



MONTHLY NEWS SCAN

Tinjauan Berita Bulanan

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HIGHLIGHTS FOCUS

- Trade war could trigger global recession, China and Europe warn
- Surprise upgrade to UK growth
- Malaysia's economic growth to remain favourable between Aug-Oct – DOS
- Malaysia and Japan to revive Look East policy
- Govt to develop Tawau
- Palawan ready to work with Sabah

INTERNATIONAL ANTARABANGSA

Trade war could trigger global recession, China and Europe warn: China and the European Union vowed to oppose trade protectionism in an apparent rebuke to the U.S., saying unilateral actions risked pushing the world into a recession. Vice Premier Liu He -- President Xi Jinping's top economic adviser -- said China and the EU had agreed to defend the multilateral trading system, following talks Monday in Beijing. The comments, made at a press briefing with European Commission Vice President Jyrki Katainen, come as both sides prepare to face off against President Donald Trump's tariff threats. (25 June, Bloomberg)

Surprise upgrade to UK growth: The UK's economic growth has been revised up for the first quarter of the year after construction data was found to be stronger than earlier estimates. Growth for the three months to March was 0.2%, the Office for National Statistics said, a surprise upgrade from the earlier estimate of 0.1%. The pound jumped as speculation grew about the possibility of an interest rate rise later this year. Against the dollar, sterling was up 0.8% at \$1.3181 in afternoon trade. (29 June, BBC News)

South Korea exports rebound as chip shipments hit record: South Korea's exports rebounded in May following a surprise contraction in April as

shipments of semiconductors hit a record high, a positive sign for global growth. Exports rose 13.5 percent in May from a year earlier, while imports jumped 12.6 percent, leaving a trade surplus of \$6.73 billion. South Korea releases its trade data earlier than most other major economies, making it a bellwether of global demand. (1 June, Bloomberg)

French economy gains pace in June as service growth spurs output: France's private-sector economy expanded at a quicker-than-expected pace in June as stronger services growth outweighed a further slowdown in manufacturing. A composite purchasing managers' index by IHS Markit climbed to 55.6 from 54.2 in May, beating the median estimate in a Bloomberg survey for an unchanged reading. Services firms were supported by increases in new work. (22 June, Bloomberg)

Australia's economy accelerates faster than expected on exports: Australia's economy expanded faster than forecast in the first quarter as exports rebounded, underscoring the central bank's expectation of stronger growth this year. Gross domestic product advanced 1 percent from the prior quarter, with overseas shipments accounting for half the expansion, the Australian Bureau of Statistics said in Sydney Wednesday. Economists had forecast a 0.9 percent gain. The economy expanded at an annual pace of 3.1 percent, also beating estimates for a 2.8 percent increase. (6 June, Bloomberg)

New Zealand economic growth slows amid confidence slump: New Zealand's economic growth slowed in the first quarter as uncertainty over government policies weighed on business and consumer confidence, damping investment and spending. Gross domestic product gained 0.5 percent from the fourth quarter, when it rose 0.6 percent, Statistics New Zealand said Thursday in Wellington. From a year earlier, the economy expanded 2.7 percent, down from 2.9 percent in the previous three-month period. Today's data matched economists' median forecasts in a

Bloomberg survey. (21 June, Bloomberg)

Russia to lower forecast of economic growth: Russia's government will lower its forecast for economic growth next year as a plan to raise value-added tax keeps monetary policy tight and curtails expansion, according to an official familiar with the matter. Under the updated view, gross domestic product will grow 1.4 percent in 2019, compared with a previous projection of 2.2 percent, said the person, who spoke on condition of anonymity because the forecasts haven't yet been made public. (28 June, Bloomberg)

Kuroda's job of explaining Japan's inflation grows tougher: Inflation has stalled less than halfway to the Bank of Japan's 2 percent target, holding at 0.7 percent after two months of declines. That leaves BOJ Governor Haruhiko Kuroda with the job of once again explaining why inflation is so weak -- and why he thinks that weakness is only temporary, after more than five years of the world's most radical monetary stimulus. It also leaves him out of sync with global peers on the road to policy normalization. "This fiscal year we're seeing quite a bit of weakness in prices so it's inevitable that the central bank will be under pressure to explain its monetary policy," said Masaki Kuwahara, senior economist at Nomura Securities Co. (22 June, Bloomberg)

