



# MONTHLY NEWS SCAN

## Tinjauan Berita Bulanan

Compiled by IDS

Vol. 28 Issue 7

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

1 – 31 July 2023

### HIGHLIGHTS FOCUS

- **Britain warns Russia may attack ships, EU to boost Ukraine exports**
- **Global economy shows signs of resilience despite lingering threats: IMF**
- **Malaysia to benefit from next tech wave and ASEAN opportunities – Pacific Basin Economic Council**
- **Post-pandemic economy being influenced by new factors, says Rafizi**
- **Sabah 2022 total trade up 35.4%, the highest at RM118.1b**
- **Sabah expects RM3.4 billion potential investment from Korea**

### INTERNATIONAL ANTARABANGSA

**Britain warns Russia may attack ships, EU to boost Ukraine exports:** Britain warned on Tuesday that it has information indicating Russia's military may start to target civilian shipping in the Black Sea, while the European Union pledged to help Ukraine export almost all its farm produce via rail and road. Global wheat prices have spiked 15% in the past week after Russia quit a deal that allowed the safe Black Sea export of Ukraine grain for a year and began targeting Ukrainian ports and grain infrastructure on the Black Sea and Danube River. (26 July, Reuters)

**Global economy shows signs of resilience despite lingering threats: IMF:** The world economy is showing signs of resilience in 2023 despite lingering inflation and a sluggish recovery in China, the International Monetary Fund (IMF) said on Tuesday, raising the odds that a global recession could be avoided barring unexpected crises. The signs of optimism in the IMF's latest World Economic Outlook may also give global policymakers additional confidence that their efforts to contain inflation without causing serious economic damage are working. (25 July, The Straits Times)

**India bans some non-Basmati rice exports to control prices:** India, the

world's biggest rice exporter, banned shipments of non-basmati white rice to maintain domestic prices at comfortable levels ahead of the general election due in early 2024. The government halted overseas sales of the grain with immediate effect, according to a notification by the Directorate General of Foreign Trade, confirming a Bloomberg report published on July 13. (20 July, Bloomberg)

**Green economy, security in focus as Indonesia, Australia leaders meet in Sydney:** Indonesian President Joko Widodo said strategic cooperation with Australia on electric vehicle batteries was a priority, after talks on Tuesday with Australian Prime Minister Anthony Albanese that focused on the green economy and regional security. Mr Widodo, who is in his second and final term in office, wants to build an electric vehicle (EV) battery production industry in Indonesia, which has the world's largest nickel reserves. The EV industry uses the metal extensively. (4 July, The Straits Times)

**Cooperation between Asean and India must continue: Bloc's foreign ministers:** Areas of cooperation between Asean and India must continue, given how the country has been an important factor in the continued growth of South-east Asia, Singapore's Foreign Minister Vivian Balakrishnan said on Thursday. Speaking during a meeting between Asean foreign ministers and India's External Affairs Minister S. Jaishankar on Thursday, Dr Balakrishnan noted how India is a member of all key forums involving the bloc and its dialogue partners. (13 July, The Straits Times)

**Eurozone interest rates reach joint record high:** The European Central Bank (ECB) has raised interest rates in the eurozone once again, taking its key rate to a record high last seen in late 2000. The bank raised the deposit rate in the 20-nation bloc for the ninth time in a row - to 3.75%, up from 3.5%. The ECB said inflation

continued to ease, but was still expected to remain "too high for too long". On Wednesday, the US central bank raised rates to their highest level in 22 years in its bid to control prices. (28 July, BBC News)

**Japan's production rebounds, signaling continued modest recovery:** Japan's industrial production rebounded in June, capping a quarterly gain that suggests a modest recovery continued in the second quarter. Factory output rose 2% from the previous month, rebounding from the previous month and led by increases in cars and electronic devices, according to the industry ministry Monday. Economists had forecast a 2.4% advance. The gauge rose 1.3% in the second quarter from the first one. (30 July, Bloomberg)

**China's factory, services sectors show weakness, need for stimulus:** China's manufacturing activity fell for a fourth straight month in July while the services and construction sectors teetered on the brink of contraction, official surveys showed on Monday, threatening growth prospects for the third quarter. Construction sector activity for July was its weakest since COVID-19-related workplace disruptions dissipated around February, data from the National Bureau of Statistics showed. (31 July, Reuters)

