



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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HIGHLIGHTS FOCUS

- **Turkey's economy grew 5.6% in 2022, pace to slow after earthquakes**
- **South-east Asia's tech industry slows but is set to grow**
- **Holistic growth model needed**
- **Budget 2023: GDP to grow 4.5% in 2023**
- **Sabah strengthening status as transportation hub in SE Asia**
- **Higher allocation allows for development of environmental sustainability - Nik Nazmi**

INTERNATIONAL ANTARABANGSA

Turkey's economy grew 5.6% in 2022, pace to slow after earthquakes: Turkey's economy expanded 5.6% in 2022, official data showed on Tuesday but growth was expected to slow significantly to 2.8% in 2023 after earthquakes this month caused widespread destruction in the south of the country. The economy had started cooling in the second half of 2022 with a decline in domestic and foreign demand, partly due to a slowdown in Turkey's main trading partners because of the war in Ukraine, which hurt exports. (28 February, Reuters)

South-east Asia's tech industry slows but is set to grow: After a couple of years of spectacular growth, tech start-ups and tech giants alike are now facing a less optimistic outlook. During the third quarter of 2022, venture capital (VC) investments and deals globally fell to levels not seen since the beginning of the Covid-19 pandemic. This slowdown in investment is hitting North America and Europe particularly hard – but Asia is being affected too. (11 February, The Straits Times)

Australia's treasurer says curbing inflation remains economic 'main game': Australia's Treasurer Jim Chalmers said on Sunday that stubbornly-high inflation in the

country has likely peaked, but conceded it remains a big economic challenge. Inflation is running at a 32-year high of 7.8% is only expected to slow to the top of the Reserve Bank of Australia (RBA)'s target range of 2-3% by mid-2025. Speaking from India, where he has been attending the G20 financial leaders' meet in Bengaluru, Chalmers said the global economy was on an "incredibly narrow path" with "the inflation challenge on one side, and a big global downturn on the other". (26 February, Reuters)

Brexit deal puts disliked UK assets on long road to recovery: Prime Minister Rishi Sunak and European Commission President Ursula von der Leyen both hailed their post-Brexit deal as a chance to reset frayed relations between the two sides. For investors in British assets, the repair work is only just beginning. BlackRock Inc. and ABRDN Plc are among asset managers overseeing more than \$9 trillion combined that expect the deal to remove only some of the uncertainty that has dogged the UK since Britain voted to leave the bloc in 2016. (28 February, Bloomberg)

Russia's economy shrinks by less than expected: Russia's economy shrank last year by less than had been expected given its invasion of Ukraine, figures suggest. The economy contracted by 2.1%, according to the country's statistics agency, but this was less than an earlier prediction of a 12% fall. While questions have been raised about the reliability of the data, many commentators have been surprised at the Russian economy's resilience. (20 February, BBC News)

US fourth-quarter GDP revised lower on weaker consumer spending: US economic growth in the fourth quarter was weaker than previously estimated, reflecting a downward revision to consumer spending as the Federal Reserve's preferred inflation figures were revised higher. Inflation-

adjusted gross domestic product, or the total value of all goods and services produced in the US, increased at a 2.7% annualised rate during the period, Commerce Department data showed Thursday. (23 February, Bloomberg)

Japan's trade deficit smashes record amid global slowdown: Japan's trade deficit surged to a record in January as exports to China dropped sharply and the global economy slowed. The trade gap jumped to 3.5 trillion yen (\$34.9 billion) from 1.45 trillion yen in December, the Finance Ministry reported on Thursday. The deficit far exceeded the previous record of 2.82 trillion yen, although it was smaller than analysts' estimates of 3.98 trillion yen. Export growth slowed sharply to 3.5%, with chipmaking equipment among the largest drags, in a sign of weakening global tech sector demand. (16 February, The Straits Times)

