



# MONTHLY NEWS SCAN

## Tinjauan Berita Bulanan

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### HIGHLIGHTS FOCUS

- **IMF lifts global growth forecast for 2021, still sees ‘exceptional uncertainty’**
- **EU needs ‘masterplan’ to grab euro finance from London**
- **Italy eyes Malaysia as gateway to Asean via RCEP**
- **Malaysia’s GDP to grow by 5.0 pct this year: UOB Malaysia**
- **‘Sabah has best renewable energy potential’**
- **Biomass woe, so RM350m deal off**

### INTERNATIONAL ANTARABANGSA

**IMF lifts global growth forecast for 2021, still sees ‘exceptional uncertainty’:** The International Monetary Fund recently raised its forecast for global economic growth in 2021 and said the coronavirus-triggered downturn last year - the biggest peacetime contraction since the Great Depression - would be nearly a full percentage point less severe than expected. The global lender said multiple vaccine approvals and the start of vaccinations in some countries had boosted hopes of an eventual end to the pandemic that has now infected nearly 100 million people and claimed the lives of more than 2.1 million globally. (26 January, Reuters)

**EU needs ‘masterplan’ to grab euro finance from London:** The European Union needs a “masterplan” to move euro financial services from London to the bloc if it wants to expand the single currency’s role in a global economy dominated by the U.S. dollar, a senior EU lawmaker said. Markus Ferber, a senior member of the European Parliament, said if the EU wants to compete with the greenback, it needs a financial system to match it. (18 January, Reuters)

**Covid-19 savages US economy, 2020 performance worst in 74 years:** The US economy contracted at its deepest pace since World War II in 2020 as the Covid-19 pandemic depressed consumer spending and business

investment, pushing millions of Americans out of work and into poverty. Though a recovery is under way, momentum slowed significantly as the year wound down amid a resurgence in coronavirus infections and exhaustion of nearly US\$3 trillion (S\$4 trillion) in relief money from the government. The moderation is likely to persist at least through the first three months of 2021. (29 January, The Straits Times)

**South Korea Q4 GDP beats expectations, poised for strong 2021 rebound:** South Korea’s economy grew at a faster-than-expected pace in the fourth quarter as it ended the coronavirus-stricken year solidly poised for a recovery in 2021 thanks to surging exports. Gross domestic product (GDP) grew a seasonally adjusted 1.1 per cent in the December quarter from the third quarter, the Bank of Korea has said, faster than the median estimate of 0.7 per cent in a Reuters poll and following a 2.1 per cent expansion in the September quarter. (26 January, The Straits Times)

**Singapore core inflation falls in December, with bigger drop in costs of services:** Core consumer prices fell in December, driven by a larger decline in services costs and lower food inflation, according to data out by the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI). Core inflation, which excludes accommodation and private road transport costs, fell to minus 0.3 per cent on a year-on-year basis last month, from minus 0.1 per cent in November. (25 January, The Straits Times)

**Exclusive: China likely to avoid setting 2021 GDP target over debt concerns, sources say:** China will likely avoid setting a 2021 growth target, dropping the closely watched measure for a second straight year on concerns that maintaining one could encourage provincial economies to ramp up debt, policy sources told Reuters. The world’s second-biggest economy eked out 2.3% growth last

year despite the ravages of the pandemic that emerged in the central city of Wuhan, and will rebound a sharp 8.4% this year thanks to Beijing’s aggressive COVID-19 response and global recovery, according to a Reuters poll of economists. (28 January, Reuters)

**Economists cut euro zone growth forecast for 2021: ECB survey:** The pandemic-stricken euro zone economy is likely to rebound this year but at a slower pace than expected only a few months ago, before making up for the lost ground in 2022, a European Central Bank survey showed recently. Economists polled in the ECB’s quarterly Survey of Professional Forecasters put real GDP growth in the euro zone at 4.4% this year, down from 5.3% in the previous edition of the survey. (22 January, Reuters)

**UK economy shrank by 2.6% in November as services suffered:** The UK economy shrank by 2.6% in November as England was placed in lockdown for a second time, official figures show. The Office for National Statistics said it meant gross domestic product was 8.5% below its pre-pandemic peak. November’s decline came after six consecutive months of growth. Pubs and hairdressers were badly hit as the service sector suffered, the ONS said, but some manufacturing and construction activity improved. (15 January, BBC News)