U.S. first-quarter GDP growth trimmed; labor market strong: The U.S. economy slowed more than previously estimated in the first quarter amid the weakest consumer spending in nearly five years, but growth appears to have since regained momentum on the back of a robust labor market and tax cuts. Gross domestic product increased at a 2.0 percent annual rate in the January-March period, the Commerce Department said on Thursday in its third estimate of first-quarter GDP, instead of the 2.2 percent pace it reported last month. The economy grew at a 2.9 percent rate in the fourth quarter. (28 June, Reuters)

NATIONAL NASIONAL

Malaysia's economic growth to remain favourable between Aug-Oct – DOS:

The growth of Malaysia's economy is expected to remain favourable between August to October 2018, based on economic Indicators for April. In a statement, the Department Of Statistics (DOS) Malaysia said the monthly change of Leading Index (LI) increased 0.1 per cent to reach 119.1 points from 119.0 points in March. LI indicators are designed to monitor the economic performance on an average of four to six months ahead. Two main components of the LI that contributed to this increase were the Number of Housing Units Approved (0.4 per cent) and Number of New Companies Registered (0.2 per cent). (25 June, Bernama)

Malaysia and Japan to revive Look East policy:

Malaysia and Japan will rejuvenate and upgrade the Look East Policy to deepen collaboration and strengthen business competitiveness for both countries. Prime Minister Tun Dr Mahathir Mohamad pointed to education, training and investment as among the areas that Malaysia and Japan could benefit from working closely with each other. "We are very happy that Japan welcomes Malaysia's Look East Policy once again and we hope to benefit from greater cooperation between Japan and Malaysia as a part of the policy," he said in a joint press conference with Japanese Prime Minister Shinzo Abe in Tokyo today. (12 June, The Star)

Manufacturing activity cools:

Growth in Malaysia's manufacturing sector continues to decline for the fourth straight month to hit an 11-month low due to weak demand and export orders, according to IHS Markit. The Nikkei Malaysia Manufacturing Purchasing Managers' Index (PMI), which measures new orders and inventory levels among others, fell from 48.6 in April to 47.6 in May. A drop below the 50-point level indicates a contraction. IHS Markit said the decline was due to the sharpest fall in new business since December 2016. (5 June, The Star)

Funds outflow likely to slow down:

Although foreign investors

have been net sellers of both the equities and bond markets so far this year, the outflows are expected to reverse in the next few months. Analyst and fund managers said the outflow of money was not only unique to Malaysia and that there were several external factors that have contributed to investors selling down on emerging market currencies. MIDF analyst Adam Rahim expected the situation to be better for Malaysia when the new government announces its economic policies and firms up the list of Cabinet ministers. (21 June, The Star)

Japanese companies looking at opportunities in new sectors:

Japanese companies are looking at opportunities to invest in new sectors in Malaysia such as aerospace, automotive components, medical equipment and renewable energy. Japan External Trade Organisation (JETRO) Managing Director Akira Kajita said the Japanese companies were keen to set up their manufacturing bases in Malaysia and expand their supply chain within the ASEAN region. "If government policies continue to promote new industries such as aerospace, there would be a big opportunity for related Japanese companies to venture into the Malaysian market," he added. (28 June, Bernama)

PPI decreases 0.4 pct in May 2018:

The Producer Price Index (PPI) for local production decreased 0.4 per cent on a year-on-year basis in May 2018 as compared to a decrease of 0.8 per cent in April 2018. The Department of Statistics said the sectors which declined during this period were agriculture, forestry and fishing (-9.6 per cent) and manufacturing (-2.5 per cent). Meanwhile, the index that registered increases were mining (+29.8 per cent), electricity and gas supply (+2.1 per cent) and water supply (+0.1 per cent) sectors. (29 June, Bernama)

