



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 28 Issue 8

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

1 – 31 August 2023

HIGHLIGHTS FOCUS

- **China floods hit rice, corn crops; trigger food inflation worries**
- **Post-pandemic, world facing gloomy stew of debt, trade wars and poor productivity**
- **PM: Strategic DDI can attract more FDI, drive economic boom**
- **Malaysia can roar as “Digital Tiger” of Asia: Fahmi Fadzil**
- **Digital economy: Government focused on ramping up digitalisation effort**
- **PM to launch Penampang Development Plan**

INTERNATIONAL ANTARABANGSA

China floods hit rice, corn crops; trigger food inflation worries: Floods have damaged corn and rice crops in China’s key northern grain-producing belt, traders and analysts said, with more rain in the forecast as another typhoon approaches, threatening to add to global food inflation pressures. The hit to China’s cereal crops - the full extent of which is not yet clear - comes as consumers worldwide face tightening food supplies amid India’s ban on rice exports last month and disruptions in Black Sea grain shipments caused by the war in Ukraine. (11 August, Reuters)

Post-pandemic, world facing gloomy stew of debt, trade wars and poor productivity: Record levels of government debt, geopolitical tensions that threaten to split the global trading system, and the likely persistence of weak productivity gains may saddle the world with a slow-growth future that stunts development in some countries even before it starts. That sobering view of a post-pandemic global economy emerged from research organised by the Kansas City Federal Reserve and debated here this past weekend. (28 August, Reuters)

Australia concerned about China economy, monitoring ‘very closely’: Australian Treasurer Jim Chalmers said on Sunday the government was

closely watching China amid “concerning” signs of economic weakness that could weigh on Australia’s economy. “I share the pretty substantial concerns that people have voiced about the Chinese economy,” Chalmers told Sky News television. “It is concerning to see the weakness, the softness, in the recent weeks and months in the Chinese economy because it has obvious implications for us here in Australia.” (27 August, Reuters)

Domino effect: India rice export ban puts market on edge for copycat curbs: India’s rice export ban has the world market bracing for similar actions by rival suppliers to avoid potential domestic shortages as sellers try to fill the 10 million metric ton gap left by New Delhi, stoking concerns over already high global food inflation. India’s latest restrictions are almost identical to those it imposed in 2007 and 2008, analysts say, which triggered a domino effect as many other countries were forced to curb exports to safeguard local consumers. (11 August, Reuters)

Indonesia’s Q2 GDP growth strongest in three quarters: Indonesia’s economic growth in the second quarter accelerated unexpectedly to its highest rate in three quarters, shored up by strong household and government spending and despite its exports weakening amid falling commodity prices. Southeast Asia’s biggest economy expanded 5.17% in the April-June quarter from the same period a year earlier, faster than the 4.93% growth predicted by economists polled by Reuters. First-quarter growth was revised up slightly, to 5.04%. (7 August, The Straits Times)

Saudi Arabia to extend oil production cut by a month: In a move to support oil prices, Saudi Arabia said on Thursday that it would extend its decision to cut oil production by one million barrels a day for another month, to September. Oil prices have recovered strongly in recent weeks partly because of smaller stockpiles of fuel in the United States, but China’s tepid economic recovery

has kept oil prices under pressure for most of the year. (4 August, The Straits Times)

Gloomy Ifo fuels fears of second German recession in a year: The mood among German businesses deteriorated more than expected in August, data showed, falling for the fourth month in a row and adding to fears that the economy may be heading for its second recession inside a year. The Ifo institute said on Friday that its business climate index stood at 85.7, down from 87.4 in July. Analysts polled by Reuters had forecast an August reading of 86.7. Assessments of the current situation fell to their lowest level since August 2020 and companies’ expectations for the next six months were also increasingly pessimistic. (25 August, Reuters)

US’ second-quarter GDP growth revised lower: US economic growth was revised lower to a still-solid pace in the second quarter, but momentum appears to have picked up early in the third quarter as a tight labour market underpins consumer spending. Gross domestic product (GDP) increased at a 2.1 per cent annualised rate last quarter, the government said on Wednesday in its second estimate of GDP for the April to June period. That was revised down from the 2.4 per cent pace reported in July. Economists polled by Reuters had expected GDP for the second quarter would be unrevised. (30 August, The Straits Times)

