



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

Compiled by IDS

Vol. 28 Issue 6

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

1 – 30 June 2023

HIGHLIGHTS FOCUS

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- **Malaysia, Singapore to boost bilateral trade in digital and green economy - Tengku Zafrul**
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INTERNATIONAL ANTARABANGSA

Renewable energy main draw for green investments in South-east Asia: Investors are most drawn to renewable energy for green investments in South-east Asia, according to a report released on Tuesday. More than 70% of 2022's green investments in South-east Asia were in renewables, the South-east Asia Green Economy 2023 report found. A collaboration between Bain and Company, Temasek, GenZero and Amazon Web Services, the report showed that more than half of green investments in South-east Asia were made in Singapore and Indonesia. (6 June, The Straits Times)

World economy set for weak inflation-plagued recovery, OECD says: The global economy is set for a weak recovery from the shocks of the Covid-19 pandemic and Russia's war in Ukraine, dogged by persistent inflation and the restrictive policies of major central banks seeking to contain price pressures, said the Organisation for Economic Cooperation and Development (OECD). The Paris-based body's latest economic outlook forecasts a 2.7% expansion of world output in 2023, and only a modest pickup to 2.9% in 2024, both below

the 3.4% average in the seven years before the pandemic. (7 June, The Straits Times)

US-Taiwan relations: New trade deal signed as China tensions rise:

The US and Taiwan signed a new trade deal on Thursday as tensions with China rise. It is the first agreement under a framework for talks between Washington and Taipei called the US-Taiwan Initiative on 21st Century Trade. The announcement comes ahead of a high-level global security summit in Singapore this weekend. In recent years, the relationship between the US and China has become increasingly strained. (1 June, BBC News)

Investors overly optimistic on speed, cost of taming inflation, says IMF:

The world's top central banks may need longer to get inflation back down to target and a fresh bout of financial turbulence could make the process even more protracted, the International Monetary Fund's second-in-command said on Monday. Central banks have raised interest rates at a brisk pace over the past year-and-a-half to fight off a historic surge in prices, but they have persistently underestimated inflationary pressures. (26 June, Reuters)

Tokyo inflation points to broadening price pressure, tests dovish Bank of Japan stance:

Core inflation in Japan's capital perked up in June and remained above the central bank's 2% target for the 13th month, a sign price hikes were spreading to broader sectors of the economy and keeping policymakers pressured to dial back ultra-easy policy. The data for Tokyo, which is seen as a leading indicator of nationwide trends, will likely feed into expectations for the Bank of Japan (BOJ) to phase out its massive stimulus this year. (30 June, Reuters)

UK to work more closely with EU on financial services:

The UK has signed a pact with the EU to increase co-operation on financial services. It

will set up a forum where the EU and UK can meet twice a year to discuss financial regulation and standards. The long-awaited move is being seen as a sign the UK is willing to work more closely with the EU. Chancellor Jeremy Hunt said building a constructive relationship was of mutual benefit, as the UK and EU financial markets were "deeply interconnected". (27 June, BBC News)

US economy stronger than reported at start of 2023:

US economic growth was stronger than previously reported at the start of the year - news that could help bolster the case for higher interest rates in the world's largest economy. The Commerce Department said the latest data showed the US economy grew at an annual rate of 2% in the first three months of the year. Its first estimate put growth at 1.1% in the January to March period. The boost reflected stronger consumer spending than previously understood. (29 June, BBC News)

Eurozone in recession as rising prices hit spending:

The eurozone fell into recession this winter, revised figures show, as consumers were hit by rising prices. The economy of the 20 nation-bloc contracted by 0.1% between January and March, after also shrinking in the final three months of 2022. A recession is generally defined as when an economy shrinks for two three-month periods, or quarters, in a row. (9 June, BBC News)

New Zealand economy falls into recession, currency drops:

New Zealand's economy contracted in the first quarter, confirming that a recession began in the final three months of 2022 and sending the local currency lower. Gross domestic product (GDP) fell 0.1% from the fourth quarter, when it dropped a revised 0.7%, Statistics New Zealand said on Thursday. Economists expected a 0.1% decline. From a year earlier, the economy grew 2.2%, less than the 2.6% median forecast. (15 June, The Straits Times)