**Saudi Arabia's economy grows 1.1% in Q2, boosted by non-oil activities:** Saudi Arabia's gross domestic product (GDP) grew 1.1% in the second quarter, according to government estimates released on Monday, supported by an increase in non-oil activities, although overall growth decelerated sharply from the prior-year period. The Saudi economy grew 8.7% last year, among the fastest in the G-20, as high oil prices boosted revenue and led to the kingdom's first budget surplus in almost 10 years. But most growth forecasts for this year have been revised downwards on lower oil prices and the probability of prolonged oil production cuts. (31 July, Reuters)

## NATIONAL NASIONAL

### **Malaysia to benefit from next tech wave and ASEAN opportunities – Pacific Basin Economic Council:**

Malaysia is well positioned to take advantage of the next wave of technological advancements and trade opportunities to compete with its peers in Asean, according to the Pacific Basin Economic Council (PBEC). PBEC chief executive officer Michael Walsh said Asean, as a whole, is in a position to work together in common areas as a bloc, to compete with other major regions to win new business opportunities in trade, services and manufacturing, among others. “The Pacific Basin remains the best demographic in terms of long-term economic and wealth creation globally. This means that economies like Malaysia are wellpositioned to take full advantage of it. (27 July, Bernama)

### **Post-pandemic economy being influenced by new factors, says Rafizi:**

Touching on the impact of Covid-19 and the changes in the economy after the pandemic, Economy Minister Rafizi Ramli said there are new factors that now contribute to influencing the economy. “There are things that did not exist in 2020 and 2021 that now need to be taken into consideration, like the growth of China or the war involving Ukraine that has impacted the world, including us. “These are factors that will affect Malaysia, especially Penang due to the foreign investments here,” he said in his speech at the half-term engagement session of the 12th Malaysia Plan held at Olive Tree Hotel in Bayan Lepas, Penang. (22 July, The Star)

### **BNM likely to lower current headline inflation forecast for 2023 – BMI:**

Bank Negara Malaysia (BNM) will likely lower its current headline inflation forecast of 2.8% - 3.8% for 2023, given the faster-than-expected easing of prices, said BMI Industry Research (BMI), a Fitch Solutions company. It said government subsidies and price-control measures will help to place an implicit cap on further price increases. “Broadly speaking, inflation in Malaysia has been lower compared to regional peers, as inflation in Indonesia, the Philippines and Singapore came in at 3.5%, 5.4% and 4.5%, respectively in June,” it said in a statement today. (28 July, Bernama)

### **Malaysia’s macroeconomic stability solidifies the growth outlook – Economists:**

Growth stability is attributable to solid consumption and strong investment flows and Malaysia is one of the Asean countries driving regional growth, said an economist. Juwai IQI global chief economist Shan Saeed said global investors are making strategic allocations of funds where the economic confidence is high, growth momentum is strong and above all policy stability bolsters Gross Domestic Product trajectory. He said Malaysia provides better infrastructure for global companies which prefer efficiency and reliability. “Malaysia has among the best infrastructures in terms of roads, railroads, ports and highways. Malaysian ports such as Port Klang and Port of Tanjung Pelepas are ranked among the top 20 busiest ports globally. (12 July, Bernama)

### **Moderate exports forecast for 2H23:**

The weak ringgit could not stop Malaysian exports from ending the first half of 2023 (1H23) on a disappointing note, and economists have cautioned the next six months are likely to be worse. Battered by slower demand from China and the United States, among others, the decline in exports is likely to cause the economy to grow more moderately this year. Economist Aimi Zulhazmi Abdul Rashid blamed Malaysia’s “over-reliance” on existing trade partners for making the export sector vulnerable. The associate professor with Universiti Kuala Lumpur Business School called for a mitigation strategy to be executed. (21 July, The Star)

