



# MONTHLY NEWS SCAN

## Tinjauan Berita Bulanan

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1 – 30 September 2023

### HIGHLIGHTS FOCUS

- **OECD raises 2023 global growth outlook, cuts 2024**
- **Indonesia launches carbon trading in bid to tame coal**
- **Malaysia supportive of ASEAN, China effort to conclude ACFTA upgrade negotiation by 2024 – PM Anwar**
- **Malaysia's largest renewable energy power plant commences operation**
- **Sabah launches Energy Roadmap and Master Plan**
- **Malaysia's first tier four data center to be set up in Sabah**

### INTERNATIONAL ANTARABANGSA

**OECD raises 2023 global growth outlook, cuts 2024:** A stronger than expected U.S. economy is helping to keep a global slowdown in check this year but a weakening Chinese economy will prove to be a bigger drag next year, the OECD forecast on Tuesday. After expanding 3.3% last year, global gross domestic product growth is on course to slow to 3.0% this year, the Organisation for Economic Development said in the latest update of its forecasts for major economies. (19 September, Reuters)

**Indonesia launches carbon trading in bid to tame coal:** Indonesia launched its first carbon emissions trading market in an attempt to curb the climate impact of its coal-dominated power sector. An initial 13 transactions covering 459,914 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) from PT Pertamina Geothermal Energy's projects in North Sulawesi were traded at Tuesday's opening. Credits traded at a price of 69,600 rupiah per tonne, according to a trading board at the Indonesia Stock Exchange, which facilitates the trade. (26 September, The Straits Times)

**German inflation falls to lowest level since start of Ukraine war:** German inflation fell in September to its lowest level since Russia launched

its full-scale invasion of Ukraine, signalling what could be the beginning of the end for the high inflation that has weighed heavily on Europe's largest economy. German consumer prices, harmonised to compare with other European Union countries, rose by an annual 4.3% in September, preliminary data from the federal statistics office showed on Thursday. Analysts polled by Reuters had forecast it slowing to 4.5% from 6.4% year-on-year in August. Germany's core inflation rate, which excludes volatile items such as food and energy, fell to 4.6% year-on-year from 5.5% in August. (28 September, Reuters)

**Charting the global economy: Inflation cools in US and Europe:** Measures of underlying inflation cooled in the US and Europe in recent months, which could prompt the central banks to leave interest rates on hold. The US core personal consumption expenditures price index, which strips out the volatile food and energy components, edged up just 0.1% in August, the smallest advance since late 2020. A similar metric in the eurozone showed the smallest annual increase in a year. (30 September, Bloomberg)

**Italy's food producers soften stance towards government's anti-inflation plan:** Italy's government secured some cooperation from producers' associations in its battle against rising prices, it said on Friday, though the last word on binding commitments remained in the hands of individual companies. High inflation is a headache for Prime Minister Giorgia Meloni's administration, which has agreed with supermarkets chains and small retailers steps to cap prices of essentials goods from October to December. (8 September, Reuters)

**China's economy stabilises, factory activity returns to expansion:** China's factory activity expanded for the first time in six months in September, an official survey showed on Saturday, adding to a run of indicators suggesting the world's

second-largest economy has begun to bottom out. The purchasing managers' index (PMI), based on a survey of major manufacturers, rose to 50.2 in September from 49.7, according to the National Bureau of Statistics, edging above the 50-point level demarcating contraction in activity from expansion. The reading beat a forecast of 50.0. (30 September, Reuters)

**Japan to strengthen maritime, other ties with Southeast Asia, Kishida says:** Japan will strengthen its support and cooperation with Southeast Asian nations in six areas including transportation infrastructure and maritime patrols, Prime Minister Fumio Kishida said on Wednesday. He made the remarks in a speech to the ASEAN-Indo-Pacific Forum (AIPF) in Jakarta, which is hosting a summit of the 10-member Association of Southeast Asian Nations (ASEAN) this week. The move comes as China asserts itself in the region's disputed waters. (6 September, Reuters)

**UK to ease finance sector rules to boost investment post-Brexit:** Britain set out plans on Thursday to ease key banking and insurance rules in the latest attempt to boost its vital financial sector following the country's departure from the European Union. Brexit has cut off Britain's finance industry, which accounts for about 12% of British economic output, from much of the EU, and sector officials want the government to speed up reforms to help it remain globally competitive. (28 September, The Straits Times)