South Korea's early trade data shows export slump persisting in February: South Korea's early trade data showed a decline in exports persisting this month, fuelling concerns about the economic outlook ahead of this week's central bank decision. Average daily shipments dropped 14.9% in the first 20 days of February compared with a year earlier, the Customs office said on Tuesday. This follows an 8.8% decline in the same period of January and points to further weakness in global demand. (21 February, The Straits Times)

US-China trade hits record high despite rising tensions: Trade between the US and China hit a record high last year even as their diplomatic relations deteriorated. Imports and exports between the two countries totalled \$690.6bn (£572.6bn) in 2022, official figures show. Relations between the countries have hit new lows in recent days after a Chinese balloon travelled across the US. (8 February, BBC News)

NATIONAL NASIONAL

Holistic growth model needed:

The World Bank Group (WBG) says Malaysia needs to revive capital investments and encourage growth convergence of lagging states to raise its gross domestic product (GDP) growth potential beyond the 4% level. The international financial institution forecasts Malaysia's GDP to grow by 4% in 2023 but believes it should review the performance of growth corridors and encourage further participation of women in the workforce to grow above its potential growth rate due to its narrow fiscal space. "In the absence of immediate fiscal reform, having a high growth rate will ensure collection of higher revenues for the government, create jobs and improve fiscal indicators such as debt to GDP. (10 February, The Star)

Budget 2023: GDP to grow 4.5% in 2023:

The Malaysian economy is projected to grow by 4.5% in 2023, even as the World Bank warned about the global economy being "perilously close" to falling into recession this year. In the first section of the 2023 Economic Report, the Finance Ministry said all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction - which remained below pre-pandemic levels as of 2022 - are also expected to grow further in line with the improvement in economic activities. (24 February, The Star)

Malaysia's trade still robust, with over RM18bil surplus in first month of 2023:

Malaysia keeps its trade momentum in tact with total trade, exports and imports registering the highest monthly value for the month of January. The country's total trade expanded 1.9% year-on-year (y-o-y) to RM207.51 billion last month, according to the International Trade and Industry Ministry. Exports rose 1.6 per cent to RM112.84 billion and imports was higher by 2.3% to RM94.67 billion. Trade surplus amounted to RM18.16 billion, a drop of 2.1%. This marked the 33rd consecutive month of trade surplus since May 2020. (20 February, Business Times)

Malaysia's momentum picks up as economic outlook gradually improves:

Economists: Malaysia's economy grows at the fastest pace in Southeast Asia, expanding 8.7% in 2022. The 8.7% is also the country's fastest since 2000, although the pace in the fourth quarter (Q4) of 2022 slowed to 7.0% from the blistering 14.2 per cent in the preceding quarter. While the growth is slower than the two previous quarters, economists agreed that the momentum was picking up for Malaysia as 2023 global outlook was gradually improving. Universiti Kuala Lumpur Business School economic analyst Associate Professor Aimi Zulhazmi Abdul Rashid said continuous recovery of all sectors augured well for a good momentum into the new year. (12 February, The Star)

Supply chain woes are costing Malaysia's economy RM8.7bil a year:

Supply chain disruptions caused by China's border reopening, acute labour shortage, climate change, and global geopolitical tensions cost the Malaysian economy RM8.7 billion annually, according to a new analysis by business transformation consultancy TMX Global. TMX Global country manager of Malaysia and Singapore Greg O'Shea said supply chain issues cost companies an average of 0.47% in lost revenue worldwide. Given Malaysia's gross domestic product (GDP) of RM1.85 trillion (US\$434 billion), businesses in Malaysia are losing over RM8.7 billion a year in sales due to supply chain woes. (21 February, Business Times)

Malaysia's terms of trade grow 2.2 pct in January – DoSM:

Malaysia's terms of trade maintained positive growth of 2.2% year-on-year in January 2023, from 109.1 points in the same period last year, according to the Department of Statistics (DoSM). Chief Statistician Datuk Seri Mohd Uzir Mahidin said on a monthly comparison, Malaysia's terms of trade, however, returned to a negative performance of 0.1% to 111.5 points in January 2023 against December 2022, due to decreases in the index of food (0.14%), machinery and transport equipment (0.6%) and animal and vegetable oils and fats (0.08%). (28 February, Bernama)

