to be taken to rejuvenate tourism after pandemic: The Ministry of Tourism, Culture and Environment and its six agencies will be taking practical measures for implementation of the Sabah Tourism Recovery Plan once the Covid-19 pandemic is over. Minister Datuk Christina Liew disclosed this after chairing a brainstorming meeting on how to go about it with heads of department from the Sabah Tourism Board (STB), Sabah Cultural Board, Sabah Parks, Sabah Wildlife Department, Sabah Museum Department and Environment Protection Department. The Ministry's Permanent Secretary Dr Jamili Nais, his Deputy Hajah Mariam Omar Matusin and Principal Assistant Secretary Mary Malangkang, who were also present, will spearhead efforts in formulating the proposed Sabah Tourism Recovery Plan for the domestic and international tourism segments. (6 May, Daily Express)

Sabah reopens five more sectors: Sabah recently reopened five more sectors under its Phase Five of the Movement Control Order to contain Covid-19, said Chief Minister Datuk Seri Mohd Shafie Apdal. The five sectors are tourism, culture and the environment; sport and recreation, professional services, air transport and outlets selling motor vehicles, heavy machinery and bicycles. Shafie reiterated that inter-district travel had been allowed from May 4 in line with Phase Five of the order subject to standard operating procedures of the Ministry of Health and local authorities. (10 May, Daily Express)

Sabah to set up digital economy unit, working with telcos to increase internet access: The Sabah government is working closely with telecommunications companies to increase Internet access throughout the state in an effort to strengthen its digital economy. Chief Minister Datuk Seri Mohd Shafie Apdal said the state government would also set up a digital economy unit to spur efforts to empower the sector. The effort is aimed at enhancing online business development and marketing, which is now part of the new normal, he told reporters after handing over medical equipment from the Osimal Foundation. (5 May, Bernama)

RM170,000 to fix water woes in Tuaran village: The Sabah government has allocated RM170,000 to address the water supply problem in Kampung Penimbawan Tuaran. Deputy Chief Minister, Datuk Seri Panglima Wilfred Madius Tangau said the gravity pipe used in the village is unable to meet the water needs of the villagers. He said that following studies, the government has decided to provide the allocation and resolve the problem the villagers have been facing for a long time. "We shall endeavor to ensure it is addressed speedily and prior to the Hari Raya celebration," he said when handing over 1,000 food packets to the Village Community Management Council (MPKK) to be distributed to those in need. (15 May, The Borneo Post)

KPLB Sabah bina rumah Sejahtera Rakyat di Mesej Tukar Pitas: Kementerian Pembangunan Luar Bandar (KPLB) Sabah membina sebanyak 20 unit Rumah Sejahtera Rakyat (RSR) untuk peserta Mini Estate Sejahtera (MESEJ) Tukar Pitas dengan kos sebanyak RM1.2 juta. Menterinya Datuk Ewon Benedick berkata, kerja-kerja pembinaan rumah itu dimulakan pada hujung tahun lalu dan kini sudah menjangkau 90 peratus siap. "Selepas mengadakan lawatan dan melihat sendiri perumahan di Mesej Tukar, saya berpuas hati dengan kerja-kerja pembinaan dan ia hampir siap sepenuhnya. "Ini adalah perumahan Mesej yang pertama menggunakan konsep RSR yang diperkenalkan dan direkabentuk oleh KPLB Sabah. (23 Mei, Utusan Borneo)

Sabah rancang program penanaman limau bali: Kerajaan Sabah, melalui Koperasi Pembangunan Desa (KPD), sedang merancang dan merangka beberapa program bagi memudahkan pembabitn warga Sabah yang berminat dalam penanaman limau bali, kata Menteri Pertanian dan Industri Makanan Sabah, Datuk Junz Wong. Ia selaras dengan Pelan Pembangunan Pertanian Sabah 2021-2030, katanya. Wong berkata kerajaan negeri juga akan mereplikasikan model-model berjaya dan berperanan sebagai fasilitator untuk menghubungkan entiti-entiti berbeza agar menjadi sebuah ekosistem mampan dalam sektor pertanian. Contohnya, beliau berkata, petani memerlukan baja dan pembekal memerlukan petani untuk menggunakan baja. "Jadi petani dan pengeluar baja akan dihubungkan. Atau, pengusaha hiliran yang mengeluarkan jus memerlukan bahan

mentah dan petani memerlukan pasaran untuk menggunakan hasil tani,". (21 Mei, Harian Ekspres)