Japan economy grows much faster than expected: Japan’s economy grew much faster than expected in the three months to the end of June as the country’s weak currency boosted exports. The world’s third largest economy saw its Gross Domestic Product (GDP) rise by an annualised 6% in the period. It is about twice the rate of growth forecast by economists and marks the biggest rise in almost three years. The fall in the value of the yen helped exporters as Japanese-made goods became cheaper for consumers around the world. (15 August, BBC News)

NATIONAL NASIONAL

PM: Strategic DDI can attract more FDI, drive economic boom:

The government has set domestic direct investment (DDI) as a key performance indicator (KPI) for growing the country's total investment given strategic DDI's potential in attracting more foreign direct investment (FDI), Prime Minister Datuk Seri Anwar Ibrahim says. The government, particularly via the Investment, Trade and Industry Ministry (Miti), is committed to achieving a good balance between FDI and DDI for ensuring sustainable and balanced development throughout the country, he said in a statement issued after chairing the second National Investment Council or MPN meeting yesterday. (23 August, The Star)

Malaysia can roar as "Digital Tiger" of Asia: Fahmi Fadzil:

Malaysia can be the "Digital Tiger" of Asia once it achieves key components to boost its digital strength and economy. Communications and Digital Minister Fahmi Fadzil said the government has to focus on making sure the last 3% of urban and rural areas have connectivity accessible. "By tackling this challenge head-on, Malaysia can establish a solid foundation for its digital transformation," he said. More private sector participation, including public-private partnerships in cybersecurity initiatives, can help lay out plans to elevate the standards of cyber protection and personal data security. (25 August, Business Times)

Fiscal deficit target feasible:

Economists agree that the government's fiscal deficit target at 5% of gross domestic product (GDP) is achievable despite the risk of incurring higher expenditure in the second half of the year (2H23). The slower economic growth, higher subsidy spending and new cash handouts may pose a risk and increase government spending in 2H23, they said. However, they noted that the higher spending could be offset, among others, by strong domestic demand, reopening of the economy, high commodity prices and healthy labour market. A fiscal deficit is a shortfall in a government's revenue or income compared with its spending. (28 August, The Star)

Malaysia's growth momentum still "robust", says Amro:

Malaysia's growth momentum is expected to sustain and expand by 4.2% supported by resilient domestic demand and stronger tourism recovery amid the global slowdown. Asean+3 Macroeconomic Research Office (Amro), in its annual consultation report on Malaysia released today, noted that domestic demand had come on the heels of strong economic recovery last year. "The economy is projected to grow moderately by 4.2% in 2023 after an exceptionally strong rebound of 8.7% last year, reflecting strong external headwinds. "Growth momentum remains robust, supported by resilient domestic demand and strengthening tourism recovery owing to border reopening by regional economies," it said. (30 August, Business Times)

Madani Economy Plan needs determination to free Malaysia from middle income trap – BNM:

The Madani Economy policy plan requires determination and implementation to free Malaysia from the middle-income trap and head towards a high-income country, said Bank Negara Malaysia (BNM). Governor Datuk Abdul Rasheed Abdul Ghaffour said the Malaysian economy is at a crossroads, and today's economic and financial policies will determine the direction and trajectory of the country's development in the future. "The gap between the rich and the poor is widening, and it needs to be addressed and balanced with the development of a society that is inclusive, fair and equitable that maintains social integrity," he said. (22 August, Berita)

Malaysia's trade with ASEAN, China falls 17%, 8.4% in July – MITI:

Malaysia's trade with ASEAN represented 28.1% or RM60.8 billion of Malaysia's total trade in July, a drop of 17% in year-on-year (y-o-y), said the Ministry of Investment, Trade and Industry (MITI). Exports shrank by 18.8% to RM34.53 billion, mainly due to lower exports of petroleum products while higher exports were recorded for crude petroleum. Imports from ASEAN contracted by 14.6% to RM26.27 billion. Exports to ASEAN major markets that recorded an increase was Vietnam, which grew by RM9.4 million led by strong exports of electrical and electronic