NATIONAL NASIONAL

Malaysia, Singapore to boost bilateral trade in digital and green economy - Tengku Zafrul:

Malaysia and Singapore agreed on having a regular platform, the Annual Ministerial Dialogue (AMD), to boost bilateral trade and investments between both countries, especially in the cooperation on digital and green economy as well as to strengthen bilateral ties between both ministries. Minister of Investment, Trade and Industry (MITI) Tengku Datuk Seri Zafrul Abdul Aziz said two frameworks on Cooperation in the Digital Economy and Green Economy have been reviewed during the AMD by both MITI and Minister for Trade and Industry, Singapore (MTI) Gan Kim Yong. (14 June, The Star)

Trade performance for May 2023: Trade with ASEAN fell 5%:

Malaysia's trade with ASEAN, which represented 28.4% or RM63.61 billion of Malaysia's total trade, fell by 5% year-on-year. Exports edged down by 1.6% to RM36.38 billion, attributed to lower demand of palm oil and palm oil-based agriculture products, iron and steel products and petroleum products. Despite the contraction, robust exports were registered for electric and electronic (E&E) products, machinery, equipment and parts as well as processed food. Imports from ASEAN declined by 9.1% to RM27.24 billion. Exports to Singapore grew by RM1.26 billion led by strong exports of E&E products. Meanwhile, exports to Myanmar increased by RM66.9 million supported by higher exports of petroleum products. (20 June, Business Times)

Five states dominate in May 2023 exports with combined 82.5% share

– **DOSM:** Penang, Johor, Selangor, Sarawak and Kuala Lumpur emerged as the top five exporters in May 2023, contributing 82.5% of Malaysia's total exports of RM119.6 billion for the month, said the Department of Statistics Malaysia (DoSM). It said the nation's total trade amounted to RM223.8 billion in May, with imports at RM104.2 billion. Penang remained the top exporter with a 29.0% share, followed by Johor (21.1%), Selangor (18.5%), Sarawak (8.1%) and Kuala Lumpur (5.8%), the agency said in a statement today. (28 June, Bernama)

Malaysia needs future skills framework for talent development – BNM:

Malaysia's exports are projected to hit US\$425 billion (US\$1=RM4.68) by 2030 at an annual growth rate of 6.8%, said Standard Chartered. The country would be a key driver of global trade growth which is set to reach US\$32.6 trillion with a growth rate of 5% by 2030, the bank said in a statement in conjunction with its Future of Trade 2023: New Opportunities in High-Growth Corridors research report. It said trade corridors anchored in Asia, Africa and the Middle East would outpace the global trade growth rate by up to four percentage points, driving trade volume in these regions to US\$14.4 trillion and account for 44% of global trade by 2030. (26 June, Bernama)

Domestic tourism jumped almost 34% in 1Q 2023:

Domestic tourism in Malaysia registered a surge after it recorded 48.6 million visitors for the first quarter of 2023 (1Q23) which rose by 33.7% from a year ago, according to the Department of Statistics Malaysia (DOSM). As for domestic tourism expenditure for 1Q23, it recorded RM19.2 billion which indicated 47.0% of increase year-on-year and 4.6% quarter-on-quarter. DOSM said in the Domestic Tourism Malaysia 2022 report, in 2022 the number of domestic visitor arrivals in Malaysia surged 160.1% to reach 171.6 million visitors. This is against 66.0 million visitors which was recorded last year. (26 June, Business Times)

Malaysia's inflation rose to 2.8% in May 2023:

Malaysia's inflation was rose to 2.8% in May 2023 at 130.2 points, compared with 126.6 in the same month of the previous year, indicating an increase in the overall consumer price level. According to the Department of Statistics Malaysia (DOSM), inflation was driven by higher increase in Restaurants & Hotels (6.7%) as compared with April 2023 (6.6%). Nevertheless, DOSM said the slower increase in some groups as compared with the previous month such as food & non-alcoholic beverages (5.9%), transport (1.0%) and furnishings, household equipment & routine household maintenance (2.7%) to a certain extent offset Malaysia's inflation from continuing to rise higher. (23 June, Business Times)

Malaysia's exports down slightly in May, but better on Asia-led demand:

Kenanga Investment Bank Bhd (KIBB) is cautious about Malaysia's trade outlook despite better-than-expected export growth in May, as regaining positive growth in the coming months will be challenging. The investment bank said this is mainly due to the high base effect, especially in the third quarter (Q3) of 2023, and expectations of a weaker global trade outlook and lower commodity prices amid the impact of monetary policy tightening in the advanced economies. Exports fell marginally in May at -0.7% year-on-year (YoY) compared to -17.6% in April, better than KIBB's expectations of -16.4%. For month-on-month (MoM), exports rebounded sharply to a two-month high of 13.7% in May from -18.9% in April, following the steepest drop in the previous month. (21 June, Business Times)

Govt seeking balance in ringgit's value, says Anwar:

In an effort to overcome the problem of the ringgit's depreciation, the government is seeking to strike a balance so that the country's interest rates will not cause foreign investors to take their money out of the country, says Datuk Seri Anwar Ibrahim. The Prime Minister said the drop in ringgit was linked to the country's low interest rates, and if the government raised the interest rates too much, it would burden small and medium companies. "If I have RM1mil, I want to put it in a bank. I have a choice of Malaysia, Singapore and Indonesia. Singapore and Indonesia, which have high interest rates. (24 June, The Star)

Malaysia records RM74.6bil FDIs in 2022:

Malaysia recorded a net inflow of foreign direct investment (FDI) of RM74.6bil in 2022 as compared to RM50.4bil in 2021. The National Statistics Department said in a statement that as at the end of the 2022, the country's FDI position was RM879.1bil, up from RM782bil in 2021. Meanwhile, the country's direct investment abroad (DIA) for 2022 was RM58.6bil as compared to RM19.4bil in 2021. The Statistics Department said Malaysia's FDIs and DIAs were encouraging as it reflected the favourable economic situation in the country that attracted foreign companies to continue their investments and similarly, local companies to expand and diversify their business activities abroad. (16 June, The Star)

LOCAL TEMPATAN

Salahuddin: Malaysia-Brunei Border Economic Rahmah Mission bolsters trade cooperation: The Malaysia-Brunei Border Economic Rahmah Mission is expected to bolster the supply security of essential goods and trade cooperation between the two countries. Domestic Trade and Cost of Living Minister Datuk Seri Salahuddin Ayub said the programme was an economic collaboration between Malaysia and its neighbouring country, focusing on the supply of essential goods. He said the mission had begun with the supply of non-subsidised liquefied petroleum gas (LPG) from Malaysia to Brunei from June 16, 2023, until July 1, 2023. (23 June, The Borneo Post)

Sabah signs MoU to study feasibility of space launch site in state: The Sabah government last night signed a Memorandum of Understanding (MoU) with a Ukrainian and a local firm to study the feasibility of a space launch facility in the state. Chief Minister Datuk Haji Haji Noor said that Sabah is looking forward to positive results from the study in order to put the state on the map of high-level aerospace technology globally as the 16th of such a facility in the world. "The MoU comes at the right time as the state is trying to move into the science, technology, and innovation economy. Malaysia, through Sabah has the potential to be the ninth space-faring country in the world with such a facility". (24 June, The Borneo Post)

Sabah expecting 4 to 5% economic growth this year: Hajiji: Sabah is expecting more economic recovery this year with a positive growth forecast of 4 to 5% for 2022 and 2023. Chief Minister Datuk Seri Hajiji Noor said this projection was in line with the government's commitment to continue the recovery momentum by efforts such as speeding up the implementation of development initiatives, especially high-impact projects and attracting more high-impact investments to Sabah. "Despite being in uncertain global and national economic circumstances, Sabah's economy is currently on the right track towards recovery when it recorded a positive growth at a rate of 1.1% in 2021 compared to a contraction of 9.2% in the previous year. (27 June, Daily Express)

CM: Sabah still attracts foreign investors: Sabah continues to be the choice of foreign investors to invest in various economic sectors in the state, said Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor. He said among the sectors that are preferred by foreign investors are oil and gas, energy, agriculture, fisheries, tourism, manufacturing and others. "The State Government welcomes foreign investors who are interested and ready to invest in Sabah, to see and develop the potential sector in this state which is rich in natural resources and beautiful environment," he said when he received courtesy calls from Ambassadors and High Commissioners of foreign countries to Malaysia at his office in Menara Kinabalu on Monday. (19 June, The Borneo Post)

