



MONTHLY NEWS SCAN

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HIGHLIGHTS FOCUS

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- **World Bank cuts 2023 global growth forecast in ‘sharp, long-lasting slowdown’**
- **Malaysia Madani vital for growth, narrowing inequality gap – IDEAS**
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INTERNATIONAL ANTARABANGSA

For ASEAN countries, IMF sees slower global growth outweighing China reopening: International Monetary Fund’s chief economist said on Tuesday that Singapore and other Southeast Asian economies are seeing downgrades to their 2023 growth outlooks because slowing global growth will outweigh the positive impact from China’s economic reopening. Pierre-Olivier Gourinchas told a news briefing on the IMF’s latest global growth forecasts these forces prompted the IMF to reduce Singapore’s GDP growth outlook for 2023 to 1.5% from a 2.3% forecast issued last October. (31 January, Reuters)

World Bank cuts 2023 global growth forecast in ‘sharp, long-lasting slowdown’: Global growth is slowing “perilously close” to recession, the World Bank said on Tuesday, slashing its 2023 economic forecast on high inflation, rising interest rates and Russia’s invasion of Ukraine. Economists have warned of a slump in the world economy as countries battle soaring costs and central banks simultaneously hiked interest rates to cool demand – worsening financial conditions amid ongoing disruptions from the war in Ukraine. (11 January, The Straits Times)

UK to be the only G-7 economy in recession this year, IMF says: Britain faces the bleakest two years of any major industrial nation, with a recession in 2023 and the slowest growth of peers in 2024, the International Monetary Fund (IMF) predicts. It will be the only Group of Seven (G-7) member whose economy will shrink this year, with a contraction of 0.6 per cent, the IMF said. The Washington-based institution downgraded its outlook by a massive 0.9 percentage point from October, saying higher interest rates and taxes along with government spending restraint will exacerbate a cost-of-living crisis. (31 January, The Straits Times)

Draft shows EU to back new funding for green industry, but officials urge caution: European Union leaders are to back new EU funding for the green tech industry to counterbalance subsidies in the United States and China, draft conclusions of their summit in February showed, but EU officials were quick to play them down as going too far. In their current form, the draft conclusions for the Feb 9-10 EU leaders’ summit, seen by Reuters, would signal that Germany and other northern European countries are ready to drop their earlier objections to the EU jointly raising more money. (25 January, Reuters)

Singapore manufacturing gloom may extend into first half of 2023 with electronics still shaky: Singapore’s manufacturing output shrank for a third consecutive month in December, although not as steeply as feared. Analysts expect the lacklustre performance to continue for some time. Output last month fell 3.1 per cent year on year, dragged down by volatile biomedical production even as electronics turned positive, according to data released by the Economic Development Board (EDB) on Thursday. Excluding biomedical manufacturing, output edged up 0.3 per cent. (27 January, The Straits Times)

BOJ should make 2% inflation target long-term goal, panel says: A

panel of academics and business executives on Monday urged the Bank of Japan (BOJ) to make its 2% inflation target a long-term goal instead of one that must be met as soon as possible, in light of the rising cost of prolonged monetary easing. (30 January, Reuters)

US economic growth stronger than expected: The US economy did better than expected at the end of last year, despite higher borrowing costs and rising cost of living dragging on growth. The economy grew at an annualised rate of 2.9% in the last three months of 2022, official figures show. That was down from 3.2% in the previous quarter, as home sales and construction tumbled. Some analysts are worried that the US economy is headed for recession, although the jobs market has held up. (26 January, BBC News)

China 2022 economic growth hit by coronavirus restrictions: China’s economy grew last year at the second slowest rate in almost half a century – in a sign of how the country’s strict coronavirus regulations have affected businesses. Official figures show the gross domestic product (GDP) of the world’s second largest economy rose 3% in 2022. That is way below the government’s target of 5.5% but better than most economists had forecast. Last month Beijing abruptly lifted its strict zero-Covid policy. (17 January, BBC News)

South Korea vows support for exporters as economy shrinks: South Korea’s government promised strong support for exporters after the country posted on Thursday its first economic contraction in 2/1-2 years, due mainly to a crash in exports, and faced a possibility it was in recession. Playing down the economic slowdown as part of a global trend and saying a return to growth in the current quarter “is possible”, Finance Minister Choo Kyung-ho pledged prompt support measures for exporters, such as tax breaks and administrative help. (26 January, Reuters)