**Covid contraction shrinks German economy by 5%:** The German economy shrank by 5% last year as the Covid-19 pandemic took its toll, according to official figures. The country’s national statistics office said that most sectors of the economy were “markedly affected” by the health emergency. It was a sharp decline, although many economists had expected the contraction to be even worse. The contraction was also less pronounced than the downturn in 2009 caused by the global financial crisis. (14 January, BBC News)

## NATIONAL NASIONAL

**Italy eyes Malaysia as gateway to Asean via RCEP:** Italy remains committed to Malaysia as trading and investment partner as it eyes Malaysia as the gateway to opportunities arising from the Regional Comprehensive Economic Partnership (RCEP). Italian investments in Malaysia is present in various sectors such as oil and gas, petrochemicals, aerospace, and the green and circular economy. Its ambassador to Malaysia Cristiano Maggipinto said greater collaboration between the two countries would further open Malaysia's private sector to tap into Italy's advanced technological expertise and expedite the momentum of Malaysia's digital economy. He stressed that Italy had pursued a strategy with the aim of strengthening relations with Asean. (27 January, Business Times)

**Malaysia's GDP to grow by 5.0 pct this year: UOB Malaysia:** United Overseas Bank (Malaysia) Bhd expects Malaysia's gross domestic product (GDP) to grow by 5.0 per cent this year and a return to pre-pandemic levels will likely be in 2022. Managing director and country head of Personal Financial Services, Ronnie Lim said the revised target was made after the reinstatement of the Movement Control Order (MCO) 2.0 in all states except Sarawak to curb the rise in Covid-19 cases. "Malaysia may suffer an estimated economic loss of RM12 billion in 2021, assuming the affected states will be under strict MCO until the end of February with essential business sectors operating with only up to 70 per cent capacity," he said in a recent statement. (29 January, Business Times)

**Palm oil sector to continue offering recommendations to curb pandemic spread:** The Malaysian plantation fraternity involved in the entire palm oil supply chain will continue to offer sectoral-related and most practical recommendations to the policymakers and the authorities to help mitigate the spread of COVID-19 in the industry. In a joint statement, the associations called on all members and other stakeholders to work together to mitigate the spread of the virus by keeping all plantations and its entire supply chain safe and secure with very strict adherence to the Standard Operating Procedures (SOPs). "We advocate that the

plantation sector across its supply chain be allowed to continue to operate in compliance with strict SOPs, thereby sustaining its contribution to the national economy,". (29 January, Bernama)

**Malaysia and Australia enhance cooperation with comprehensive strategic partnership:** Prime Minister Tan Sri Muhyiddin Yassin and his Australian counterpart Scott John Morrison officiated the Comprehensive Strategic Partnership (CSP) at their first meeting which was held via video conference. The Prime Minister's Office, in a statement, said that at the meeting, the two prime ministers approved the Action Plan outlining strong initiatives under three key elements of the CSP. These elements are Economic Wellbeing; Society and Technology; and Regional Defence and Security Cooperation. (27 January, Bernama)

**Malaysia continue to be preferred investment destination, says Tengku Zafrul:** Both international and domestic business communities have remained committed to Malaysia due to the country's strengths and potential, said Finance Minister Datuk Seri Tengku Zafrul Abdul Aziz. Despite the COVID-19 pandemic, he said many international companies and multinational corporations have started establishing vendor development programmes and supply chain management initiatives, together with local companies and suppliers. "Over the years, these local suppliers became large manufacturers in their own right, and quite a few are now listed in our stock exchange, providing employment opportunities for our local talents," the minister shared in his latest LinkedIn post. (12 January, Business Times)

**December inflation fell 1.4% on-year, up 0.5% on-month:** The inflation rate or Consumer Price Index (CPI) for December last year fell by 1.4% due mainly to a decline in transport and housing, water, electricity, gas and other fuels, according to the Statistics Department. Chief Statistician Datuk Seri Dr Mohd Uzir Mahidin said the December CPI was at 120.6 compared with 122.3 in December 2019. "The decrease in the overall index was attributed by the decline in transport (-8.4%); housing, water, electricity, gas & other fuels (-3.3%); clothing & footwear (-0.4%). Restaurants & hotels (-0.2%) and furnishings, household equipment & routine

household maintenance (-0.1%) which contributed 48.6% to overall weight," he said. (22 January, The Star)

