

26 August 2022

9 September 2022

FTSE BURSA MALAYSIA	1,500.3		1,496.5
CURRENCY; USD 1 =	RM4.47		RM4.50
BRENT CRUDE OIL (USD PER BARREL)	USD99.01		USD92.19

Source: CEIC

Oil prices dropped in an environment of heightened volatility,
overwhelming uncertainty.

ECONOMICS & MSME NEWS

29 AUGUST 2022 – 09 SEPTEMBER 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

European Central Bank announces largest interest rate hike to fight inflation

ECB announced highest rate hike in a bid to stifle record inflation across the euro area with the three key interest rates were each raised by 75 basis points. Central banks' main mandate is to keep inflation under control and one of the main tools at their disposal is interest rates through which they can make the cost of borrowing - and therefore spending and investing either cheaper or more expensive as it becomes more or less costlier for commercial banks to borrow money. There is a risk however that a hike in interest rates could also lead to slower growth as consumers and businesses delay spending. Inflation across the 19 countries of the eurozone reached a record 9.1% in August led by a surge in energy, especially gas prices.

Source: EuroNews, 8 September 2022

Job availability in Japan improved for 7th month in July despite COVID surge

Japan's job availability ratio improved for the seventh consecutive month in July, as services-related firms moved to secure workers during the summer holidays without COVID-19 restrictions despite a resurgence of infections. The job-to-applicant ratio rose 0.02 point from the previous month to 1.29, the Ministry of Health, Labor and Welfare said. The ratio means there were 129 job openings for every 100 job-seekers. The number of job offers climbed by 0.8% from the previous month, notably increasing in the accommodation and food service sectors. The number of job-seekers declined 1.2%, according to the labor ministry.

Source: The Japan Times, 30 August 2022

US added 315,000 jobs in August as strong market defies signs of worsening economy

United States added another 315,000 jobs in August as the job market remained strong amid signs of a worsening economy. The US jobs market lost 22 million jobs in early 2020 at the start of the pandemic but roared back after COVID-19 lockdowns ended. It has remained strong despite four-decade-high rates of inflation and slowing economic growth. In July, the US unexpectedly added 526,000 new jobs, restoring employment to pre-pandemic levels. The unemployment rate ticked up to 3.7% in August from 3.5% in July but is still close to a 50-year low. The report also showed more people came off the sidelines in August and started looking for work.

Source: The Guardian, 2 September 2022

China's services sector activity growth eases amid COVID-19 woes

A strong rebound in China's services sector eased slightly in August amid fresh COVID-19 flare-ups, but business confidence rose to a nine-month high in a rare bit of good news for the struggling economy. The Caixin services purchasing managers' index (PMI) dipped to 55 from a 15-month high of 55.5 in July, but remained well in expansionary territory. The 50-point mark separates growth from contraction on a monthly basis. Despite the rise in new business, companies again shed staff. The services sector is one of the most vulnerable industries under Beijing's zero-Covid policy and has also been hit by a sharp slump in the property market.

Source: South China Morning Post, 5 September 2022

MALAYSIA ECONOMIC NEWS

Bank Negara hikes OPR by 25bps to remain supportive of economic growth

Bank Negara Malaysia has decided to increase the Overnight Policy Rate (OPR) by 25 basis points (bps) to 2.50% for the third consecutive time. The ceiling and floor rates of the corridor of the OPR correspondingly increased to 2.75% and 2.25%, respectively. The central bank said the global economy continued to expand, albeit slower, weighed down by rising cost pressures, tighter global financial conditions, and strict containment measures in China. The central bank also noted that global growth continues to be supported by improvements in labour market conditions and the full reopening of most economies and international borders. Inflationary pressures have remained high, due to elevated commodity prices and tight labour markets, despite continued easing in global supply chain conditions. Going forward, the global growth is expected to face challenges from the impact of monetary policy tightening in most economies and pandemic management measures in China. The growth outlook is subject to downside risks, including elevated cost pressures, the potential energy crisis in Europe, and sharp tightening in financial market conditions. Meanwhile, Bank Negara said that headline inflation had averaged 2.8% year-to-date. Headline inflation is projected to peak in the third quarter (Q3) of 2022 before moderating after that, due to dissipating base effects and in line with the expected easing of global commodity prices.

Source: *The Star*, 8 September 2022

Malaysia's inflation rises to 4.4% in July 2022

Malaysia's inflation jumped 4.4% to 127.9 in July 2022, its highest in more than a year, as the cost of food continued to accelerate. Announcing the July inflation data in a statement, the National Statistics Department said the increase in inflation was also due to the low base effect last year as a result of the electricity bill discount from 5% to 40% according to total usage given to domestic consumers. For July, the food index rose 6.9%, serving as the main contributor to the increase in overall inflation.

"Apart from the Food group, all other groups also continued to record increases except for Communication which remained unchanged as compared to the same month of the previous year. Restaurants & Hotels increased 5.8% followed by Transport (5.6%); Furnishings, Household Equipment & Routine Household Maintenance (4.0%) and Housing, Water, Electricity, Gas & Other Fuels (3.8%). Meanwhile, Recreation Services & Culture also registered an increase of 2.5%, Miscellaneous Goods & Services (2.1%) and Education (1.2%)," said the statistics department.

