



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 28 Issue 4

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

1 – 30 April 2023

HIGHLIGHTS FOCUS

- **High inflation still top concern for global economy, say economists: Reuters poll**
- **Russia watching for new Western sanctions, says they would damage world economy**
- **Inflation rate to hover between 3% and 3.5%**
- **IMF revises 2023 global growth downward to 2.8pct, MIDEF says Malaysia to grow 4.5%**
- **Drone technology can increase yield in agricultural sector – Arthur**
- **Sabah has sustainable energy potential**

INTERNATIONAL ANTARABANGSA

High inflation still top concern for global economy, say economists: Reuters poll: Persistently high inflation remains the biggest economic concern this year even as most central banks are at or near the end-game for rate rises, according to Reuters polls of economists who also upgraded their 2023 growth forecasts from three months ago. With the global economy performing better than expected so far this year, most major economies were forecast to escape an outright recession or get away with a shallow one, suggesting that policymakers have their work cut out in taming inflation. (28 April, Reuters)

Russia watching for new Western sanctions, says they would damage world economy: The Kremlin said on Friday it was monitoring reports of a possible ban on exports to Russia by Western countries, and that new sanctions would damage the global economy. “We are carefully monitoring this, we are aware that both the United States and the European Union are actively considering new sanctions,” Kremlin spokesman Dmitry Peskov told reporters. (21 April, The Straits Times)

China blasts potential US investment curbs as ‘economic coercion’: Beijing accused the United States on Friday of “naked economic coercion and technological bullying”, in response to Washington’s potential new restrictions on American firms’ ability to invest in Chinese entities. The Biden administration is considering a programme to restrict certain US outbound investments involving specific sensitive technology with significant national security implications. (22 April, The Straits Times)

BOJ keeps upbeat economic view on seven of Japan’s nine regions: The Bank of Japan maintained its upbeat economic assessment for most regions on Thursday, saying wage hikes were broadening, underscoring its conviction that the country was on a path to sustainably meet its inflation target of 2%. In a quarterly report analysing regional economies, the central bank left unchanged its assessment for seven of Japan’s nine regions, which were “picking up” or “picking up moderately”, it added. (20 April, Reuters)

Sluggish growth and high inflation leave ECB in tight spot: The euro zone economy is barely growing but inflation in the bloc remains high, leaving the European Central Bank with little choice but to inflict more financial pain on households and businesses to tame prices. Buffeted for more than a year by the surge in fuel prices that followed Russia’s invasion of Ukraine, people in the 20 countries that share the euro are now starting to feel the effects of the ECB’s massive increase in borrowing costs. (28 April, Reuters)

South Korea economy averts recession but faces tough headwinds: South Korea’s heavily trade-reliant economy barely averted a recession posting slim growth in the first quarter, but the outlook remained clouded by weak exports due to a cooling global economy, even with China’s reopening. South Korea’s

gross domestic product (GDP) in the first quarter expanded by 0.3% over the previous three-month period, official advance estimates showed on Tuesday, compared with a median 0.2% rise tipped in a Reuters survey. (25 April, Reuters)

US economic growth slows as firms cut investment: The US economy slowed in the first three months of the year, as businesses reduced investments in the face of higher borrowing costs. The economy grew 1.1% on an annualised basis, the Commerce Department said. That was down from a rate of 2.6% in the prior quarter, despite strong consumer spending. Analysts are watching nervously to see how the world’s largest economy handles a mix of higher interest rates and rising prices. (27 April, BBC News)

UK to be one of worst performing economies this year, predicts IMF: The UK is set to be one of the worst performing major economies in the world this year, according to the International Monetary Fund (IMF). It says the UK economy’s performance in 2023 will be the worst among the 20 biggest economies, known as the G20, which includes sanctions-hit Russia. The IMF predicts the UK economy will shrink this year, although this is a small upgrade from its last forecast. It also warned of a “rocky road” for the global financial system. (11 April, BBC News)