NATIONAL NASIONAL

Malaysia Madani vital for growth, narrowing inequality gap – IDEAS:

The new direction introduced recently by Prime Minister Datuk Seri Anwar Ibrahim with the “Developing Malaysia Madani” theme is vital for growth and narrowing the inequality gap, said the Institute for Democracy and Economic Affairs (IDEAS). IDEAS said it provides an emphasis on poverty alleviation, sustainable growth and further support for small and medium enterprises. “Additionally, it was emphasised that the subsidy rationalisation plans should be guided by evidence and the latest data available. “Such efforts are very much needed for fiscal consolidation in the medium term,” it said in a statement today. (27 January, Bernama)

MIDA, BIA ink MoU to explore potential investments:

The Malaysian Investment Development Authority (MIDA) and the Brunei Investment Agency (BIA) have inked a memorandum of understanding (MoU) for both Malaysia and Brunei to explore potential investments that are of mutual interest. The MoU was signed by MIDA chief executive officer Datuk Arham Abdul Rahm and BIA acting managing director Sofian Mohammad Jani at Istana Nurul Iman today, witnessed by Prime Minister Datuk Seri Anwar Ibrahim and Sultan of Brunei Sultan Hassanal Bolkiah. The signed document provides a preliminary understanding for both parties to hold negotiations towards the implementation and preparation of further agreements on bilateral investments, to be implemented by certain parties between Brunei and Malaysia. (25 January, Bernama)

EU-Malaysia trade to match pre-pandemic levels by year-end, says Ambassador:

The European Union (EU) is expecting trade with Malaysia to recover to pre-pandemic levels by the end of this year. EU ambassador to Malaysia, Michalis Rokas said the political union involving 27 European countries pledges to continue to make Malaysia its strategic partner given its significant gateway to the ASEAN market. “ASEAN countries in general are a great destination. It is strategically important for us and 45 per cent of our trade (to ASEAN) goes through Malaysia’s shores. So it is significant,” he told Bernama after

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appearing as a guest on Bernama TV’s “The Nation” programme, titled “Malaysia-EU Relations” today. Rokas said the EU and Malaysia have formed a strong bilateral relationship and investment commitment for decades even before the introduction of any treaty tools or trade instrument. (30 January, Bernama)

Malaysia-Singapore digital economy pact can be role model for other Asean countries:

Malaysia’s pact with Singapore in the digital economy can be a template for other Asean countries in prepping their talent as well as SMEs and start-ups for the digital age. International Trade and Industry Minister Tengku Zafrul Abdul Aziz said the framework on cooperation in digital economy with Singapore was the first of its kind signed with another country. “Through this collaboration, Malaysia hopes to learn and share best practices that will facilitate talent-building, infrastructure upgrading, and others, whether in the public or private sector.” (31 January, Business Times)

Slower inflation forecast for 2023:

As headline inflation eased to a six-month low of 3.8% year-on-year (y-o-y) in December 2022 from 4% y-o-y in November due primarily to slower food, transport and recreation services price increases, economists from various research institutions are seeing softer inflationary pressures for this year compared to 2022. For 2022 as a whole, Malaysia’s headline inflation rate jumped 3.3% y-o-y compared to 2.5% in 2021, which is mainly attributed to food and transport price inflation, which is also a result of geopolitical unrest between Russia and Ukraine as well as global rising commodity prices. (26 January, The Star)

Consumer spending will likely subdue in 2023 amid rising inflationary environment, interest rate hike cycle:

Consumer spending power will be more subdued in 2023 amid a rising inflationary environment and an interest rate hike cycle, CGS-CIMB Research said. The research firm said the latest Malaysian Institute of Economic Research (MIER) Consumer Sentiment Index (CSI) remaining below the optimistic level of 100 points since the third quarter (Q3) of 2022 also suggests softening consumer sentiment, which could extend into 2023. “We also see potentially large allocations in the upcoming Budget 2023 (to be tabled

on February 24) in terms of subsidies provided, including direct cash handouts, special assistance payments, and personal income tax cuts, as well as minimum wage hikes to partially alleviate the rising cost of living and support spending towards daily essentials,” it said in a note today. (31 January, Business Times)

