

	20 May 2022		3 June 2022
FTSE BURSA MALAYSIA	1,549.1	↓	1,537.8
CURRENCY; USD 1 =	RM4.40	↑	RM4.39
BRENT CRUDE OIL (USD PER BARREL)	USD112.55	↑	USD119.72

Source: CEIC

Oil posted a gain after a keenly anticipated OPEC+ meeting delivered only a modest increase in output that failed to assuage concerns over a widening supply deficit

ECONOMICS & MSME NEWS

23 MAY 2022 – 3 JUNE 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

US economy shows signs of downshifting as rates, inflation bite

US economic growth looks to have downshifted in recent weeks in the face of headwinds that include rising interest rates and inflation. Expansion and price gains may be moderating in parts of the country as households and businesses navigate higher rates, the Russian invasion of Ukraine and ongoing disruptions from COVID-19 infections. Business contacts in several districts reported becoming more cautious as their outlooks grew more pessimistic. Fed officials lifted interest rates by a half point in May and signaled they are likely to make similar increases in June and July as they work to tame the hottest inflation in decades. Policy makers are aiming to reduce demand for labor, in turn cooling wage growth and helping to lower inflation, without tipping the economy into recession.

Source: Bloomberg, 2 June 2022

UK manufacturing growth hits 16-month low in May

British manufacturing activity expanded in May at the weakest rate since January 2021, as producers of consumer goods struggled against a worsening cost-of-living crunch. The final estimate of the S&P Global UK Manufacturing Purchasing Managers' Index (PMI) fell to 54.6 in May from 55.8 in April, unchanged from a preliminary reading. The survey adds to signs that Britain's economy has been struggling for momentum as households face surging energy bills. Costs paid by manufacturers and selling prices again rose rapidly last month, but at a slightly slower pace than suggested by the flash reading, the PMI showed. A separate survey of businesses from the Bank of England showed tentative signs that expectations for price increases over the coming year had stabilised at around 6%.

Source: Reuters, 1 June 2022

Japan's April factory output slumps in sign of pressure on economy

Japan's factories posted a sharp fall in output in April as China's COVID-19 lockdowns and wider supply disruptions took a heavy toll on manufacturers, clouding the outlook for the trade-reliant economy. Retail sales posted the largest rise in nearly a year as consumers stepped up spending after the government eased pandemic curbs, withstanding pressure from wider price rises that threaten to hurt demand. Factory output dropped 1.3% in April from the previous month, official data showed, on sharp falls in the production of items such as electronic parts and production machinery. It was the first fall in three months and much weaker than a 0.2% decline expected by economists in a Reuters poll.

Source: Reuters, 31 May 2022

China announces detailed stimulus measures to support virus-hit economy

China's cabinet announced a package of 33 measures covering fiscal, financial, investment and industrial policies to revive its pandemic-ravaged economy, adding it will inspect how provincial governments implement them. The stimulus package underscores Beijing's shift toward growth, after COVID-19 control measures pounded the economy and threaten Beijing's 5.5% growth target for the year. To revive investment and consumption, the government ordered localities not to expand curbs on auto purchases and said those which already have curbs in place should gradually increase their quotas on car ownership. The Ministry of Finance also said that it would halve the purchase tax for small-engined cars.

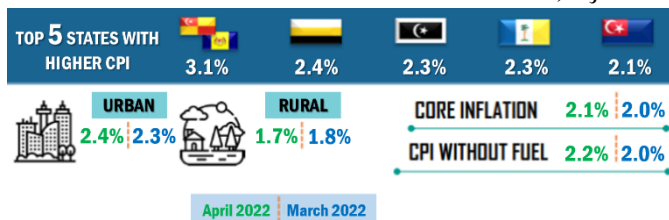
Source: Reuters, 31 May 2022

MALAYSIA ECONOMIC NEWS

Inflation increases 2.5% due to food, fuel prices increase in 2021

Malaysia's inflation increased by 2.5% driven by the rising food and fuel prices in 2021, the Department of Statistic, Malaysia (DOSM) said. DOSM said 184 food items of the overall 552 items in the Consumer Price Index (CPI) "basket" recorded an increase. It said the increase was also higher as compared with 0.7% recorded during the pre-pandemic year of 2019. Overall, the 2.5% increase was contributed by the index of transport (11%), food and beverages (1.7%), furnishings, household equipment and routine household maintenance (1.6%) and housing, water, electricity, gas and other fuels (1.5%) which contributed 72% to the total CPI weight.

Source: The Star, 1 June 2022



MIDF Research maintains Malaysia's GDP growth forecast at 6% in 2022

MIDF Research has maintained Malaysia's gross domestic product growth forecast at 6.0% for 2022 with positive momentum to continue following further economic reopening. The research firm said momentum of growth is expected to improve as the economy transitioned into the endemic phase, with further relaxation of COVID-19 restrictions as well as the reopening of international borders. Measures like Bantuan Keluarga Malaysia cash handouts and Employees Provident Fund (EPF) withdrawals, together with improving income and job prospects, will continue to support domestic spending activity. MIDF Research noted that Malaysia's economic growth strengthened further as the real GDP expanded faster at +5.0% year-on-year in the first quarter of 2022.

