

FTSE BURSA MALAYSIA	1,433.08		1,399.70
CURRENCY; USD 1 =	RM4.52		RM4.43
BRENT CRUDE OIL (USD PER BARREL)	USD82.78		USD74.99

Source: CEIC

Saudi Arabia, Russia discuss global oil markets in Riyadh. Both parties, meeting in the Saudi capital, affirmed their commitment to OPEC+'s decision on October last year to cut production targets by two million barrels per day until the end of 2023.

ECONOMICS & MSME NEWS

13 MARCH 2023 – 24 MARCH 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK inflation rises to 10.4% as food prices soar

According to government data released, consumer prices in the UK rose by 10.4% in February compared to the same month a year ago. This increase was driven largely by higher food and lodging expenses. There was a dramatic increase in food costs of 18.2% from February of last year to February of this year, the highest increase since the late 1970s. There were shortages of some salad and vegetable goods, which led to rationing by supermarkets, which was recognized by the Office of National Statistics as a source of the rise in demand for certain items. A 41-year high of 11.1% was set in October, and the rate of price increases had slowed for many months before to February's unexpected increase.

Source: CNN, 22 March 2023

US Fed raises interest rates 0.25%, intensifying inflation fight despite banking fears

Despite fears that earlier rate rises contributed to triggering the US banking crisis, the Federal Reserve hiked its short-term borrowing rate by another 0.25%. The Fed's benchmark interest rate has contributed to the financial emergency facing US banks. Inflation has fallen significantly from a summer peak, though it remains more than triple the Fed's target of 2%. Bonds held by Silicon Valley Bank plummeted in value as interest rates rose sharply, leading to the bank's demise and causing widespread harm to the financial system. Due to rising interest rates and falling asset values, nearly 190 banking institutions are in danger of failing.

Source: ABC News, 23 March 2023

Japanese government to spend additional JPY2 trillion to soothe inflation pain

According to government sources, the Japanese government will spend more than JPY2 trillion (USD15 billion) from reserve funds from the state budget for the current business year to March as part of a new initiative to alleviate the effects of inflation. This initiative will include a reduction in the cost of liquefied petroleum gas bills and the provision of financial assistance to families with low incomes. The low-income families would receive JPY30,000 from the government and Children from the same family will each receive an additional JPY50,000, both of which will serve as the basis for the programme that is scheduled to be completed on 22 March 2023.

Source: The Japan Times, 20 March 2023

China and Russia affirm economic cooperation for the next several years

According to statements released on 22 March 2023 by both nations, China President Xi Jinping and Russia President Vladimir Putin have reached an agreement to collaborate on a variety of economic and business issues. Increasing the use of "local" currencies topped the list, Chinese official media reported. The Kremlin was more specific in declaring that the yuan and ruble already account for two-thirds of bilateral trade payments. The deal also covered the development of rail and other cross-border logistical facilities, as well as the expansion of bilateral trade, cooperation in energy and food security, and the exchange of information. To date, China has become Russia's most important trading partner. In their official pronouncements, both parties said little about the plan's specifics, such as its cost or the time frame in which it would be implemented.

Source: CNBC, 22 March 2023

MALAYSIA ECONOMIC NEWS

2023 SME Sustainability Series: Charting the ESG Path for SMEs

More than 50 Small and Medium-sized Enterprises (SMEs) working in the oil and gas services and equipment (OGSE) industry benefited from today's first workshop in the 2023 SME Sustainability Series. SME Corp. Malaysia co-hosted the event with PETRONAS. The event is a component of a public awareness campaign run under the PKSlestari initiative aimed at assisting SMEs, especially microenterprises, in charting a course towards sustainability. The goal of the PKSlestari programs, launched by SME Corp. Malaysia, is to create a more conducive environment for SMEs to implement Environmental, Social, and Governance (ESG) practices. There will be components of the ecosystem that aim to raise awareness and educate people, such as a SME ESG Assessment, policy assistance, market access, standards and compliance, and financial incentives. Participants, most of whom are SME vendors to PETRONAS, spend a whole day learning about the value of ESG practices, creating an ESG strategy, and measuring and monitoring ESG performance. Businesses in Malaysia have begun incorporating ESG practices into their operations in anticipation of the growing importance of ESG and the expectation that it will become the new norm as a result of Malaysia's commitment to the Agenda for Sustainable Development 2030. It is therefore essential for SMEs to adopt ESG practices, since doing so will not only have a beneficial social and environmental impact but will also assist SMEs to break into the supply chain of large enterprises and MNCs who demand their vendors and suppliers adopt ESG practices.

Source: Berita Harian, 22 March 2023

Bank Negara: Lenders on solid footing

Bank Negara Malaysia has reassured the public that the country's banking system is not affected by the collapse of banks in the US. The central bank has stated that lending institutions in Malaysia do not have any direct exposure to the US banks that have recently collapsed, and the local banking system remains well-capitalized. The impact of the US banks' collapse on the Malaysian banking system is limited, with any indirect exposure through counterparties or borrowers being insignificant. The central bank's emphasis on the strength of the Malaysian banking system is a reflection of its commitment to maintaining financial stability. The country's banks are required to comply with stringent capital and liquidity regulations on a continuing basis to ensure that they can withstand severe macroeconomic or financial shocks and minimize the risk of banking system failures.

