

FTSE BURSA MALAYSIA	1,520.0		1,578.9
CURRENCY; USD 1 =	RM4.19		RM4.19
BRENT CRUDE OIL (USD PER BARREL)	USD91.12		USD94.44

Source: CEIC

Oil prices ended at fresh seven-year highs as escalating fears of an invasion of Ukraine by Russia, a top energy producer, added to concerns over tight global crude supplies

ECONOMICS & MSME NEWS

31 JANUARY 2022 – 11 FEBRUARY 2022

US consumer prices post largest annual gain in 40 years as inflation becomes widespread

US consumer prices rose solidly in January, leading to the biggest annual increase in inflation in 40 years, fueling financial markets speculation for a hefty 50 basis points interest rate hike from the Federal Reserve next month. The broad increase in prices reported by the Labor Department was led by soaring costs for rents, electricity and food. The consumer price index gained 0.6% last month after a similar increase in December. Food prices rose 0.9%, with the cost of food consumed at home increasing 1.0%. There were strong increases in the prices of cereals and bakery products, dairy, fruits and vegetables. Meat prices rose moderately. Electricity prices jumped 4.2%, offsetting cheaper gasoline and natural gas. In the 12 months through January, the CPI jumped 7.5%, the biggest year-on-year increase since February 1982.

Source: Reuters, 10 February 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK economy grew by 7.5% in 2021, mostly recovering from its pandemic plunge

The British economy grew by 7.5% in 2021, rebounding from its historic 9.4% plunge in 2020 when pandemic restrictions stifled activity. In December, GDP contracted by 0.2% as the omicron COVID-19 variant forced renewed caution and containment measures. The largest contributors to the rises were from human health and social work activities, along with the extension of the vaccination programme. The economic output in the fourth quarter remained 0.4% below its pre-pandemic level (4Q 2019). The Bank of England now expects inflation to peak at 7.2% in April and has imposed back-to-back interest rate hikes for the first time since 2004, taking the main Bank Rate from 0.1% to 0.5%, with more tightening expected.

Source: CNBC, 11 February 2022

Japan's household spending falls for fifth straight month

Japan's household spending posted an annual drop for the fifth straight month in December, as consumer demand struggled to recover before a resurgence in coronavirus infections due to the Omicron variant. The extended spending decline cause the broader recovery prospects of Japan's economy, which has yet to return to pre-pandemic levels largely due to weakness in consumer demand. Household spending fell 0.2% in December from a year earlier, weaker than the market forecast of a 0.3%. The month-on-month figures were nearly flat, gaining 0.1%, weaker than a forecast 0.7% rise. The weak figures raise some concerns for policymakers hoping a rebound in consumer demand will support the recovery.

Source: The Business Times, 8 February 2022

Winter Olympics fosters new point of China's economy

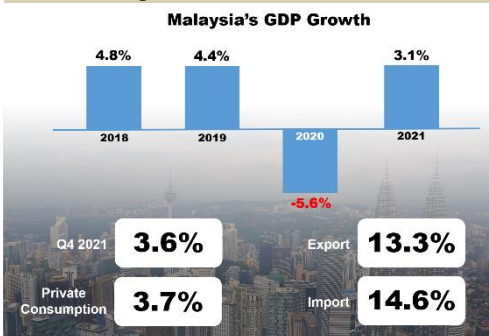
The ongoing 2022 Winter Olympics has showcased not only top sporting prowess but also a futuristic tech extravaganza, which pack the potential to drive economic growth. From robots at the torch relay to smart beds and digital currency at the Olympic Village, futuristic technology galore at the Beijing Winter Olympics has swept social media, and some may even find their way into everyday lives. China's robot industry has grown rapidly in recent years, with the sector's revenue exceeding CNY100 billion (about USD15.7 billion) in 2020 and robot density in manufacturing nearly doubling the global average. In addition to the robots, some technologies designed for improving the performances of athletes in the Games are also expected to enter the wider market.

Source: XinhuaNet, 11 February 2022

MALAYSIA ECONOMIC NEWS

Malaysia's economy rebounds 3.6% in Q4 2021 on higher external demand

Malaysia's economy rebounded 3.6% in the fourth quarter of 2021 (Q4 2021), driven by higher external demand, according to DOSM. Overall, Malaysia's economic performance in 2021 revealed a recovery momentum with a growth of 3.1%, compared to -5.6% in 2020. The private final consumption expenditure, which contributed 58% to GDP in Q4, rebounded 3.7% attributed to the higher consumption in food and non-alcoholic beverages (5.1%), communication (12.6%), and housing, water, electricity, gas and other fuels (2.0%). In addition, both exports and imports accelerated to 13.3% and 14.6% respectively following the higher trade of goods and services.



Source: The Sun Daily, 11 February 2022

Malaysia's current account balance surplus reaches RM15.2 billion

Malaysia's current account balance continued to record a surplus of RM15.2 billion in the final quarter of 2021. The current account surplus in the 4Q 2021 was driven by the exceptionally high net exports of goods with the double-digit growth in prices of commodities. The goods account registered net exports of RM51.8 billion, the highest since the third quarter of 2008 at RM50.9 billion. Exports of goods with a contribution of 92.0% to overall Malaysia's exports grew at a faster rate to log RM271.3 billion from

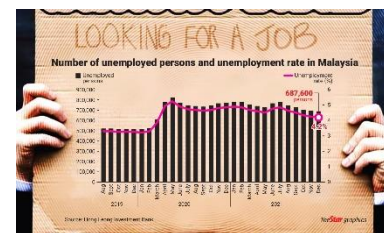
RM236.6 billion in the previous quarter. Concurrently, imports of goods went up 12.3% quarter-on-quarter to record RM219.5 billion. In this quarter, intermediate, capital and consumption goods were imported mainly from China, Singapore and Taiwan. Besides goods account, the current account surplus in the fourth quarter of 2021 was also backed by the lower deficit in secondary income account at RM1.4 billion from RM3.1 billion deficit last quarter.