### **Government to pump in more than RM5 billion to kick off Madani Economy Framework:**

The government will pump in more than RM5 billion to kick off its Madani Economy Framework to enhance the economy and improve national competitiveness. The framework has lofty ambitions of positioning Malaysia as one of the top 30 major economies around the globe within 10 years. Others benchmarks include placing the country in the top 12 of the Global Competitiveness Index, increasing participation among women in the country’s workforce to 60%, placing the country in the top 25 nations in the world in the Corruption Perception Index, boosting the nation’s fiscal strength with fiscal deficit of 3% or lower and positioning Malaysia in the top 25 of the Human Development Index. (28 July, Business Times)

### **Investment momentum in Malaysia to stay positive for Q2 2023 - Tengku Zafrul:**

Malaysia’s investment momentum, which has seen strong growth since the first quarter of 2023 (Q1 2023), is expected to maintain its upward trajectory in Q2 2023, said Minister of Investment, Trade and Industry (MITI) Tengku Datuk Seri Zafrul Abdul Aziz. He said in Q1 2023 Malaysia had secured RM71.4 billion of approved investments in various economic sectors, an increase of 60% from RM44.7 billion registered in the same quarter last year. “The momentum in Q2 2023, which will be announced soon, is also positive. We are on track and this is a good sign considering the uncertainties surrounding the global market,” he told Bernama. (29 July, Bernama)

### **Bank Negara keeps GDP projection at 4%-5%:**

Bank Negara is still maintaining its forecast for the country’s gross domestic product (GDP) growth this year at between 4% and 5%, says newly-appointed governor Datuk Abdul Rasheed Ghaffour. Domestic demand remains resilient and improvements can be seen in the job market, which continue to support consumer spending, he said. “The tourism sector is recovering well and is expected to keep growing. In fact, we see airlines raising flight capacity to meet higher travel demand. “Lastly, our multi-year infrastructure projects continued to spur economic activity,” he told Bernama in his first exclusive media interview since taking up his current post. (10 July, The Star)

### **Malaysia records RM222.1bil total trade in Jun 2023 – DOSM:**

Malaysia’s total trade for June 2023 amounted to RM222.1 billion (May 2023: RM223.8 billion) with exports and imports recorded RM124.0 billion and RM98.2 billion, respectively, the Statistics Department Malaysia (DoSM) said. Its chief statistician Datuk Seri Mohd Uzir Mahidin said exports and imports decreased 14.1% and 18.9%, respectively, in June 2023 compared to June 2022. The drop in exports was attributed to the lower exports from most states. Johor exports fell by RM9.4 billion, Sarawak was lower by RM4.6 billion followed by Selangor RM3.5 billion. Other states include Sabah (-RM1.1 billion), Perak (-RM847.9 million), Terengganu (-RM380.1 million), Kelantan (-RM269.6 million), Federal Territory of Kuala Lumpur (-RM78.8 million) and Perlis (-RM13.7 million). (27 July, The Star)

## LOCAL TEMPATAN

**Sabah 2022 total trade up 35.4%, the highest at RM118.1b:** Sabah's total trade in 2022 rose the highest amounting to RM118.1 billion, an increase of RM30.9 billion, or a rise of 35.4%, compared to 2021's RM87.2 billion. Chief statistician Datuk Seri Mohd Uzir Mahidin said Sabah's exports rose 38.6% in 2022 to RM77.2 billion compared to 2021 (RM55.7 billion), driven by an increase in crude petroleum exports. "The major contributors to exports include crude petroleum which contributed RM30.3 billion, palm oil (RM21.1 billion) and liquefied natural gas (RM5.2 billion)," he said in a statement in conjunction with the release of Sabah's External Trade Statistics 2023 today. (31 July, Daily Express)

**Sabah expects RM3.4 billion potential investment from Korea:** Sabah Industrial Development and Entrepreneurship Minister Phoong Jin Zhe has successfully concluded his inaugural visit to South Korea, where he engaged in a series of tightly scheduled meetings and inspections for six days. This fruitful visit managed to attract potential investments amounting to approximately RM3.4 billion, according to a statement from Phoong on Friday. The investments are aimed at establishing the electric vehicle (EV) and battery industry chain in Sabah, envisioning the establishment of high-impact industries, creating quality employment opportunities, and paving the way for Sabah's industrialisation and leapfrogging strategy. (28 July, The Borneo Post)