Domestic GDP to moderate at 4pc this year, says Citi Research:

Malaysia’s economic growth is expected to moderate to four per cent in 2023 on base effects and external headwinds, according to Citi Research. Citi head of Asean economics Kit Wei Zheng said China’s reopening of borders could provide a substantial cushion against headwinds from the European Union (EU) and the United States (US) recessions. “We raised our 2022 gross domestic product (GDP) forecast to 8.7 per cent, substantially above the Ministry of Finance’s (MoF) forecast of 6.5-7 per cent, and see a moderation to four per cent in 2023,” said Kit. (20 January, Business Times)

2022 exports surpass 12MP target three years ahead:

Malaysia maintained its outstanding performance in 2022 in terms of trade, exports, imports and trade surplus, with exports hitting the 12th Malaysia Plan’s (12MP) target three years earlier than forecast, the Malaysia External Trade Development Corp (Matrade) has said. Chief executive officer Datuk Mohd Mustafa Abdul Aziz said that despite the challenging global environment, Malaysia’s business community remained resilient, following robust global demand and high commodity prices (27 January, The Star)

Zafrul: M’sia to improve ease of doing business:

A key message that International Trade and Industry Minister Tengku Datuk Seri Zafrul Aziz will be sharing with potential investors in Davos, Switzerland, is that Malaysia is serious about improving the ease of doing business and the unity government is committed to its pro-business policy. “Through my engagement sessions with chambers and investor groups, one key issue identified is that starting and locating a business in Malaysia could be made easier. “We want to tell investors that we are not only open for business, but we are also improving processes to improve the ease of doing business here (Kuala Lumpur). (16 January, The Star)

LOCAL TEMPATAN

RM10 mln financing for Sabah young agropreneurs: Agrobank has allocated RM10 million as financing facility for the Young Agropreneur programme in Sabah. Assistant Agriculture and Food Security Minister Chan Foong Hin said that this was in line with the focus outlined for the region which is to encourage urban farming, high-technology farming and turn agriculture as the career of choice for youths in the future. Chan said that Agrobank is synonymous with the agriculture and food security sector especially in providing facilities and services in finance that are holistic for the agro community and those who are unserved and undeserved in Malaysia. (18 January, The Borneo Post)

Plans to make Sabah high-tech state next four years: Ariffin: The Sabah Ministry of Science, Technology and Innovation (KSTI) is expected to meet federal-level agencies next month to discuss the formula for empowering the Science, Technology, Innovation and Economy (STIE) initiative and making Science, Technology, Engineering and Mathematics (STEM) a subject that students will be interested in. "KSTI's strategic partners at the federal level include all departments and agencies under the Ministry of Science, Technology and Innovation (MOSTI), the Ministry of Communications and Digital (KKD), the Ministry of Human Resources, the Ministry of Education Malaysia, the Ministry of Higher Education, the Ministry of National Unity and the Ministry of Development Entrepreneurs and Cooperatives". (19 January, Daily Express)

IDS-POIC on research: IDS CEO Datuk Ts Dr Ramzah Dambul said IDS is keen to collaborate with POIC, particularly in research related activities. "Findings from the research undertaken may help to mobilise POIC Lahad Datu to its fullest potential and generate revenue for the state, elevating Sabah as one of the nation's developed states," he said, following a courtesy call on POIC Chairman Datuk Seri Panglima Yong Teck Lee. The delegation was led by chairperson Datuk Adeline Leong. According to Adeline, Sabah's economic development is accelerating at a rapid pace, hence a discussion with POIC is necessary to analyse the state's strengths and thoroughly strategise on making the most of

Sabah's resources. (13 January, Daily Express)

Sabahans optimistic 'Malaysia Madani' can help improve state's socioeconomics: Sabahans are optimistic that the 'Malaysia Madani' concept announced by Prime Minister Datuk Seri Anwar Ibrahim today will be able to improve the state's socioeconomics. Takaful advisor Brenda Bernard, 43, said the concept, which covers economics and finance, will help revitalise various aspects of development in Sabah that the people have longed for. "The time has come for the welfare of the people to be prioritised, and we want the Madani framework to help improve the people's socioeconomics," she told Bernama, while hoping that there would be no more hardcore poor in Sabah in the future. (19 January, Bernama)

