



ECONOMICS & MSME NEWS

28 MARCH 2022 – 8 APRIL 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

US bank earnings to decline in first quarter

Big US banks are expected to show a sharp decline in first quarter earnings from a year ago, when they benefited from exceptionally strong deal making and trading. Net income for the six biggest US banks will be down about 35% from a year earlier, according to analyst estimates. Investment banking revenues stalled after the Russian invasion of Ukraine in late February. Estimated revenue declines of 36% in investment banking and 18% in trading are the biggest headwind. Investors are expected to focus more on the prospects for banks to increase their net interest income, or the difference between income from loans and interest paid on deposits and other funds, as they benefit from higher interest rates.

Source: Reuters, 8 April 2022

COVID spending helps UK economy to grow in late 2021

Britain's economy grew more quickly than previously thought in late 2021 but the increase was largely due to COVID-related activity in the health sector, which masked the inflation hit to household incomes and a gloomy picture for the private sector. GDP in the world's fifth-biggest economy increased by 1.3% in the fourth quarter, when the Omicron wave cases mounted. That was stronger than a preliminary estimate of growth of 1.0% from the previous three-month period. But the largest contributors to the increase came from health and social work including more visits to doctors, a large increase in coronavirus testing and tracing and an extension of the COVID-19 vaccination programme.

Source: Reuters, 31 March 2022

BOJ's Kuroda tones up warning on weak yen

Bank of Japan (BOJ) Governor, Haruhiko Kuroda said the yen's recent moves were "somewhat rapid", joining a chorus of policymakers who have warned that sharp falls in the currency could hurt the country's import-reliant economy. The remark was a sign the BOJ shares the government's concern over the potential damage to corporate sentiment from sharp yen falls. Kuroda, however, also repeated his view that a weak yen benefits Japan's economy as a whole, in contrast to some market views that its decline is doing more harm than good to the economy by pushing up import costs. He also repeated the need for the BOJ to keep monetary policy ultra-loose, even as rising fuel costs are expected to push consumer inflation close to its 2% target.

Source: Reuters, 5 April 2022

Lockdowns pose a growing threat to the economy

China's unwavering commitment to stamping out COVID by locking down big cities such as Shanghai threatens to deal a hefty shock to its vast economy, place more strain on global supply chains and further fuel inflation. Shanghai, home to China's leading financial center and some of its largest sea and airports has been under lockdown and there's no sign of it ending. Small businesses have been hit hard, with shops and restaurants being forced to shut down. Tesla, as well as many Chinese and Taiwanese manufacturers, are unclear about when they can restart their factories. Meanwhile, port delays are getting worse, and air freight rates are soaring, putting even more pressure on global trade. The stringent restrictions have dispelled any expectations that the country may relax its zero-tolerance approach towards COVID-19.

Source: CNN, 8 April 2022

MALAYSIA ECONOMIC NEWS

Malaysia's exports, imports unit value indices record growth in February 2022

Malaysia's export and import unit value indices recorded positive growth in February 2022, at 2.1% and 1.3% respectively, according to the Department of Statistics Malaysia (DOSM) External Trade Indices report for February 2022. DOSM said the export unit value index's growth was supported by the increases in mineral fuels (8.0%), animal and vegetable and oil fats (2.2%), as well as machinery and transport equipment (0.7%) indices. On the other hand, the export volume index fell 9.8% in the same month, reflected by the

deterioration in the manufactured goods (-14.9%), machinery and transport equipment (-12.2%) and miscellaneous manufactured articles (-10.9%) indices. Meanwhile, the import unit value index's growth was driven by the improvement in mineral fuels (9.0%), animal and vegetable oils and fats (1.2%) and chemicals (0.2%) indices. DOSM also reported that Malaysia's terms of trade increased by 0.8% month-on-month to 109.9 points in February 2022, while y-o-y, it showed a positive growth of 8.3%.

Source: Malay Mail, 4 April 2022

Building materials cost index continues to rise in March 2022

The Building Materials Cost Index (BCI), without steel bars and with steel bars, continued to increase in March 2022, in line with the increase in the price of most of the building materials, said DOSM. Almost all building materials, such as cement, steel, sand, bricks, roofing and ceiling materials, increased in March 2022. The hike in steel price was attributed to the incline in cost of raw materials for steel producer countries. It also went up due to the Russia-Ukraine war, as these two countries are among the largest steel producers in the world and has caused a global supply chain disruption. Building categories that recorded the highest increase were five-storey and above reinforced concrete (RC) buildings (for office), single storey RC buildings, two to four-storey RC buildings (flat roof) and two to four-storey RC buildings (pitched roof) in Terengganu, Kelantan, Selangor, Kuala Lumpur, Melaka, and Negeri Sembilan.

