



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 25 Issue 7

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

1 – 31 July 2020

HIGHLIGHTS FOCUS

- **G20 officials pledge to keep cooperating to bolster global economy**
- **EU sees deeper recession, less steep rebound for euro zone**
- **Malaysia leads APEC consensus to ease movement of essential goods**
- **Malaysia's current account to rebound in 2021**
- **Big demand for Sabah-made cooking oil – CM**
- **IDS, ASB to set up training centre for oil & gas industry**

INTERNATIONAL ANTARABANGSA

G20 officials pledge to keep cooperating to bolster global economy: Finance officials from the Group of 20 major economies vowed to continue using “all available policy tools” to fight the coronavirus pandemic and bolster the global economy, warning that the outlook remains highly uncertain. G20 finance ministers and central bankers, in a communique issued after a virtual meeting recently, said the global economy would recover as economies gradually reopen, but said further actions were needed to ensure growth. (19 July, Reuters)

EU sees deeper recession, less steep rebound for euro zone: The euro zone economy will drop deeper into recession this year and rebound less steeply in 2021 than previously thought, the European Commission forecast, with France, Italy and Spain struggling the most due to the COVID-19 pandemic. (7 July, Reuters)

China's industrial profit growth quickens, signals firming economic recovery: Profits at China's industrial firms rose for a second straight month and at the fastest pace in over a year, adding to signs the country's economic recovery from the coronavirus crisis is gaining momentum. The statistics bureau said that profits at China's industrial firms rose 11.5% year-on-year in June to

666.55 billion yuan (\$95.27 billion) - marking the quickest profit growth since March 2019. May marked the sector's first monthly growth in earnings since November, before the onset of the coronavirus pandemic. (27 July, Reuters)

U.S. economic growth revised slightly down in 2019: U.S. economic growth slowed a bit more than previously estimated in 2019 as the sugar high from the Trump administration's \$1.5 trillion in tax cuts faded over the final year of a record-long expansion that came to an abrupt end in February in the face of the global coronavirus pandemic. The Commerce Department said recently gross domestic product increased 2.2% last year, revised down from the previously estimated 2.3% and also reflective of consumer spending that had begun to show signs of fatigue heading into 2020. The 2019 growth rate was the slowest expansion since 2016. (30 July, Reuters)

Japan's sinking exports raise risks of prolonged economic downturn at home and overseas: Japan's exports plunged at a double-digit pace for the fourth month in a row in June, backing signs the coronavirus crisis has knocked the economy into its worst postwar recession and raising the spectre of a longer and more painful global downturn. U.S.-bound Japanese shipments nearly halved again due to plummeting demand for cars and autoparts, while exports to China remained weak, pointing to the absence of a strong growth engine for the world economy. (20 July, Reuters)

South Korea enters recession as exports plunge by most since 1963: South Korea plunged into recession in the second quarter in its worst economic decline in more than two decades as the coronavirus pandemic battered exports and social distancing curbs paralysed factories. Asia's fourth-largest economy shrank by a seasonally adjusted 3.3 per cent in the June quarter from three months earlier, the Bank of Korea said recently. That is the sharpest contraction since the first quarter of

1998 and steeper than a 2.3 per cent fall seen in a Reuters poll. (23 July, The Straits Times)

Coronavirus: UK economy 'might not recover until 2024': The UK economy could take until 2024 to return to the size it was before the coronavirus lockdown, according to analysis from the EY Item Club. The forecasters, who use a similar economic model to the Treasury, suggest unemployment will rise to 9% from 3.9%. They also estimate the economy will shrink by 11.5% this year, worse than the 8% they predicted only a month ago. (27 July, BBC News)

France sees record 13.8 per cent GDP plunge in second quarter: France's economy contracted by a record 13.8 per cent in the second quarter under the impact of coronavirus lockdowns, the national statistics institute INSEE. The seasonally-adjusted quarter-on-quarter drop in gross domestic product (GDP) was better than forecast but worse than the performance of most of its eurozone peers. “GDP's negative developments in first half of 2020 is linked to the shut-down of ‘non-essential’ activities in the context of the implementation of the lockdown between mid-March and the beginning of May,” INSEE said in a statement. (31 July, The Straits Times)