Sabah's economic recovery high on agenda: The State Government is committed to ensuring equal development for all the people of Sabah regardless of race, religion and background, said Chief Minister Datuk Seri Hajiji Noor. He reiterated that it has allocated RM176.16 million to implement religious programmes with about 31 per cent or RM54.05 million as grants for schools and non-Muslim religious bodies in this year's State Budget. Speaking at the Dragon, Unicorn and Lion Festival in conjunction with the Chinese New Year celebration at the Sabah International Convention Centre (SICC) in Kota Kinabalu on Jan 7, Hajiji said Sabah achieved tremendous success in 2022, among them securing foreign and domestic investments totalling RM33.4 billion. (30 January, Daily Express)

'Sabah has nautical tourism potential': Nautical tourism has potential to bring visitors to Sabah who will stay for an extended period and generate economic spillover. State Tourism, Culture, and Environment Assistant Minister Datuk Joniston Bangkuai said Sabah needs to capitalise on the prospects of recreational boating given Sabah's advantageous location and abundance of waterways. He said a sailing event previously organised by Sail Malaysia can be a benchmark for the state to develop the boating sector further and make Sabah a destination of choice for sailors. On Monday, a group led by Sail Malaysia Managing Director Sazli Kamal Basha met Joniston, who also chairs the Sabah Tourism Board, to brief him the about Sail Malaysia

Passage to the East 2023 yachting rally and to discuss Sabah's potential as a sailing destination. (31 January, Daily Express)

Timber industry still main contributor to Sabah's economy: The timber industry is still one of the main contributors to Sabah's economy, said Deputy Chief Minister Datuk Seri Dr Joachim Gunsalam. He said the total export generated from the timber sector last year (January-June 2022) was RM587,993,764, adding the main products that were exported include plywood, sawn timber and moulding-related products. "This is an increase of 22 per cent in terms of value compared to the same period in the year 2021. In terms of volume, there is a slight increase of 9.42 per cent," he said at the Lumber Night 2023 held here (Kota Kinabalu) on Saturday. (8 January, The Borneo Post)

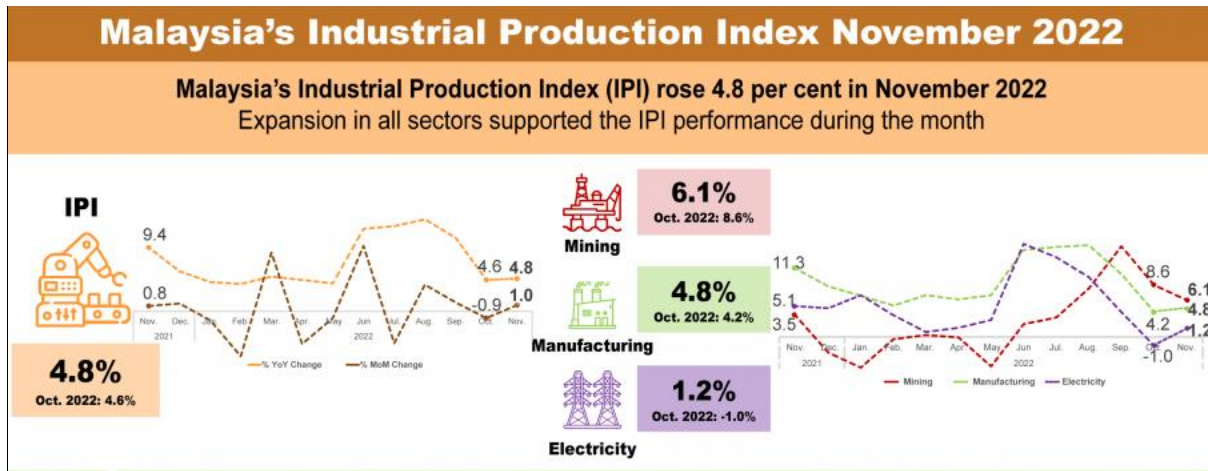
Gov't to focus on upgrading flood relief centre facilities: Upgrading facilities at relief centres and providing ready-to-eat retort packaged meals will be among the government's focus in efforts to better manage flood victims. Minister in the Prime Minister's Department (Sabah, Sarawak Affairs and Special Functions) Datuk Armizan Mohd Ali said currently most centres were set up at public halls and schools which have their own constraints. He said that the government would constantly improve facilities, especially toilets and bathrooms at those centres. "As a long-term measure to address the issue the government plans to build permanent relief centres in flood-prone areas in the country. (28 January, Bernama)

