



MONTHLY NEWS SCAN

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HIGHLIGHTS FOCUS

- **IMF upgrades 2020 economic forecast but warns of a slower 2021**
- **Global economic rebound at risk from rising coronavirus cases**
- **Malaysia formulates 2021 Budget measures from Prihatin feedback**
- **Malaysia's Q4 GDP recovery hinges on pandemic fight amid CMCO**
- **New Sabah govt allocates RM50m for Covid-19 fight**
- **RM34.8m aid for agri sector**

INTERNATIONAL ANTARABANGSA

IMF upgrades 2020 economic forecast but warns of a slower 2021: The International Monetary Fund (IMF) is forecasting a somewhat less severe recession than it predicted in June. The change in the outlook applies to both the global economy and the UK. But the IMF says in its World Economic Outlook that the global economy is still in deep recession and the risk of a worse outcome than in its new forecast is “sizeable”. (13 October, BBC News)

Global economic rebound at risk from rising coronavirus cases: There is a high risk the resurgence in coronavirus cases halts the global economic recovery by year-end, according to Reuters polls of around 500 economists, a majority of whom expected the rebound next year to be weaker than previously thought. Governments and central banks around the world have pledged trillions of dollars of stimulus, helping most economies out of deep recessions. But a second wave of infections in places that eased lockdowns is now underway, leading to more restrictions. (29 October, The Straits Times)

U.S. economy posts record growth in third-quarter; COVID-19 scarring to last: The U.S. economy grew at a historic pace in the third quarter as the government injected more than \$3 trillion worth of pandemic relief which fueled

consumer spending, but the deep scars from the COVID-19 recession could take a year or more to heal. The 33.1% annualised growth rate reported by the Commerce Department recently, the last major economic scorecard before the coming presidential election, did not ease the human tragedy inflicted by the coronavirus pandemic, with tens of millions of Americans still unemployed and more than 222,000 dead. (29 October, Reuters)

China's factory activity slows slightly in October as it rebounds from Covid-19: China's factory activity expanded at a slightly slower pace in October but was slightly above analysts' expectations, suggesting a continuing economic recovery as the country rebounds from the coronavirus shock. The official manufacturing Purchasing Manager's Index (PMI) fell to 51.4 in October from 51.5 in September, data from the National Bureau of Statistics showed recently, remaining above the 50-point mark that separates growth from contraction. (31 October, The Straits Times)

Japan September exports fell at much slower pace, core CPI subdued: Reuters poll: Japan's exports in September probably fell at a much slower pace than in recent months, adding to some signs of recovery in the economy following the coronavirus pandemic, a Reuters poll showed. Among other Japanese data releases, core consumer inflation in September was expected to have stayed around the lowest level in nearly four years, underscoring deflationary risks from the economic slump. (16 October, Reuters)

Euro zone economy surges in third-quarter before expected blow from new lockdowns: The euro zone economy rebounded much more than expected in the third quarter from its coronavirus-induced slump, but the recovery is likely to be cut short as countries reintroduce restrictions to stem a second wave of the pandemic. Gross domestic product in the 19 countries sharing the euro surged

12.7% quarter-on-quarter in the third quarter after contracting 11.8% in the second, the European Union's statistics office, Eurostat, said. Economists polled by Reuters had expected a 9.4% quarterly rise. (30 October, Reuters)

UK retail sales slump in October as economy wanes - CBI: Britain's retail recovery, a bright spot in the COVID-hit economy, came to a halt this month after several months of improvement, an industry survey showed. The Confederation of British Industry's (CBI) monthly gauge of retail sales fell to -23 in October, its lowest level since June, after hitting an 18-month high of +11 in September. (27 October, Reuters)

South Korea rebounds from recession as exports jump: South Korea rebounded from recession more strongly than expected last quarter, as the fastest export-growth in decades helped buffer the economy from a summer wave of the coronavirus that weighed on consumers. Gross domestic product increased 1.9 per cent in the three months through September from the prior quarter, the Bank of Korea reported recently. Economists had forecast 1.3 per cent growth. (27 October, The Straits Times)

Decline in Singapore's core consumer prices eases in September, close to zero: The decline in core consumer prices eased further last month, while overall inflation moved up to zero, according to data released by the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) recently. Core inflation, which excludes accommodation and private road transport costs, came in at minus 0.1 per cent in September, up from negative 0.3 per cent the previous month, due mainly to smaller drops in the costs of services and electricity and gas. (23 October, The Straits Times)

