



SME Corp. Malaysia
21 April 2023

	07 APRIL 2023		20 April 2023
FTSE BURSA MALAYSIA	1,427.04	↑	1,422.11
CURRENCY; USD 1 =	RM4.40	↑	RM4.44
BRENT CRUDE OIL (USD PER BARREL)	USD84.67	↑	USD81.10

Source: CEIC

Crude oil erases OPEC+ gains as dollar rises, rate hike looms. Oil markets are responding to a strengthening U.S. dollar, which in turn is rising out of fear the Federal Reserve may hike interest rates further, which would have a negative effect on oil demand.

ECONOMICS & MSME NEWS

10 APRIL 2023 – 21 April 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

Wave of UK strikes points to longer-term workforce crisis

As health and teaching unions prepare for industrial action that might last until Christmas, the wave of strikes that has swept the UK is impacting the economy harder than previously predicted. While the impact of NHS strikes on patients is "very sad," Chancellor Jeremy Hunt thinks that the short-term blow to growth is a price worth paying if it helps contain inflation. Although most economists believe a more generous public sector pay deal will have minimal effect on inflation, they agree the short-term blow to GDP is not large enough to affect the forecast for the UK economy this year. The UK is experiencing a slow-burning personnel crisis that is pushing health services to the breaking point and negatively affecting the quality of education.

Source: Financial Times, 16 April 2023

Weak retail sales, manufacturing output data point to slowing US economy

As consumers cut back on purchases of automobiles and other large ticket items in March, retail sales in the United States declined more than predicted, indicating that the economy was losing momentum at the end of the first quarter due to increasing interest rates. As the labor market continues to cool, it is expected that sluggish retail sales will persist. Other data released on Friday reveal that manufacturing production fell last month as a result of falling demand for goods. The Federal Reserve is expected to raise interest rates again in May, but a halt in the Fed's tightening of monetary policy is expected in June for the first time since the 1980s.

Source: Reuters, 15 April 2023

Yen slides as new Bank of Japan governor sticks to ultra-loose policy

The new Bank of Japan governor Kazuo Ueda sent a message that he will continue the ultra-loose monetary policies implemented by his predecessor over the past decade, sending the yen plunging. He emphasized that negative interest rates and yield curve control, the two cornerstones of Japan's current monetary policy, were still appropriate given the state of the economy. As a result of the remarks, the yen fell as much as 1% against the US dollar, to a low of JPY133.4. The currency remains well above the 30-year low of more than JPY150 it hit last year as a growing gulf between Japan's rock-bottom interest rates and those elsewhere in the developed world hammered the currency.

Source: Financial Times, 10 April 2023

China first-quarter GDP grew 4.5% year-on-year, above expectations

As policymakers work to boost growth after the end of stringent COVID-19 limits in December, official statistics indicated that China's economy grew at a faster-than-expected rate in the first quarter, rising 4.5% year-on-year. According to a Reuters poll of economists, GDP growth was forecast at 4.0% year-over-year, up from 2.9% in the previous quarter's estimate. Data from the National Bureau of Statistics indicated that quarterly GDP growth was 2.2% in January-March, above both analysts' predictions and the revised 0.6% increase seen in the previous quarter. Recent data suggests the economy is recovering after disruptions resulting from the sudden lifting of COVID-19 curbs in December, led by consumption, services, and infrastructure; nonetheless, declining inflation and increasing bank balances raise worries over the strength of domestic demand.

Source: Reuters, 18 April 2023 1

MALAYSIA ECONOMIC NEWS

Asean on investors' radar despite recessionary risk

In the face of a potential global recession, investors' focus on Asean is good news for Malaysia's economy. Due to its macroeconomic and policy stability, the region will continue to be on the radar of global investors despite many important dangers stemming from the uncertain global economy. Investors are trying to find safe havens in places where governments have money, where policies are stable, where investment is strong, and where consumption is still the driving force behind GDP. The Economist predicted that the Gulf Cooperation Council, Asean, and Africa would all experience rapid economic growth in the coming two to three years. GDP growth in Malaysia is anticipated to range from 4.5% to 5.5% this year, placing it fourth in Asia behind Vietnam (7% to 8%), Indonesia (4.5 to 5%), and the Philippines (4% to 5%). Economists agree with Bank Negara's official projection that GDP this year would be between 4% and 5%, but they warn that growth could be further hampered by the deterioration of headwinds. The 8.7% expansion seen last year was the fastest expansion since 2000. The rise was propelled by robust demand at home, sustained expansion in exports, and rising labor market conditions. Inflation, geopolitical instability, disruptions in the supply chain, rising commodity costs, and rising interest rates are all major threats on the global stage. Additionally, this year, Malaysia will continue to draw FDIs due to the country's stable economy.

Source: The Star, 17 April 2023

Credit growth may ease slightly, banks remain stable

Credit growth in Malaysia to ease slightly to 4.3% this year from 4.5% in 2022, due to a weaker economic outlook and higher borrowing costs. It reckoned that "Malaysian banks on aggregate would likely remain on a stable footing despite potential negative spillovers from banking stresses in the United States and Europe, as a result of robust liquidity and capital buffers, as well as a much less restrictive monetary environment. Asset quality has also remained fairly stable despite the phasing out of support measures, and a significant deterioration would not be expected in the months ahead. Downside risks to the country's financial stability remained modest with banks remaining well-positioned to support financial intermediation, despite potential negative spillovers from banking stresses in the United States and Europe.