Source: Malay Mail, 1 June 2022

MoF invites stakeholders to share inputs for Budget 2023

The Ministry of Finance (MoF) will begin its engagement and consultative sessions with various stakeholders under its Pre-Budget Statement (PBS) to ensure a comprehensive and holistic Budget 2023. Minister of Finance Tengku Datuk Seri Zafrul Tengku Abdul Aziz said at least 400 agencies, NGOs and civil society organisations would be invited to submit their inputs and memorandums on Budget 2023 through the official portal <https://budgetmemorandum.treasury.gov.my>. In a statement, he said this year's PBS highlighted three key aspects surrounding the nation's economic recovery and resilience, including the strong recovery momentum seen in early 2022 and how best to prepare a 2023 Budget that reinforces Malaysia's post-COVID recovery by leveraging on global growth and opportunities.

Source: The Star, 3 June 2022

MATRADE calls for more companies, especially from Penang, to register as members

The Malaysia External Trade Development Corporation (MATRADE) is calling for more exporting companies, especially from Penang, to register as its members as the current numbers are still relatively small compared to that of other states. Deputy chief executive officer (exporters development) Abu Bakar Yusof urged the companies to register with

MATRADE to enable them to benefit from the services offered and obtain assistance to enhance their export readiness with a view of penetrating, as well as expanding into the international markets. As at April 30, 2022, there were 11,123 Malaysian companies registered with MATRADE. Out of these, 1,740 were from the northern region, including 898 active companies from

Penang. "We look forward for more companies from Penang to register as MATRADE members. Penang is one of the largest contributors of Malaysia's exports. Among the major products exported are transport equipment, manufactured goods, chemicals and chemical products, non-food raw materials, as well as food products," he said.

Source: Malay Mail, 2 June 2022

MSME NEWS IN SOUTHEAST ASIA

MALAYSIA

CGC, AKPK to elevate MSME's financial literacy

Credit Guarantee Corp Malaysia Bhd (CGC) and Credit Counselling and Debt Management Agency (AKPK) have signed a memorandum of understanding on elevating micro, small and medium enterprises (MSMEs) and individuals' financial literacy. Both parties said the partnership would enable CGC to refer its MSME customers to AKPK's e-learning courses, workshops and webinars on topics related to financial literacy and financial management. These MSME customers will also be referred to AKPK for debt management initiatives. It also said the collaboration was in line with Bank Negara's vision of National Strategy Financial Education Network (FEN), which aims to improve the financial well-being of Malaysians.

Source: The Star, 2 June 2022

SINGAPORE

Malaysia's chicken export ban hits chicken rice in Singapore

Malaysia's ban on exporting chickens amid a supply shortage, has hit its neighbour Singapore, which boasts chicken rice as a national dish and depends heavily on food imports. The ban already caused a spike in prices and fears of a shortage in Singapore. The Singapore Food Agency said Singapore depends on Malaysia for about 30% of its chicken imports, with the rest as frozen meat coming from more distant countries such as Brazil. The city-state, which has aimed to diversify food sources for years, will make up for the shortage by increasing imports of chilled chicken. The ban came as most food stores, including a number of small shops and stalls selling chicken rice, began to see a turnaround in business as Singapore in late April lifted most of social distancing measures that it had imposed to curb the spread of COVID-19 since early 2020.

Source: Kyodo News, 3 June 2022

CAMBODIA

SCFS II loans reach USD221mil, help 1,834 SMEs

A total of 1,834 SME have received loans from the Small and Medium Enterprise Bank of Cambodia Plc (SME Bank) through the SME Co-financing Scheme Phase II (SCFS II) as of May 31, cumulatively worth USD221 million or 92% of the total USD240 million budget, according to the state-owned enterprise. Priority sectors accounted for 43% of the loans, and women entrepreneurs 30%, SME Bank said. SCFS II's funds are provided by the government and participating financial institutions (PFI) on a 50-50 matching basis. The budget was increased when the Ministry of Economy and Finance seeing the positive results of SCFS II and additional need for financial support for SMEs, earmarked another USD50 million for SME Bank to continue the scheme, a sum that was matched by the PFIs.

Source: The Phnom Penh Post, 3 June 2022

INDONESIA

Tourism Ministry initiates digital tourism village in Setu Babakan

The Tourism and Creative Economy Ministry has initiated the establishment of a digital tourism village in Setu Babakan village, South Jakarta, along with a number of parties. The attempt aims to expand the (tourism) market through the use of e-commerce as well as bolster digital supply chains, (enable) easy access to funding and financing, and utilisation of digital payment. In addition, the initiative intends to expedite business development and coaching of the tourism village, it said. Furthermore, the stakeholders will establish a joint action plan for the development of the digital tourism village. The director said that digital transformation during the COVID-19 pandemic encouraged structural changes in work, daily activities, consumption, study, and economic transactions since previously, all those activities were usually conducted offline.

Source: Antara News, 28 May 2022