Sabah expects over 1.7 million tourist arrivals this year: Sabah is confident of registering more than 1.7 million tourist arrivals this year as the state continues to register an increasing trend since the reopening of borders post-Covid-19 pandemic. Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor said Sabah registered a total of 792,899 visitor arrivals from January to April this year, comprising 565,424 domestic and 227,475 international visitors, marking a 94.1% increase compared to 408,530 for the corresponding period last year. "This bodes well for Sabah as we continue to push for more air connectivity into Sabah to add to the current weekly 100 international flights with a total seat capacity of 18,164 and domestic flights of 366 with a total seat capacity of 60,303," he said. (19 June, The Borneo Post)

Water treatment plant to be built in Pitas village: A mini Integrated Water Treatment Plant (Solar IoT) will be built in Kg Lok Dangkaan, Pitas. Sabah Baitulmal Corporation (PBNS) Chairman, Datuk Dr Omar Raisul As-Salam Syah Sulaiman Omar, said the plant with a production capacity of 30,000 litres per day would benefit 300 villagers. "The collaboration between PBNS and Universiti Malaysia Sabah (UMS) began during the implementation of the clean water treatment plant project in Kg Pituru and Kg Mengkapon, Pitas in 2019 through a fund channelled from the National Inter-Agency Economic Stimulus Implementation and Coordination Unit (Laksana) amounting to

RM289,714 which is a Solar IoT development project in Kg Lok Dangkaan, Pitas. (29 June, Daily Express)

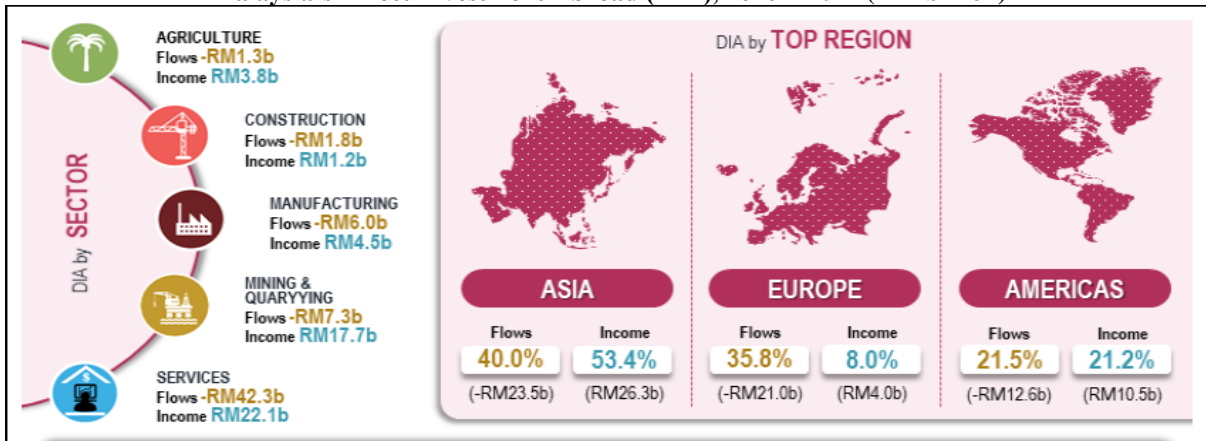
All 398 new telco towers planned in Sabah to be ready next year: All 398 new telecommunications towers planned under phase 1 of National Digital Network (Jendela) in Sabah are expected to be ready and fully operational by the third quarter of next year, said Deputy Communications and Digital Minister Teo Nie Ching. She said from the 398 towers planned, only three are ready and in operation now, and in this regard, the Communications and Digital Ministry (KKD) is committed to ensure all towers would be ready to provide the telecommunication facilities to the people. (25 June, Daily Express)