Singapore economy grows just 0.1% in Q1, raising talk of technical recession: Singapore barely eked out year-on-year growth in the first three months of 2023 as a global slowdown began to hit, leading analysts to cut their forecasts for the economy and raising the risk of a technical recession. Weighed down by the manufacturing sector, the economy grew just 0.1% year on year in the first quarter, slowing sharply from the 2.1% expansion in the previous quarter, advance estimates from the Ministry of Trade and Industry (MTI) on Friday showed. (14 April, The Straits Times)

NATIONAL NASIONAL

Inflation rate to hover between 3% and 3.5%: Analysts have mixed views on the inflation outlook for Malaysia in the near term but expect it to hover between 3% and 3.5% for the year underpinned by slower economic growth and stable commodity prices. In March, the consumer price index (CPI) moderated to 3.4% year-on-year (y-o-y) from 3.7% y-o-y in February this year. Core CPI increased by 3.8% y-o-y in March, but was 0.1% lower from February's 3.9%. PublicInvest Research said the CPI's growth rate in March was below market expectations of 3.6%, which stemmed from the moderate rise in food inflation to 6.9% y-o-y in March from 7% y-o-y in February. (26 April, The Star)

IMF revises 2023 global growth downward to 2.8pct, MIDF says Malaysia to grow 4.5%: Despite the latest projection from the International Monetary Fund (IMF) that casts a slower global economic growth projection in 2023, MIDF Research said Malaysia's growth of gross domestic (GDP) is set to increase 4.5% for this year and 2024. MIDF Research said the growth rates would be underpinned by the resilience of both job market and slowdown of inflation data. The firm said the downward revision by the IMF was primarily influenced by the recent financial market uncertainties in the United States and European Union (EU) as well as the unresolved war in Ukraine. (12 April, Business Times)

Boost for M'sia-UK trade: Trade between Malaysia and the UK, which currently stands at £5.9bil (RM32.3bil), is set to get a boost this year with the latter's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). British Malaysia Chamber of Commerce (BMCC) chief executive officer Jennifer Lopez told StarBiz that with the UK's accession to the CPTPP – one of the largest free trade areas in the world, accounting for 21% of global GDP in 2021 – Malaysian exporters would benefit from the expanded preferential access to the UK market. Before this, Malaysia was one of the CPTPP members which the UK does not have a bilateral agreement with, she added. (10 April, The Star)

Malaysia's total trade at RM232.7bil in March 2023:

Malaysia's total trade for March 2023 amounted to RM232.7 billion, 1.6% lower year-on-year, said the Department of Statistics (DOSM) today. Exports eased 1.4% year-on-year to RM129.7 billion while imports fell 1.8% year-on-year to RM103 billion, DOSM said in a statement. Chief statistician Datuk Seri Mohd Uzir Mahidin said the export performance by states showed that the decrease in exports was due to the lower exports in most states, namely Kuala Lumpur (-RM775.6 million), Kedah (-RM730.3 million), Sabah (-RM651.7 million), Pahang (-RM637.9 million), Terengganu (-RM405.1 million), Perak (-RM366.0 million), Johor (-RM242.9 million) and Kelantan (-RM71.0 million). (28 April, The Star)

China's reopening, emerging technologies a boon for semicon industry – Malaysia: The semiconductor industry is expected to grow in the long term, driven by the demands arising from emerging technologies and the global digital transformation, as well as the reopening of major economies such as China. Early this month, Malaysia secured a record RM170 billion worth of investment commitments from China from 19 memoranda of understanding (MoU) sealed between businesses in the two countries. Malaysia Semiconductor Industry Association (MSIA) President Datuk Seri Wong Siew Hai said Malaysia needs to continue to enhance its electrical and electronics (E&E) ecosystem and seize the opportunities arising from the United States (US)-China geopolitical conflict. (27 April, Bernama)