**Sabah identifies 12 agro-based tourism products:** The state rural tourism joint steering committee involving five State ministries has identified 12 exceptional agro-based products that will highlight Sabah as a thriving rural tourism hub. These unique products, carefully selected for their sustainable practices, are in Kota Belud (Mount Kinabalu Coffee and Sunduan Pisompuruan Everything Pineapple); Kudat (Tampakan Fish Farm, and Gombizau Honey Bee Farm); and Kota Marudu (Saujana Hill). (25 July, The Borneo Post)

**Sabah to build two new industrial parks:** Two more industrial parks will be constructed in Sabah to

accommodate investors who want to invest in the state, said Chief Minister Datuk Seri Panglima Hajiji Noor. Speaking to reporters after launching the Gabungan Rakyat Sabah (GRS) Women movement's roadshow in Kota Kinabalu on Sunday, Hajiji said one of the industrial parks would be located in Kimanis and the other between Kota Belud and Kota Marudu. (23 July, The Borneo Post)

**Sabah govt to increase SSL, explore new paddy cultivation areas - Hajiji:** The Sabah government has established a special state cabinet committee, led by the state Agriculture, Fisheries and Food Industry Ministry (MAFFI), to address the issue of self-sufficiency level (SSL). Chief Minister Datuk Seri Hajiji Noor said the problem identified by the special committee was fewer paddy fields due to the development of housing and commercial areas. "To address the issue, the state government has explored a new paddy planting area in Trusan Sapi, Beluran covering an area of approximately 809.37 hectares," he said in his opening speech at the state-level Farmers, Breeders and Fishermen's Day celebration in Kota Kinabalu today. (27 July, Bernama)

**Boost for solar energy initiative in Sabah, Sarawak rural areas:** Efforts are being made by the government to enhance power generation using solar energy in rural homes in Sabah and Sarawak, says Datuk Seri Dr Ahmad Zahid Hamidi. The Deputy Prime Minister said power production using solar technology involving large-scale installation of solar panels on the roofs of homes in rural areas had been implemented in both states for over a decade now. Ahmad Zahid, who is also Rural and Regional Minister, said however, the implementation had faced challenges which had resulted in specific targets not being met. Among the challenges, he said, was the solar panel battery maintenance and replacement work being given to a limited number of companies. (30 July, The Star)

**Cooperatives can help eradicate hardcore poverty in Sabah - Hajiji:** The cooperative movement in Sabah is capable of playing a significant role in helping the government eliminate hardcore poverty in the state, said Chief Minister Datuk Seri Hajiji Noor. He said Sabah has 1,707 cooperatives

registered under the Malaysian Cooperative Societies Commission (SKM) with 350,000 members, the second highest in the country. "This indicates that the cooperative movement in Sabah has made a significant contribution as an agent of socioeconomic growth, which can help eradicate hardcore poverty," he said when officiating the National Cooperative Day at the Sabah International Convention Centre Kota Kinabalu. (22 July, Bernama)

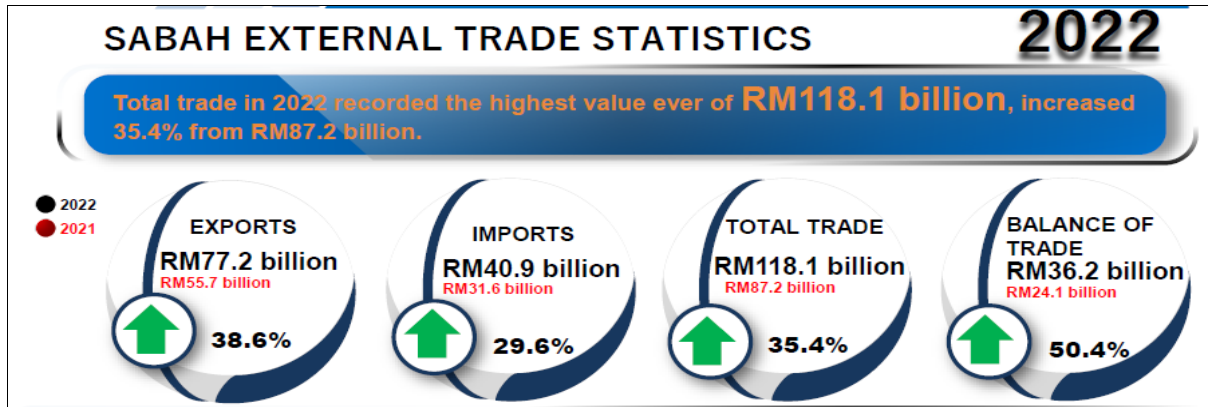
**RM12 million to help 1,600 schools in Sabah via BISBAH programme - Hajiji:** The Sabah government has allocated a total of RM12 million this year to help as many as 1,600 primary and secondary schools in Sabah under the Bantuan Ihsan Sekolah Sabah (BISBAH) programme. Chief Minister Datuk Seri Hajiji Noor said the schools will receive aid, in stages, in the form of equipment such as computers, LCD projectors, printers, smart TVs, air conditioners and portable speakers. (18 July, Bernama)