(E&E) products. (18 August, Berita)

Four ASEAN countries including Malaysia to boost green energy interconnectivity:

Malaysia, Indonesia, Brunei and Philippines will form a sub-region focus group to boost existing interconnectivity for green energy sustainability. Dadan Kusdiana, the secretary-general of the Ministry of Energy and Mineral Resources of Indonesia, said the group of countries will embark on renewable energy (RE) cooperation that can be executed immediately. He said collaborations on plant-based biofuels amid Asean's abundant biomass resource will be proposed. "We will do things that can be done immediately in the context of increasing sharing in terms of resources. Indonesia and Malaysia already have interconnectivity." Later Malaysia will connect with Brunei. We are still looking at Philippines. Southern Philippines is interconnected through North Sulawesi. (24 August, Berita)

Malaysia needs better infrastructure:

Malaysia needs a stronger infrastructure in place in order to mitigate any future crises that may arise and impacting its people and economy, says World Bank country manager for Malaysia, Yasuhiko Matsuda. Matsuda said while the majority of people suffered during the Covid-19 pandemic, smaller businesses and vulnerable households were impacted more, partly because they had little or no access to government assistance. "One main reason was because of the digital divide. Poorer people had no Internet and so they didn't have the information they needed to apply for these forms of assistance," he said. (4 August, The Star)

Malaysia's inflation eases to 2% in July:

Malaysia's rate of inflation slowed to 2% year-on-year in July 2023, its lowest so far in 2023, amid a slower increase in the costs of restaurants and hotels and food and non-alcoholic beverages. This was slightly lower than a median forecast of 2.1% by a Reuters poll of economists, and lower than 2.4% recorded in the previous month. The monthly headline inflation in July eased to 0.1% as against 0.2% in June while core inflation increased 2.8% as compared to 3.1% in the preceding month. (25 August, The Star)

LOCAL TEMPATAN

Digital economy: Government focused on ramping up digitalisation effort: The State Government is focused on ramping up digitalisation efforts to maximise the potential of the digital economy, said Chief Minister Datuk Seri Hajiji Noor. “We are leveraging technology and innovation to boost productivity and growth,” he said at the Sabah Chinese Economic Conference (SCEC) at the Sabah International Convention Centre (SICC), Kota Kinabalu, Aug 23. His speech was read by Finance Minister Datuk Seri Masidi Manjun. Hajiji said undoubtedly, with the advent of technology, businesses across all industries are leveraging advanced technologies, including artificial intelligence (AI). (28 August, Daily Express)

PM to launch Penampang Development Plan: The Penampang Development Plan will be launched by Prime Minister Datuk Seri Anwar Ibrahim on November 18 this year, said Penampang Member of Parliament Datuk Ewon Benedick. According to Ewon, the launch will be in conjunction with the opening of the National Hawkers and Small Traders Day (HPPK) celebration which will be held in Penampang. “As the Penampang MP, I used the assemblyman allocation to finance the study and preparation of the Penampang Development Plan report which is prepared by the Sabah Institute of Development Studies (IDS). (28 August, The Borneo Post)

Sabah govt allocates RM15 mln for SME assistance programmes: The Sabah state government has allocated RM15 million to support, enhance and strengthen assistance programmes for small and medium enterprises (SME) in the state, said Chief Minister Datuk Seri Hajiji Noor. He said the state government has also allocated RM6.17 million for the Development and Research Department to promote Sabah products to the domestic and international markets, while RM7.1 million was distributed to Sabah Economic Development Corporation to continue develop business premises, socio-economic outlets and organise entrepreneurship programmes this year. “As such, I call on entrepreneurs to seize the opportunities provided by the government and continue to improve

their knowledge and skills to stay competitive at the international level,” he said. (13 August, Bernama)