NATIONAL NASIONAL

Malaysia formulates 2021 Budget measures from Prihatin feedback:

The government is formulating comprehensive measures under 2021 Budget based on the findings of Prihatin Rakyat economic stimulus package survey. The survey on the impact of Prihatin stimulus had been carried out from August 19 to September 22, Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said. The findings being considered from the survey include increasing support for mental health services, facilitating access to assistance for vulnerable groups, strengthening the role of government-linked companies in supporting communities; enhancing the role of social enterprises and increasing job opportunities. (14 October, Business Times)

Malaysia's Q4 GDP recovery hinges on pandemic fight amid CMCO:

The Conditional Movement Control Order (CMCO) for certain states will add to the pressure on the pace of economic recovery in the fourth quarter (Q4). Hence, the next two weeks would be especially critical, said OCBC Bank economist Wellian Wiranto. Nevertheless, Wellian said there remains hope that the more stringent measures can flatten the Covid-19 pandemic curve for Malaysia once again. "This would then allow growth momentum to remain on the broad if gingerly uptick – and let Bank Negara Malaysia hold its Overnight Policy Rate on November 3," he said in a report recently. (14 October, Business Times)

China remains Malaysia's largest foreign investor in manufacturing sector - MITI:

China remains Malaysia's largest foreign investor in the manufacturing sector for four consecutive years since 2016, with 32 foreign direct investments (FDIs) amounting US\$452.43million (US\$1=RM4.14) approved in the first six months of 2020. Deputy International Trade and Industry Minister Datuk Lim Ban Hong said Malaysia approved 79 FDIs worth USD3.74 billion from China last year. In terms of total trade, he said the bilateral trade between Malaysia and China stood at US\$80.06 billion from January to August 2020, while in 2019, the

two-way trade hit US\$123.96 billion. (20 October, Bernama)

DOSM: Natural rubber export falls 6.0 pct in August 2020:

Export of natural rubber (NR) fell six per cent to 42,658 tonnes in August 2020 from the 45,386 tonnes in July 2020, with China being the largest export destination, according to the Department of Statistics Malaysia (DOSM). The main natural rubber export destination is China with a share of 46.8 per cent from total exports in August 2020 followed by Germany (10.1 per cent), Finland (4.3 per cent), Iran (3 per cent) and Turkey (2.4 per cent), chief statistician Datuk Seri Dr Mohd Uzir Mahidin said in a statement. He said rubber gloves was the main export item with an export value of RM3 billion in August 2020. However, the export value decreased by 5.2 per cent compared to RM3.2 billion in July 2020. (15 October, Bernama)

Malaysia's creative industry needs support to boost contribution to economy:

Malaysia's creative industry needs support from various parties to boost its contribution to the economy, which currently stands at 2.0 per cent of the gross domestic product (GDP), said the Department of Statistics Malaysia (DOSM). Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the creative industry's contribution towards the GDP was recorded at about 2.0 per cent for the last five years, while exports maintained its contribution at 0.2 per cent and contribution of employment decreased to 5.7 per cent in 2019. "From the statistics, all the main indicators show a very small contribution of the creative industry towards the Malaysian economy. (20 October, Bernama)

Malaysia's economy remains on path to recovery -- MIDF Research:

Malaysia's economy remains on track towards recovery as domestic economic activities improve and exports increase, said MIDF Amanah Investment Bank Bhd (MIDF Research). The research house said its assessment was based on the latest Leading Index (LI), which registered the fourth consecutive month of positive growth in August -- an annual growth of 7.6 per cent, the same as in the previous month -- supported by improving confidence and sustained expectation in future sales. The LI is a predictive tool used to anticipate upturns and downturns

in the economy. MIDF Research said the sustained increase in LI suggested that the recent recovery would continue in the months to come. (30 October, Bernama)

Malaysia's Sept total trade rises 5.5pct to RM155.88bil, trade surplus surges 150pct:

Malaysia's total trade expanded 5.5 per cent year-on-year (YoY) to RM155.88 billion in September from RM147.69 billion, according to International Trade and Industry Ministry. The ministry said the higher trade was recorded primarily with China, Hong Kong, the United States (US), the Netherlands and Taiwan. Malaysia posted its highest monthly export value in September with a double digit growth of 13.6 per cent to RM88.93 billion from RM78.25 billion a year ago, while imports dropped 3.6 per cent to RM66.96 billion from RM69.44 billion. The country's trade surplus surged 149.3 per cent YoY to RM21.97 billion from RM8.81 billion in September 2019, the highest trade surplus ever recorded for the month. (28 October, Business Times)