Malaysia can achieve high-income nation status as early as 2026 if growth continues at 4-5%:

Rafizi: Malaysia is on track to become a high-income nation if economic growth remains at around four to 5% and the value of the ringgit is stronger, said Economy Minister Rafizi Ramli. "It means that if economic growth from 2023 to 2025 is around four to 5% and performing well, we can reach the status of a high-income nation as early as 2026. "It would be better (if) our economic growth exceeds 5% within two to three years, the aspiration of reaching high-income country status will be sooner," he said at a press conference on Malaysia's economic performance and Gross Domestic Product (GDP) growth 2022 in Putrajaya today. (15 February, The Star)

Malaysia, US reaffirm commitment to strengthen bilateral economic ties – MITI:

Malaysia and the United States (US) today reaffirmed their commitment to intensify collaboration to strengthen bilateral economic ties, as well as at the multilateral and regional levels, said the Ministry of International Trade and Industry (MITI). In a statement today, it said the commitment was made during the meeting between MITI Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz and his US counterpart, Ambassador Katherine Tai, the US Trade Representative at Menara MITI, here in Kuala Lumpur. The ministry said, as champions of the multilateral trading system, Malaysia and the US shared a strong track record of progressive outcomes in various international fora. (16 February, Bernama)

Budget 2023: Malaysia's inflation to hit 2.8-3.8% in 2023, says Report:

Inflation in Malaysia is expected to range between 2.8% and 3.8% this year following slower economic prospects as well as stable commodity prices. According to the Updates on Economic and Fiscal Outlook and Revenue Estimates 2023, the inflation outlook would also be affected by fluctuations in foreign exchange rates and prolonged supply disruptions. Empirically, a one percentage point change in the exchange rate and crude oil price will have a 0.337 and 0.112 percentage point impact on inflation respectively. (26 February, Business Times)

LOCAL TEMPATAN

Sabah strengthening status as transportation hub in SE Asia:

Sabah is strengthening its status as an essential transportation hub in South East Asia through its ongoing destination marketing and expansion of direct air connectivity. Currently, Sabah's international entry points are via Singapore, Bandar Seri Begawan (Brunei Darussalam), Taipei, Hong Kong, Narita (Japan), Incheon (South Korea), Busan (South Korea), Manila (Philippines), and Bangkok (Thailand). Airlines that provide direct routes between Sabah and these nine overseas destinations with a frequency of 72 flights per week. (15 February, Daily Express)

Higher allocation allows for development of environmental sustainability - Nik Nazmi:

The higher allocation of more than RM6.53 billion to the Natural Resources, Environment and Climate Change Ministry (NRECC) under the Budget 2023 gives more room for development of environmental sustainability, its minister Nik Nazmi Nik Ahmad said. With an increase of 8.4% compared to last year, the allocation would help promote green practices, protect the country's natural treasures and create a more efficient and comprehensive disaster management system, he said. It also proves that the federal government emphasised the green agenda and wants to provide quality and comprehensive infrastructure for the people. (25 February, Bernama)

RM97.5 million for youth, sports development:

The Sabah Government has allocated RM97.5 million to the State Youth and Sports Ministry for youth and sports development, upgrading sports facilities and the provision of sports science studies this year. Chief Minister Datuk Seri Hajiji Noor said the allocation reflected the State Government's commitment to ensuring sports and youth development in Sabah. "As the Chief Minister of Sabah, I want to see Sabah producing more great athletes and sportsmen who will bring sports glory to our State and country. "Many have excelled and did Sabah and the country proud in the national and international sporting arenas," he said at the media launch of the Borneo Sevens 2023 Rugby Tournament at the Sabah International Convention Centre

(SICC), Kota Kinabalu. (27 February, Daily Express)

Sabah's oil and gas industry expected to boom:

Sabah could be expecting a boom in its oil and gas industry in the coming years, said State Finance Minister Datuk Seri Masidi Manjun. He expects the industry to expand at a rapid pace following the state government's recent cooperation with Petronas through the signing of a heads of agreement (HoA) which allows Sabah's SMJ Sdn Bhd to acquire a 50% participation interest in the Samarang Sharing Contract (PSC). The Samarang PSC is a producing asset encompassing key oil and gas hubs in Sabah and currently produces around 36,000 barrels of oil equivalent per day for both oil and gas, in which the gas is delivered to customers in Kota Kinabalu and Labuan. (25 February, The Borneo Post)

Sabah seeks to put Malaysia on world map as new space launch site:

Sabah is hoping to use its strategic location at the equator to build the world's 16th space launching facility, which would make Malaysia only the ninth country to do so now. State Science, Technology and Innovation minister Datuk Arifin Arif announced that the state Cabinet has greenlit a feasibility study towards this goal, adding that a letter of intent will be awarded to Sovereign Sengalang Sdn Bhd. "If the research produces positive indications, then God willing, we will create history by having the world's 16th space launching facility and put Sabah and Malaysia's name up there in the global aeronautical industry," Arifin said at his ministry's award ceremony today. (14 February, Daily Express)

Unity Government committed to improve people's economy - Hajiji:

The National 2023 Budget reflects the Federal Unity Government's commitment to remedy the country's financial standing that takes care of the people's needs across the board. Sabah welcomed the 12-initiative Malaysia Madani Budget unveiled by Prime Minister Datuk Seri Anwar Ibrahim who is also Finance Minister in Parliament on Friday, said Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor after following the tabling of the revised Budget at Seri Gaya in Kota Kinabalu. "We welcome the RM6.5 billion allocation for Sabah, which is about 3.1% more than the amount allocated in the initial 2023 Budget tabled by the previous

Federal Government," he said. (24 February, The Borneo Post)

KKIP expected to have more investment and development:

The Kota Kinabalu Industrial Park (KKIP) is expected to have more investment and development coming in to complement the expansion of Sepanggar Bay Container Port (SBCP). Deputy Chief Minister Datuk Seri Dr Joachim Gunsalam said under the 12th Malaysia Plan (2021-2025), KKIP is scheduled to develop specific industrial clusters in tandem with the SBCP expansion. "KKIP plans to capitalise on the spin-offs from the logistics and transshipment activities while continuing to focus on import substitution industries and also downstream industries related to automotive, halal and food manufacturing, green technology, aerospace, Free Economic Zone as well as logistics and distribution," he said. (21 February, The Borneo Post)

Paddy program killing two birds with one stone:

The Large-Scale Smart Paddy Field (SBB SMART) programme implemented by the Malaysian Federal Ministry of Agriculture and Food Security (MAFS) will help increase the rice production in Sabah. This increases not only the income of farmers, but also the self-sufficiency level (SSL) of rice in Sabah, basically killing two birds with one stone. Deputy Minister of Agriculture and Food Security Chan Foong Hin said this during a two-day working visit to the Kota Belud Integrated Agricultural Development Area (IADA) on Thursday. He visited Sri Dusun, the largest rice factory in Sabah and BERNAS's rice storage warehouse. (18 February, The Borneo Post)