Australian employment suffers setback from second coronavirus wave: Australian employment fell 1.1 per cent between mid-June and mid-July, weekly data showed, with the biggest loss coming from the southeastern state of Victoria, which is grappling with a fresh wave of coronavirus infections. The Australian Bureau of Statistics (ABS) said total payroll jobs decreased 2.2 per cent in Victoria alone as additional Covid-19 restrictions were re-introduced following an “alarming” rise in cases. The state reported 384 new Covid-19 cases on July 28, on top of a record 532 the previous day. (28 July, The Straits Times)

NATIONAL NASIONAL

Malaysia leads APEC consensus to ease movement of essential goods:

Asia-Pacific Economic Cooperation (APEC) economies under the leadership of Malaysia has reached a consensus to ease the movement of essential goods, according to the Ministry of International Trade and Industry (MITI). It said APEC Ministers Responsible for Trade (MRT), in a virtual meeting chaired by the Senior Minister and Minister of International Trade and Industry Datuk Seri Mohamed Azmin Ali, issued a statement that clearly outlines APEC commitment to support the work of the World Trade Organisation (WTO) and advancing the efforts in trade facilitation initiatives as well as strengthens the resilience of supply chains in APEC. (27 July, Bernama)

Malaysia's current account to rebound in 2021:

Malaysia's current account surplus, which has backed the economy against its long-running fiscal deficit, should recover to up to three per cent next year, said S&P Global Ratings. But before that, the surplus is expected to shrink to between 1.0 per cent and 2.0 per cent of the country's gross domestic product (GDP) this year. This would be due to lower prices of oil and gas and palm oil, said S&P Global sovereign and international public finance ratings director and lead analyst for Asia Pacific Andrew Wood said. The country's current account balance reportedly came in at 2.9 per cent of GDP for the year until the first quarter. The figure was broadly steady from the average current account surplus of 2.7 per cent of GDP in the preceding five years. (2 July, Business Times)

Govt approves RM14.2bil of projects under facilitations funds:

The government has so far approved RM14.2 billion of 320 Facilitations Fund projects, creating about RM230 billion worth of economic activities. Minister in the Prime Minister's Department in charge of the economy Datuk Seri Mustapa Mohamed said the fund, which was under the Public-Private Partnership (PPP) approach, had been the catalyst for greater private sector participation in the Malaysian economy. "PPP is a catalyst for broader sector reform and greater private sector participation. The government in its game changing strategies under the 10th and 11th

Malaysia Plan, has established a Facilitation Fund of RM20 billion to catalyse private investment in nationally strategic areas," he said in opening speech at the Invest Malaysia 2020. (20 July, Business Times)

Headline inflation falls in June over domestic fuel prices:

The headline inflation for June 2020 decreased to -1.9 per cent in June compared with -2.9 per cent in May, driven largely by the higher domestic retail fuel prices during the month. Bank Negara Malaysia (BNM) in its monthly highlights said that the risk of deflation remains contained as underlying inflation, as measured by core inflation, increased slightly to 1.2 per cent. "The higher share of consumer price index items recorded month-on-month price increases (June: 44 per cent; May: 36 per cent), suggesting a further normalisation of price pressures," it said. (30 July, Bernama)

Exports grows 8.8pct in June, trade expands 2.2pct:

Malaysia's exports rebounded in June to post its highest monthly trade surplus ever recorded. June exports grew 8.8 per cent year-on-year (y-o-y) to RM82.87 billion while total trade expanded by 2.2 per cent to RM144.84 billion, International Trade and Industry Ministry said. Imports dropped 5.6 per cent to RM61.98 billion, resulting in a trade surplus of RM20.89 billion in June, a growth of 98.7 per cent y-o-y. The ministry said trade increases were recorded primarily with China, the US, Hong Kong and Vietnam. Major exports in June continued to be led by electrical and electronics (E&E) products, valued at RM32.55 billion and constituted 39.3 per cent of total exports. (28 July, Business Times)

MITI re-strategises action plan in NAP 2020:

The Ministry of International Trade and Industry (MITI) is re-strategising the action plan in implementing the National Automotive Plan (NAP) 2020 which aims to make the nation's automotive sector more competitive and developed. MITI's minister Datuk Seri Mohamed Azmin Ali said the move will help expedite the revival of the automotive sector through the option of investments in a few sectors that made up the automotive sector. The investment promotion will help the high technology vehicle and environmentally friendly segment, the development of local talent, the enhancement in the high-value manufacturing especially for after-sales products and the application of

the latest technology in the automotive supply chain. (22 July, Business Times)