**Eurozone interest rates raised to all-time high:** Eurozone interest rates have been hiked to a record high by the European Central Bank (ECB). The bank raised its key rate for the 10th time in a row, to 4% from 3.75%, as it warned inflation was "expected to remain too high for too long". The latest increase came after forecasts predicted inflation, which is the rate prices rise at, would be 5.6% on average in 2023. But the ECB signalled that Thursday's hike could be the last for now. (14 September, BBC News)

## NATIONAL NASIONAL

### **Malaysia supportive of ASEAN, China effort to conclude ACFTA upgrade negotiation by 2024 – PM Anwar:**

Malaysia remains supportive and commends ASEAN and China's efforts to conclude the ASEAN-China Free Trade Agreement (ACFTA) 3.0 upgrade negotiations by 2024, Prime Minister Datuk Seri Anwar Ibrahim said. He said the ongoing ACFTA 3.0 upgrade negotiations are pivotal for post-pandemic recovery, enhancing ASEAN-China trade and investment relations and ensuring the free flow of goods and services. (17 September, Bernama)

### **Malaysia's largest renewable energy power plant commences operation:**

Malaysia's largest renewable energy power plant at Bukit Tagar Enviro Park (BTEP), Hulu Selangor, Selangor with a capacity of 12 megawatts (MW) has commenced operations. The Waste to Energy (WtE) plant is one of the methods for treating solid waste while generating new renewable energy. BTEP can convert methane gas from solid waste at the landfill into renewable energy, channelling approximately 339 million kilowatt-hours (kWh) of electricity to the national grid. Minister of Local Government Development Nga Kor Ming said BTEP is the largest power generation plant from landfill gas in Malaysia. (20 September, Bernama)

### **'NIMP 2030 can propel Malaysia to next level of development':**

The New Industrial Master Plan (NIMP) 2030 has the potential to propel Malaysia and its manufacturing sector to its next stage of development. RAM Ratings noted the plan is complemented by the recently tabled mid-term review (MTR) of the Twelfth Malaysia Plan (12MP) 2021-2025, which realigned the near-term action plans and key targets with the vision of the Madani Economy up to 2025. "While the political will is strong, the administrative arm of the government must have the capacity and autonomy to implement these plans. "Malaysia has had no issues developing good master plans but for various reasons in the past, had lacked the tenacity to stick to agreed paths. (24 September, Business Times)

### **Malaysia's economy to slow to 3.0pct: ICAEW:**

Malaysia's economy is expected to grow 3% this year as slowdown of growth in the third quarter (Q3) becomes more apparent. According to an Oxford Economics research commissioned by The Institute of Chartered Accountants in England and Wales (ICAEW), the end of China's post-pandemic bounce back, past interest rate hikes by the United States Federal Reserve (Fed), weak semiconductor sector and domestic demand paint a pessimistic outlook for ASEAN economies. Growth in ASEAN-6 namely Malaysia, Indonesia, the Philippines, Singapore, Thailand, and Vietnam is expected to be around 3.6% in the second half of 2023, down from 4.2% in the first half and 5.7% in 2022. (25 September, Business Times)

### **Malaysia's inflation rate unchanged at 2% in August 2023:**

Malaysia's inflation remained unchanged at two per cent in August 2023, similar to the growth rate recorded in July 2023, said the Department of Statistics Malaysia (DoSM). In a statement today, DoSM said the inflation rate recorded in August was mainly due to the slower growth in restaurants and hotels, which fell to 4.7% from 5% in July 2023; food and non-alcoholic beverages (4.1% against 4.4% in July 2023), as well as miscellaneous goods and services which moderated to 2.4% from 2.6% in the previous month. (22 September, The Star)

### **PM Anwar woos global investors, assures necessary reforms being taken to provide better business environment:**

Prime Minister Datuk Seri Anwar Ibrahim today assured global investors looking to venture into Malaysia that the country is taking necessary reforms and providing a better business environment for them. Anwar said his government is doing its utmost to rectify past mistakes which saw the country's progress and socioeconomic development being stymied after decades of progress. "Ignoring the Covid-19 pandemic years, the two decades before and after 1998 witnessed a significant decline in our average economic growth," he said. (22 September, Bernama)