Tagal lonjak status Ranau sebagai destinasi ekopelancongan: Ranau mempunyai 123 kawasan tagal yang diwujudkan setakat ini menjadikan daerah ini bukan sahaja mempunyai tagal terbanyak tetapi melonjakkan statusnya sebagai destinasi ekopelancongan terulung di Sabah serta negara. Bangga dengan kejayaan ini, Timbalan Ketua Menteri merangkap Menteri Kerajaan Tempatan dan Perumahan Datuk Seri Panglima Dr Joachim Gunsalam berkata penghargaan serta terima kasih seharusnya disampaikan kepada Jabatan Perikanan Sabah kerana turut mewujudkan satu-satunya Pusat Informasi Tagal bagi negeri ini di Ranau. (29 Jun, Utusan Borneo)

Federal financial contribution to solve Sabah's water woes: Chief Minister Datuk Seri Hajiji Noor is confident the Federal Government's RM320.25 million aid to Sabah will expedite its short-term plans to solve the State's water woes. This involves the implementation of six programmes encompassing 20 projects throughout the State, including nine projects under district plans for Kota Kinabalu, Tuaran, Putatan, Papar, Beaufort, Keningau, Tawau, Lahad Datu and Sandakan. Hajiji accompanied by Deputy Chief Minister III/Works Minister, Datuk Shahelmy Yahya, State Secretary Datuk Seri Safar Untong briefed Prime Minister Datuk Seri Anwar Ibrahim on Sabah's plans to address the water supply problem, at his office in Putrajaya this morning. (1 June, The Borneo Post)

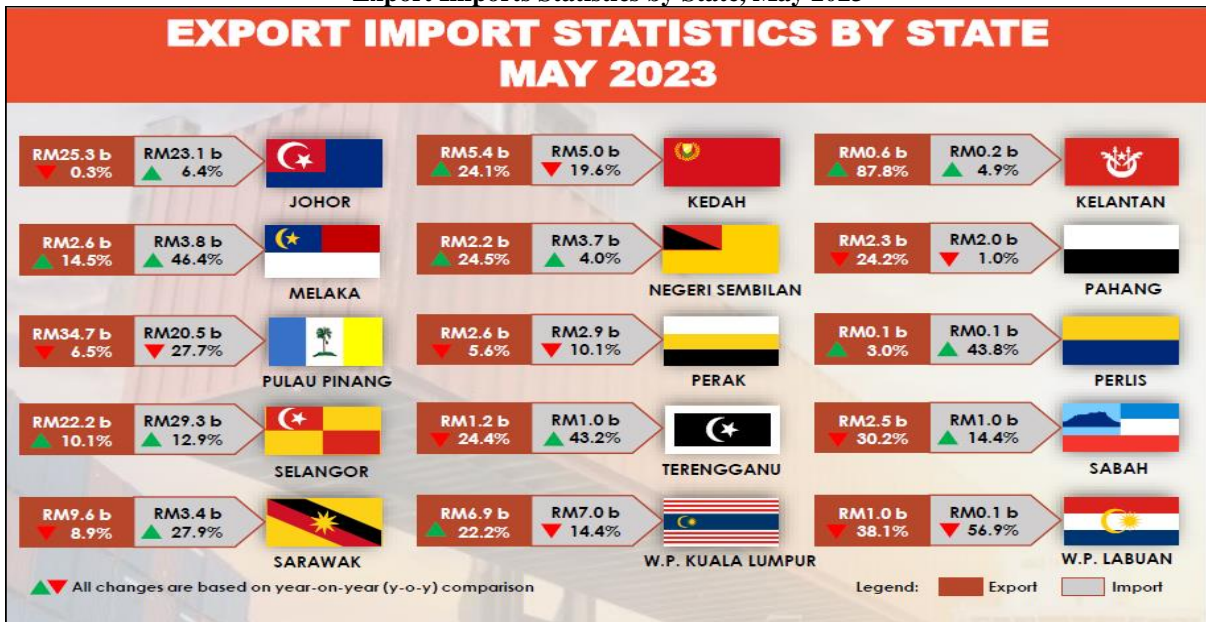
SELECTED FACTS AND FIGURES FAKTA MUTAKHIR

Malaysia's Direct Investment Abroad (DIA), 2010 – 2022 (RM billion)