Source: The Star, 8 April 2022

AVERAGE PRICE UNIT OF THREE MAIN BUILDING MATERIALS



Mild Steel Round Bars
RM3,523.34/ Metric Ton
YoY: 19.5%
MoM: 0.7%



Mycon 60 High Tensile Deformed Bars
RM3,404.54/ Metric Ton
YoY: 20.0%
MoM: 1.1%



Ordinary Cement Portland BS12
RM19.68/ 50kg Bag
YoY: 8.0%
MoM: 0.7%

GrabPay partners government to boost adoption of cashless payments in Malaysia

GrabPay Malaysia is teaming up with the government to boost cashless payment adoption among youths and businesses, particularly micro small and medium enterprises, through the RM300 million ePemula programme announced recently by the Finance Ministry. Under the programme targeted to start in the middle of this month, some two million youths aged 18 to 20 and full-time students from higher learning institutions will receive a one-off RM150 credit voucher via their e-wallet of choice for in-store transactions. Various studies to show the pandemic has accelerated e-wallet adoption across Malaysia, including one done by Tech for Good Institute that found 67% of Malaysians have digital access through mobile phone subscriptions, with 83% of them adopting digital payments using mobile e-wallets. Bank Negara Malaysia's recent report also showed that e-wallet transactions increased more than 70% in 2021 compared to 2020.

Source: Malay Mail, 7 April 2022

Malaysia's e-commerce income can breach RM1 trillion again this year

Malaysia's e-commerce income is again expected to surpass the RM1 trillion mark this year, after hitting RM1.1 trillion last year. The chief executive of Malaysia Digital Economy Corporation (MDEC) Mahadhir Aziz said the projection is in line with the country's aim of achieving an e-commerce market size worth RM1.65 trillion by 2025. "Based on our data and trend, we are confident (e-commerce income) of achieving more than RM1 trillion (this year). This is premised on the situation of the movement control order previously which led to a spike in the e-commerce business," he said. In February, DOSM revealed that e-commerce income hit RM1.1 trillion in 2021, an increase of 21.8% from 2020.

Source: Malay Mail, 7 April 2022

MSME NEWS IN SOUTH EAST ASIA

MALAYSIA African participants benefitting from virtual training on SME development

To foster regional and sub-regional technical cooperation, particularly among developing countries, SME Corp. Malaysia collaborated with Foreign Ministry and the Japan International Cooperation Agency (JICA) to organise the Third Country Training Programme (TCTP) 2022 on SME Development for African countries. SME Corp. Malaysia chief executive officer, Rizal Nainy emphasised that it was crucial to recognise the integral role of SMEs in shaping the future as well as the need for new and alternative ways to address challenges. To build on the successes in the last three decades,

JICA aims to strive further in enhancing joint endeavours with the ministry and SME Corp. Malaysia. The capacity-building training programme under the ambit of the Malaysian Technical Cooperation Programme involved the sharing of Malaysia and Japan's experiences in SME development, with special emphasis on COVID-19 recovery measures. Participants from Kenya, Mauritius and Uganda joined the TCTP alumni this year. A total of 150 participants from 15 African countries have been trained by SME Corp. Malaysia since the programme's inception in 2011.

Source: The Star, 31 March 2022

Women in agribusiness who are seeking to expand their enterprise may take advantage of a support program by the Women's Business Council. The Women's Business Council, or WomenBizPH, is offering assistance to women-owned SMEs through the Women Strong Network project. The project aims to assist up to 120 women-owned SMEs by providing them with capacity-building and networking opportunities. Women Strong Network is financed through a grant awarded by the Philippine Business for Social Progress

(PBSP). WomenBizPH was established in 1997 and is recognized by DTI as the leading voice of Filipino women in commerce.

Source: Manila Bulletin, 8 April 2022

PHILIPPINES Women in agribusiness to benefit from WomenBizPH

THAILAND FTI calls for fund to help develop country's SMEs

The Federation of Thai Industries (FTI) has called on large companies and the government to support an "innovation fund", established to help SMEs develop their businesses. It expects the value of the fund to stand at THB2 billion, with money to be provided equally by the government and large companies. The fund will provide financial support to SMEs and startups because many of them cannot access the state loan scheme, which requires them to go through lengthy and complicated processes. The

federation believes the fund will also support Thailand's bio, circular and green (BCG) economic development scheme, which is a national agenda. BCG encourages manufacturers to adopt techniques that can add value to products and have no or minimal impact on the environment. The government wants to use BCG as a key economic tool to support the domestic economy and help manufacturers improve and develop their products for export.

Source: Bangkok Post, 29 March 2022

Darussalam Enterprise (DARe) is looking to upskill more business mentors as they target to host over 20 mentoring activities for MSMEs under the Brunei Mentors for Entrepreneurs Network (BMEN) by March 2023. Seventeen BMEN mentors recently completed a two-day mentoring training sponsored by DARe and conducted by award-winning mentor Kerrie Dorman, who is the founder of the United Kingdom's (UK) Association of Business

Mentors. BMEN offers voluntary mentorships to MSMEs by leading business people, professionals, and subject matter experts based in Brunei to provide guidance and insight into different areas of business. Since its launch in March 2019, BMEN has recorded over 485 mentoring engagements, offering a pool of 78 mentors approved by DARe, with 173 mentees registering.

Source: Borneo Bulletin, 3 April 2022

BRUNEI Mentorship programme targets more MSMEs