**Three water projects costing RM214 million approved for Ranau:** Efforts are in the pipeline to address the water woes experienced by people in the district, said Ranau MP Datuk Jonathan Yasin. He said for the Ranau parliamentary constituency, three projects have been approved by the Government under the Rural Water Supply Programme (BALB) at a total cost of RM214 million. "Two of these projects in the detailed design stage will be tendered by the end of 2023 and another is in the design stage by the appointed main consultant. (19 July, Daily Express)

**122 units of Rumah Mesra Sabah Maju Jaya ready:** A total of 122 units of Rumah Mesra Sabah Maju Jaya (SMJ) were completed as of June, said Sabah Rural Development Minister Datuk Jahid Jahim. He said it was part of the 1,500 units that the State Government aimed at building throughout the State, with each of Sabah's 73 state constituencies to receive a distribution of 20 housing units. "The remaining construction of 1,378 Rumah Mesra SMJ will continue this year," he said. The Rumah Mesra SMJ initiative was implemented last year by adopting the Hardcore Poor Housing Project concept to help people below the poverty line to own a house. (17 July, Daily Express)

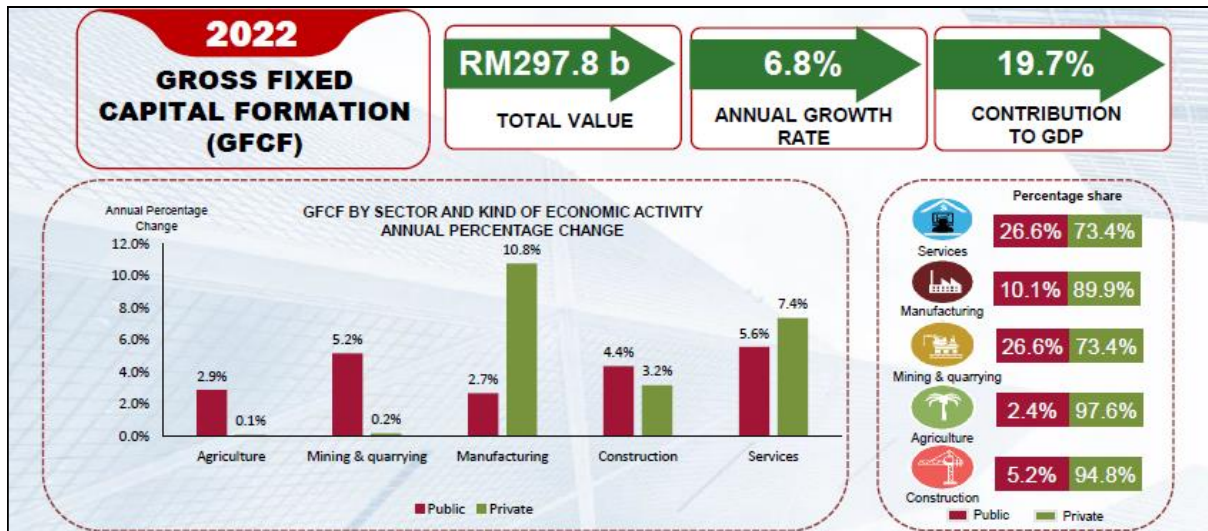
# SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