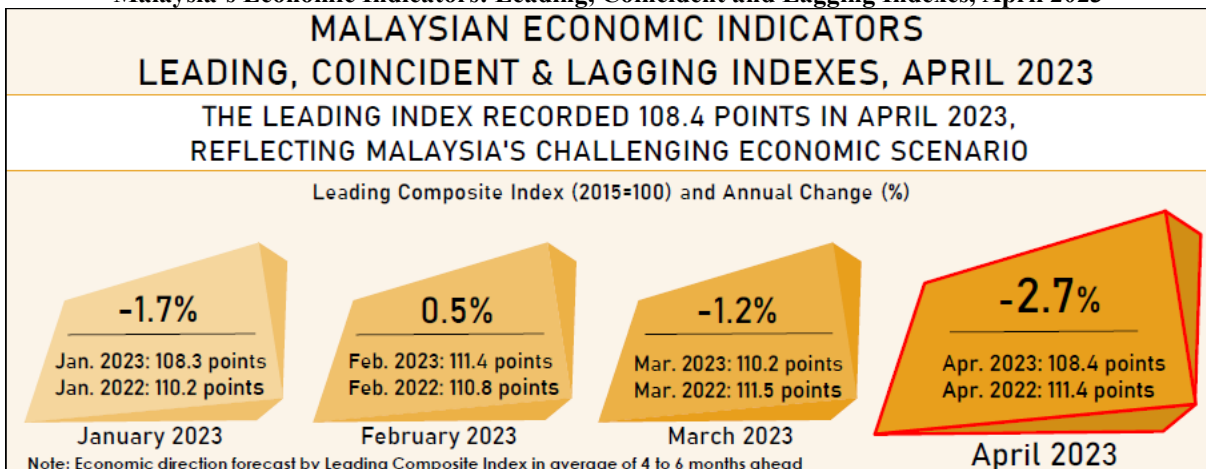
(16 June, Department of Statistics Malaysia)

Export Imports Statistics by State, May 2023



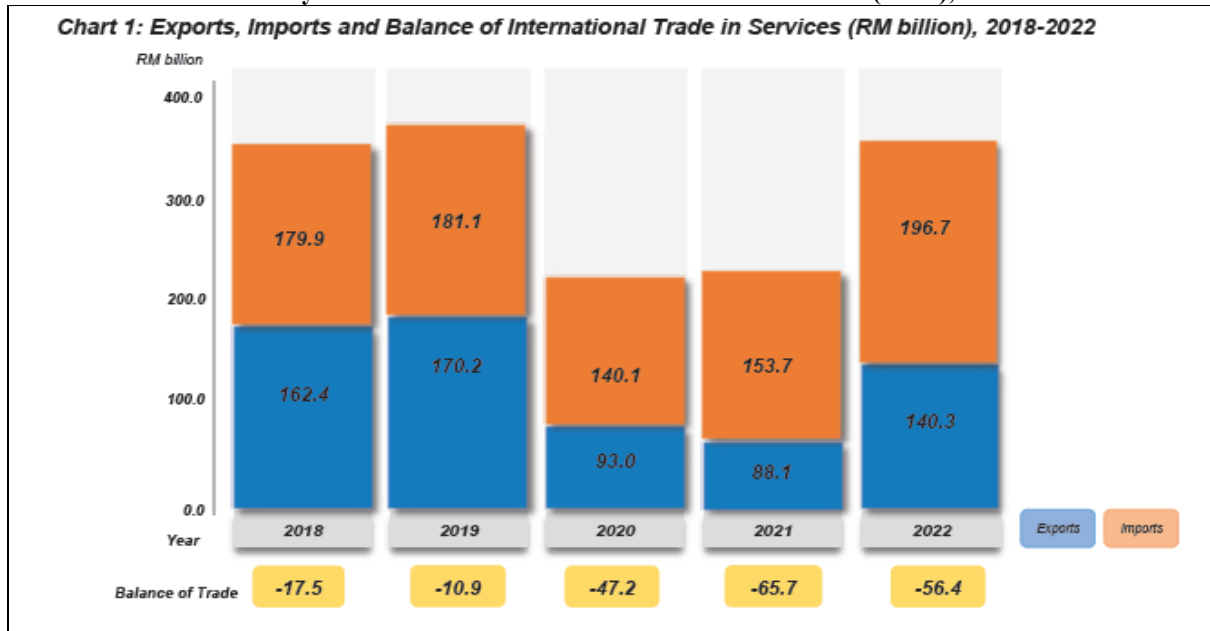
(28 June, Department of Statistics Malaysia)