### **Rural entrepreneurs can increase income, sales by up to 30% through digitalisation:**

Rural entrepreneurs involved in business digitalisation can increase their sales and income by up to 30%. Deputy secretary-general (policy) of the Ministry of Rural and Regional Development (KKDW) Datuk Che Murad Sayang Ramjan said the government will therefore continue to commit to exploring new markets through e-commerce platforms in an effort to market rural products. "We had aimed to (train) 1,000 rural entrepreneurs in digitalisation this year through the Rural Entrepreneur Digitalisation Programme (PPU), but so far we have reached 1,247 entrepreneurs and we want them to be able to increase their income by 30% after marketing their products online. (19 September, Bernama)

### **Export and import unit value indices up in August:**

Malaysia's August export unit value index rose a marginal 0.5% to 142.3 points, the Statistics Department says. In a statement yesterday, it said the export unit value index went up led by the minerals fuels index which rose by 5% and a 0.3% rise in food. However, the export volume index fell by 1.9% in the same month, in line with an 11% fall in the inedible crude materials and a 10.7% drop in the machinery and transport equipment indices. The import unit value index also grew by 1% in August, contributed to by a rise in the index of animal and vegetable oils and fats (plus 9.6%), mineral fuels (plus 7%) and food (plus 0.3%), it said. (28 September, The Star)

### **GDP expected to fall short at 3.8% in 2023:**

Hong Leong Investment Bank Bhd (HLIB Research) expects the gross domestic product (GDP) for 2023 to fall short of the official range of 4-5%, to 3.8% this year. In a note today, it said the forecast reflects the high base effect from last year, weak external demand and subpar recovery in China despite its reopening. Inflation is expected to moderate to 2.8% for 2023. It introduced growth in GDP of 4.8% in 2024 with a 25 basis point bump in overnight policy rate (OPR) in 2024. The OPR currently stands at 3%. HLIB Research expects inflation to ease further to 2.5% in 2024. (27 September, Business Times)

## LOCAL TEMPATAN

**Sabah launches Energy Roadmap and Master Plan:** Chief Minister Datuk Seri Panglima Haji Hajiji Haji Noor launched the Sabah Energy Roadmap and Master Plan 2040 (SE-RAMP 2040) on Tuesday to address the state's near-term needs while building future long-term resilience of the energy industry. The master plan outlines the state's direction and strategic initiatives moving forward and in anticipation of the State Government taking over of the regulatory powers for electricity supply and renewable energy from the federal government in January next year. (19 September, The Borneo Post)

**Malaysia's first tier four data center to be set up in Sabah:** Poseidon Technologies Sdn Bhd and Permodalan RISDA Berhad (PRB) are setting up a new data centre with plans to be certified as tier four in Sabah. Deputy Chief Minister I Datuk Seri Panglima Dr Jeffrey Kitingan said the data centre will have its own power generation, subject to approval by the relevant authorities, hence making it the first 'General Tier IV Data Centre' in Sabah and in Malaysia. He said the project costing and initiatives will be estimated at around RM119 million which is up from its original costing RM98 million. (29 September, The Borneo Post)

**Sabah's east coast identified as new economic growth hub, says Hajiji:** The Sabah government has identified the state's east coast as a place of interest to become the new economic growth hub, due to its proximity to the Brunei-Indonesia-Malaysia-Philippine East Asean Growth Area (BIMP-EAGA). Chief Minister Datuk Seri Hajiji Noor said state agencies, such as POIC Sabah Sdn Bhd, have positioned its industrial park and port at Lahad Datu – a district in the east coast – as the logistics hub for BIMP-EAGA. "Plans are also in place to construct a maritime academy to support the maritime dependent economies of EAGA and a marine transportation hub to enhance inter-EAGA connectivity," he said at the welcoming dinner and opening of the

Sabah International Expo (SIE2023). (21 September, The Star)