PPI for local production slips 4.0 pct in June:

Malaysia's Producer Price Index (PPI) for local production slipped 4.0 per cent in June 2020 to 100.30 compared with 104.5 in the same month last year. The Department of Statistics Malaysia (DOSM) said out of 1,063 items covered in the PPI in June 2020, 53.7 per cent showed a decline, 39.5 per cent recorded price increase, while 6.8 per cent were unchanged. Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the mining index registered the highest rate of decline at 42.5 per cent, followed by manufacturing (-1.2 per cent), water supply (-1.2 per cent) and electricity & gas supply (-0.6 per cent). (29 July, Bernama)

Manufactured, agriculture goods record double-digit growth in June:

Exports of manufactured goods in June 2020, which made up 87.5 per cent of total exports, picked up by 13.7 per cent year-on-year (y-o-y) to RM72.48 billion, according to the Ministry of International Trade and Industry (MITI). It said the expansion was due mainly to higher demand for electrical and electronics products, rubber products, other manufactures particularly solid-state storage devices, optical and scientific equipment, machinery, equipment and parts, wood products, iron and steel products, as well as manufactures of metal (28 July, Bernama)

Malaysia trade with FTA partners increased 2.9 pct to RM95.83 bln in June 2020:

Malaysia's trade with Free Trade Agreement (FTA) partners, which accounted 66.2 per cent of Malaysia's total trade, increased 2.9 per cent to RM95.83 billion year-on-year (y-o-y) in June 2020. In a statement, the Ministry of International Trade and Industry (MITI) said exports to FTA partners amounted to RM55.87 billion, surged 10.1 per cent y-o-y but imports declined 5.6 per cent to RM39.96 billion. "Increases in exports were recorded to Hong Kong SAR, up by 31 per cent to RM6.03 billion, attributed mainly to higher exports of E&E products, Pakistan (73.2 per cent), Turkey (1.7 per cent) and Chile (16.3 per cent). Compared to May 2020, trade, exports and imports were up by 25.6, 30.7 and 19.2 per cent, respectively. (28 July, Bernama)

LOCAL TEMPATAN

Big demand for Sabah-made cooking oil – CM: There is a big demand for the palm oil-based cooking oil produced by Sabah as it is now being exported to other countries including the Middle-East countries, Arab, Africa, Korea and the Philippines. Chief Minister Datuk Seri Panglima Shafie Apdal said other countries had found that the 'GOLD' brand cooking oil produced by a factory under a joint venture between Sawit Kinabalu Group and Syarikat Intipati Minyak Sdn Bhd has high quality, thus creating a big demand. (5 July, The Borneo Post)

IDS, ASB to set up training centre for oil & gas industry: The Institute for Development Studies (Sabah), IDS and Asian Supply Base Sdn. Bhd. (ASB) will collaborate on establishing an Integrated Training and Development Centre in Sabah to serve various fields, particularly the oil & gas industry in the state. An ASB delegation led by its Chief Executive Officer, Datuk Harris Annuar Tan held a meeting with the IDS team which included its chairman, Tan Sri Simon Sipau and CEO, Anthony Kiob at Wisma SEDIA, Kota Kinabalu. Recalling his past experience as the Chairman of ASB (1989-1994), Tan Sri Simon expressed his joy in ASB's tremendous financial and physical progress achieved over the years under its capable and professional leadership. (8 July, New Sabah Times)

Mizuho Bank berminat jalin kerjasama dengan Bank Pembangunan Sabah: Bank Jepun, Mizuho Bank berminat untuk menjalin kerjasama dengan Bank Pembangunan Sabah untuk menarik lebih ramai pelabur yang berpotensi dari negara itu ke Sabah. Ketua Pegawai Eksekutif Mizuho Bank (Malaysia) Bhd Shojiro Mizoguchi berkata langkah itu akan membolehkan Mizuho memudahkan dan membawa pelabur Jepun ke Sabah. "Kami adalah bank Jepun. Kami telah beroperasi selama 30 tahun di Malaysia dan sembilan tahun di Kuala Lumpur. Kami cuba mempelawa pelabur Jepun ke Sabah. (8 July, New Sabah Times)