## Sabah External Trade Statistic, 2022



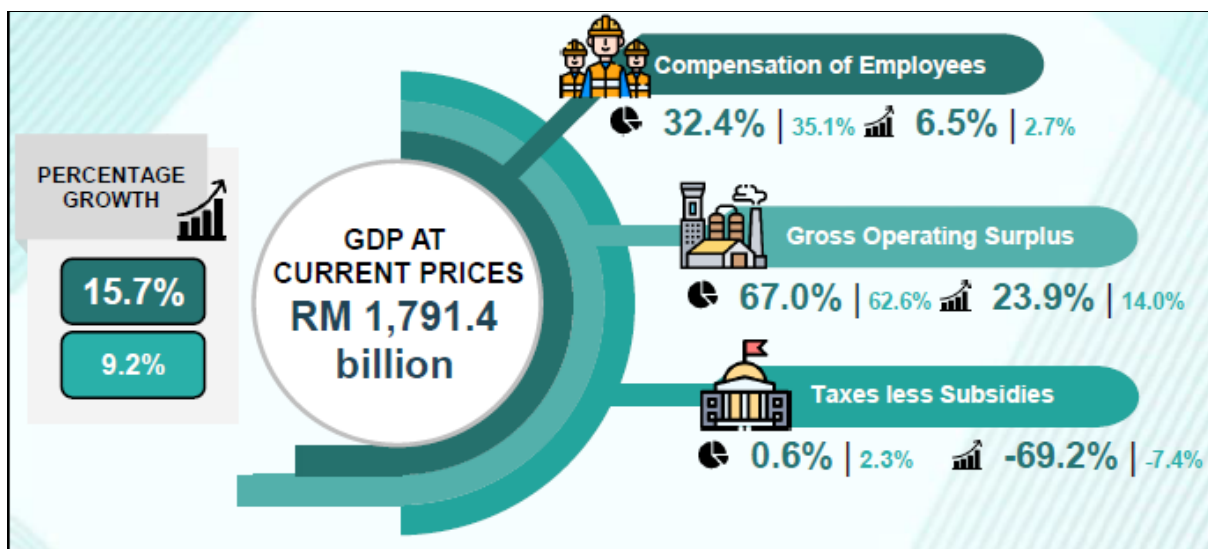
(Source: 31 July, Department of Statistics Malaysia)

## Malaysia's Gross Fixed Capital Formation, 2022



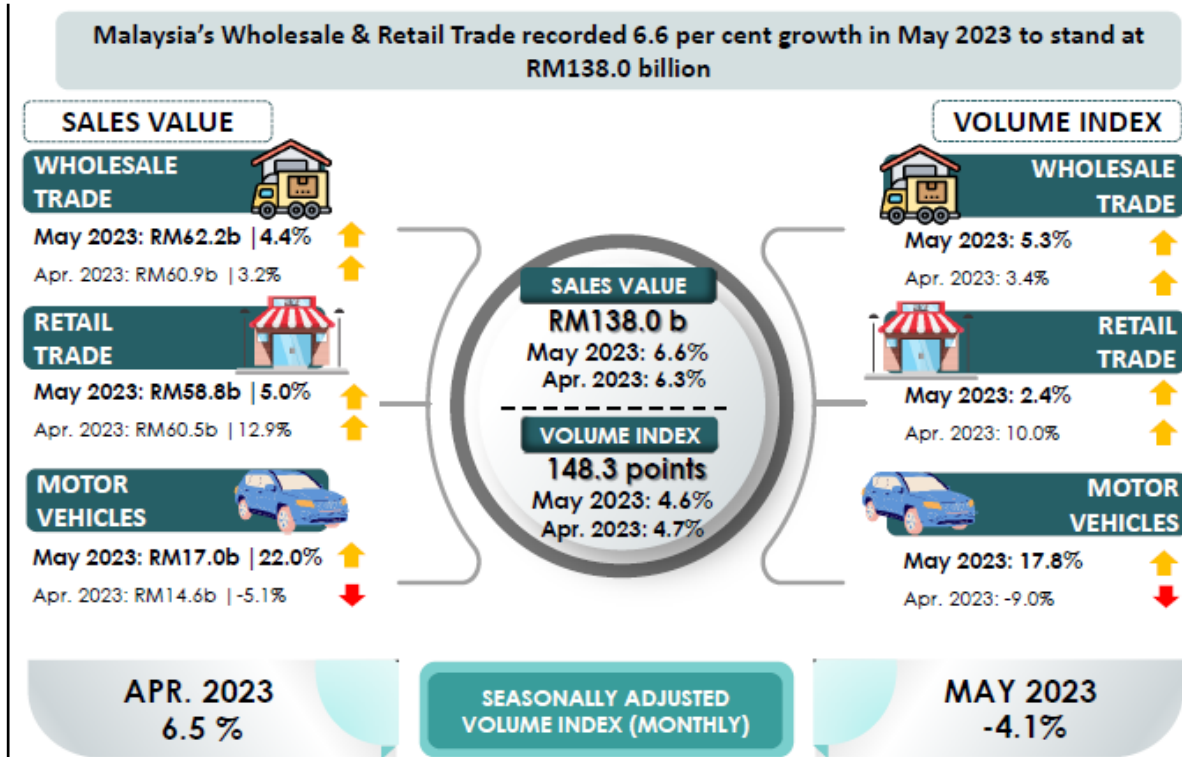
(Source: 25 July, Department of Statistics Malaysia)