**IPI seen to rebound in second quarter:** The industrial production index (IPI), a measure of the rate of change in the production of industrial commodities, will likely stage a rebound in the second quarter but at the same time, there may be a challenge for the economy to achieve the Budget 2021 growth target. The IPI contracted 2.2% in November 2020 compared with the same month in the previous year. It is expected to come under pressure in the first quarter of 2021 before gaining momentum in the subsequent quarters. The IPI measures the rate of change in the production of industrial commodities in real terms over time for the manufacturing, mining and electricity sectors. (22 January, The Star)

**Producer prices fall at slower pace in Dec:** The Producer Price Index (PPI) for local production declined at a slower rate of 2.1% year-on-year (y-o-y) in December 2020 compared with 3.0% in November 2020. The Statistics Department said the continuous increase in the index of agriculture, forestry & fishing (23.5%) and the positive change in manufacturing index (0.2%) reinforced the momentum of the overall index. "The index of water supply also increased 0.7%. However, the mining index and electricity and gas supply index still recorded a decrease of 40% and 1.7%, respectively," chief statistician Datuk Seri Dr Mohd Uzir Mahidin said in a recent statement. (28 January, The Star)

**Malaysia's external trade to remain modest in 2021, exports to rebound by 2.7 pct - MITI:** Malaysia's external trade for 2021 is expected to remain modest with exports projected to rebound by 2.7 per cent, the Ministry of International Trade and Industry (MITI) said. Senior minister Datuk Seri Mohamed Azmin Ali said the outlook for 2021 is expected to be better as the World Bank and International Monetary Fund (IMF) forecast that global growth will rebound by 4.0 per cent and 5.5 per cent, respectively. "For world merchandise trade volume, the World Trade Organisation (WTO) projected a 7.2 per cent growth in 2021,". (30 January, Bernama)

## LOCAL TEMPATAN

**'Sabah has best renewable energy potential':** Sabah has the best renewable energy potential in Malaysia. It is the only state with viable geothermal and wind energy generating potential besides the success story of solar energy generation as seen in Kudat and now expanding to Kunak. To address climate change, Deputy Chief Minister cum Minister of Industrial Development Datuk Dr Joachim Gunsalam called on all Malaysians to support, generate, and use green renewable energy by using more energy saving equipment and devices, lightings, install solar panels to homes, offices and industrial plants, and sort out their garbage for recycling. (19 January, Daily Express)

**Biomass woe, so RM350m deal off:** A RM350 million State Government joint venture with a South Korean firm to set up a combined heat and power (CHP) plant at POIC Lahad Datu had to be called off. New POIC Sabah Sdn Bhd CEO, Gwendolen Vu, said the project with Eco Biomass Energy Sdn Bhd, a subsidiary of Eco-Frontier Inc of South Korea, was expected to supply power and steam. "Due to Empty Fruit Bunches (EFBs) supply constraints the investment did not materialise," she said, at a virtual Renewable Energy Greentech Sabah online conference and the business matchmaking event recently. (31 January, Daily Express)

**TAED, Kaiduan dam projects to proceed – Bung:** The Gabungan Rakyat Sabah (GRS) government is set to proceed with the Tanjung Aru Eco Development (TAED) and Kaiduan Dam controversial projects, Deputy Chief Minister Datuk Seri Bung Moktar Radin revealed. "I was informed by the Chief Minister (Datuk Seri Hajiji Noor) that the Tanjung Aru Eco Development (project) would go on but the scale would not be as big as what was previously planned," said Bung. Speaking to reporters when met during the JKR Excellent Services Awards 2020, Bung who is also State Works Minister stressed that the project would be developed without

involving any reclamation. (5 January, The Borneo Post)

**China investors interested in building 'sky train' – Bung:** Sabah needs to increase her effort to attract foreign investors to help develop the State. Deputy Chief Minister, Datuk Bung Moktar Radin said that having more foreign investors would mean more development can take place. "Of course, we already have investors coming from China and from Hong Kong who have shown interest to invest in the State," he said at a dinner event with former Umno Youth heads. Bung, who is also Works Minister said investors from China are interested in building the sky train which is part of his ministry's plan. (8 January, The Borneo Post)

**Sabah considers providing electronic devices to students – Hajiji:** The Sabah government is considering providing electronic devices to underprivileged students in the state to facilitate their Home-based Teaching and Learning (PdPR) sessions. Chief Minister Datuk Hajiji Noor said the state government understood the constraints and challenges faced by parents in providing the devices for their children's learning process at home. "We know that many underprivileged students in Sabah are facing this problem," he told reporters. (26 January, The Borneo Post)