RM10 mln boost to revive community-based tourism: Community-based tourism, especially in rural areas, can help revive

domestic economic activities in Sabah, said Sabah Rural Development Minister Datuk Ewon Benedick. For this, he said he will continue to support the development of community-based tourism, especially in Kadamaian. The tourism industry in Sabah was greatly affected following the COVID-19 pandemic, especially when the country's borders were closed when the Movement Control Order (MCO) was imposed. "Concerned about the impact of the pandemic on the economic sector, the Sabah state government has provided two assistance packages totalling RM910 million which were announced by Chief Minister, Datuk Seri Mohd Shafie Apdal. (21 July, New Sabah Times)

Sabah now exporting milkfish: The aquaculture industry has great potential with boneless fish in high demand by countries such as Indonesia, the Philippines and Dubai, according to State Agriculture and Food Industry Minister, Datuk Junz Wong. "Chief Minister Datuk Seri Mohd Shafie Apdal has asked me to look into ways to grow this industry and its downstream sectors so that more Sabahans could participate in milkfish farming," he said. "With more locals participating in the aquaculture sector, we will be able to meet the demand of the export markets and in turn enable Sabahans to generate higher incomes," he added. The downstream processing of milkfish has enabled Sabah based Champ Quality Seafood to produce export quality fish packages which have high demand overseas. (30 July, Daily Express)

RM2m allocated for various rural entrepreneur devt programmes: The State Government has allocated RM2 million to implement various rural entrepreneurship development programmes and enhance the rural communities economic development this year. State Rural Development Minister Datuk Ewon Benedick said, of the total amount, RM1 million was allocated for Rural Entrepreneur Development (PUD), and the rest was for the One District One Product (SDSP) programme. "To date, the Ministry has successfully produced 61 entrepreneurs from all over Sabah in various fields including handicrafts, food processing, health, beauty and honey bee farming," he said after officiating the closing ceremony of the traditional clothing sewing and food processing course, in Mensiang, near here, Wednesday. (24 July, Daily Express)

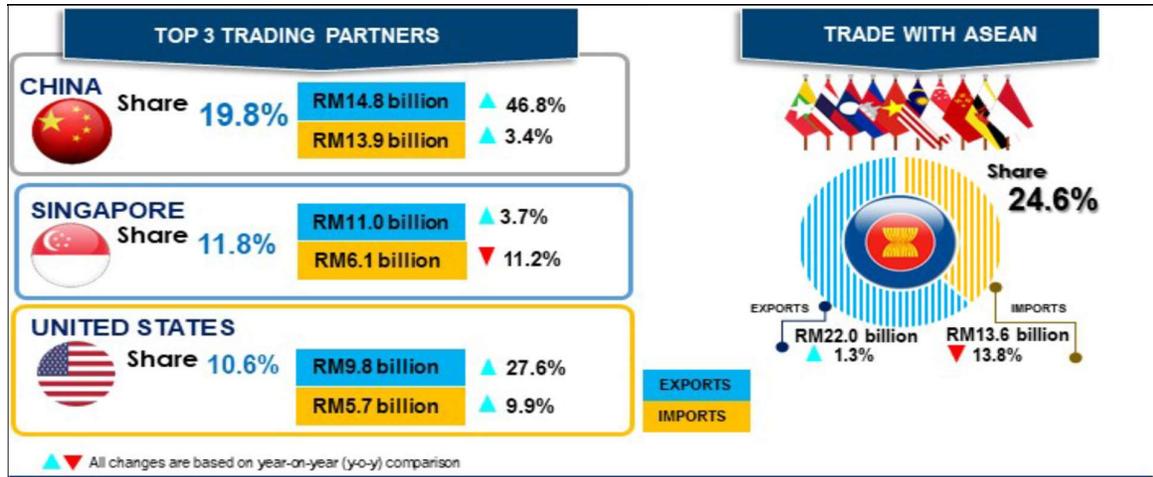
Gov't allocates over RM1 billion to upgrade dilapidated schools in Sabah: The Education Ministry has allocated RM1.252 billion to upgrade and redevelop dilapidated schools in Sabah, the Dewan Rakyat was told recently. Senior Minister of Education Dr Radzi Jidin said the allocation under the 11th Malaysia Plan (11MP) (2016-2020) was for the upgrading and redevelopment works of 237 dilapidated schools in the state, while other dilapidated schools would be upgraded under the 12MP and subject to government financial capability. "The ministry also uses the allocation from the Special Programme for the Maintenance of Educational Institutions for maintenance purposes, based on priorities according to the impact scale,". (16 July, The Borneo Post)

