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HIGHLIGHTS FOCUS

- **G7 tightens Russia sanctions, looks to cut China trade reliance**
- **India records strong 7.2% annual growth, data shows**
- **Digital and green vision**
- **Malaysia faces upside risk to food inflation, Moody's warns**
- **RM11.36m to promote Sabah**
- **Oil and gas royalties, sales tax to bring RM2.4 billion**

INTERNATIONAL ANTARABANGSA

G7 tightens Russia sanctions, looks to cut China trade reliance: Leaders of the world's richest democracies acted on Friday to stiffen sanctions against Russia, while a draft communique to be issued after their talks in the Japanese city of Hiroshima stressed the need to reduce reliance on trade with China. The Group of Seven (G7) leaders, to be joined this weekend by Ukrainian President Volodymyr Zelenskyy, pledged to restrict any exports to Russia that could help President Vladimir Putin's invasion of his neighbour and to stop sanctions-busting. (19 May, Reuters)

India records strong 7.2% annual growth, data shows: India's economy grew by 7.2% in the year to March, official figures showed on Wednesday. It was boosted by a robust services sector and domestic consumption. The earlier estimate was for a growth of 7%. India's economy expanded 9.1% in 2021/22. In the fourth fiscal quarter from January to March, the world's fifth-largest economy grew by 6.1% compared to the same period last year, according to the data released by the National Statistical Office. (31 May, The Straits Times)

World Bank launches more robust, transparent business climate rankings: The World Bank on Monday unveiled new methodology and improved safeguards for assessing the business climate in up to 180 countries after embarrassing revelations of data irregularities and

favoritism toward China forced it to cancel its flagship rankings two years ago. The bank scrapped its "Doing Business" rankings in September 2021, citing internal audits and an independent probe that found senior World Bank leaders had pressured staff to alter data to favor China. It cited data irregularities that also boosted rankings of other countries, including Saudi Arabia, the United Arab Emirates and Azerbaijan. (1 May, Reuters)

Euro-Zone inflation outlook raised by EU on surge in core prices: The European Commission raised its euro-zone inflation outlook and warned of "persistent challenges" even as it acknowledged the resilience of the region's economy. Citing the strength of underlying pressures, European Union officials lifted their projections for consumer-price growth to 5.8% this year and 2.8% in 2024 from 5.6% and 2.5% respectively. Forecasts for economic expansion were also increased throughout the horizon. (15 May, Bloomberg)

Japan's export growth hits 2-year low on weak China demand: Japan's export growth hit its weakest pace in more than two years in April as China-bound shipments slumped amid lingering worries about faltering global economic demand. Exports rose 2.6% in April from a year earlier, Ministry of Finance data showed on Thursday, slower than a 3% increase expected by economists in a Reuters poll and a 4.3% rise in March. That marked the weakest gain since February 2021, when exports declined 4.5%. (18 May, The Straits Times)

Strong US consumer spending, inflation readings put Fed in tough spot: U.S. consumer spending increased more than expected in April, boosting the economy's growth prospects for the second quarter, and inflation picked up, which could prompt the Federal Reserve to raise interest rates again next month. The growth picture was further brightened by other data from the Commerce Department on Friday showing a surprise rebound last month in orders of manufactured non-defense capital

goods excluding aircraft, a closely watched proxy for business spending plans. (26 May, Reuters)

Singapore expects slowing 2023 GDP growth, but technical recession unlikely: The growth outlook for Singapore's economy has become more challenging, but a significant downturn is still unlikely, the Ministry of Trade and Industry (MTI) said on Thursday. It said the economy is expected to expand by 0.5% to 2.5% in 2023, with growth likely to come in at around the midpoint of the range. Even as MTI's guidance shows that the higher end of the forecast range is probably out of reach amid weak global demand for Singapore's exports, the economy may still avoid a technical recession – two consecutive quarters of contraction – due to a resilient recovery in the service sector led by travel- and tourism-related businesses. (25 May, The Straits Times)

Germany falls into recession as inflation hits economy: Persistent inflation has helped push Germany into recession in the first three months of the year, an upgrade to growth data shows. Europe's largest economy was also badly affected when Russian gas supplies dried up after the invasion of Ukraine, analysts said. The economy contracted by 0.3% between January and March, the statistics office said. That followed a 0.5% contraction in the last three months of last year. (25 May, BBC News)