Source: The Star, 17 March 2023

Trade momentum remains positive

Although Malaysia's exports maintained their growth pace during the previous month, there is an increasing likelihood that this growth may slow down in the months and years to come. Notwithstanding a more pessimistic forecast for global trade, Malaysia's export performance in February 2023 was, on average, still stronger to that of other countries in the same region. This was the case even if sentiment remained cautious. The "still unfolding" situation in the banking system of the US, which had just lately started to unravel, is currently weighing on the economic outlook for the foreseeable future, which could be another factor that acts as a drag on the economy. Economists have noted that trade is a major contributor to GDP growth in Malaysia, despite the fact that the local banking sector has been unaffected by this latest event and is still fundamentally strong.

Source: The Star, 21 March 2023

Tourist arrivals to boost consumer sector

The rise in the number of tourists will have a beneficial effect on the retail sector, which will be bolstered by the increased domestic demand that will occur as a result of the labor market's continued stability. The reopening of borders in most countries would result in an increase in the number of tourists visiting Malaysia, particularly from China. This would lead to an increase in retail sales. As a result of the numerous tax cuts and incentive programs contained within the amended Budget 2023, an increase in the contribution from domestic spending is also anticipated. Because of a drop in the price of Brent crude oil, the average price of polyethylene terephthalate (PET resin), which is used in the production of beverage containers, has decreased by 13.5% year-on-year (y-o-y). This has resulted in a decrease in the cost of raw materials for companies that produce beverages. This may work out well for suppliers of beverages, as an increase in the number of tourists is anticipated to result in a higher demand for beverages that are already prepared to be consumed.

Source: The Star, 22 March 2023

MSME NEWS IN SOUTHEAST ASIA

INDONESIA

Indonesia rejects imports of thrift clothes to protect MSMEs

Indonesia's Cooperatives and Small and Medium Enterprises (SMEs) Minister Teten Masduki has strictly rejected the sale and purchase of imported used clothes or import thrifting to protect textile Micro, Small, and Medium Enterprises (MSMEs). This decision was made in part out of a concern for the protection of shoe textile products, which are also manufactured by a large number of MSMEs. The government's decision to prohibit the importation of used clothing is supported by a number of compelling considerations. The effort that the government is making to encourage the consumption of local products through the Proud of Indonesian Products National Movement would not be supported by the importation of used and illegal textile products. As a result of the nationwide campaign, the government has issued a regulation that requires a minimum of 40% of all money spent on goods to go into spending on MSME items. According to estimates provided by Statistics Indonesia's BPS, the country's economic growth may reach 1.85% and 2 million jobs might be produced without the need for new investment if this strategy is implemented. If similar efforts are made when it comes to household consumption, national economic growth will improve.

Source: Antara News, 13 March 2023

CAMBODIA

Digital incubation brings opportunities to women-owned MSMEs in Cambodia

MSMEs constitute the backbone of Cambodia's economy and account for 99.8% of its businesses. MSMEs account for 58% of GDP and 70% of total employment in Cambodia. 61% of these MSMEs are run by women. Many of them are part of the informal economy and have poor levels of technology, which are both characteristics that have rendered them more susceptible to the difficulties presented by the pandemic. The garment, tourism, and construction industries accounted for the vast majority of the -3.1% drop in economic growth that Cambodia experienced in 2020. There were repercussions for the domestic economy as a whole as a result of these shocks. Cambodia's local markets have traditionally been the epicenters of trade activity across the country. While this was true before the COVID-19 epidemic, the situation has altered dramatically for many MSMEs that depend on traditional marketplaces. As a result of the stringent COVID-19 restrictions that were imposed, countless micro, small, and medium-sized enterprises faced an existential danger to their capacity to continue operating. They struggled to meet customer demand since they did not offer digital services and had restricted cash flow.

Source: Khmer Times, 13 March 2023

BRUNEI

Brunei MSME Festival kicks off

On 16 March 2023, marked the beginning of the four-day Brunei MSME Festival, which is being held at Bridex Hall 1 and 2 in Jerudong. The festival will feature approximately 200 MSMEs offering a diverse selection of goods and services. During the festival, which had the theme "DARe to Innovate: Growth and Resilience through Innovation," vendors from various industries, including the food and beverage industry, the beauty industry, and the healthcare industry, showcased their products and services, learned from leaders in their fields, and networked with potential buyers and partners. The goal of the Brunei MSME Festival is to raise the general public's awareness of MSMEs by increasing the number of opportunities for MSMEs to exhibit their goods and services on a national level. It is also a platform for identifying local products and services that have the potential to be developed for export or import substitution, all while encouraging individuals to build an entrepreneurial culture. A conference was held during the festival to address how MSMEs could capitalize on new innovations to scale their operations and develop resilience. The meeting was attended by specialists from the public and private sectors as well as academics.

Source: Borneo Bulletin, 17 March 2023