Malaysia, Indonesia agree to counter Europe's anti-palm oil campaign:

Malaysia and Indonesia, the world's biggest producers of palm oil, have agreed to counter the anti-palm oil campaign in Europe. Prime Minister Tun Dr Mahathir Mohamad said the two countries needed to cooperate to hit back at the European smear campaign. "Palm oil exports to

Europe are under threat and we should work together to counter the argument that oil palm cultivation led to deforestation and a major impact on the climate and environment," he said at a joint media conference with Indonesian President Joko Widodo at the presidential palace, Istana Bogor. (29 June, Bernama)

PM says substantial reduction of govt debt in next few months:

The government is hopeful of a substantial reduction in the amount of government debt within the next few months, Prime Minister Tun Dr Mahathir Mohamad said. He said since taking over as prime minister, his government had cancelled a number of costly projects which contributed to the overall debt reduction. "Trying to reduce debt is a tough job, but we have cancelled a number of costly projects," he said at the American Malaysian Chamber of Commerce luncheon here on Thursday. (28 June, The Star)

Malaysian govt's fiscal policies pivotal to credit quality, says Moody's:

Fiscal measures are a particular area of focus for Malaysia given that the country's high debt burden acts as a credit constraint, said Moody's Investors Service. "Consequently, to what extent the new government achieves fiscal deficit consolidation will be vital in gauging the eventual effects on Malaysia's fiscal metrics and credit profile," it said. Moody's said this in a report titled "Government of Malaysia: FAQ on credit implications of the new government's policies". (13 June, The Star)

Malaysia's April factory output up 4.6%, above forecast:

Malaysia's industrial production index rose 4.6 in April from a year earlier, supported by gains in all three major sectors, government data showed on Thursday. Output growth in April was above the 3.7 percent annual rise forecast in a Reuters poll, and up from the 3.1 percent recorded in March. The index measures factory output from the manufacturing, electricity and mining sectors. Growth in the electricity generation sector accelerated to 5.8 percent in April from a year earlier, according to data from the Statistics Department. (11 June, The Star)

LOCAL TEMPATAN

Govt to develop Tawau: As a new leader in Sabah, Chief Minister Datuk Seri Shafie Abdal said he wanted to see Tawau and Kalabakan become seafood and fruit hubs for the state and to have more furniture and wood factories. Shafie said he had directed the Minister of Agriculture and Food Industry to ensure Tawau became a seafood hub as there were many things to be exploited from its sea. On the planting of fruit trees, he said the soil in Tawau and Kalabakan was suitable as it was volcanic and the fruits produced would be sweeter than in any other district. (14 June, The Borneo Post)

Palawan ready to work with Sabah: Palawan Governor Jose C. Alvarez is confident Sabah will experience more development under the new Warisan-led State Government of Chief Minister Datuk Seri Mohd Shafie Apdal. "I am hopeful Sabah will achieve greater heights not only in development but also in strengthening ties with neighbours like Palawan province in the Philippines," the visiting Governor said after meeting with Shafie on Friday. Alvarez said he is aware that the new administration needs time to fine-tune how best to develop the state and uplift the standard of living of Sabahans. "On the side of the Philippines, particularly Palawan, we are always ready to work closely with Sabah and Malaysia for mutual benefits in all aspects". (24 June, Daily Express)

RM2.98 bilion to address floods in three districts in Sabah: An allocation totalling RM2.98 billion is required to address flood problems in three districts in Sabah, namely, in Penampang, Putatan and Kota Kinabalu. Sabah Agriculture and Food Industry Minister Junz Wong said the allocation was needed to finance all projects to be implemented in the planned mitigation projects in the three districts. "According to the flood mitigation plans, RM1.93 billion is for Kota Kinabalu district, Penampang (RM600 million) and an allocation of RM450 million for Putatan district," he told reporters after a meeting with representatives and community leaders in the three districts here in Kota Kinabalu today. (29 June, Bernama)