IMF expects UK economy to avoid recession: The UK economy is expected to avoid a recession this year, the International Monetary Fund has said, after it sharply upgraded its growth forecast. It now expects the UK to grow by 0.4% in 2023, whereas last month it forecast the economy would contract by 0.3%. Growth would be helped by "resilient demand" and falling energy prices. But the IMF said inflation "remains stubbornly high" and that higher interest rates will need to remain in place if it is to be brought down. (23 May, BBC News)

NATIONAL NASIONAL

Digital and green vision: The country's economic restructuring should embark on the direction of high-value gross domestic product growth, which is anchored by increased innovation and productivity, says Economy Minister Rafizi Ramli. The economic expansion should also be inclusive to benefit a wide-base of society as well as being climate-friendly, he added. "A revamp of the economy would mean looking at where and how growth should be focused on," Rafizi said at the National Economic Forum 2023 organised by the National Chamber of Commerce and Industry of Malaysia yesterday. (19 May, The Star)

Malaysia faces upside risk to food inflation, Moody's warns: Moody's Investors Service has warned that Malaysia faces an upside risk to food inflation due to disruptions in supply chains and other global uncertainties. The analysis comes amid concerns about rising inflation globally, driven by factors such as supply chain disruptions, higher commodity prices, and fiscal stimulus measures. Assistant vice president and analyst Nishad Majmudar said food inflation has remained high in the country since last year, which could prompt policymakers to consider additional measures to mitigate its impact on the broader economy. "We do think there is certainly upside risk to food inflation in Malaysia. (16 May, Business Times)

4IR centre to enhance public-private sector ties: Centre for the Fourth Industrial Revolution (4IR) Malaysia seeks to further enhance the nations' public-private collaboration in line with developing the country's digital economy. The Malaysia Centre for 4IR is said to be focusing mainly on digital transformation, as well as green energy transitions through the collaboration between the World Economic Forum and the government of Malaysia. World Economic Forum president Borge Brende said the two key focus areas are critical topics and sees this as an opportunity for startups as well as large companies to be a part of the international network. (16 May, The Star)

Malaysia has what it takes to be tech hub linking China to Southeast Asia: Malaysia has what it takes to become the connecting hub for technology, innovation, investment

and entrepreneurship that links China to Southeast Asia. Co-founder and chairman of pan-Asian venture capital firm Gobi Partners, Thomas G. Tsao told the New Straits Times at Beyond Expo here that Malaysia has a lot of potential in tapping into China's Greater Bay Area. He said the world was going through "re-globalisation" where the economy does not only revolve around the western countries such as the US or Europe, and that the market and the investment focus has shifted towards Asia. (15 May, Business Times)

Malaysia's energy transition blueprint to be unveiled in two phases, as early as by June: Rafizi Ramli: The government will roll out the Energy Transition Roadmap in two phases in a bid to accelerate Malaysia's renewable energy (RE) drive, Economy Minister Rafizi Ramli said. The roadmap will be first launched at the end of June with the second phase following suit in August, said Rafizi at Affin Conference Series 2023 in Kuala Lumpur today. The roadmap is seeking to kick off the country's net zero ambition by identifying key impact initiatives and implementing plans for the next two decades. Rafizi said the investment to achieve net zero would cost RM637 billion, which he said was necessary to reshape the landscape and bolster more conversations about RE in the region. (30 May, Business Times)

Mida: Malaysia attracts RM71.4bil in approved investments for 1Q: Malaysia attracted approved investments worth RM71.4 billion in the manufacturing, services and primary sectors for the first quarter (1Q) of 2023, according to the Malaysian Investment Development Authority (Mida). The government's principal investment promotion and development agency said this involves 1,265 projects that are expected to generate 23,977 new job opportunities. "With its conducive investment landscape, Malaysia continues to capture more foreign direct investments (FDI) than domestic direct investments (DDI). "FDI contributed RM37.5 billion, representing 52.5% of the total approved investments," Mida said in a statement today. (29 May, The Star)

Malaysia's official reserve assets at US\$114.42 bln as at end-April 2023 – BNM: Malaysia's international reserve assets amounted to US\$114.42 billion (US\$1=RM4.60), while other foreign currency assets stood at US\$601.3 million, says Bank