Source: The Star, 11 February 2022

Jobless rate expected to trend lower this year

The local labour market is expected to continue on its recovery path this year based on recent trends. This is premised on expectations that vaccination rates will continue to stay high and effective which will likely help keep COVID-19 under control. TA Research said it is expecting the jobless rate to trend lower at the range of 3.5%-4.0% this year, due to the domestic economic recovery and a continued pickup in external demand. On an annual basis, TA Research said the Malaysian labour

market continues to be in a challenging position last year as the number of unemployed persons continued to increase for the second year to 741.4 thousand persons from 711.3 thousand persons in 2020. It noted that the average jobless rate of 4.6% in 2021 saw the highest unemployment rate since 1993 at 4.1%.



Source: The Star, 10 February 2022

MITI assures no full economic shutdown if sudden spike in COVID-19 cases occurs

The Ministry of International Trade and Industry (MITI) has assured that there will be no total lockdown of the economic and industrial sectors if COVID-19 cases in the country were to increase significantly. It said the previous closure of the economic sectors has had a huge impact on the economy, especially on the people, causing 826,000 people to lose their jobs in the first three months of the total lockdown in 2020. MITI will take a targeted approach by closing only the industries affected and focus on getting the employees vaccinated through the COVID-19 Public-Private Partnership (PIKAS) Industrial Immunisation Programme. The initiatives were taken because the workers in the industrial and manufacturing sectors were at higher risks than other sectors, which could still embrace the work from home option.

Source: Malay Mail, 8 February 2022

MSME NEWS IN SOUTH EAST ASIA

MALAYSIA **Malaysia ties up** **with 17 Arab** **countries on** **SME** **development**

SME Corp. Malaysia seeks to establish a memorandum of understanding (MoU) with two of its counterparts, namely the SMEs Development Agency of Oman and the Small Enterprise Development Fund of Yemen to strengthen bilateral relations related to the development of SMEs. Through this formalisation of cooperation, SMEs from the countries will benefit from the exchange of information and implementation of activities in promoting SMEs near the future. CEO of SME Corp. Malaysia, Rizal Nainy informed that international buyers from the Middle East as well other parts of the world now can easily source for the products and services of Malaysian SMEs through the MatchME platform. It is a digital platform connecting SME companies with anchor companies such as multinational corporations (MNCs), government-linked companies, supermarkets and large companies locally and internationally. This platform is one of the key components of a larger initiative called MyAssist MSME that provides an online stage for MSMEs to seek business advisory and information, guidance and digital marketing opportunities.

Source: The Malaysian Reserve, 4 February 2022

PHILIPPINES **DBP finances MSME-** **friendly mall in** **Caloocan**

Development Bank of the Philippines (DBP) approved a PHP2.5 billion credit assistance to Innov Block Development Corp. (IBDC) to finance the ongoing construction and completion of The Limketkai Podium, a lifestyle and commercial mall, located in the northern part of Caloocan City. The mall was set to develop a tiangge (flea market) center within its premises that could accommodate over 1,300 stalls for MSMEs which looking for a viable site to cater to the needs of their target market. Aside from boosting the level of commercial activities in the area, the three-level shopping podium project was also expected to provide livelihood opportunities in a populous area in North Caloocan where many residents belonged to the middle and lower-middle-income classes.

Source: The Manila Times,
8 February 2022

THAILAND **Loans for Thai SMEs** **eyeing foray into RCEP** **markets**

Thailand's Commerce Ministry is matchmaking the Exim Bank with business entrepreneurs to help fund their foray into the RCEP markets after the world's largest free-trade agreement came into force. The ministry's project, called "Loan Matchmaking for Inroads into RCEP Markets", aims to seek funding for SMEs, community ventures, and startup businesses so that they can export their products to 14 other member countries of the Regional Comprehensive Economic Partnership. Under the project, the Export-Import Bank of Thailand (Exim Bank) offers cheap loans with an annual interest rate of 2.75% in the first year to SMEs seeking funds for their businesses. Each eligible SME is allowed to borrow as much as THB50 million as more than THB3 billion have been allocated for this project. The project is a collaboration between the ministry, businesses and financial institutions.

Source: The Nation Thailand,
10 February 2022

INDONESIA **Minister highlights** **improved digital** **literacy in traditional** **market**

Trade Minister Muhammad Lutfi drew attention to an increase in digital literacy among small- and medium-scale enterprises (SME) in traditional markets. Lutfi noted that the ministry had targeted the onboarding of one million MSMEs onto the digital platform in 2022 to boost exports. Currently, out of the 16 thousand exporters, 85% are micro-, small-, and medium-scale enterprises (MSME). However, some 95% of the country's exports were managed by major businesses. According to a study by the Asian Development Bank (ADB), MSMEs that had started to export and moved their businesses onto digital platforms during the COVID-19 pandemic had recorded an added value of 36%. Hence, the Trade Ministry will help MSME players to boost exports, Lutfi noted.

Source: AntaraNews,
3 February 2022