September CPI drops 1.4% on cheaper fuel:

Malaysia's consumer price index fell 1.4% in September to 120.1 against 121.8 in the same month of the preceding year, due mainly to lower fuel prices. Chief statistician Datuk Seri Mohd Uzir Mahidin said the segments contributing to the decrease were transport, housing, water, electricity, gas and other fuels, and clothing and footwear. However, excluding fuel, the overall CPI would have showed an increase. "The CPI without fuel shows a positive rate of 0.1% in September 2020 compared to September 2019. "CPI without fuel covers all goods and services except unleaded petrol RON95, unleaded petrol RON97 and diesel," said Uzir in a statement recently. (22 October, The Star)

August industrial output up, above forecast:

Malaysia's industrial production index (IPI) increased by 0.3% in August from a year ago, which was higher than a Bloomberg survey of a 0.2% increase. In a statement, chief statistician Datuk Seri Mohd Uzir Mahidin said the increase in IPI in August was driven by the positive growth of 2.4% in the manufacturing index. (13 October, The Star)

LOCAL TEMPATAN

New Sabah govt allocates RM50m for Covid-19 fight: The new Sabah government has decided to allocate RM50 million to curb Covid-19, RM10 million of which to provide food baskets for residents in four east coast districts currently under enhanced lockdown. New Chief Minister Datuk Hajiji Noor, in a statement, also said all Covid-19 issues will be managed by the State Covid-19 Disaster Management Committee chaired by the State Secretary, deputy-chaired by the State Health Director with members from the relevant state and federal agencies. (1 October, Daily Express)

RM34.8m aid for agri sector: After tourism workers, those in the agriculture sector will now benefit from a one-off aid of RM300 from the Sabah Government. Deputy Chief Minister Datuk Dr Jeffrey Kitingan recently announced a total financial aid of RM34,874,400 to lessen the negative impact of Covid-19 on the agricultural sector in the State. Kitingan, who is also State Agriculture and Food Industry Minister, said the fund will benefit 116,248 recipients registered under the Ministry. (31 October, Daily Express)

11 centres to promote tourism products, culture: The State Tourism, Culture and Environment Ministry will redouble efforts and commitment to ensure that the State's cultural heritage will not cease to exist, said Minister Datuk Jafry Ariffin. He said on that basis his Ministry will support all initiatives that have been outlined by the Sabah Cultural Board (LKNS) in an effort to uphold the traditional culture and customs of races and ethnic groups in the State. "Sabah is rich in cultural uniqueness. The support of the State Government, especially in terms of financial allocation, will definitely have an impact on the efforts to lift up the cultural diversity of the community in the State," he said in a briefing session at LKNS. (14 October, Daily Express)

50 telco towers to be built in Sabah: Pitas, famously known as a district with bad internet connection after a university student climbed up a langsat tree to gain internet access for

her online exams and had gone viral, is making a comeback to the social media. This time it is a video by villagers of Kampung Mengkapon that shares a creative way to get better Internet reception by building their own 'telecommunication' towers from bamboo poles. They put their handphones, with the 'hotspot' on, inside plastic bottles and pulled it up high to the tip of the pole. (11 October, The Borneo Post)

Sabah govt distributes food basket aid: The Sabah government has started distributing food basket assistance to the affected residents in Tawau, Kunak, Semporna and Lahad Datu which were under the Targeted Enhanced Movement Control Order (TEMCO). The aid was being managed by the district Disaster Operation Control Centre (PKOB). In Tawau, 500 household heads at the Taman Sri Titingan People's Housing Project (PPR) were among those receiving the food basket aid. Sabah Assistant Minister of Finance Datuk Nizam Abu Bakar Titingan said the government had channeled the allocation and the PKOB committee immediately implemented the distribution of the aid. (12 October, The Borneo Post)