**Sabah attracts RM9 bln investments in first half of 2023:** Sabah has achieved commendable success in attracting foreign investments and driving Sabah's economic growth in the first half of this year, said Industrial Development and Entrepreneurship Minister Phoong Jin Zhe. He said his ministry had actively promoted investment in Sabah, leading to the approval of investments totaling RM9 billion in the first half of 2023, ranking Sabah fifth in the nation. In 2022, he said Sabah successfully attracted a total of RM11.5 billion in investment projects. (19 September, The Borneo Post)

**Sabah-Nusantara connection hub can enhance Malaysia-Indonesia trade relations – Consul-General:** A connection hub between Sabah and Indonesia's new capital, Nusantara, can enhance trade relations between Malaysia and the neighbouring country. Indonesian consul-general in Kota Kinabalu Rafail Walangitan said Sabah could be utilised as another gateway to the new capital due to its close distance. "Indonesia is expected to move its capital from Jakarta to Nusantara (in East Kalimantan province) in June next year, and we (the Indonesian government) hope that a connection hub can be established so that visitors from Malaysia can stop by Sabah first. (15 September, Bernama)

**Borneo Science Adventure bridges rural communities to science and technology – Arthur:** The implementation of Borneo Science Adventure programme (KSB) has the potential to engage rural communities in Sabah, particularly the youth, in the fields of science, technology, and innovation, said Deputy Science, Technology and Innovation Minister Datuk Arthur Joseph Kurup. According to him, this specially designed programme bridges the knowledge gap in science among rural communities, remote and Felda areas, which also need advancements in science, technology, and innovation to improve agricultural productivity, including the efficiency of farming methods. (23 September, Bernama)

**China-Sabah trade recorded RM6.56bil for first half of 2023, says Hajiji:** China remains as Sabah's significant trade partner with its trade volume registering an increase of 1.2% to RM6.56bil for the first half of this year, says Chief Minister Hajiji Noor. He said that as the economic and trade cooperation between Malaysia and China continued to progress, the state government is looking forward to more trade and investments from the Republic coming into Sabah. In his speech at China's 74th National Day Celebration held by the Consulate General of China in Kota Kinabalu on Thursday (Sept 21) night, Hajiji said China is now Malaysia's largest trading partner while Malaysia ranked near the top of China's trading partners in South-East Asia. (21 September, The Star)

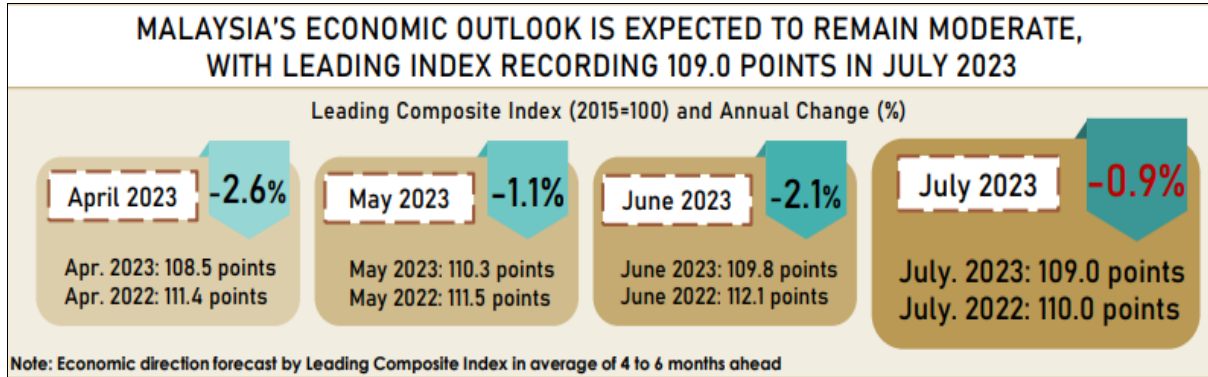
**Sabah eyeing bilateral trade relations with Kazakhstan:** Sabah is open to fostering a bilateral trade partnership with Kazakhstan by capitalising on the country's good relations with Malaysia. Chief Minister Datuk Seri Hajiji Noor said there was much Malaysia and Kazakhstan could leverage further on each other's strengths. Both countries have had three decades of good relations following the establishment of diplomatic relations in 1992, he said, adding that the establishment of Kazakhstan's capital Astana and Putrajaya as sister cities in 1996 further cemented bilateral ties. (22 September, The Star)