Plan to introduce rubber-based road construction tech in Sabah: The State Rural Development Ministry plans to introduce rubber-based road construction technology in Sabah. Its Minister Ewon Benedict said the technology has been applied and used in other countries, including Thailand, which is very suitable for building roads in rural and interior areas. "We can introduce and develop the technology in Sabah because it is one of the best methods to build roads in the rural areas. "Apart from that, it can also increase the rubber price because we are inventing a technology to build roads using rubber. (4 June, Daily Express)

Sabah to introduce Mesej Tourism Programme to boost income of rural people: The Sabah Ministry of Rural Development (KPLB) will introduce a number of new programmes, including the Mini Estet Sejahtera (Mesej) Tourism programme, to economically empower the rural population. Minister Ewon Benedict said the programmes could help develop the rural tourism industry, highlighting the unique tourism attractions in the rural areas of the state. "Carrying on with the existing programmes at KPLB, I also wanted to introduce the Mesej Tourism programme. The first area that we chose to implement this programme is in Kadamaian which has great rural tourism potential and the first village I have identified for this purpose is Kampung Sayap," he said at the launch of the Kadamaian assemblyman's service centre in Kampung Piasau Kota Belud, here today. (8 June, The Borneo Post)

Sipitang off-road circuit to spur economy: Off-road enthusiasts can now make their way to Sipitang to pit their skills and the power of their 4WD vehicles against the elements at a purpose-built circuit located not far from the town. The circuit, known as the Borneo Sipitang 4x4 Adventure Land is located at Kampung Katipoh, about 15 minutes' drive from Sipitang town. Built and managed by Sugee & Family Sdn Bhd, it is the only permanent circuit available in Sabah for off-road enthusiasts. It provides various levels of difficulties including a 45 degree hillside track, a hardcore section that passes through a stream and ends in a sharp and steep incline, and a novice track to cater to the needs of owners of all types of

4WD vehicles. (11 June, The Borneo Post)

Backup water pumps for all districts in Sabah: The Ministry of Infrastructure Development will be setting up backup pumps in each of the districts in the state in its effort to address the state's water shortage issues. Its minister Datuk Peter Anthony disclosed that several areas in the state, including the state capital are currently facing water shortage problems. "Before this, the previous government had not provided any backup pumps. If any of the existing pumps were damaged, there were no spares that could be used. "Thus, I have ordered my ministry to provide backup pumps for every single district in the state. Each district should have at least one standby pump," Peter said when met at the Road Safety Department (JKJR) Sabah Safety Awareness Campaign at the city centre yesterday. (10 June, The Borneo Post)

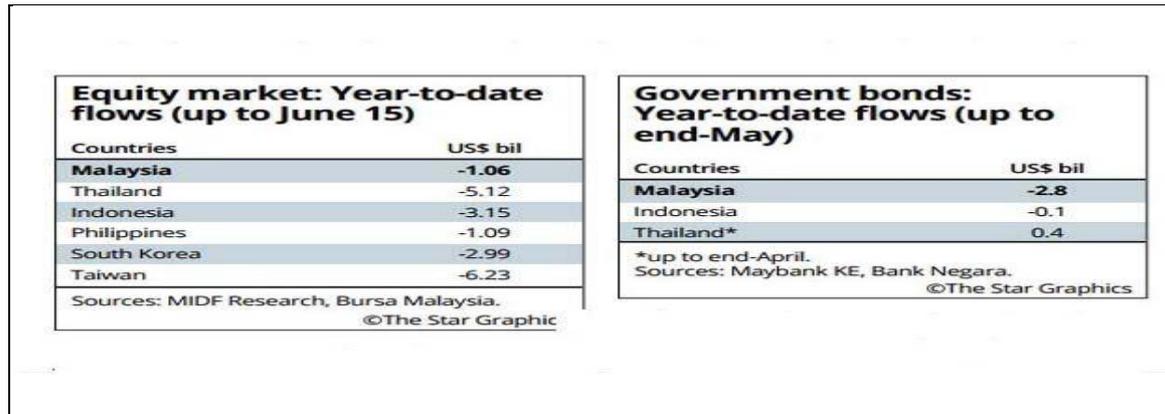
Kerja baiki Jalan Tawau-Merotai siap Sept 2019: Kerja-kerja membaiki jalan rosak di Kilometer 15.7 Jalan Tawau-Merotai berhampiran Kampung Bukit dekat sini, yang menelan belanja kira-kira RM20 juta itu dijangka siap pada September 2019. Pembantu Menteri Pembangunan Infrastruktur Sabah, Datuk Abdul Muis Picho berkata tindakan pembaikan telah dilaksana sejak Januari tahun ini namun tergendala disebabkan masalah tanah bagi membuat lencongan jalan untuk kerja pembaikan dijalankan. "Tanah yang perlu digunakan adalah milik Syarikat Sime Darby. (6 Jun, Bernama)