Piped water to Pulau Sakar (Lahad Datu) plan: The longstanding water supply crisis which affects some 2,000 residents in Pulau Sakar here will continue to be resolved so that the people have access to clean water. Lahad Datu People's Representative Dumi Pg Masdal said previous efforts have come to naught. Nevertheless, he remains committed to resolving the issue. Dumi said many efforts have been taken including the study of detecting clean water sources in the area. "The outcome of this study was not what we expected but I will continue to fight for the people in Pulau Sukar so that they can enjoy clean water supply. "I am currently preparing a proposal document for clean water to be supplied to the island via seabed pipes that will be submitted to the State and Federal Governments," he said. (29 May, Daily Express)

Masalah banjir di Jalan Rugading bakal berakhir: Pengguna di Jalan Rugading Tuaran bakal menarik nafas lega apabila masalah banjir yang sering melanda kawasan berkenaan pada setiap hujan lebat akan diatasi kelak. Timbalan Ketua Menteri Datuk Seri Wilfred Madius Tangau berkata, penyelesaian itu sebenarnya telah dimasukkan dalam reka bentuk projek lebuh raya Pan Borneo yang sebelum ini ditangguh bagi mematuhi Perintah Kawalan Pergerakan (PKP). "Hari ini saya telah diberi taklimat berkaitan dengan pelan pembinaan yang berfokus di jalan-jalan sekitar Telipok dan Tuaran oleh pihak Jabatan Kerja Raya dan kontraktor yang terlibat,". (31 Mei, Utusan Borneo)

RM150,000 goods given to Sandakan folk: Democratic Action Party (DAP) Member of Parliament for Sandakan, Vivian Wong said that P186 Parliament Sandakan managed to distribute RM150,000 worth of goods to the Sandakan community since the Movement Control Order (MCO) was enforced on March 18. "I'm thankful to our Chief Minister, Datuk Seri Panglima Hj Mohd Shafie Apdal for allocating a special disaster relief fund to P186 Sandakan Parliament office to help the Sandakan Community during this crisis. "I would also like to thank my team as well as the numerous donors and volunteers who made all those distributions at various locations around Sandakan possible during the MCO period," Vivian said. (16 May, The Borneo Post)

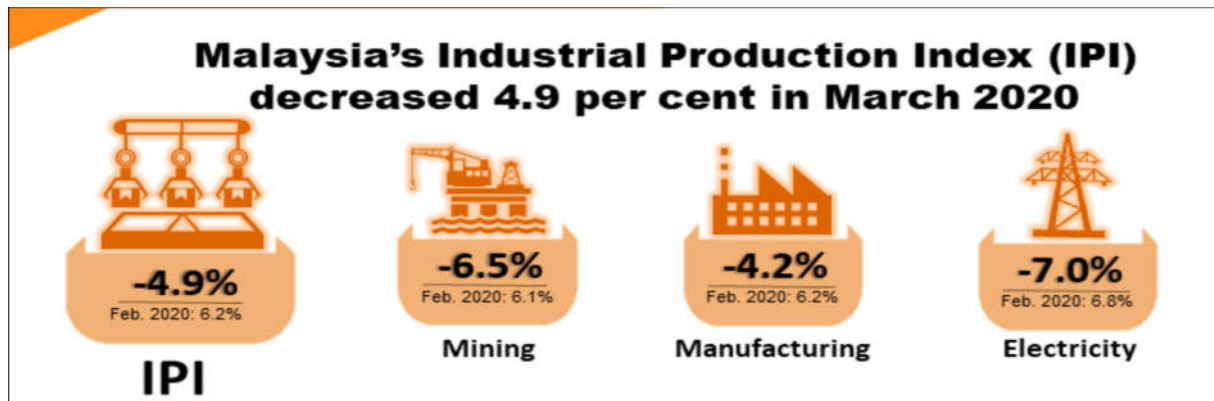
SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Malaysia's Service Sector, First Quarter 2020



(Source: 12 May, Department of Statistics Malaysia)

Malaysia's Industrial Production Index, March 2020



(Source: 12 May, Department of Statistics Malaysia)

Malaysia's Wholesale & Retail Trade Registered Sales Value, March 2020



(Source: 12 May, Department of Statistics Malaysia)