Bung Moktar: PWD to implement remedial measures on roads damaged due to heavy rain: Deputy Chief Minister Datuk Seri Bung Moktar Radin said the state Public Works Department (PWD) will implement remedial measures on roads that were damaged as a result of the heavy rainfall in the last 36 hours. Bung Moktar, who is also Works Minister, said the PWD director and districts' engineer are assessing the situation on the ground. Bung Moktar stressed that immediate action must be taken to repair the roads that were damaged by landslips as the government does not want the people's mode of communication to be disrupted. (6 October, The Borneo Post)

Semporna Hosp operation theatre upgrade done: Upgrading works at the Operation Theatre of Semporna Hospital in Sabah have completed and it was opened to the public, thus further raising the preparedness of the hospital to combat the Covid-19 pandemic. Health Director-General Tan Sri Dr Noor Hisham Abdullah said with the upgrade, surgeries involving Covid-19 patients

could be carried out at the operation room of the hospital, and there was no need for such patients to be referred to Tawau Hospital, thus optimising fully the capacity of the hospital. "The Operating Theatre of Semporna Hospital has been upgraded recently. With the upgrade, the preparedness of Semporna Hospital as well as areas in Sabah east coast would be improved to face the pandemic. "The Health Ministry will continue to assist Sabah in its hospital preparedness to handle the pandemic," he said. (31 October, Daily Express)

K'jaan salur bantuan makanan RM2j kepada setiap daerah PKPB: Kerajaan Negeri Sabah akan menyalurkan bantuan makanan bernilai RM2 juta untuk setiap daerah yang dikenakan Perintah Kawalan Pergerakan Bersyarat (PKPB), kata Ketua Menteri Datuk Hajiji Noor. Enam daerah yang dikenakan PKPB di negeri ini ialah Kota Kinabalu, Penampang, Putatan, Sandakan, Papar dan Tuaran yang semuanya diisytihar zon merah Covid-19 oleh Kementerian Kesihatan. Hajiji berkata penyaluran bantuan itu adalah melalui Pusat Kawalan Operasi Bencana (PKOB) di setiap daerah dan agihan bantuan makanan akan dibantu Polis Diraja Malaysia, RELA, Jabatan Kesihatan Sabah dan Jabatan Perkhidmatan Kebajikan Am Sabah. (11 Oktober, Daily Express)

RM300 aid for each tourism worker: The State Government will channel a RM300 assistance each to tourism industry workers in the State to help ease their burden after their source of income is affected by the spread of Covid-19. Tourism, Culture and Environment Minister Datuk Jafry Ariffin said the RM300 assistance would be channelled to 3,957 individuals, including mountain guides, porters, tour guides and dive masters. "The Sabah Government has approved an increase in the Covid-19 Prihatin Assistance allocation by RM160 million, and of that amount, the Ministry of Tourism, Culture and Environment receives more than RM1 million," he said. Jafry said this in a meeting with the members of the Board of Directors of Sabah Parks (TTS), Mountain Guides Association and Porters Associationin Kota Kinabalu. (30 October, Daily Express)

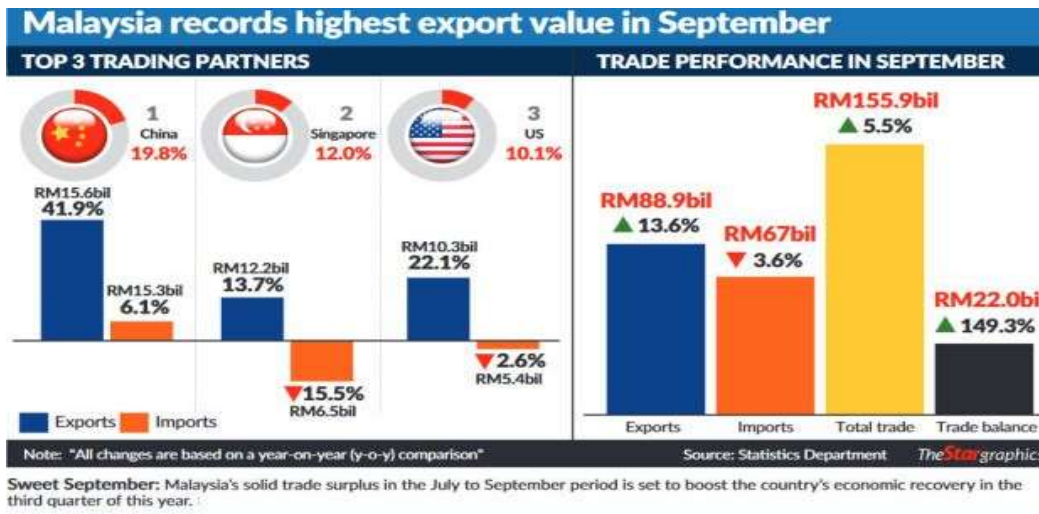
SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