Govt committed to supporting aerospace industry's growth -- Tengku Zafrul: The government is committed to supporting the growth of the aerospace industry and will continue to work closely with all stakeholders to create a conducive environment for investment and sustainable growth, said Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz. According to him, Malaysia is today in a much better position policy-wise to promote itself as pro-trade, pro-business and pro-investment. "No matter what the challenges are, my team and I stand ready to ensure Malaysia's industrial transformation, and keep marketing Malaysia as a prime, cost-efficient launching pad or support base for countries seeking to enter Asean or even Asia," he said

at the signing ceremony between Asia Digital Engineering (ADE) and OCP Asia Ltd in Kuala Lumpur. (26 April, Bernama)

Malaysia's March CPI eases to 3.4%: Malaysia's consumer price index (CPI) in March eased to 3.4% with the index point at 129.9, underpinned by a decrease in the price of unleaded petrol. A report from the Statistics Department showed on Thursday the rate of inflation in March had moderated from 3.7% in February. This was below the expectations of a poll of economists surveyed by Reuters, which had a median forecast of 3.7%. Core inflation, which measures changes in the prices of all goods and services, excluding volatile prices of fresh food as well as administered prices of goods by the government, still registered a higher increase of 3.8%. Cumulatively, the CPI in the first three months of the year increased 3.6% from the same quarter in 2022, and gained 0.6% as compared to the fourth quarter of 2022. (20 April, The Star)

MPOB sees higher exports of palm oil, palm-based products to China this year: Malaysia's exports of palm oil and palm-based products to China are expected to increase this year as it enhances cooperation with the latter in the palm oil trade with the recent signing of the memorandum of understanding (MoU) in Beijing. The MoU inked between the Malaysian Palm Oil Board (MPOB) and the China Chamber of Commerce of Import and Export of Foodstuffs, Native Produce, and Animal By-products (CFNA) further broadened cooperation between the two countries in the trade of palm oil apart from strengthening Malaysia's position and market share in the Chinese market. (25 April, Bernama)

Malaysia, Netherlands enjoy strong relations: Malaysia and the Netherlands have enjoyed strong economic ties over the years, with both countries being maritime nations with trade-oriented economies. As of 2021, statistics show that the total trade volume in goods and services between Malaysia and the Netherlands amounted to RM41.8 billion. This makes the Netherlands Malaysia's second-largest trading partner in the European Union (EU). Historically, with solid investment ties, the Netherlands is one of the country's top five foreign investors. (27 April, Business Times)

LOCAL TEMPATAN

Drone technology can increase yield in agricultural sector – Arthur:

The Ministry of Science, Technology and Innovation (MOSTI) is striving to develop an ecosystem for the application of drone technology in the field of agriculture to help increase the income of farmers. Its Deputy Minister, Datuk Arthur Joseph Kurup said the use of drone technology in the agricultural sector can increase yields, reduce dependence on foreign workers and provide job opportunities for farmers, especially in rural areas. “From studies conducted, the use of drones in the agricultural sector can provide accurate information to farmers in the use of pesticides and fertilisers as well as the health status of crops. (30 April, Bernama)

Sabah has sustainable energy potential:

Industrial Development and Entrepreneurship Minister Phoong Jin Zhe shared that there is huge potential to invest in sustainable energy in Sabah after meeting with several ambassadors in the country. Phoong met with the Ambassador of Japan to Malaysia, Takahashi Katsuhiko, Ambassador of Sweden to Malaysia, Joachim Bergström and the High Commissioner of Australia in Malaysia, Dr Justin Lee. Deputy Science, Technology and Innovation Minister Arthur Joseph Kurup also attended the meeting. “The meeting was fruitful as the ambassadors shared with us that Sabah has huge potential in developing sustainable power plants as it would hit two birds with a stone, supplying energy while being in line with Sustainable Development Goals (SDGs) set by the United Nations. (9 April, The Borneo Post)

RM685 million spent on Sabah human capital:

The Sabah Government, through Yayasan Sabah Group (YSG), spent RM685 million on scholarships, bursaries and higher education loans since 1967. A total of 43,665 students in the State, taking various disciplines in local and international institutions of higher learning, have benefited from the aid, said Chief Minister Datuk Seri Hajiji Noor. Apart from YSG, he said annual education sponsorship in the form of scholarships or bursaries were also provided by the Science, Technology and Innovation Ministry, the State Public Service Department and Sabah Islamic Religious Council (Muis) through the Sabah Zakat Centre and

Sabah Welfare Foundation. (17 April, Daily Express)

Sabah mahu erat kerjasama dengan Singapura:

Masih terdapat ruang kerjasama diantara Singapura dengan Sabah khususnya dalam sektor pelancongan. Menteri Pelancongan, Kebudayaan dan Alam Sekitar Datuk Christina Liew berkata, penubuhan Pejabat Pelancongan dan Perdagangan Sabah (STTO) yang sedang diusahakan di Singapura adalah sesuatu perkembangan positif. “Usaha ini sudah pasti akan membuka lebih banyak peluang ekonomi diantara Sabah dan Singapura untuk dimanfaatkan bersama,” katanya ketika menerima kunjungan hormat daripada Pesuruhjaya Tinggi Singapura ke Malaysia Vanu Gopala Menon di Kota Kinabalu. (28 April, Utusan Borneo)

China visit establishes important relations:

State Industrial Development and Entrepreneurship Minister Phoong Jin Zhe said his recent working visit to China has laid good fundamentals and established important bilateral relations to attract more beneficial investments for Sabah. “We are focused on further developing the industrial chain and also building a complete industrial ecosystem,” he said in a statement, Tuesday. While in China, the Minister visited SBH Kibing’s factory in Zhangzhou as the manufacturing factory would be identical with the factory that is about to operate in Kota Kinabalu Industrial Park (KKIP) in the fourth quarter of 2023. (26 April, Daily Express)

CM: Sabah Maju Jaya will strengthen Sabah’s economy:

Chief Minister Datuk Seri Hajiji Noor believes the Sabah Maju Jaya (SMJ) Development Plan will restore and strengthen the State’s economy. He said this is needed to execute holistic progress for more inclusive, balanced and fair growth. “I am confident this government is capable of making changes, reducing the unemployment rate, eradicating poverty and, of course, providing comfort to all people, God willing,” he said at a breaking of fast and handing over of Ramadan contributions at the Tuaran District level at Masjid An-Nur, Tuaran, on April 16. According to Hajiji, the state and national economies are still recovering from the pandemic three years ago and Sabah is very fortunate since it is still able to record its highest achievement in State revenue collection. (25 April, Daily Express)

KPT komited tingkatkan pendidikan TVET di Sabah:

Kementerian Pendidikan Tinggi (KPT) komited untuk meningkatkan program Pendidikan dan Latihan Teknikal dan Vokasional (TVET) supaya ia menjadi pilihan pelajar di negeri ini. Timbalan Menteri Pendidikan Tinggi Datuk Mohammad Yusof Apdal berkata, pihaknya berusaha menjalankan pelbagai inisiatif bagi mengembangkan pengajian TVET di negara ini khususnya di Sabah. Katanya, KPT akan meletakkan program TVET di dalam borang Unit Pusat Universiti (UPU) sebagai langkah memperkenalkan program itu kepada pemohon. “Kita berharap dengan usaha ini dapat menggalakkan pelajar yang mahu melanjutkan pengajian ke peringkat lebih tinggi cenderung untuk memilih program TVET. (8 April, Utusan Borneo)

Sabah officially acquires 25% equity in PC FSSB:

Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor lauded Sabah’s official acquisition of 25% equity in Petronas Chemicals Fertiliser Sabah Sdn Bhd (PC FSSB) giving state-owned SMJ Sdn Bhd (SMJSB) a stake in PC FSSB world-scale ammonia and urea production facilities. This was made possible following the definitive agreements entered between SMJSB and Petronas Chemicals Group Berhad (PCG) on Tuesday, subsequent to the Heads of Agreement (HOA) signed on Jan 9, 2023. Hajiji said this latest acquisition was part of the Commercial Collaboration Agreement (CCA) signed between the State Government and Petronas on December 7, 2021 to enhance collaboration between the two parties in developing the oil and gas industry in Sabah. (25 April, The Borneo Post)

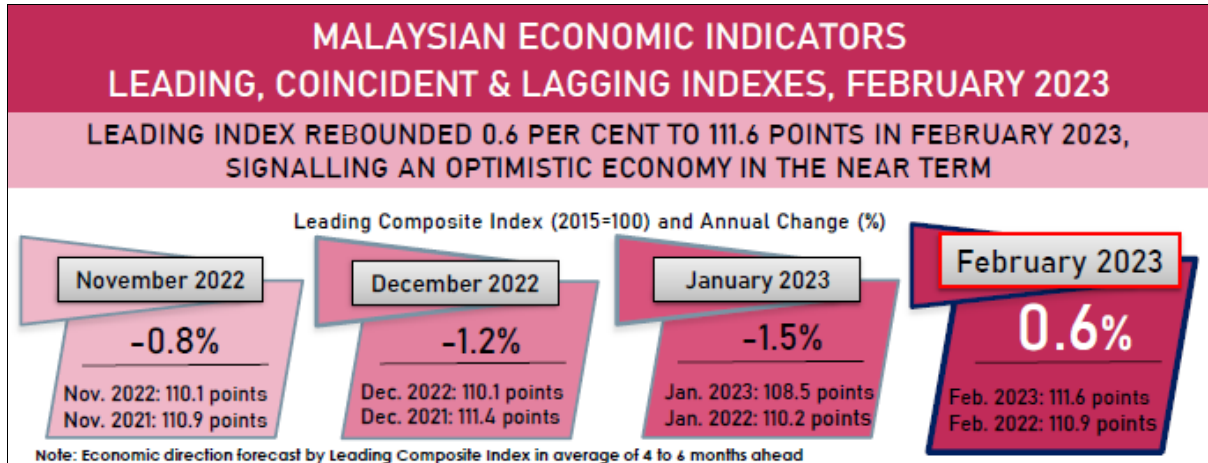
RM17.3 million aid for rubber smallholders:

A total of 86,503 rubber smallholders in Sabah will receive the Aidilfitri Special Financial Assistance (BKKA) distributed by the Sabah Rubber Industry Board (LIGS) on Monday (April 17), said LIGS Chairman Datuk Edward Linggu. He said the RM200 assistance was given to all rubber smallholders in the State who also received the Monsoon Season Assistance (BMT) of RM800 each that was distributed earlier this year. He hoped the assistance, which totalled RM17.3 million, would help ease their financial burden, especially during this Aidilfitri celebration. (18 April, Daily Express)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

Malaysia's Economic Indicators: Leading, Coincident & Lagging Indexes, February 2023