Negara Malaysia (BNM). In a statement today, BNM said in accordance with the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS) format, the detailed breakdown of international reserves provides forward-looking information on the size, composition and usability of reserves and other foreign currency assets. It also provides guidance on expected and potential future inflows and outflows of foreign exchange of the federal government and BNM over the next 12-month period, the central bank said. (31 May, Bernama)

Malaysia aims to strengthen position as Asia's SBSR hub – MIDA: Malaysia aims to strengthen its position as Asia's shipbuilding and ship repair (SBSR) hub through collaboration and innovation to shape a vibrant future for the industry, said the Malaysian Investment Development Authority (MIDA). In a statement today, it said the SBSR industry thrives within a dynamic ecosystem where diverse stakeholders collaborate to design, construct, maintain, and upgrade vessels. "This interconnected network forms the foundation for resilience and growth, while their expertise contributes to a robust and competitive shipbuilding and ship repair sector," MIDA said. Its chairman Tan Sri Dr Sulaiman Mahbob said the industry is poised for continued evolution and growth as Malaysia aspires to become Asia's premier SBSR hub by leveraging smart solutions, seamless technologies and industry 4.0 advancements to construct modern and eco-friendly vessels. (26 May, Bernama)

Malaysia to be the first in Southeast Asia to see air travel industry recovering: Malaysia is expected to be the first country in Southeast Asia to see its air travel industry recovering and experiencing overcapacity as local airlines intensify competition between them. Sobie Aviation Pte Ltd independent analyst and consultant Brendan Sobie said the stiff competition would lead to lower airfares as early as by 2024, although it would not be at the same price level as before the Covid-19 pandemic. "At some point, at least in Malaysia, there will no longer be a gap between supply and demand. Generally, we'll see fares decline as the supply-demand imbalance narrows. Looking at the capacity and fleet plans of all the (local) airlines, you could see overcapacity in Malaysia by early next year,". (23 May, Business Times)

LOCAL TEMPATAN

RM11.36m to promote Sabah: The allocation to promote Sabah as a tourism destination at the national and international level for this year is RM11.355 million, said Tourism, Culture and Environment Minister Datuk Christina Liew. "This provision includes promotion and marketing in and outside the country, including for business events," she said in response to Sindumin assemblyman Datuk Dr Yusof Yacob's question in her winding-up speech, at the State Legislative Assembly sitting, Kota Kinabalu, recently. Meanwhile, to support the physical development of rural tourism, in the Twelfth Malaysia Plan (12MP), the Ministry has allocated RM6 million this year under the Rural Tourism Development Programme. (28 May, Daily Express)

Oil and gas royalties, sales tax to bring RM2.4 billion: Although the state's economy is still shackled by uncertainties of world economic environment, Sabah has once again succeeded in making history with its revenue collection in 2022 at RM6.960 billion. "This is the highest revenue collection record after the significant success achieved in 2021 with revenue collection of RM5.449 billion which showed an increase of 28%. Under the SMJ Development Plan, the State Government takes an approach to increase revenue through existing strengths and opportunities and at the same time avoid revenue leakage by practising good state governance," said Head of State Tun Juhar Mahiruddin. (24 May, Daily Express)

Sabah has RM6.7 billion in cash revenues: Chief Minister Datuk Seri Hajiji Noor said the State Government now has RM6.786 billion in cash reserves. He said there is no denying that the drastic increase in revenue over the past two years is indeed a very proud achievement. "Even in a situation of increasingly strong results like this, it is not a reason for us to feel comfortable and embrace the achievement. Among the main challenges we have to face is how to maintain the state's revenue sources so that the state's development agenda can continue in line with the aspirations of the Hala Tuju Sabah Maju Jaya (SMJ) Development Plan. (29 May, Daily Express)

Cultivating entrepreneurship among students through cooperatives: The Federal

Entrepreneur Development and Cooperative Ministry (Kuskop) through the Malaysian Cooperatives Commission (SKM) and the Malaysian Cooperatives Institute (IKMA) would continue to collaborate with school cooperatives across the country to cultivate entrepreneurship among students. Its Minister Datuk Ewon Benedick said that schools are not only a place for students to gain knowledge but also produce successful entrepreneurs. "I want to hear suggestions from schools, teachers and the parent-teacher associations (PTAs) on how we can work together to increase students' interest in entrepreneurship through school cooperatives. (20 May, Daily Express)