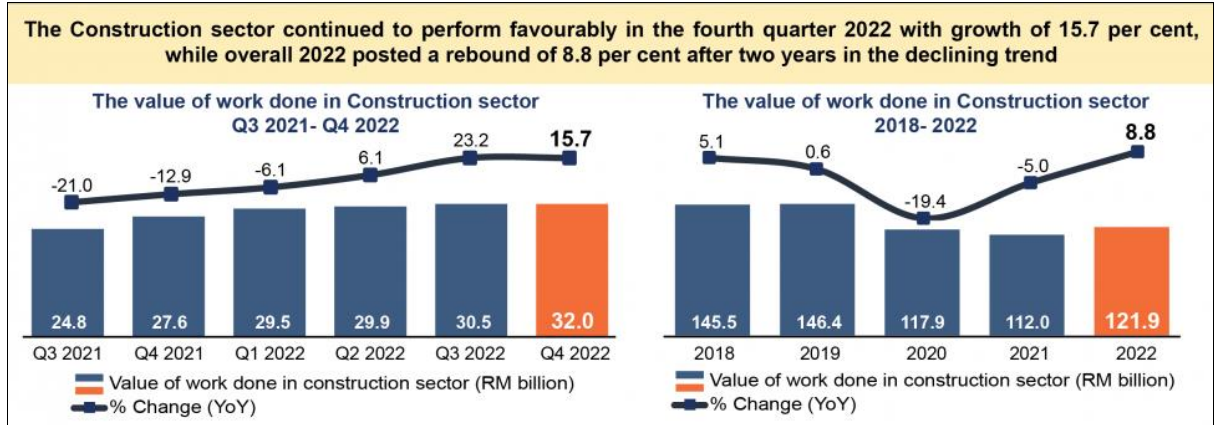
Arthur harap kerajaan negeri setuju naik taraf daerah kecil Sook menjadi daerah penuh:

Timbalan Menteri Sains, Teknologi dan Inovasi Datuk Arthur Joseph Kurup menyambut baik dapatan kajian yang telah dibentangkan oleh Institute For Development Studies (IDS Sabah) yang mengesyorkan Daerah Kecil Sook dinaik taraf menjadi daerah penuh. Jelas beliau, sejarah kewujudan daerah kecil Sook merupakan hasil perjuangan ayahnya, Tan Sri Joseph Kurup yang direalisasikan pada tahun 1989 dengan tujuan untuk memberi perkhidmatan yang terbaik kepada penduduk sekitar kawasan pedalaman seperti Mukim Sook, Tulid, Lanas dan Dalit. (27 Februari, Utusan Borneo)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

Malaysia's Quarterly Construction Statistics, Fourth Quarter 2022



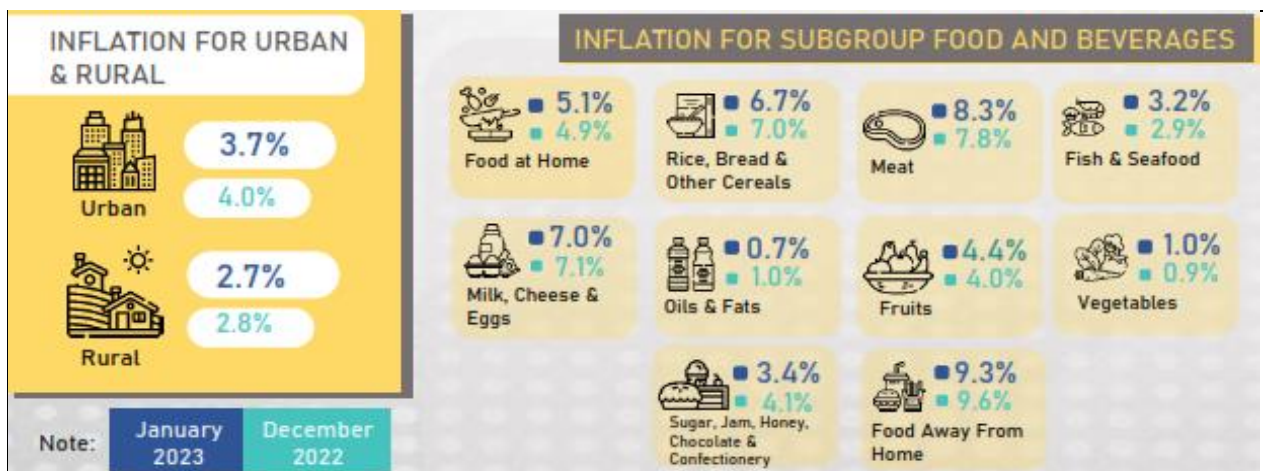
(Source: 8 February, Department of Statistics Malaysia)