**RM150 mln approved to repair 41 damaged roads:** An immediate allocation of approximately RM150 million was approved by Chief Minister Datuk Seri Panglima Hajiji Noor, to repair 41 damaged roads as a result of continuous rain and flooding in the state recently. In addition to road infrastructure damage, flooding and landslides from the prolonged downpour also caused damage to public property as well as crops, amounting to about RM130 million. "This is a large sum but we have the means (to repair the damage). We have also referred some of the repair works to the federal government for assistance," said Hajiji. (26 January, The Borneo Post)

**CM: Sabah govt to ensure state gets priority in all initiatives by Putrajaya to cushion Covid-19 impact:** The Sabah government will

ensure that the state gets priority in all the initiatives and economic stimulus packages introduced by the federal government to cushion the Covid-19 pandemic's negative impact on the economy, said Chief Minister Datuk Seri Hajiji Noor. Noting that Sabah is one of the worst hit by the Covid-19 pandemic, Hajiji said the Sabah government would work closely with the federal government to ensure that the state would be prioritised in all the initiatives. "Sabah is one of the worst affected by the pandemic, therefore the state government will work closely with Putrajaya to ensure we will be prioritised in all its initiatives," said Hajiji. (20 January, The Borneo Post)

**Sungai Kota Belud will be dredged to overcome flash flood problems – Sabah CM:** Sabah Chief Minister Datuk Seri Hajiji Noor said the state government will implement sand dredging work to deepen Sungai Kota Belud to address flash flood problems in the district. Hajiji said the shallow river mouth was one of the reasons identified for the frequent flooding in the district. "We will give the sand dredging contract to credible and capable local contractors that will be done as a joint-venture effort with state government-linked companies," he said. Speaking to reporters after visiting flood victims at the temporary shelter in Dewan Tun Said Keruak, Hajiji assured that the state government are also looking at other ways to address the problem. (18 January, The Borneo Post)

**Unifi service soon for 300 in K'gau village:** About 300 residents of Kampung Bomboi, Keningau, will be able to enjoy Telekom Malaysia's (TM) Unifi Internet service when its implementation is fully completed this month. Works to install poles for the fibre landline in the village has begun, witnessed by Tulid Assemblywoman Flovia Ng and TM officials. This is the result of co-operation and discussions between TM and Flovia, who is also State Community Development and Wellbeing Assistant Minister, to address the Internet access problem in the constituency. "Kampung Bomboi is the first area in Tulid to get this service, and I hope this will be the starting point for TM to expand its service in the constituency. (13 January, Daily Express)

# SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Buletin Perangkaan Perdagangan Luar Negeri Malaysia, Disember 2020



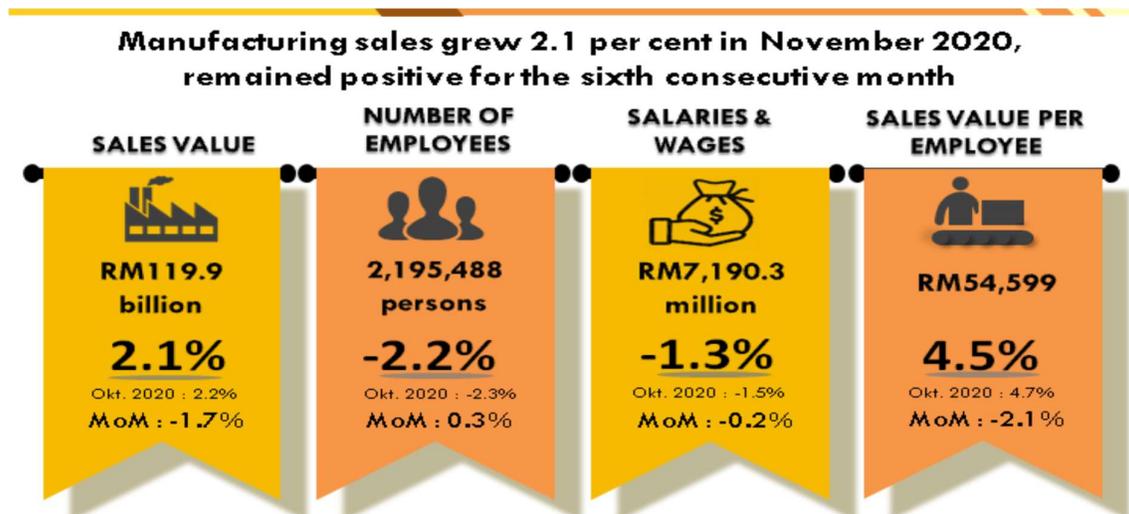
(Source: 29 January, Department of Statistics Malaysia)