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



(Source: 22 October, Department of Statistics Malaysia)

Malaysia's External Trade Statistics Bulletin, September 2020



(Source: 29 October, The Star)

Malaysia's Monthly Rubber Statistics, August 2020



(Source: 15 October, Department of Statistics Malaysia)

Malaysia's Producer Price Index, September 2020

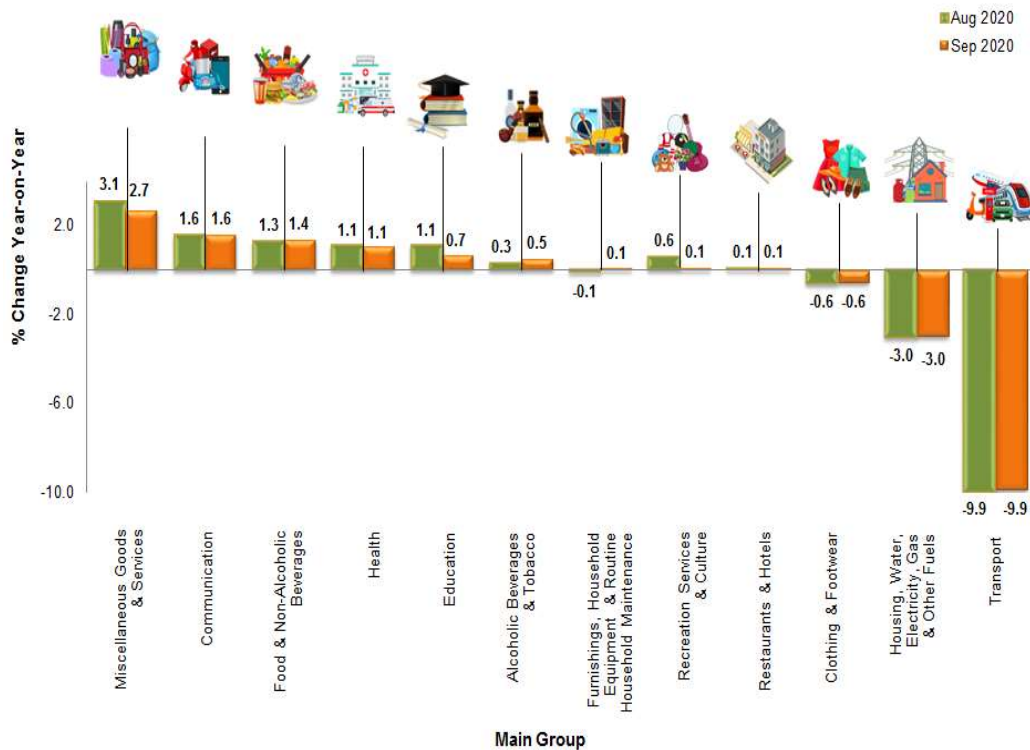
Table 1: Producer Price Index (2010=100) Local Production by Sector (MSIC 2008), Malaysia:

Sector	Code	Weight	Index		Percentage Change				
			Sept 2020	Year-on-Year			Month-on-Month		
				Jul 2020/ Jul 2019	Aug 2020/ Aug 2019	Sept 2020/ Sept 2019	Jul 2020/ June 2020	Aug 2020/ Jul 2020	Sept 2020/ Aug 2020
Total		100.000	101.2	-3.5	-2.8	-3.9	0.4	1.0	-0.5
Agriculture, forestry & fishing	A	6.730	113.5	14.6	15.6	19.3	0.9	6.0	2.5
Mining	B	7.927	58.6	-37.0	-33.7	-43.2	8.3	3.0	-9.1
Manufacturing	C	81.571	104.6	-1.3	-0.9	-1.3	-0.2	0.5	-0.2
Electricity & gas supply	D	3.442	116.4	-1.3	-1.9	-0.9	-0.5	-0.2	0.1
Water supply	E	0.330	112.7	-0.6	0.7	1.0	0.2	1.5	0.3

(Source: 28 October, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, September 2020

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



(Source: 21 October, Department of Statistics Malaysia)