Malaysia's Services Producer Price Index, Fourth Quarter 2022

Subsector	Index			Percentage Change (%)	
	Q4 2021	Q3 2022	Q4 2022	Q4 2022/ Q3 2022	Q4 2022/ Q4 2021
TOTAL	110.7	113.8	114.3	0.4	3.3
Transportation	105.3	109.7	110.9	1.1	5.3
Accommodation and Food & Beverage Service Activities	136.8	145.4	147.7	1.6	8.0
Information & Communication	101.1	101.1	101.1	0.0	0.0
Real Estate Activities	126.9	127.0	126.9	-0.1	0.0
Professional	103.8	104.1	104.3	0.2	0.5
Education	115.9	117.1	117.2	0.1	1.1
Health	107.3	107.6	107.6	0.0	0.3
Arts, Entertainment & Recreation	97.7	107.4	102.9	-4.2	5.3

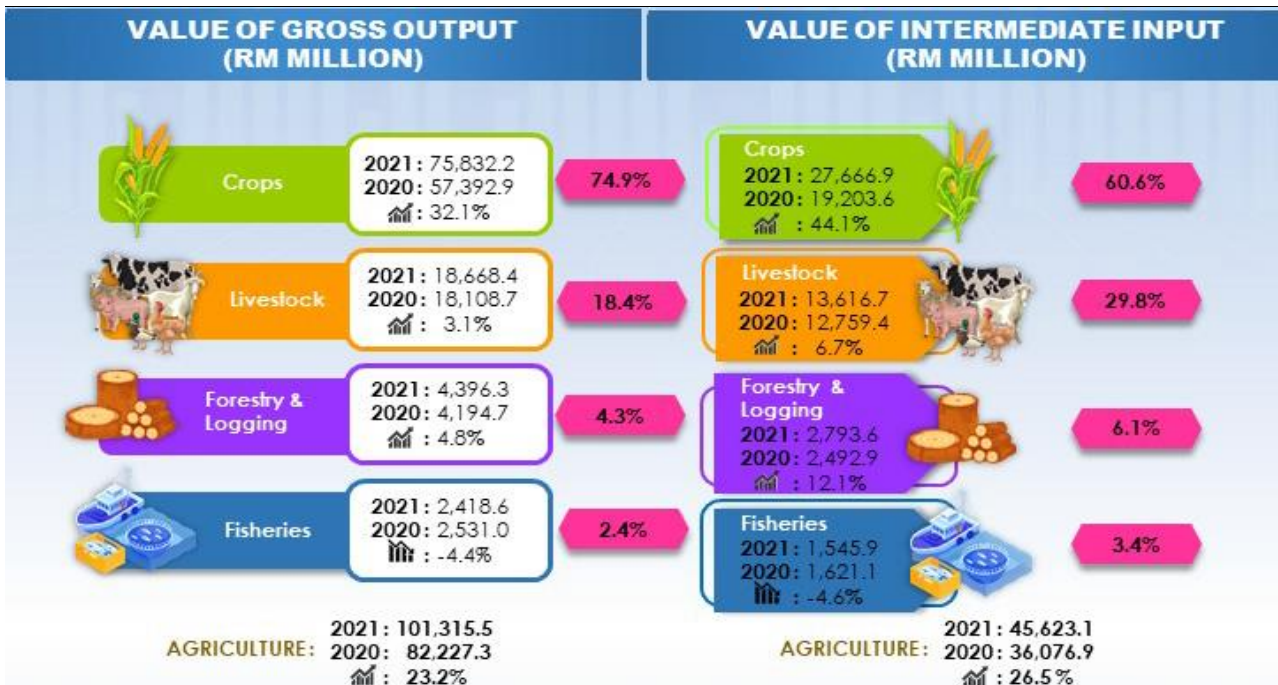
(Source: 7 February, Department of Statistics Malaysia)