RM6 million shoplots for Tongod: Tongod will have a new landmark with another development project approved by the State Government to build a new town in the district. Housing and Town Development Board (LPPB) Chairman Datuk Masiung Banah said RM6 million had been allocated to build two rows of multi-storey shops containing 12 units on a 6.24-acre site. He said, for the first phase, a total of six units would be constructed early this year as soon as the consultant obtains approval from the Tongod District Council. "The proposed commercial project plan has been fully completed and we have already received advance orders from supermarket companies including franchise such as KFC". (26 January, Daily Express)

SELECTED FACTS AND FIGURES

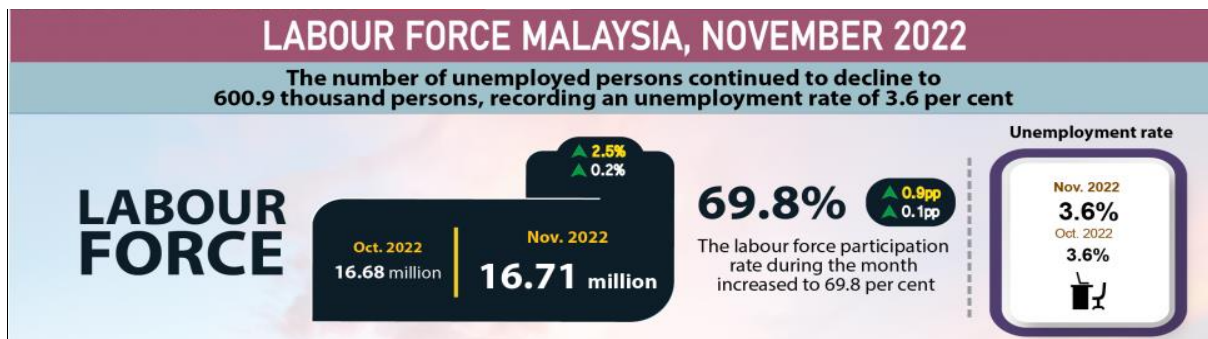
FAKTA MUTAKHIR

Malaysia's Industrial Production Index, November 2022



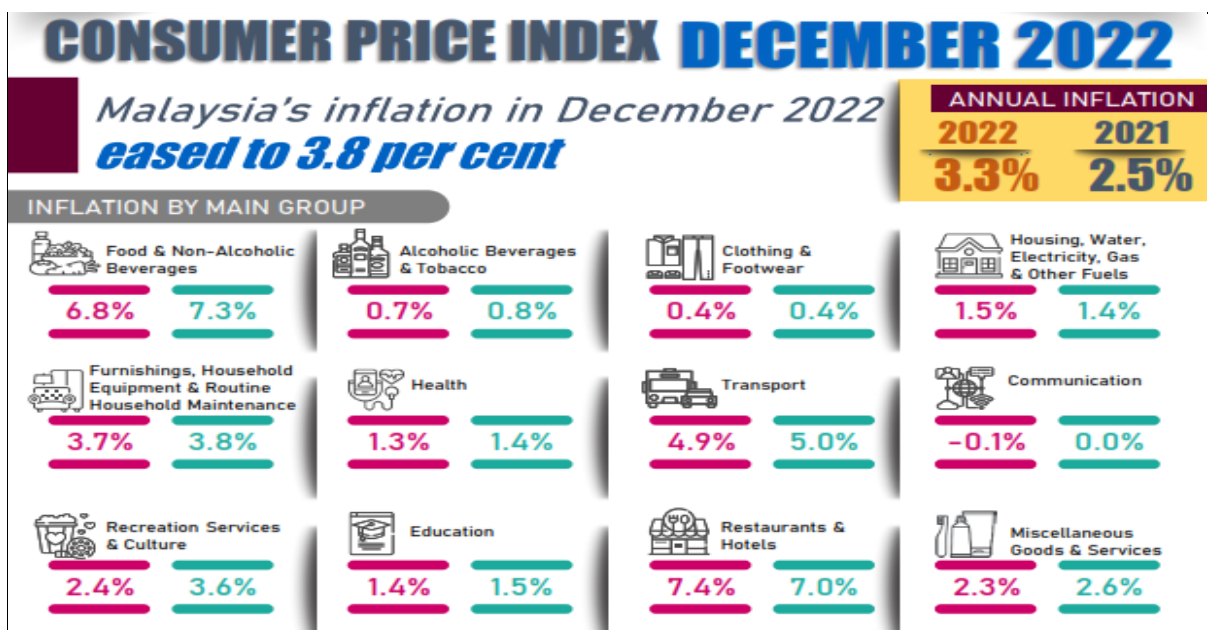
(Source: 11 January, Department of Statistics Malaysia)