At least 115 new telco towers to be built in Sabah: The government is implementing various initiatives to improve broadband service coverage and quality nationwide in an effort to narrow the urban-rural digital divide. Towards that end, Communications and Multimedia Minister Datuk Saifuddin Abdullah said his ministry is holding a planning session with industry players through the National Digital Infrastructure Workshop (Makmal), which runs from July 13 to Aug 14, led by the Malaysian Communications and Multimedia Commission (MCMC). Saifuddin said in Sabah, for example, at least 115 new telecommunication towers, which include broadband services, will be built under the initiative to provide public cellular services. (16 July, Daily Express)

RM20 mln grant to help micro, cottage entrepreneurs: The State Government has allocated a RM20 million in the form of grant to help micro and cottage entrepreneurs in rural Sabah. Trade and Industry Minister Datuk Seri Panglima Wilfred Madius Tangau said one of the conditions set for applicants was that they must be Malaysian citizens from Sabah. He also said that they must be rural micro and cottage entrepreneurs with annual income of not more than RM50,000. "The applicants must possess a business license and have attained a letter of confirmation from the Village Community Administration Committee (MPKK) chairman to testify the production activities or services that they are rendering," he said. (21 July, The Borneo Post)

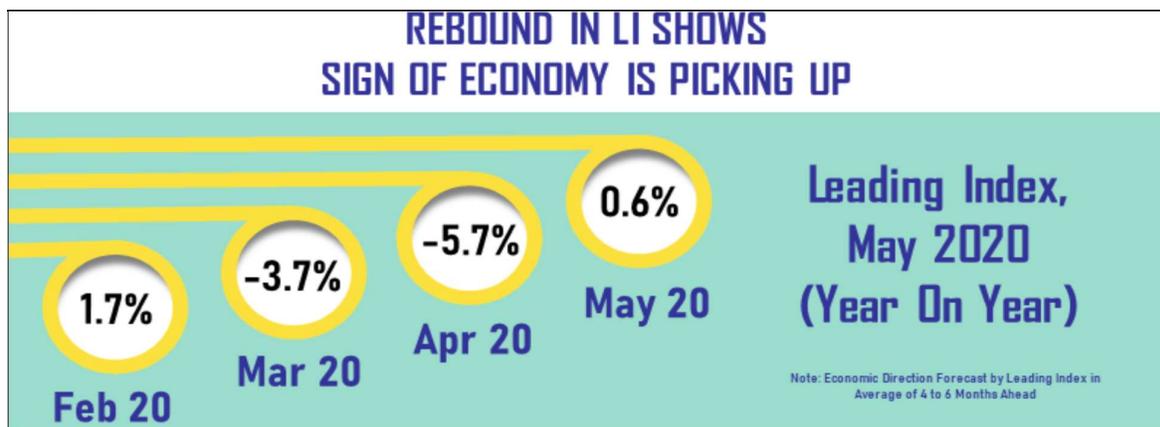
SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Malaysia's External Trade Statistics Bulletin, June 2020



(Source: 28 July, Department of Statistics Malaysia)

Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, May 2020



(Source: 23 July, Department of Statistics Malaysia)