Malaysia's Consumer Price Index, January 2023



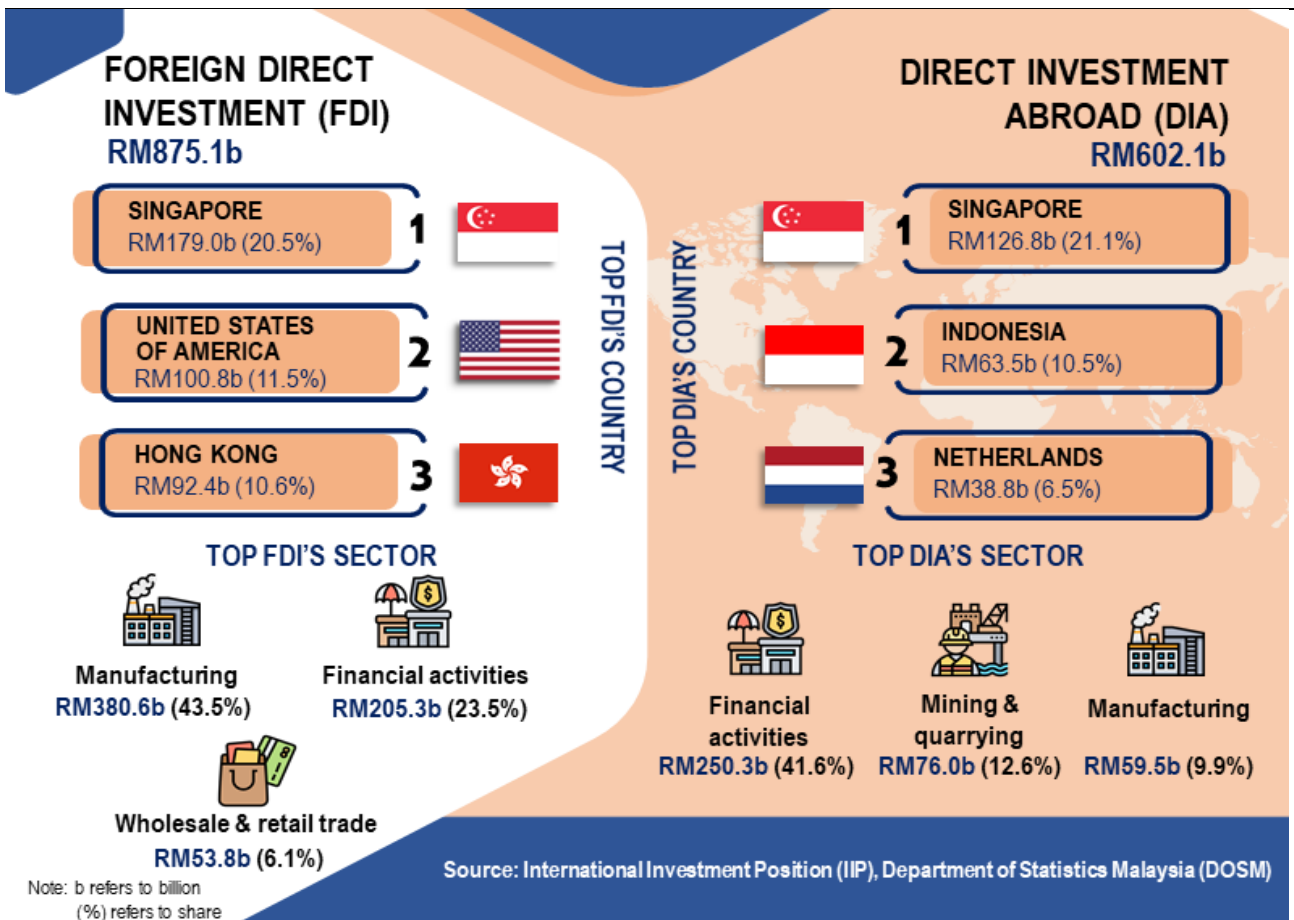
(Source: 24 February, Department of Statistics Malaysia)

Malaysia's Annual Economic Statistics (AES) Agriculture Sector, 2022



(Source: 28 February, Department of Statistics Malaysia)

Malaysia's International Investment Position, Fourth Quarter 2022



(Source: 10 February, Department of Statistics Malaysia)