Sabah’s GDP grew by 3.7% in 2022, says Assistant Minister: -Sabah’s gross domestic product (GDP) grew by 3.7% in 2022, with a value-added amounting to RM81.9 billion, surpassing 2021’s RM79 billion, the Sabah state legislative assembly was told today. Assistant Minister to the Chief Minister Datuk Abidin Madingkir said the positive growth was driven by a significant increase in the services sector, which is the main contributor to Sabah’s GDP, at 49.5% with a value-added of RM40.6 billion. He said the 8.6% growth in the services sector was driven by the improved performance of the main subsectors, namely the wholesale and retail trade subsector, food and beverage and accommodation, followed by the government service sector and the utility sector, transport and storage as well as information and communication. (10 August, Bernama)

Almost RM9 million allocation for women development: The State Government has allocated almost RM9 million, including special funds, for the implementation of various women development projects and programmes in Sabah this year. Chief Minister Datuk Seri Hajiji Noor said RM4.2 million had been allocated to the Sabah Women’s Affairs Department (Jhewa) and RM700,000 to the Sabah Women’s Advisory Council (MPWS). He said a special allocation of RM554,540 had also been provided for short-term projects such as the Creating Millionaire Among Young Women (Cream@YWE) Project and RM3.4 million for the Sabah Women Leadership Academy project. “Various initiatives and programmes under the Sabah Maju Jaya (SMJ) development plan implemented previously for women development and empowerment will continue in 2023”. (28 August, Daily Express)

Swedish Embassy keen to explore opportunities in Sabah: With the establishment of the new Honorary Consul of Sweden in Kota Kinabalu Industrial Park (KKIP), the Swedish Embassy in Malaysia is interested to explore more opportunities in Sabah. Ambassador of Sweden to Malaysia, Dr Joachim Bergstorm who officiated the ribbon cutting ceremony on Tuesday, said the Honorary Consul not only to help Swedish citizens and

tourists in the city, but also as a starting point to strengthen the economic, trade and commercial ties between Sweden and Sabah. “Sweden has a strong offer. We are big when it comes to the green transformation and the green energy and sustainability. (29 August, The Borneo Post)

France looks forward to strengthening bilateral ties with Sabah: France is the latest European Union (EU) country looking forward to strengthening bilateral economic ties with Sabah. France Ambassador to Malaysia, Axel Cruau, said Sabah has excellent potential in the oil and gas industry, forest conservation and tourism sector that French investors can look into. “We have a French company opening the Club Med Borneo soon, and we are very excited about it,” Cruau said when meeting Chief Minister Datuk Seri Panglima Hajiji Noor at Menara Kinabalu. (1 August, The Borneo Post)

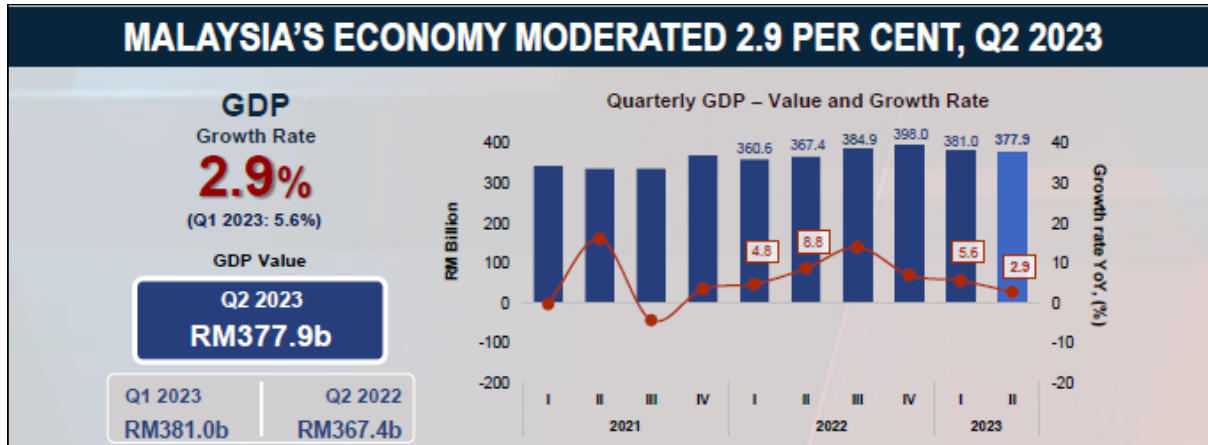
Hajiji: RM4 bln Ulu Padas (Tenom) hydroelectric dam will ease Sabah’s water woes: The RM4 billion hydroelectric dam to be built at Ulu Padas, Tenom will be a long-term solution to the water shortage in Sabah, said the Chief Minister. Datuk Seri Panglima Hajiji Noor said the dam, to be launched in October, is expected to be completed in 2027 and have a capacity of 6,000 million litres per day (MLD). “It is a joint-venture project between the state government through Sabah Energy Corporation and the private sector,” he said after launching Phase II of the Kogopon Water Treatment Plant project in Papar today. He said the Sabah government is also conducting a feasibility study on the Papar or Kaiduan Dam as another long-term solution to the water shortage problem and to cater to the needs of investors. (25 August, The Borneo Post)