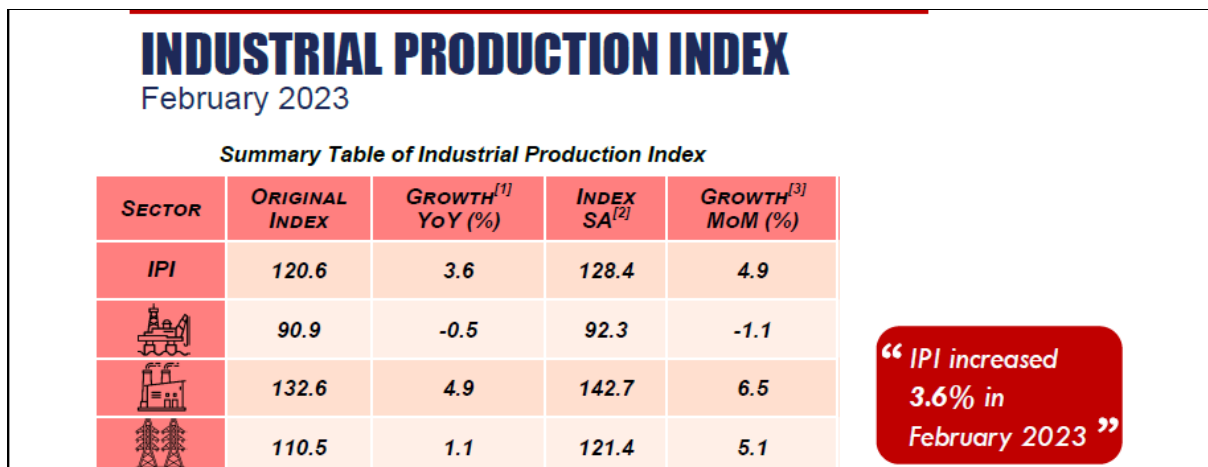
(Source: 20 April, Department of Statistics Malaysia)

Malaysia's Monthly External Trade Statistics, March 2023



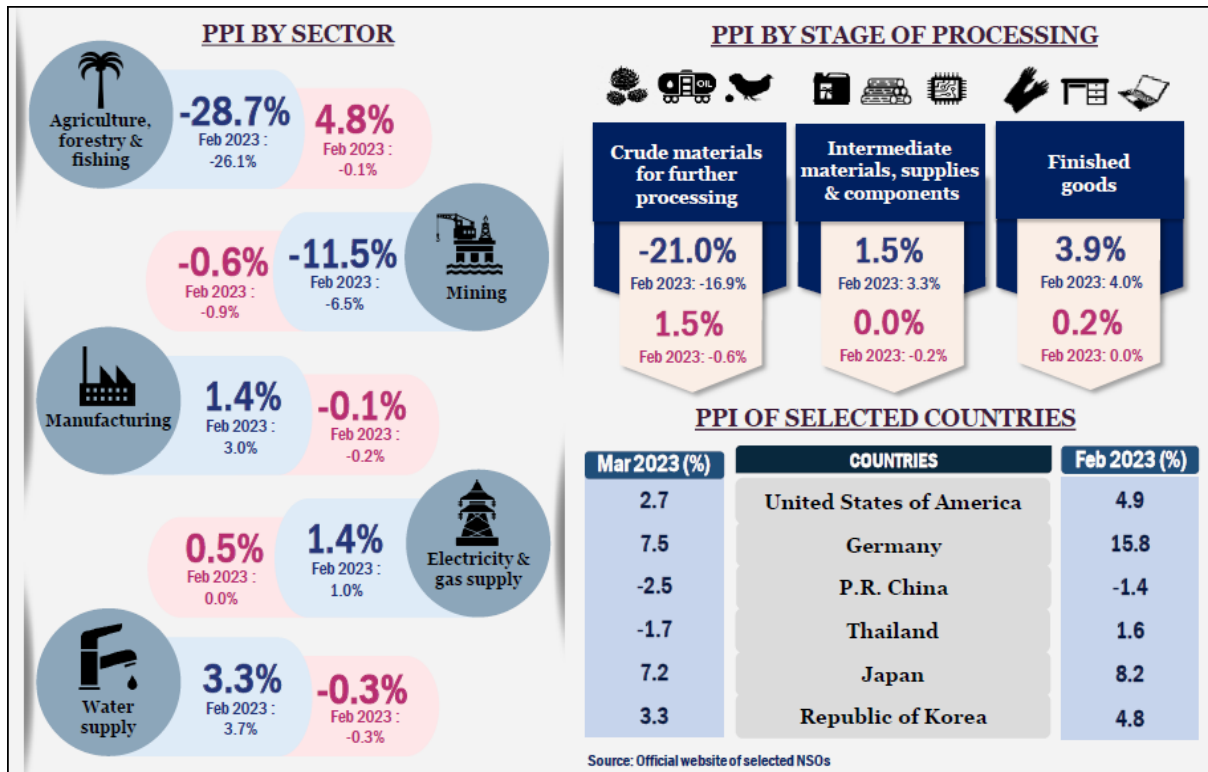
(Source: 19 April, Department of Statistics Malaysia)