Malaysia's Industrial Production Index (IPI), November 2020



(Source: 11 January, Department of Statistics Malaysia)

Malaysia's Monthly Manufacturing Statistics, November 2020



(Source: 11 January, Department of Statistics Malaysia)

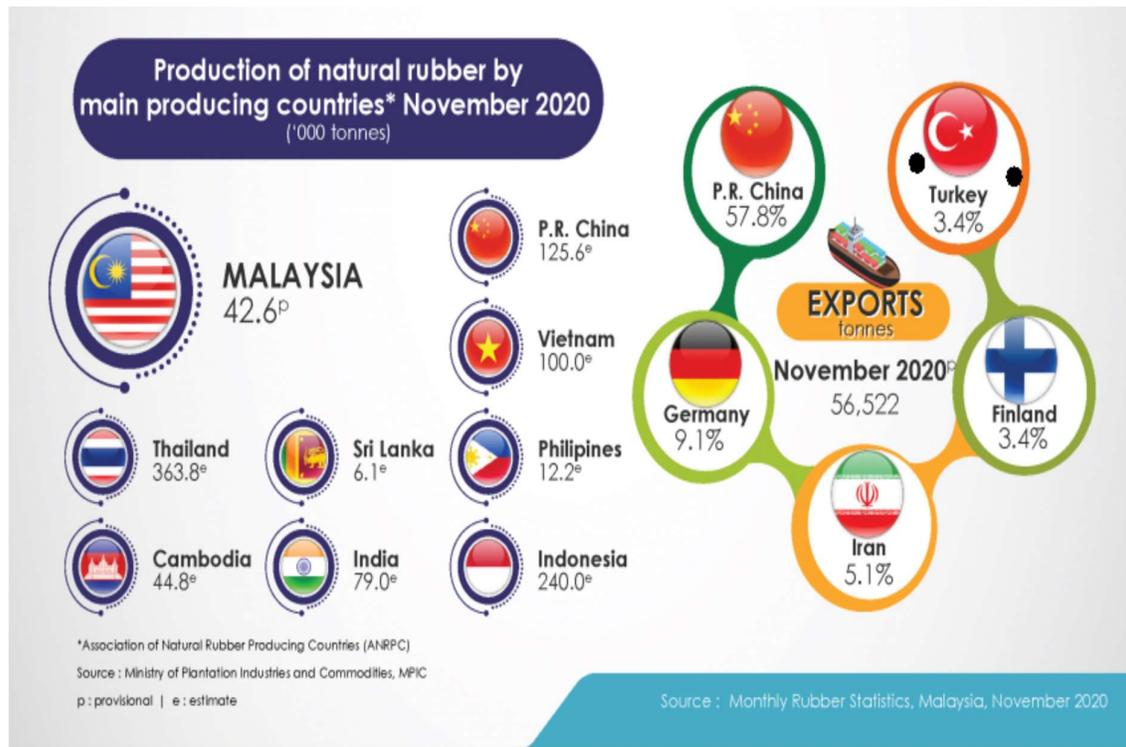
### Malaysia's Producer Price Index (PPI), December 2020

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

Sector	Code	Weight	Index Dec 2020	Percentage Change					
				Year-on-Year			Month-on-Month		
				Oct 2020/ Oct 2019	Nov 2020/ Nov 2019	Dec 2020/ Dec 2019	Oct 2020/ Sept 2020	Nov 2020/ Oct 2020	Dec 2020/ Nov 2020
<b>Total</b>		<b>100.000</b>	<b>105.1</b>	<b>-3.6</b>	<b>-3.0</b>	<b>-2.1</b>	<b>0.1</b>	<b>2.0</b>	<b>1.7</b>
Agriculture, forestry & fishing	A	6.730	132.9	21.0	21.5	23.5	1.1	11.1	4.2
Mining	B	7.927	67.0	-43.5	-45.8	-40.0	-3.1	4.4	13.0
Manufacturing	C	81.571	106.7	-1.1	-0.1	0.2	0.3	0.9	0.9
Electricity & gas supply	D	3.442	115.7	-1.2	-0.2	-1.7	-0.4	0.7	-0.9
Water supply	E	0.330	112.5	1.0	0.9	0.7	0.0	0.0	-0.2

(Source: 27 January, Department of Statistics Malaysia)

### Malaysia's Monthly Rubber Statistics, November 2020



(Source: 15 January, Department of Statistics Malaysia)