On a monthly basis, the inflation increased by 0.4% as compared to June. For the January to July 2022 period, the inflation increased by 2.8% as compared to the same period last year.

Source: *The Star*, 29 August 2022

Malaysia attracted RM123.3 billion in investments for 1H 2022

Malaysia has attracted a total of RM123.3 billion worth of approved investments in the manufacturing, services and primary sectors involving 1,714 projects in the first half of the year (1H22). MIDA said that the investments are expected to create 57,771 job opportunities nationwide. Foreign direct investment (FDI) accounted for 70.9% or RM87.4 billion of the total investments, while investments from domestic sources contributed 29.1%, or RM35.9 billion. MITI Minister, Datuk Seri Mohamed Azmin Ali said Malaysia is on the right trajectory to secure more high-quality, high-impact, and capital-intensive projects.

The services sector assumed a significant role in driving the country's economic recovery, accounting for 63.3% of total approved investments of RM78.0 billion. In terms of top-performing sub-sectors, the information & communication sub-sector dominated the services sector, with approved investments valued at RM53.7 billion or 68.8%. This was followed by the manufacturing sector at RM43.1 billion (34.9%) and the primary sector at RM2.2 billion (1.8%). FDI accounted for 70.9% of the approved investments, valued at RM87.4 billion. Of the total investments approved, the People's Republic of China dominated foreign investments, with investments totalling RM48.6 billion. This was followed by Germany (RM9.0 billion), Singapore (RM6.0 billion), Brunei (RM5.1 billion), and the Netherlands (RM4.1 billion).

Source: *New Straits Times*, 2 September 2022

MSME NEWS IN SOUTHEAST ASIA

PHILLIPINES

Digitalisation key to MSME growth

Founder of Go Negosyo, Jose Maria highlighted digitalisation as the way forward to drive robust growth among MSMEs in the country, which can also be a tool to create equality and achieve an inclusive Philippines. In his speech during this year's MSME Summit, the former presidential adviser for entrepreneurship noted the crucial role of MSMEs in developing the Philippine economy. MSMEs help reduce poverty by creating jobs for the country's growing labor force, he said. As of 2020, there were a total of 957,620 business enterprises in the Philippines, according to the Philippine Statistics Authority. Of this figure, MSMEs represented 99.51% with 952,969 establishments while large enterprises represented 0.49% with 4,651 establishments. Micro enterprises comprised 88.77% (850,127) of the total number of MSMEs while small and medium enterprises accounted for 10.25% (98,126) and 0.49% (4,716), respectively.

Source: *The Manila Times*, 28 August 2022

INDONESIA

Jokowi encourages Papuan MSMEs to join digital economy platform

President Joko Widodo (Jokowi) encouraged MSMEs in Papua to join the digital economy platform in an effort to develop their markets to wider consumers. Jokowi said he witnessed several MSMEs with promising potential before he attended the handover ceremony of the Business Identification Number (NIB) to individual micro and small enterprises (SMEs) at the Toware Sports Hall, Jayapura District. By utilising digital platforms, Papuan MSMEs owners will be able to expand their market to other islands and even abroad, he stated. "I have seen Papuan coffee, pineapple juice, shredded tuna, and other things. Please promote them on the digital platform. Use the opportunity to reach a wider market and even abroad," he added. Apart from the e-commerce platform, the president also suggested Papuan MSMEs to start utilising social media channels to promote their products. "You can try to sell on Facebook or Instagram. However, e-commerce platforms are also good. I think the products will be selling good," Jokowi stated.

Source: *Antara News*, 31 August 2022

CAMBODIA

Cambodia set in motion to export cross border e-commerce, says MSMEs

UNDP has partnered with Ministry of Commerce and Enhanced Integrated Framework (EIF) to support Cambodia's e-commerce ecosystem development through the "Go4eCAM" project, aiming to provide necessary conditions for MSMEs to go digital and to gain access to much needed finance for e-commerce uptake and business formalisation to support export readiness. Inaugurating a training seminar on introducing export readiness and cross border e-commerce, Ministry of Commerce, said that the importance of private sector and cooperation partners, especially UNDP Cambodia is an important development partner of the Government, especially Ministry of Commerce in promoting trade in Cambodia.

Source: *The KhmerTimes*, 01 September 2022

Thailand tightens SME definition eligible for special protection from unfair credit terms

Thailand's Trade Competition Commission amended the guidelines prohibiting large purchasers from setting unfair credit terms for SMEs. In defining what businesses are considered SMEs, the guidelines set thresholds for the number of employees and amount of annual turnover. The amended guidelines maintain these thresholds, but require that both employee-number and turnover thresholds to be met for a business to be considered an SME. In contrast, the original guidelines only required either the employee-number or the turnover to be met.

Accordingly, two types of businesses are defined as SMEs under the guidelines:

- Manufacturers of goods with up to 200 employees and an annual turnover of no more than THB 500 million (approximately USD 13.5 million); or
- Service providers or wholesale or retail businesses with up to 100 employees and an annual turnover of no more than THB 300 million (approximately USD 8.1 million).

Source: *Lexology*, 8 September 2022