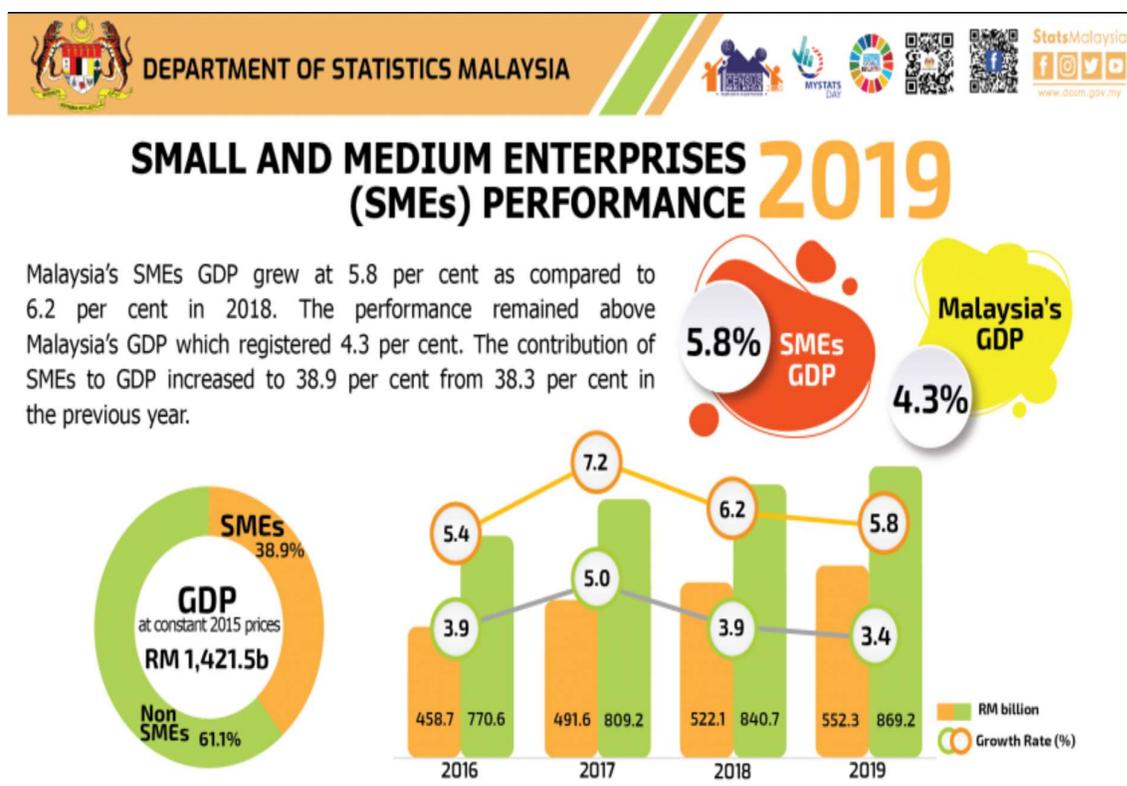
Malaysia's Producer Price Index, June 2020

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

Sector	Code	Weights	Index	Year-on-Year		Percentage Change			
				June 2020	Apr 2020/ Apr 2019	May 2020/ May 2019	June 2020/ June 2019	Apr 2020/ Mar 2020	May 2020/ Apr 2020
Total		100.000	100.3	-5.1	-5.5	-4.0	-2.7	-0.2	0.6
Agriculture, forestry & fishing	A	6.730	103.5	8.7	5.5	15.1	-3.2	-4.5	10.3
Mining	B	7.927	57.8	-58.3	-52.7	-42.5	-30.6	16.6	10.9
Manufacturing	C	81.571	104.5	0.1	-0.8	-1.2	-0.7	-0.8	-0.8
Electricity & gas supply	D	3.442	117.1	0.2	-0.2	-0.6	-0.3	-0.3	-0.6
Water supply	E	0.330	110.5	-1.0	-1.1	-1.2	-0.6	-0.3	-0.3

(Source: 29 July, Department of Statistics Malaysia)

Malaysia's Small and Medium Enterprises (SMEs) Performance 2019



(Source: 29 July, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, June 2020

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

Main Group	Weight	Index	Percentage Change	
		June 2020	June 2020 / May 2020	June 2020 / June 2019
Food & Non-Alcoholic Beverages	29.5	134.9	0.4	1.6
Food	28.4	135.4	0.4	1.7
Food at Home	16.9	132.0	0.7	1.6
Rice bread & other cereals	3.5	111.7	0.2	0.9
Meat	2.5	129.5	2.6	5.7
Fish & seafood	4.0	153.4	0.5	0.7
Milk, cheese & eggs	1.5	124.1	0.1	-0.9
Oil & fats	0.6	119.2	0.3	1.4
Fruits	1.2	134.5	0.5	1.1
Vegetables	2.1	139.9	0.6	2.1
Sugar, jam, honey, chocolate & confectionery	0.6	133.8	0.1	-0.9
Food products n.e.c	1.0	135.7	0.4	2.8
Food away from Home	11.5	142.2	0.1	1.8
Coffee, tea, cocoa & non-alcoholic beverages	1.1	112.6	0.1	0.3

(Source: 22 July, Department of Statistics Malaysia)