Malaysia's Industrial Production Index (IPI), February 2023



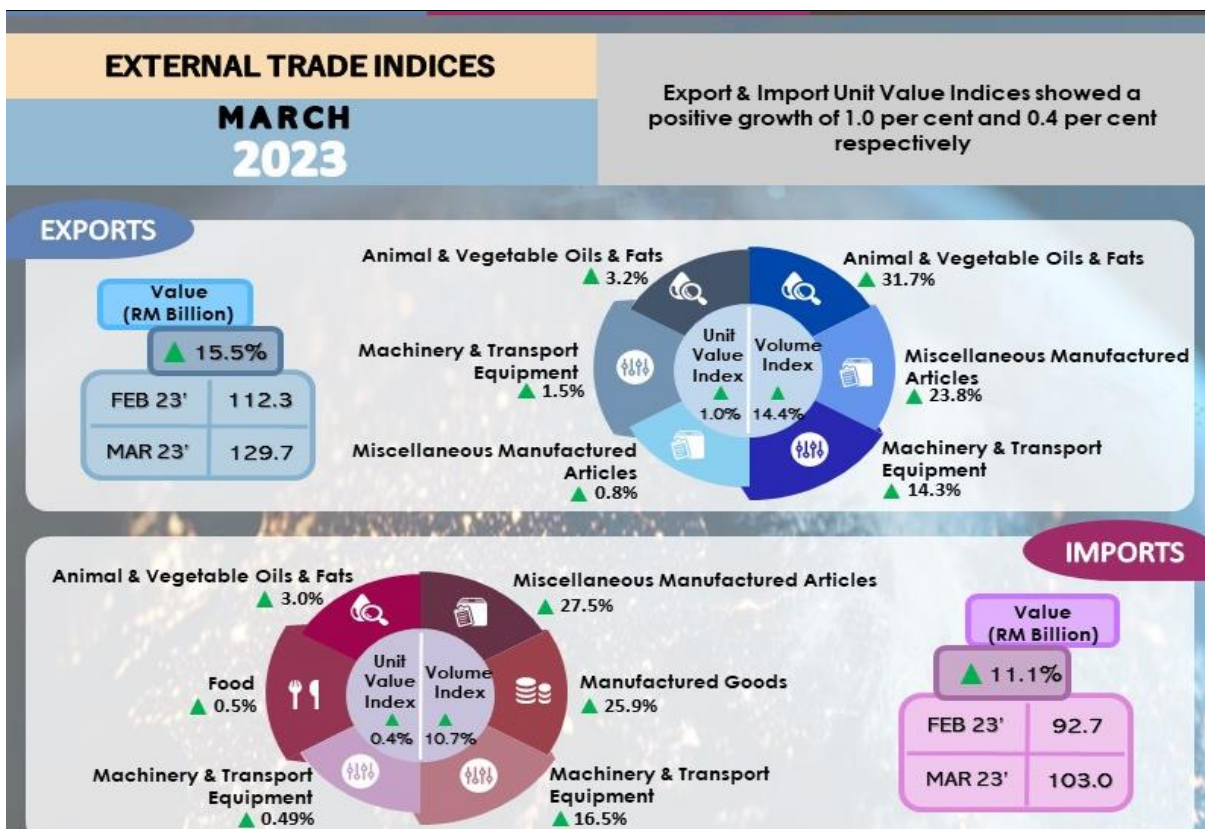
(Source: 11 April, Department of Statistics Malaysia)

Malaysia's Producer Price Index (PPI), March 2023



(Source: 27 April, Department of Statistics Malaysia)

Malaysia's External Trade Indices, March 2023



(Source: 28 April, Department of Statistics Malaysia)