84 MW capacity for solar-generated power in Sabah so far: Solar electricity capacity generated in Sabah so far was 84 megawatts (MW) and projects to increase the capacity are currently being implemented, the state assembly was told today. Assistant Minister to Chief Minister Datuk Nizam Abu Bakar Titingan said the generation of 50 MW of energy has been operating since 2018, located at the Kudat solar farm, while 34 MW comes from the Solar Photovoltaic (Solar PV) Project under the Feed-in Tariff scheme, involving 796 individuals, commercial and community installations. He said large-scale solar capacity installations currently under implementation is 62 MW, expected to be completed in 2024; with a capacity of 6 MW in Beaufort, Kunak (5 MW), Sandakan (20 MW), Tawau (16 MW) and Labuan (15 MW). (24 May, Bernama)

Korean province keen to establish trade ties with Sabah: North Gyeongsang Province of South Korea is keen on establishing trade relations with Sabah. The matter was discussed by North Gyeongsang Governor Lee Cheol Woo during a courtesy call on Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor at his office in Menara Kinabalu on Monday. North Gyeongsang Province, which is the largest province in the Korean peninsula is the centre of South Korea's steel and textile industries. The Chief Minister hoped the North Gyeongsang government entourage would explore potential investment opportunities in Sabah. (29 May, The Borneo Post)

Kerajaan komited tarik pelaburan berimpak tinggi ke Sabah: Kementerian Pembangunan Perindustrian dan Keusahawanan komited untuk menarik pelaburan-

pelaburan berimpak tinggi ke Sabah supaya peluang pekerjaan dapat diwujudkan serta ekonomi boleh dibangunkan. Menteri Phoo Jin Zhe berkata, prestasi pelaburan di Sabah kini amat memberangsangkan. "Jumlah pelaburan yang telah diterima bagi Sabah pada 2022 adalah sebanyak RM11.5 bilion dalam pelbagai sektor. "Bagi sektor perkilangan sahaja, jumlah pelaburan diterima adalah sebanyak RM8.38 bilion. Ini berdasarkan maklumat yang diterbitkan oleh Lembaga Pembangunan Pelaburan Malaysia (MIDA)," katanya dalam sidang Dewan Undangan Negeri (DUN) ke-16 Penggal Keempat di Kota Kinabalu, hari ini. (23 Mei, Utusan Borneo)

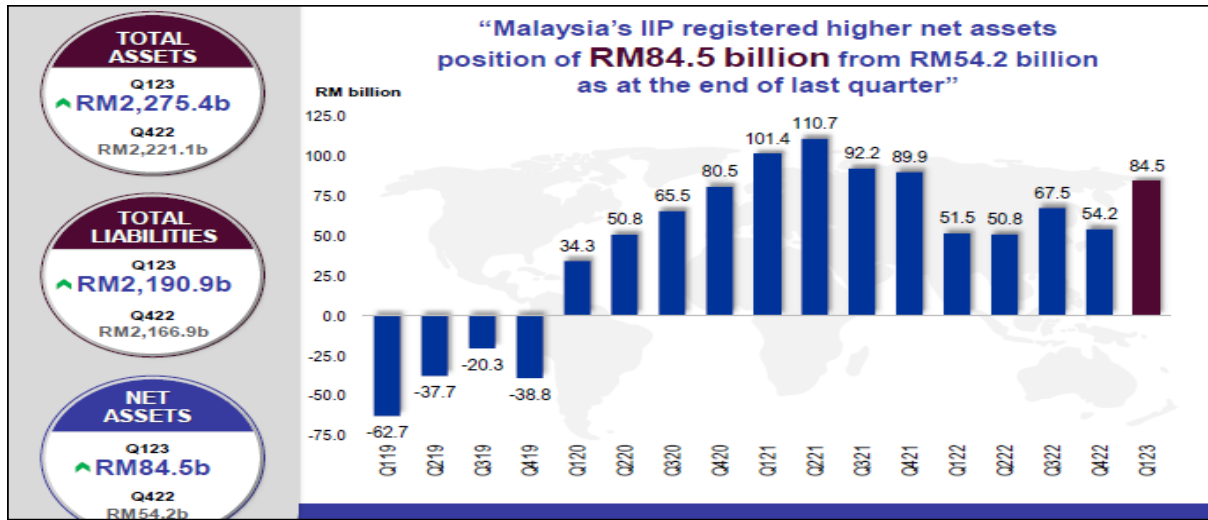
Upgrading of village roads, Apin-Apin (Keningau) business stalls: Upgrading of roads in three villages and Apin-Apin business stalls is in the works. Assistant Minister of Works, Datuk Robert Tawik, said the people of the three villages, Kampung Baginda, Tigot and Kota Ayangan in his constituency would enjoy a paved road expected to be completed in June. "The pavement of 5km is currently underway," he told reporters after opening the Kaamatan Friendly event for Mukim Bingkor at the Bingkor community hall here on Saturday. In addition, he said, traders at the Apin-Apin tamu would also enjoy comfortable booth facilities after completion of the stall upgrade. (23 May, Daily Express)