**Sabah to export poultry to Tawi-Tawi via ferry:** The people of Lahad Datu will be enjoying economic spillovers from the operation of a passenger ferry service between Bongau, Tawi-Tawi in the Philippines and Lahad Datu. The passenger ferry service is expected to be launched on September 28, this year. In addition to ferrying passengers, it will also allow the export of goods from Sabah to the island. Zubir Food (Sabah) Sdn Bhd founder Dr Zubir Mohd Said said due to the availability of the passenger ferry service between Tawi-Tawi and Lahad Datu, they have entered into a joint venture with Jay Sayang Enterprise for the export of frozen poultry to Tawi-Tawi. (5 September, The Borneo Post)

# SELECTED FACTS AND FIGURES

## FAKTA MUTAKHIR

### Malaysia's Economic Indicators Leading, Coincident & Lagging Indexes, July 2023



(Source: 25 September, Department of Statistics Malaysia)

### Malaysia's Monthly Rubber Statistics, July 2023



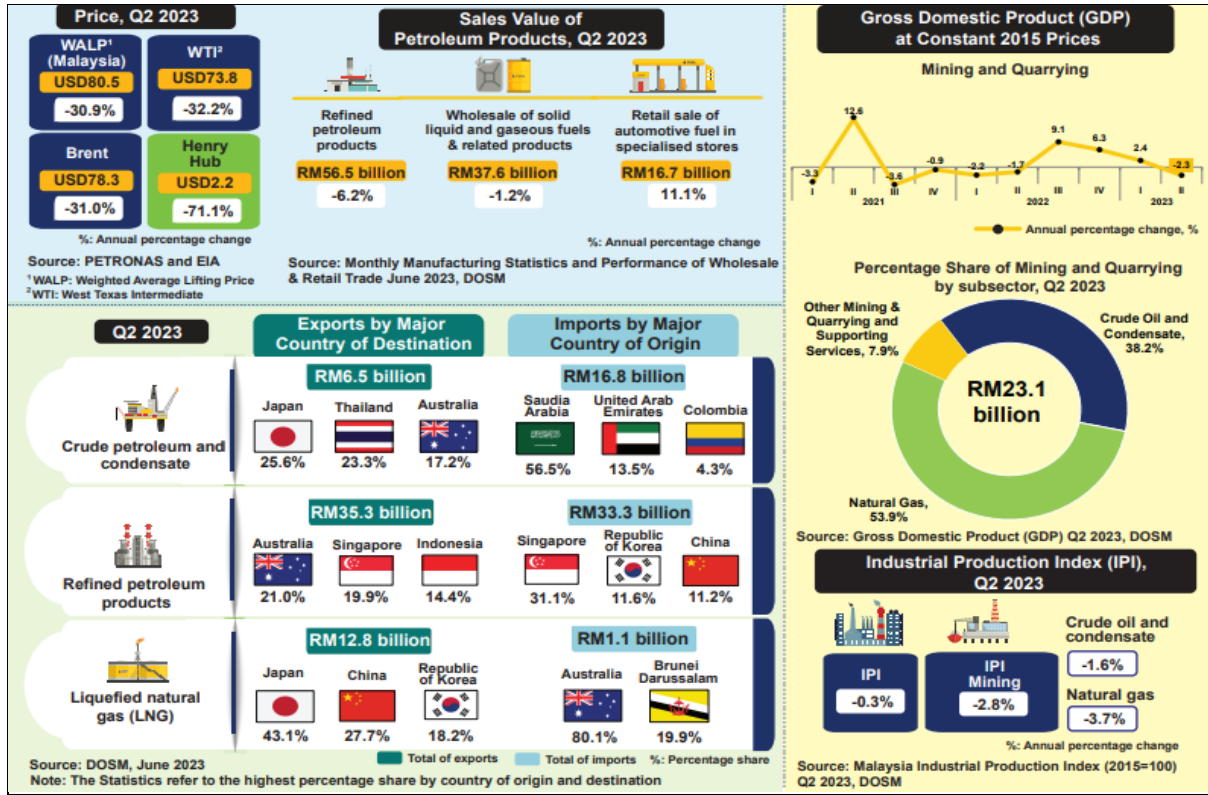
(Source: 8 September, Department of Statistics Malaysia)