RM12 million to help 1,600 schools in Sabah: The State Government has allocated a huge amount of funding to ensure the people of Sabah get the perfect education, said Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor. He said for example, it has allocated RM12 million to help 1,600 schools in Sabah under the Sabah School “Ihsan” Aid (BISBAH) programme. At the same time, RM4 million is allocated for the School Minor Maintenance Aids (BALKIS) introduced this year to help repair damages and conduct maintenance costing RM50,000 and below, he said. (17 August, The Borneo Post)

SELECTED FACTS AND FIGURES

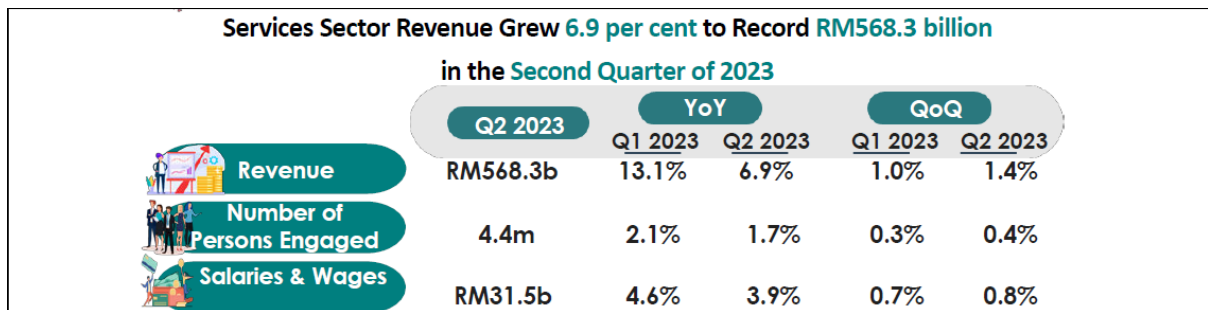
FAKTA MUTAKHIR

Malaysia's Gross Domestic Product, Second Quarter 2023



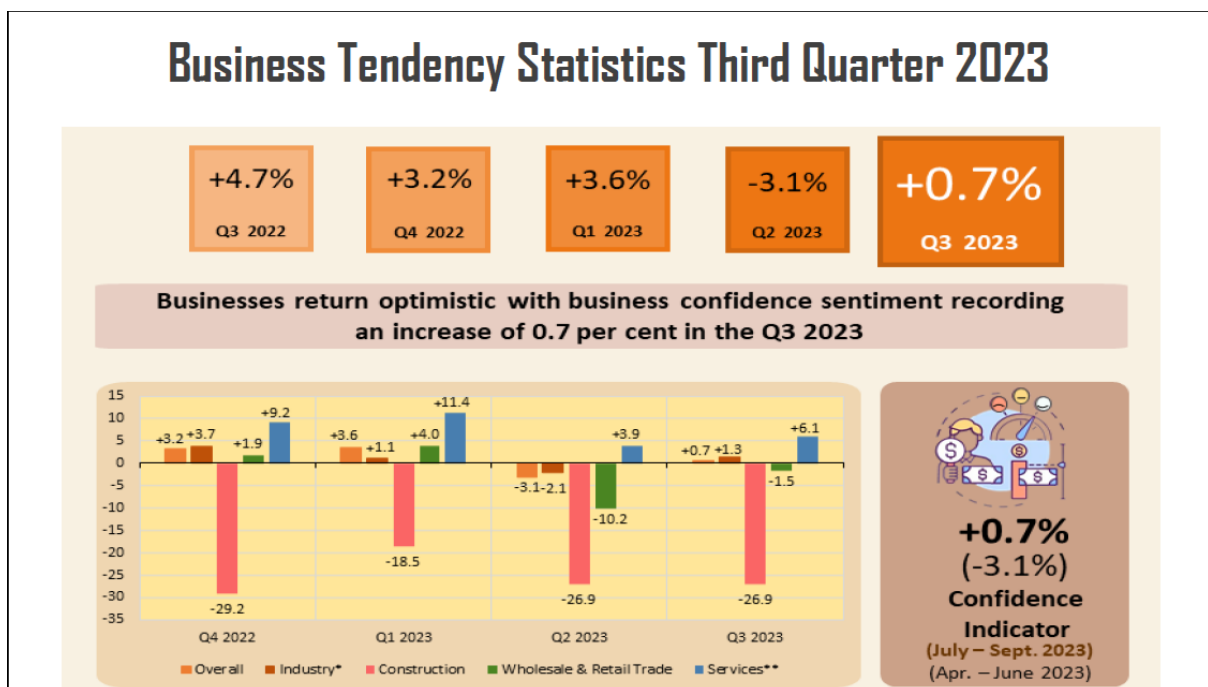
(Source: 18 August, Department of Statistics Malaysia)

Malaysia's Services Statistics, Second Quarter 2023



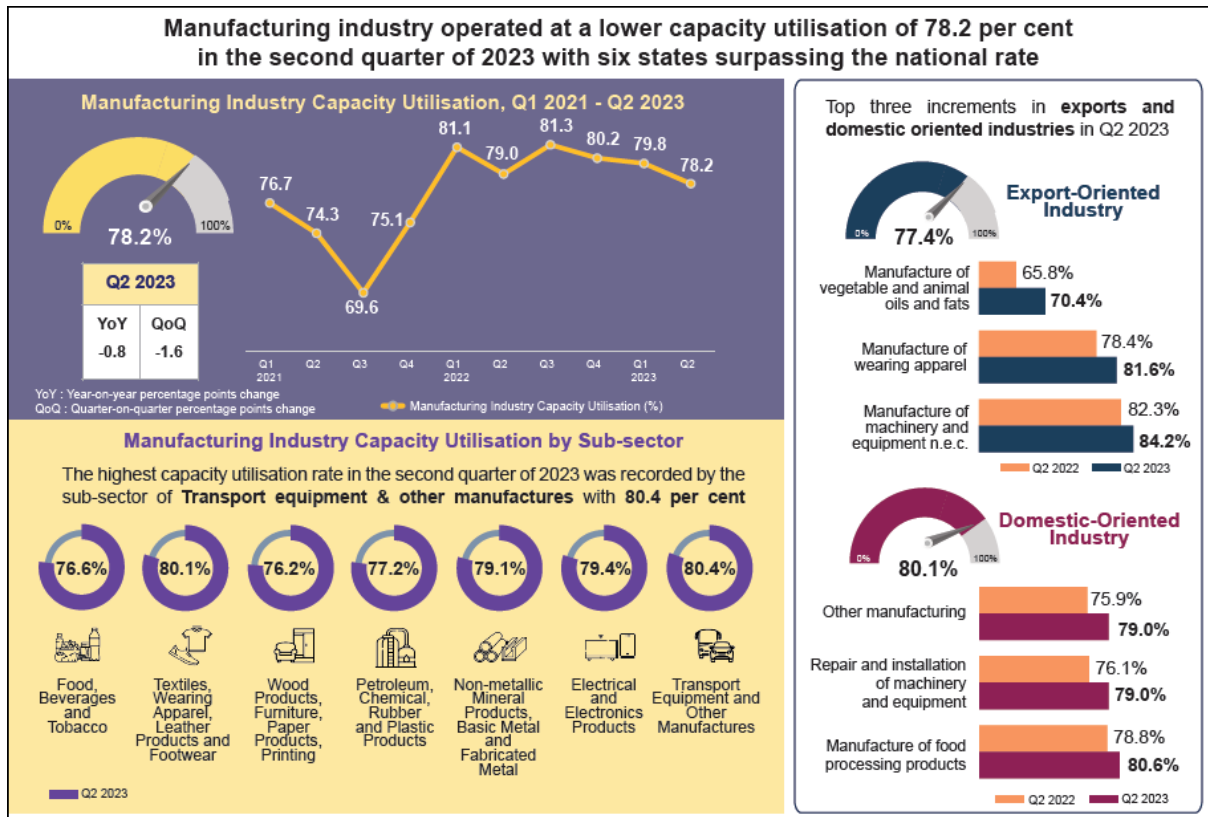
(Source: 9 August, Department of Statistics Malaysia)