120 Rumah SMJ dan RM1.2 juta untuk padang trek sintetik Papar: Ketua Menteri Datuk Seri Panglima Hajiji Haji Noor dan Timbalan Perdana Menteri Datuk Seri Fadillah Yusof bersama ribuan pengunjung hadir pada Rumah Terbuka Hari Raya Aidilfitri Ahli Parlimen Papar Datuk Armizan Mohd Ali dan Ahli Dewan Undangan Negeri (ADUN) Kawang Datuk Ghulam Haidarkhan Bahadar di Dewan Sekolah Menengah Kebangsaan Pengalat, Papar, hari ini. Pada majlis berkenaan, Hajiji dan Fadillah menyaksikan simbolik penyerahan kunci replika Rumah Sabah Maju Jaya (SMJ) sebanyak 120 unit untuk dibina di Parlimen Papar. Setiausaha Kerajaan Negeri Datuk Seri Panglima Safar Untong menyerahkan kunci berkenaan kepada Pegawai Daerah Papar Mohd Fuad @ Frederick Julianus Atik. Safar turut menyerahkan replika cek bernilai RM1.2 juta untuk pembinaan padang trek Sintetik Papar. (20 Mei, Utusan Borneo)

SELECTED FACTS AND FIGURES

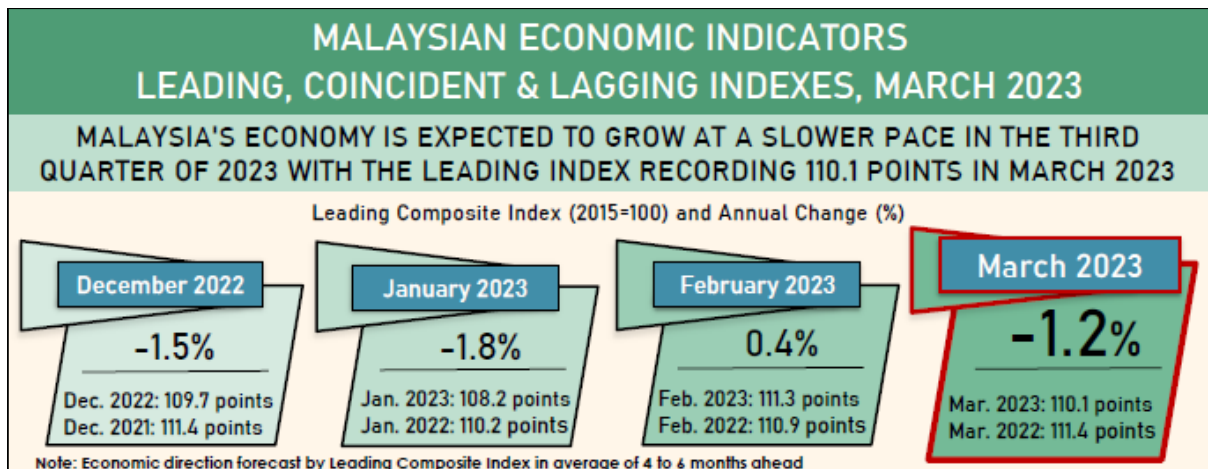
FAKTA MUTAKHIR

Malaysia's International Investment Position, First Quarter 2023



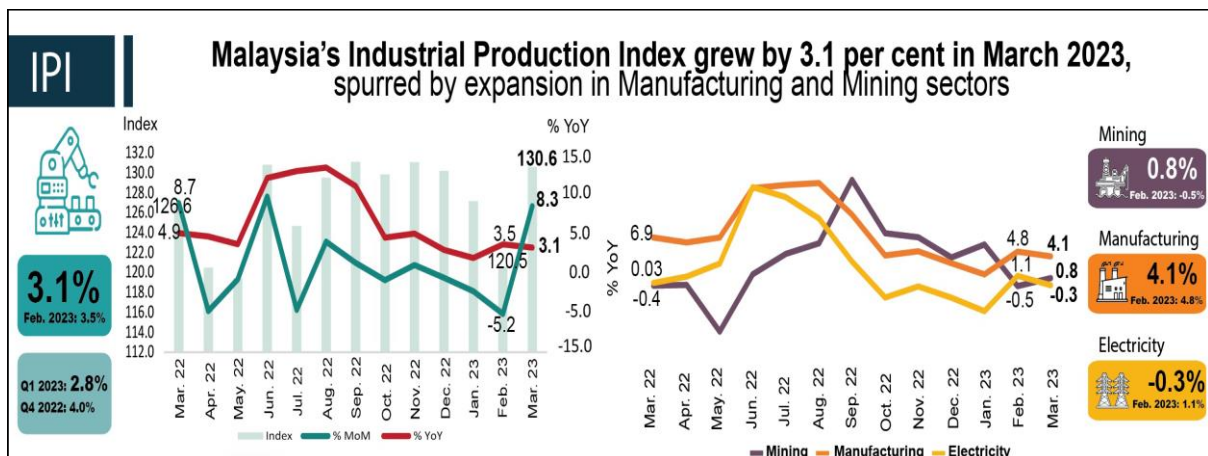
(Source: 12 May, Department of Statistics Malaysia)

Malaysia's Economic Indicators: Leading, Coincident and Lagging Indexes, March 2023



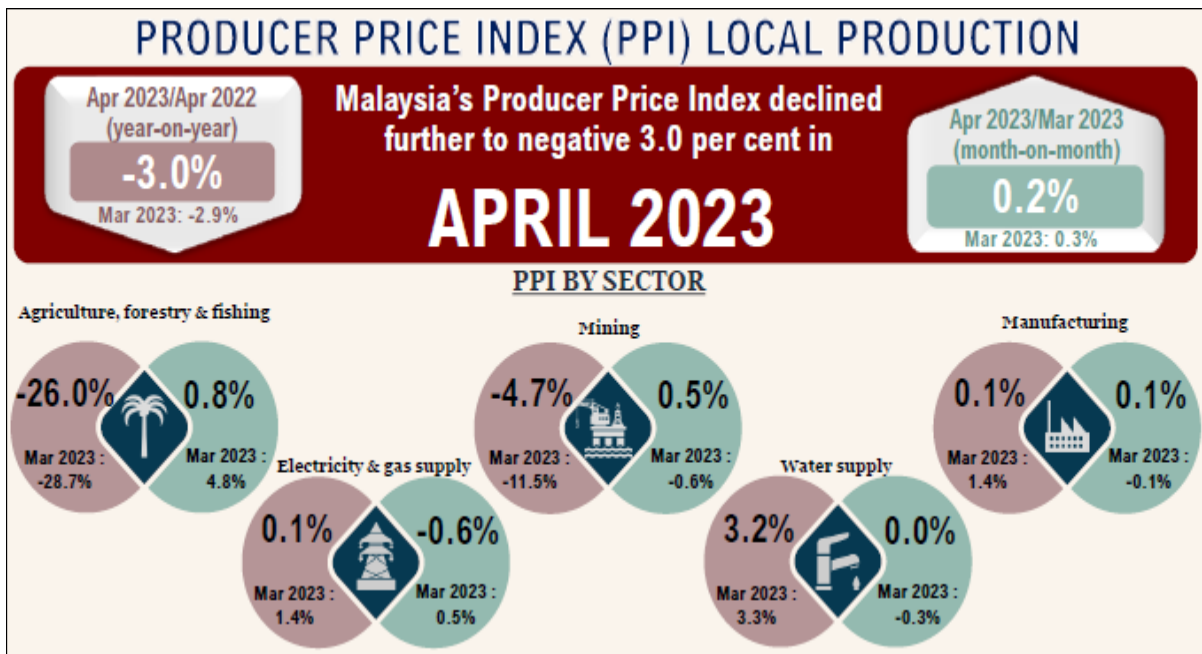
(Source: 25 May, Department of Statistics Malaysia)