## Malaysia's Gross Domestic Product (GDP) Income Approach, 2022



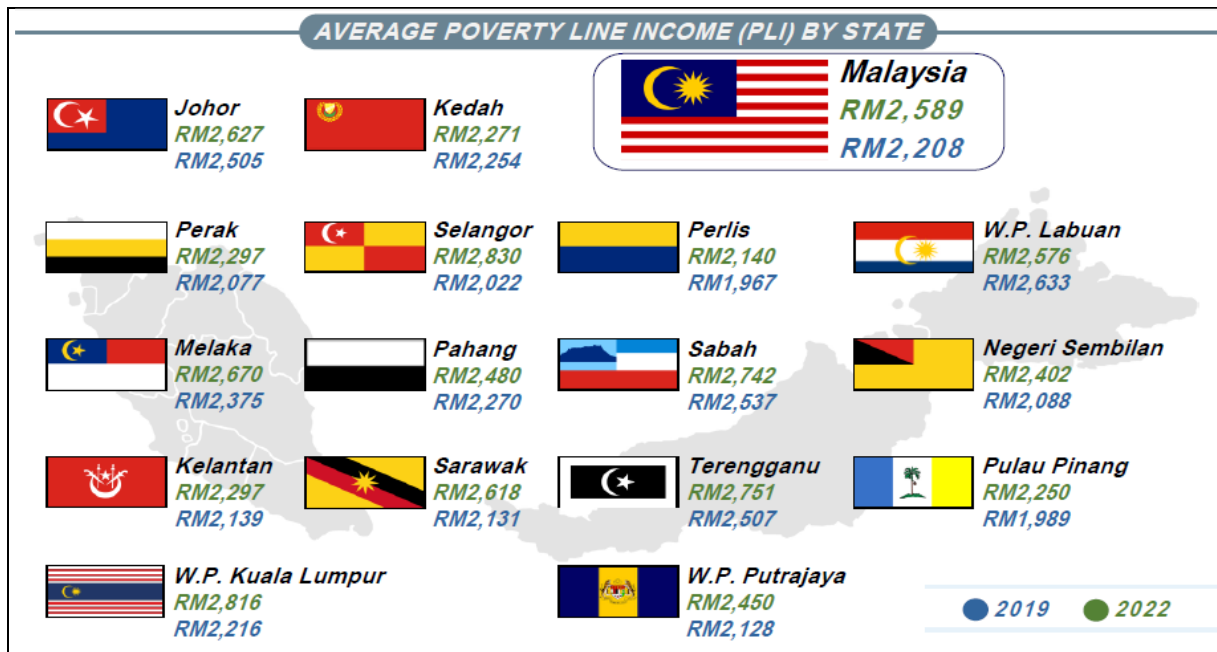
(Source: 26 July, Department of Statistics Malaysia)

## Malaysia's Wholesale and Retail Trade Performance, May 2023



(Source: 12 July, Department of Statistics Malaysia)

## Malaysia's Average Poverty Line Income (PLI) by State, 2022



(Source: 12 July, Department of Statistics Malaysia)