### Malaysia's Export-Import Statistics by State, August 2023



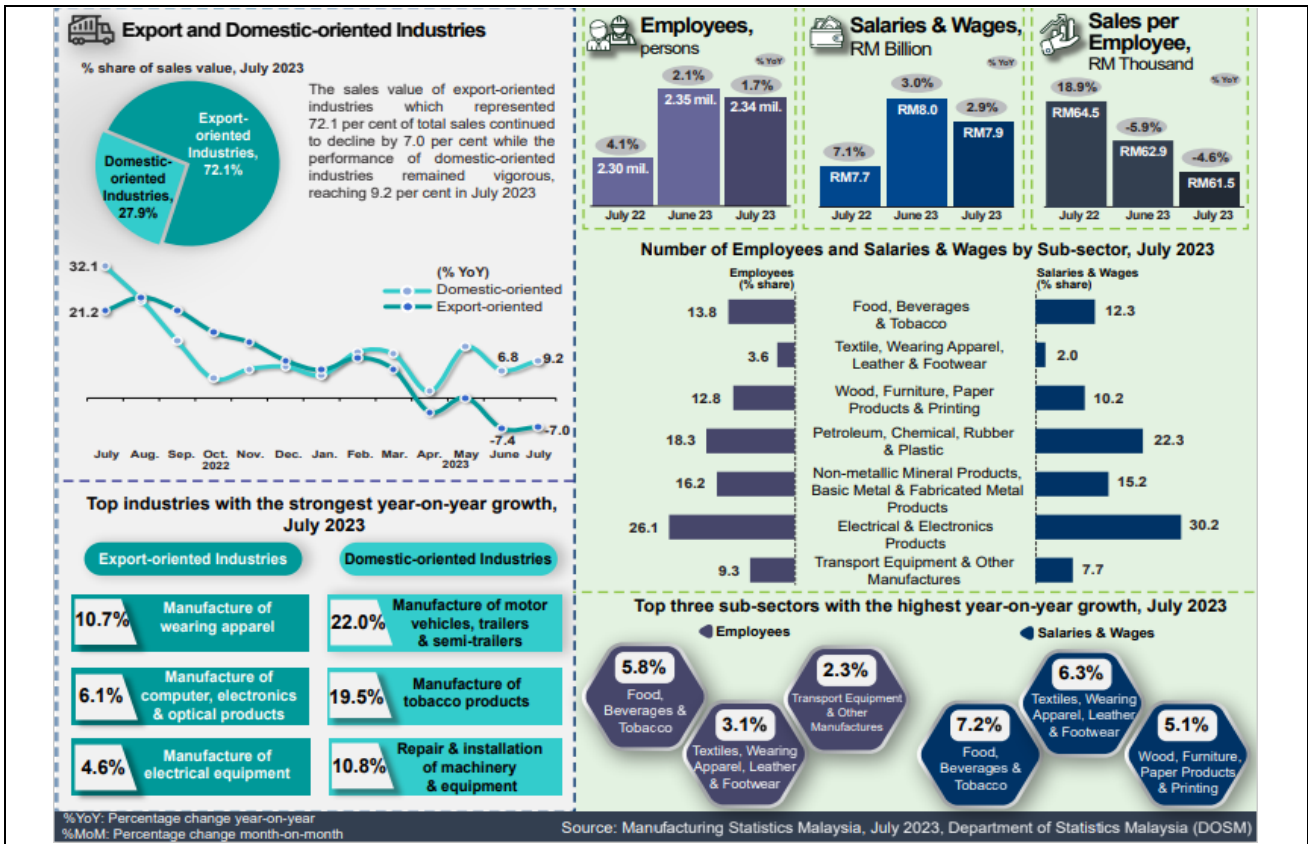
(Source: 27 September, Department of Statistics Malaysia)

## Malaysia's Mining of Petroleum and Natural Gas Statistics, Second Quarter 2023



(Source: 15 September, Department of Statistics Malaysia)

## Malaysia's Monthly Manufacturing Statistics, July 2023



(Source: 11 September, Department of Statistics Malaysia)