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



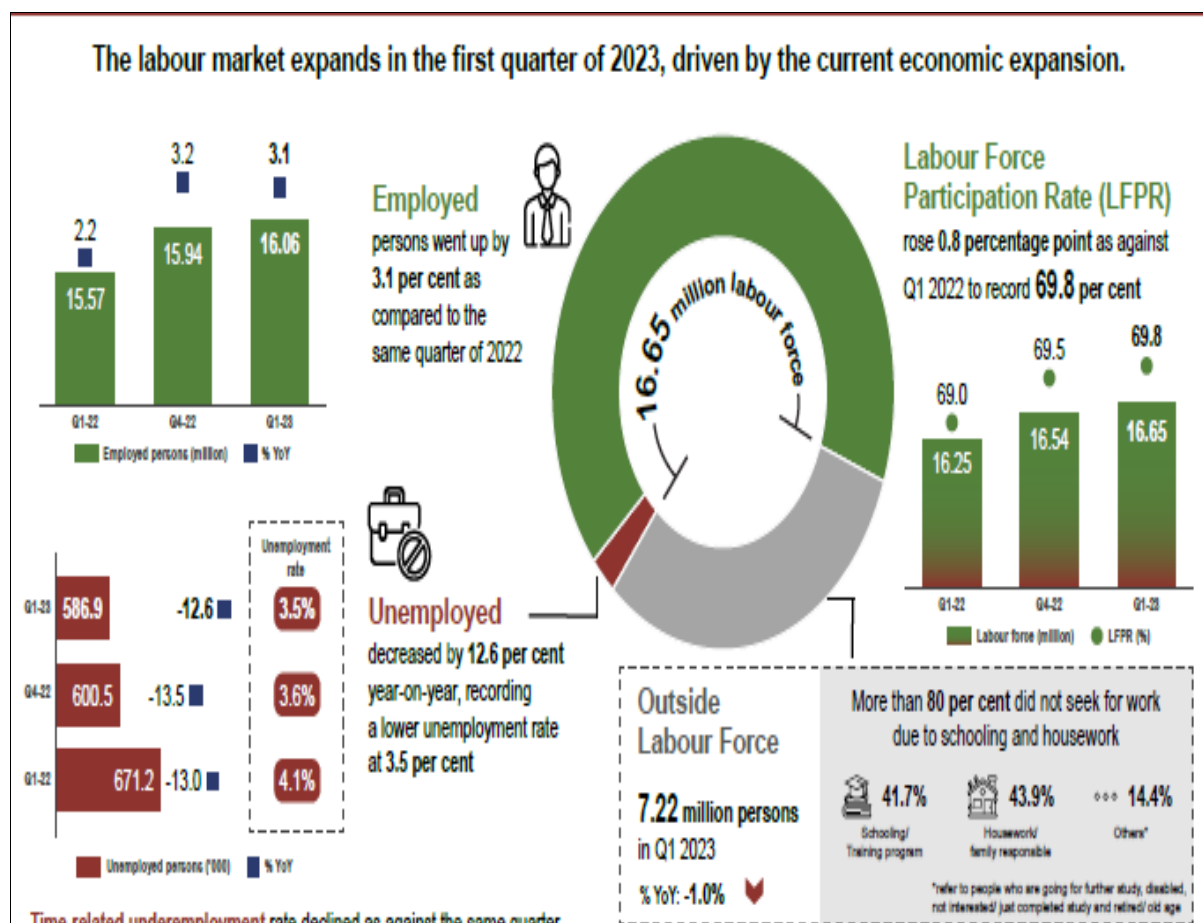
(Source: 29 May, Department of Statistics Malaysia)

Malaysia's Produce Price Index (PPI), April 2023



(Source: 29 May, Department of Statistics Malaysia)

Malaysia's Labour Market Review, First Quarter 2023



(Source: 19 May, Department of Statistics Malaysia)