Malaysia's Labour Force, November 2022



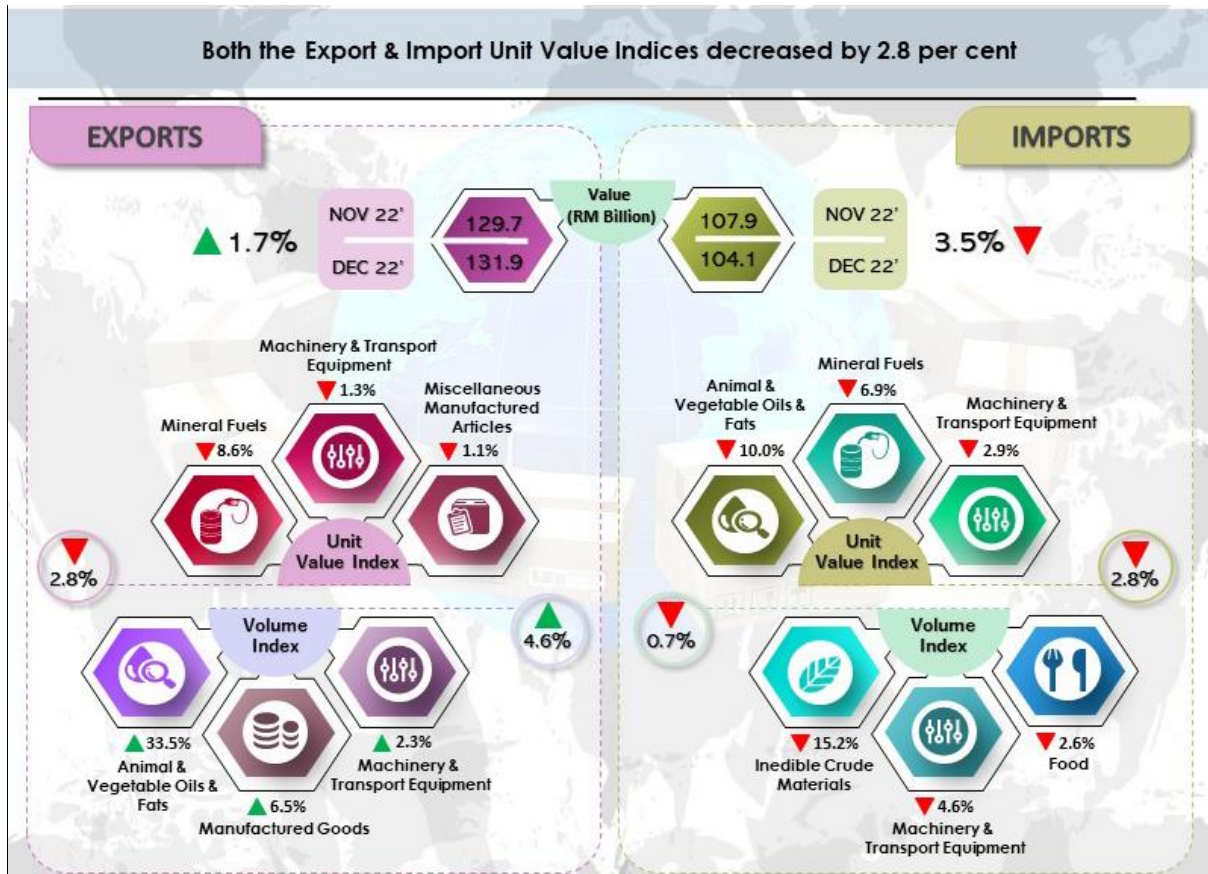
(Source: 10 January, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, December 2022