Ewon: Govt committed in empowering Edu-Tourism: The Sabah's Rural Development Ministry will continue to support and empower the education-based tourism programme or Edu-Tourism in Kadamaian. Its Minister Ewon Benedict said the programme would not only generate additional income for the school fund via visitor entrance fees, but also enhance the knowledge of students in the tourism industry. In this regard, he expressed his commitment to develop the rural tourism sector starting with the Kadamaian state constituency, including providing continuous support to the programme which has already been implemented at Sekolah Kebangsaan (SK) Sayap in Kota Belud. (21 June, New Sabah Times)

SELECTED FACTS AND FIGURES

FAKTA MUTAKHIR

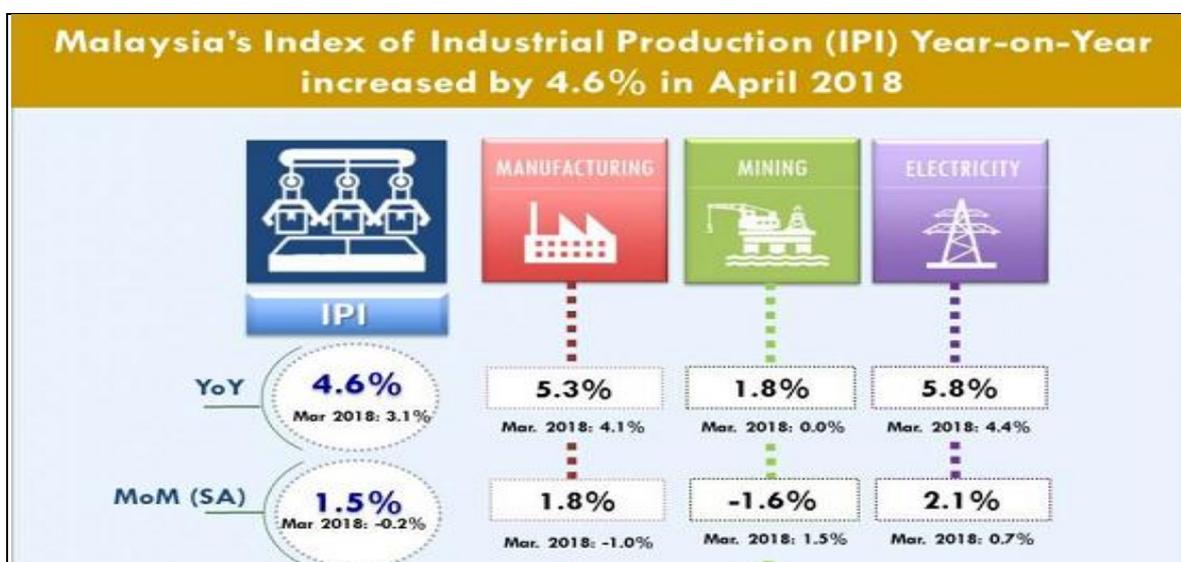
MALAYSIA'S EQUITIES MARKET FROM JANUARY THIS YEAR UNTIL JUNE 15 COMPARED WITH OTHER MARKETS IN THE REGION



(Source: 21 June, The Star)