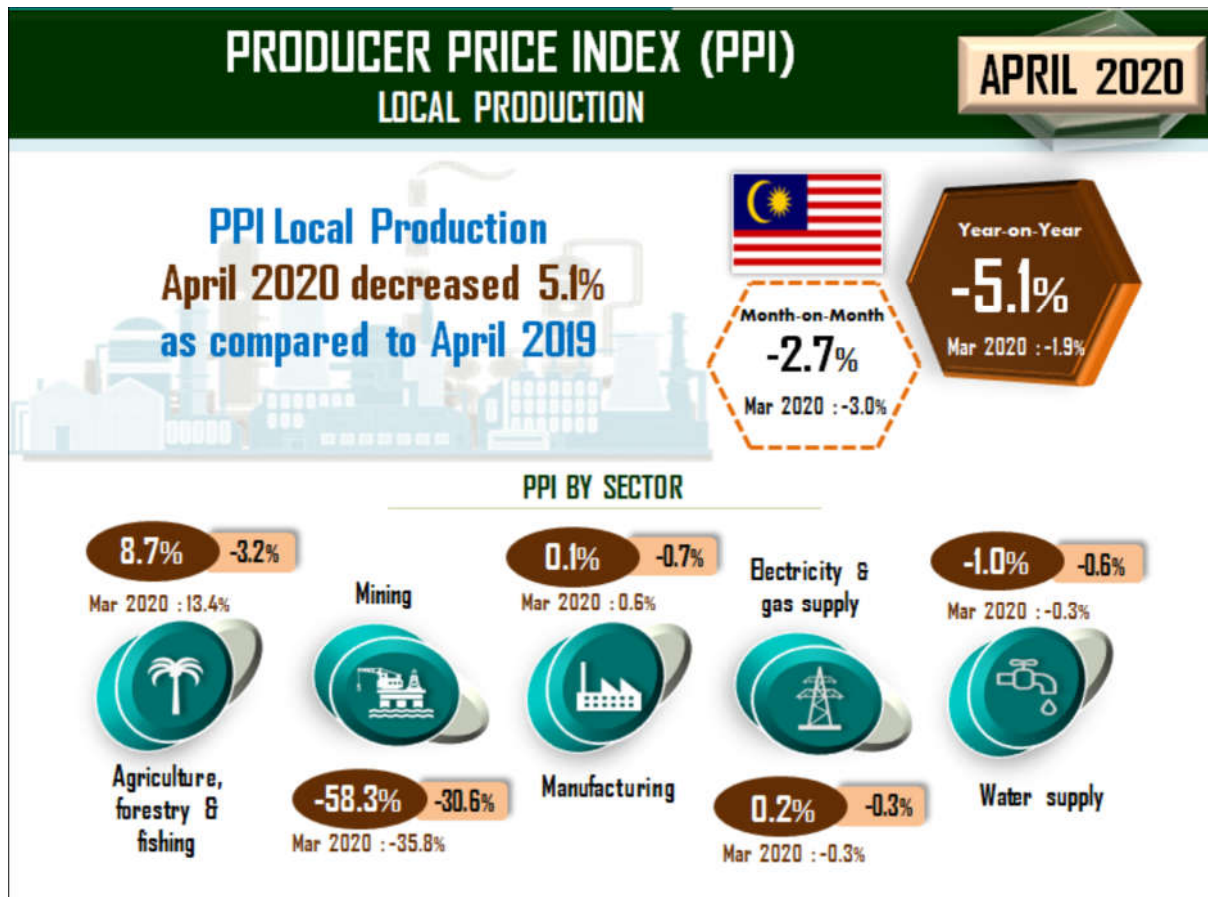
Malaysia's Consumer Price Index, April 2020

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

Subgroup	Index	Year-on-Year Percentage Change		Month-on-Month Percentage Change		
		Weight	Apr 2020	Mar 2020/ Mar 2019	Apr 2020/ Apr 2019	Mar 2020/ Feb 2020
Food & Non-Alcoholic Beverages	29.5	133.9	1.2	1.2	-0.1	-0.1
Food	28.4	135.0	1.2	1.4	-0.1	-0.1
Food At Home	16.9	130.5	0.9	1.2	-0.2	-0.2
Rice, Bread & Other Cereals	3.5	111.6	0.6	0.8	0.0	0.3
Meat	2.5	124.5	0.9	2.6	0.8	-1.4
Fish & Seafood	4.0	151.8	0.3	0.5	-1.0	-0.1
Milk, Cheese & Eggs	1.5	124.1	-3.5	-1.1	0.2	0.6
Oils & Fats	0.6	119.0	1.4	0.8	1.3	-1.0
Fruits	1.2	133.4	0.6	0.4	-0.2	-0.1
Vegetables	2.1	137.3	5.7	3.5	-1.6	-0.2
Sugar, Jam, Honey, Choc. & Confectionery	0.6	133.5	0.1	-1.1	-0.1	-1.0
Food Products n.e.c.	1.0	135.4	2.6	2.8	0.5	0.4
Food Away From Home	11.5	141.9	1.6	1.5	0.1	0.0
Coffee, Tea, Cocoa & Non-Alcoholic Beverages	1.1	112.1	0.9	-0.2	0.0	-0.8

(Source: 20 May, Department of Statistics Malaysia)

Malaysia's Producer Price Index, April 2020



(Source: 29 May, Department of Statistics Malaysia)