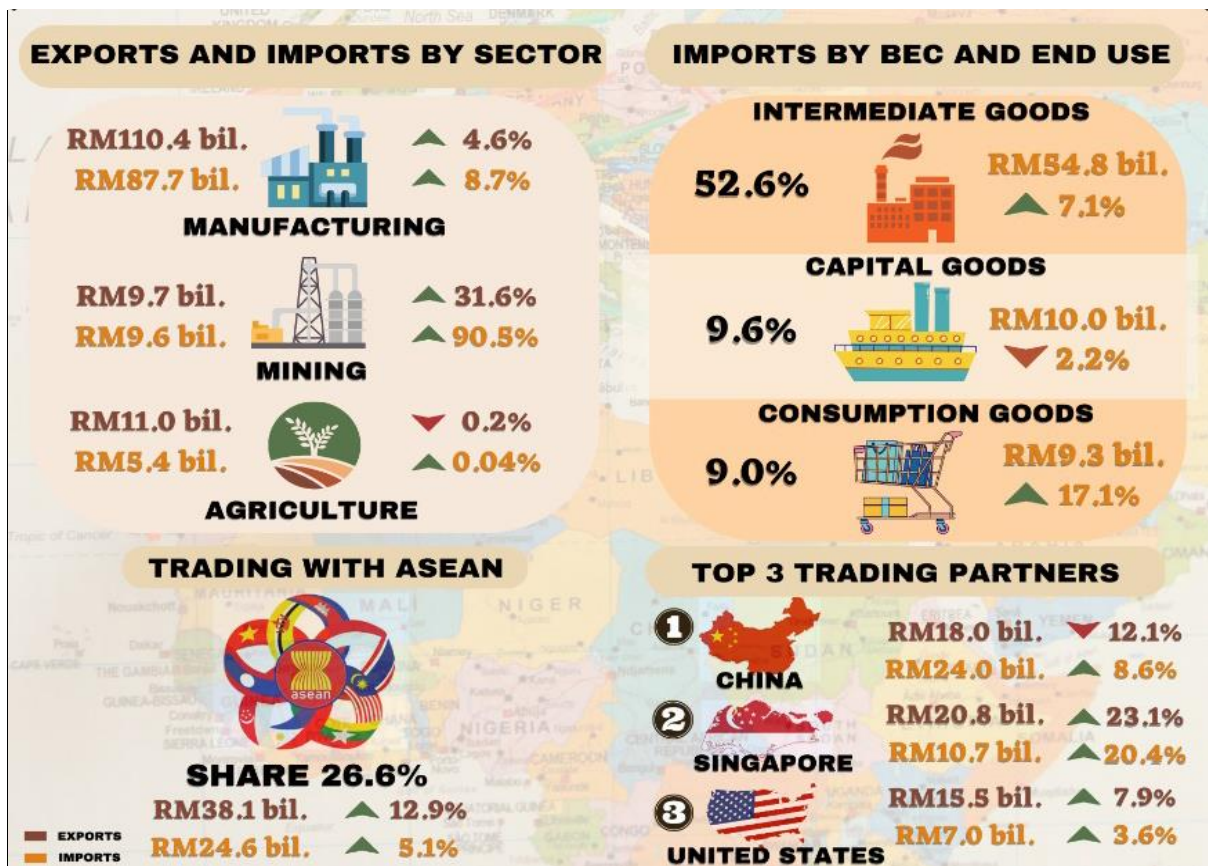
(Source: 20 January, Department of Statistics Malaysia)

Malaysia's External Trade Indices, December 2022



(Source: 27 January, Department of Statistics Malaysia)

Malaysia's External Trade Statistics, December 2022



(Source: 18 January, Department of Statistics Malaysia)