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



(23 June, Department of Statistics Malaysia)

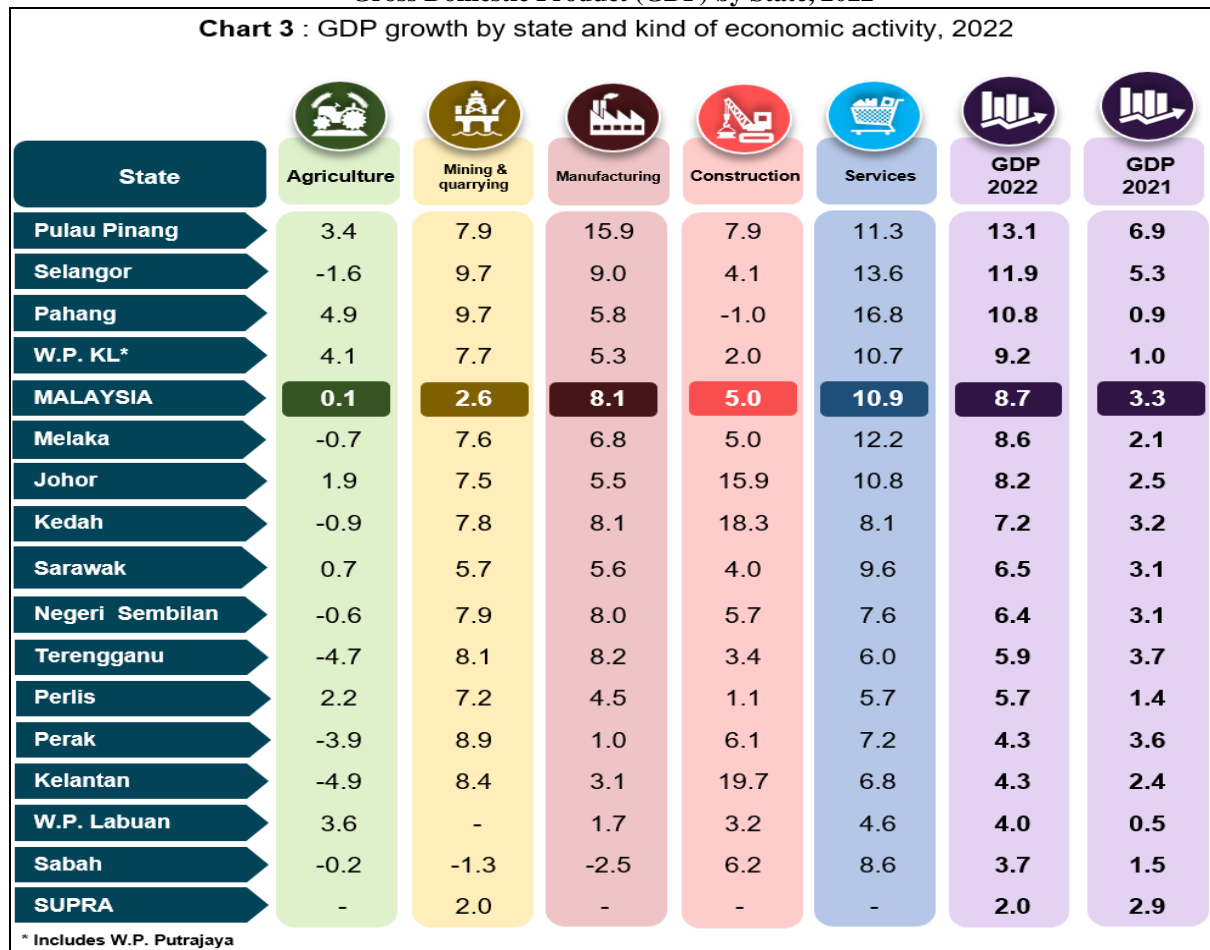
Malaysia's Statistics of International Trade in Services (SITS), 2022



(22)

June, Department of Statistics Malaysia)

Gross Domestic Product (GDP) by State, 2022



(27 June, Department of Statistics Malaysia)