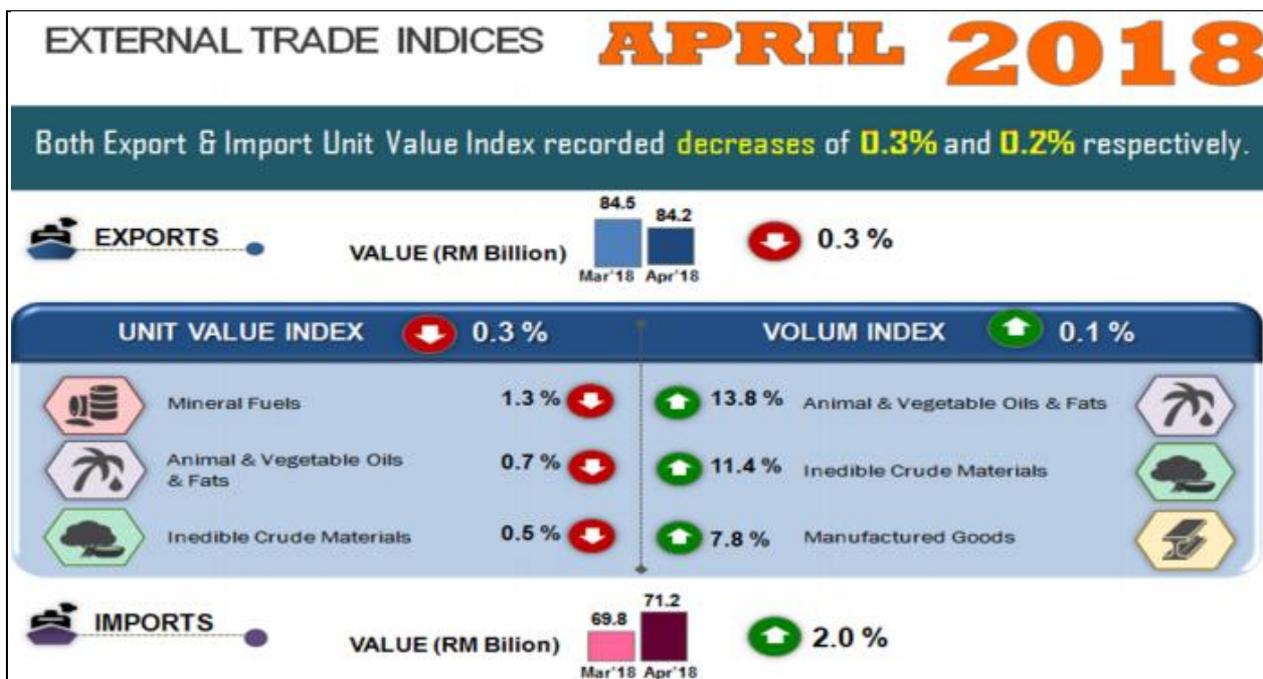
(Source: 5 June, Department of Statistics Malaysia)



(Source: 11 June, Department of Statistics Malaysia)



(Source: 12 June, Department of Statistics Malaysia)



(Source: 5 June, Department of Statistics Malaysia)

MALAYSIA MONTHLY RUBBER STATISTICS, APRIL 2018

Table 1 presents the principal statistics of rubber for April 2018 while Chart 1 shows the monthly time series from April 2017 to April 2018.

Table 1: Principal statistics of rubber, April 2018

Principal Statistics	April 2017	March 2018	April 2018	Change month-on-month April 2018/ March 2018 (%)	Change year-on-year April 2018/ April 2017 (%)
Production (tonnes)	49,144	46,381	35,845	-22.7	-27.1
Exports (tonnes)	59,074	57,658	53,203	-7.7	-9.9
Imports (tonnes)	68,476	92,944	65,299	-29.7	-4.6
Domestic consumption (tonnes)	39,168	45,704	43,527	-4.8	11.1
Closing stocks (tonnes)	231,677	281,741	254,081	-9.8	9.7
Number of paid workers (estate)	9,632	10,271	10,255	-0.2	6.5
Salaries & wages (estate) (RM'000)	11,468	12,549	11,989	-4.5	4.5

(Source: 12 June, Department of Statistics Malaysia)