Malaysia's Business Tendency Statistics, Third Quarter 2023



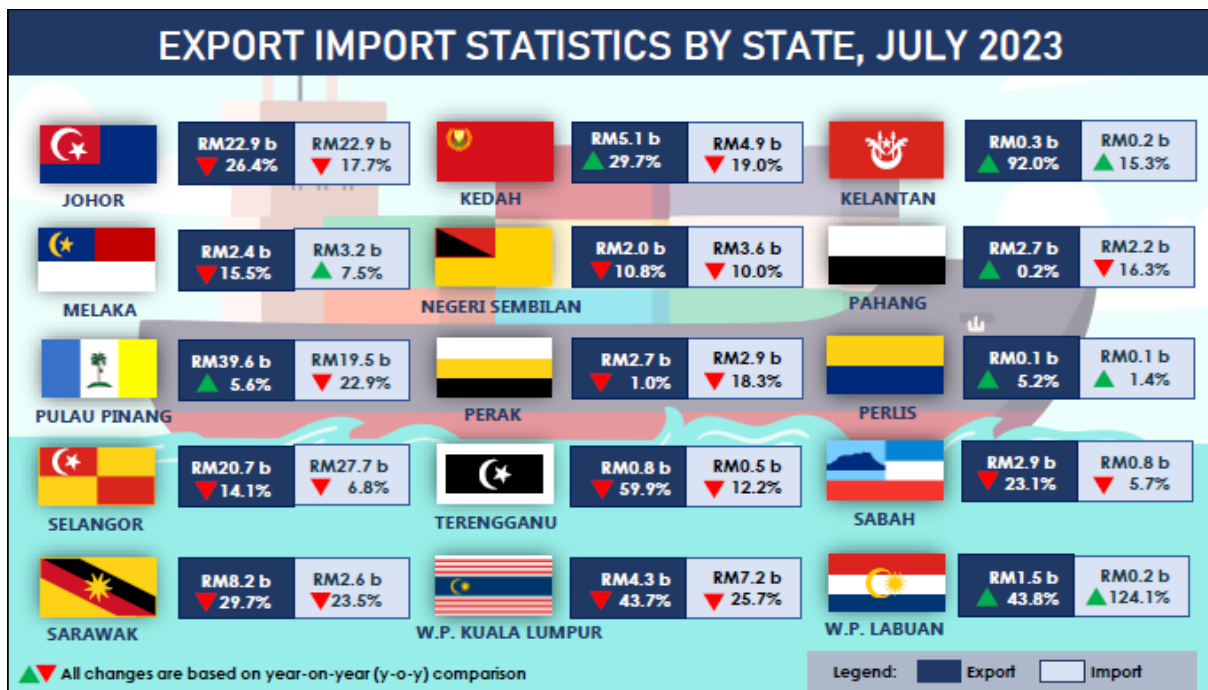
(Source: 29 August, Department of Statistics Malaysia)

Malaysia's Manufacturing Industry Capacity Utilisation Statistics, Second Quarter 2023



(Source: 30 August, Department of Statistics Malaysia)

Malaysia's Export Import Statistics by State, July 2023



(Source: 28 August, Department of Statistics Malaysia)