Source: The Star, 18 April 2023

Tengku Zafrul: Miti future-proofing NAP 2020

The Ministry of International Trade and Industry (MITI) is holding discussions with key industry stakeholders in the automotive sector in order to review the National Automotive Policy 2020 (NAP 2020) and ensure that the policy will continue to be relevant in the years to come. This is in accordance with the technological advancements, which required attention to many new advances, particularly those pertaining to energy-efficient vehicles (EEVs) and electric cars (EVs). There have been significant advancements in the sector since the launch of NAP, which was announced for the period of 2020 to 2030. MITI would hold discussions with the related agencies to review issues raised by the industry regarding new technology to not only remain relevant but also be the best.

Source: The Star, 13 April 2023

Malaysia's exports, total trade contract y-o-y in March

Both exports and imports with major trading partners contributed to a 1.6% year-on-year (y-o-y) drop in Malaysia's total trade to RM232.72 billion in March. Despite this, Malaysia posted a trade surplus in March that was RM26.69 billion, which was the highest amount ever recorded for the month. When compared to the previous month of February 2023, all aspects of commerce, including exports, imports, and trade surplus, each recorded double-digit growth of 13.5%, 15.5%, 11.1%, and 36.4% correspondingly. The value of Malaysia's trade with China, its most important trading partner, decreased by 3% as the country's exports decreased by 6.2% to RM16.68 billion as a direct result of decreasing exports of E&E products. On the other hand, the United States had a 5.2% increase in total commerce with Malaysia. This was driven by an increase in exports of 7.5%, which brought the total to RM14.59 billion and was driven by higher shipments of E&E products.

Source: The Star, 19 April 2023

MSME NEWS IN SOUTHEAST ASIA

INDONESIA

Ministry, RRI to work together to expedite MSME digitalization

A memorandum of understanding (MoU) has been signed between the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) and LPP RRI to speed up the digitization of Micro, Small, and Medium Enterprises (MSMEs) and to increase support for MSMEs nationwide. To maximize Indonesia's digital economy potential expected to grow to USD146 billion by 2025, the role of national radio broadcasting organization RRI is vital. Based on the data, Indonesia now has the greatest potential digital economy in all of Southeast Asia. Promoting government programs, especially digitalization programs, through radio broadcasting is still effective in the era of digitalization, allowing MSMEs to actively grow the digital economy in Indonesia. The ministry itself has seven priority programs in 2023. They comprise KUMKM (Cooperatives, Micro, Small, and Medium Enterprises) Complete Data Collection, Joint Production House, Modern Cooperatives, Extreme Poverty Eradication, Integrated Business Service Center (PLUT)-KUMKM Redesign, MSMEs Package House Service and National Entrepreneurship Development. Within these seven priority programs, the ministry is optimizing the use of digital technology. It believes that future SMEs or MSMEs will be based on technology and creativity.

Source: Antara News, 10 April 2023

PHILIPPINES

Security Bank to double loans to MSMEs in Philippines

In an effort to increase its lending to MSMEs, publicly traded Security Bank Corp. has opened a business banking division. The bank acknowledges that MSMEs play an important role in the Philippine economy and have considerable expansion potential. As restrictions related to the pandemic were lifted and the economy began to recover, MSMEs were left without the resources they needed to succeed. The newest market focus would be on helping Philippines MSMEs. A reliable partner that not only takes the time to understand the unique challenges faced by MSMEs but also makes a firm commitment to provide customized solutions is essential to any company's success. The bank aims to extend much needed support to the priority segment that comprises 99.5% of business firms in the Philippines, 65% of total jobs, and 40% of domestic output as measured by the gross domestic product (GDP). In order to better serve MSMEs, the bank is committed to constant innovation in the areas of loan processing, product bundling, and digital channel optimization. With the introduction of the new Security Bank's business banking division catering to SMEs, the bank projects to double the loan bookings for MSMEs with the launch of the business banking segment focusing on the sector.

Source: Philippines Star Daily, 20 April 2023

THAILAND

UOB Thailand and PEAK help SMEs leverage financial data for business growth.

A recent seminar called "SMEs Beyond: Change for Success" was co-hosted by UOB Thailand and PEAK, a prominent online accounting platform. The purpose of the session was to educate SMEs on how to successfully leverage financial data for the growth of their businesses. Over 80 business owners and leaders attended the conference, which focused on the role that accounting can play in a company's expansion through analysis of financial performance, better resource allocation management, and timely business risk management. UOB is aware of the difficulties SMEs encounter as they expand and try to meet their financial goals. In order to maintain a competitive edge in today's market, digital transformation is essential. UOB is committed to being a long-term partner for SMEs and to doing everything it can to help them succeed with its UOB BizSmart solution. To this end, UOB and PEAK, one of UOB BizSmart partners, recently hosted a seminar aimed at educating SMEs on the benefits of automating their accounting processes. It is essential for SMEs to have a solid base if they are to grow sustainably. The smooth running of daily operations and the gleaning of useful insights from financial data that can be applied to business expansion are both greatly facilitated by a well-organized accounting system. Our goal in hosting this event was to enable SMEs maximize their use of financial data.

Source: Bangkok Post, 20 April 2023