

FTSE BURSA MALAYSIA	1,457.16	↓	1,444.41
CURRENCY; USD 1 =	RM4.58	↓	RM4.65
BRENT CRUDE OIL (USD PER BARREL)	USD86.81	↓	USD84.67

Source: CEIC

OPEC+ crude exports are expected to decrease for a second consecutive month in August. China, a significant global crude importer, is utilizing its record-high inventories built up earlier in the year, as its refineries reduce purchases due to supply reductions by the OPEC and its allies, including Russia, collectively known as OPEC+. These supply cuts pushed global oil prices beyond USD80 per barrel.

ECONOMICS & MSME NEWS

14 AUGUST 2023 – 25 AUGUST 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK economy shows signs of slowdown as BoE rate hikes mount

Britain's economy is showing signs of slowing down, prompting concerns of a possible recession, as the effects of consecutive interest rate hikes by the Bank of England (BoE) to combat high inflation are being felt. Despite facing challenges such as Brexit, the COVID-19 pandemic, and last year's surge in energy costs, the British economy has managed to avoid the predicted contraction throughout this year. However, indicators of a slowdown are becoming more prominent, underscoring the challenging situation for the BoE as it grapples with the ongoing inflation issue. A recent survey revealed that business activity has contracted to the greatest extent since January 2021, a period marked by a COVID-19 lockdown in the country.

Source: Reuters, 23 August 2023

US economy near stalling point as consumer demand weakens, survey says

In a recent report, S&P Global has highlighted that the growth of business activity in the US is approaching a point of stagnation, marking its weakest performance since February. This slowdown is primarily attributed to a contraction in demand for new business within the expansive service sector. According to S&P Global's flash US Composite PMI index, which assesses both manufacturing and service sectors, the reading dropped to 50.4 in August from 52.0 in July. This decrease, the most significant since November 2022, portrays the seventh consecutive month of growth. However, the reading hovers only slightly above the threshold of 50.0, which separates expansion from contraction.

Source: Reuters, 23 August 2023

Japan's 4-yr spending on COVID, inflation relief hit JPY 68.5 trillion

According to a recent analysis released by Kyodo News, Japan's efforts to counter the economic impacts of the COVID-19 pandemic and rising inflation are projected to amount to approximately JPY68.5 trillion (USD471 billion) over a span of four years, until the end of fiscal 2023. The bulk of this financial aid has been facilitated through debt issuance, as the government temporarily shifts its focus away from restoring fiscal health. This approach presents Prime Minister Fumio Kishida with the challenge of initiating spending reforms, even as the world's third-largest economy rebounds from its economic downturn. Kyodo News used data from private-sector members, along with official figures, to measure spending.

Source: Kyodo News, 19 August 2023

China's Xi calls for accelerated BRICS expansion

President Xi Jinping of China has called for the acceleration of the expansion of the BRICS group, during a summit of the bloc's leaders in Johannesburg, South Africa. The BRICS bloc includes Brazil, Russia, India, China, and South Africa. Xi expressed his satisfaction with the enthusiasm of developing countries in joining BRICS and emphasized the importance of welcoming more nations to promote a fairer global governance structure. The summit, held in Johannesburg, discussed the rules for admitting new members to the BRICS grouping. More than 40 nations have shown interest in joining, with 22 formally requesting to join. The expansion of BRICS is seen as a way to counter the dominance of the US-led West in global affairs. China's push for BRICS expansion is rooted in the belief that a larger membership will enhance the group's influence. Currently, BRICS represents around 40% of the global population and a quarter of the world's GDP.

Source: Reuters, 23 August 2023

MALAYSIA ECONOMIC NEWS

PM: Strategic DDI can attract more FDI, drive economic boom

In a significant move, the government has officially designated DDI as a pivotal KPI for driving the expansion of the country's overall investment portfolio. Prime Minister Datuk Seri Anwar Ibrahim highlighted the strategic significance of DDI in attracting increased FDI. The commitment to strike a harmonious balance between FDI and DDI to ensure sustainable and equitable national development is resolute, with the government, notably through the Ministry of Investment, Trade and Industry (MITI), driving this agenda. This was underscored during the second National Investment Council (MPN) meeting chaired by the Prime Minister. The MPN meeting, while discussing the crucial matter of reorganizing the landscape of Investment Promotion Agencies (IPAs) by January 1, 2024, also endorsed the revival of the Investment Coordination Committee between MITI and all IPAs. Anwar pointed out the potential of strategic DDI in augmenting FDI, as foreign investors often view DDI as an indicator of domestic investors' trust and dedication towards government policies aimed at fortifying the nation's investment and business environment. The Prime Minister, who also serves as Finance Minister, stressed the imperative role of a robust domestic industry ecosystem in propelling sustainable GDP growth. He elaborated on the government's existing efforts to catalyze DDI growth and noted the ongoing comprehensive approach to enhance DDI further.

Source: The Star, 23 August 2023

MIDA's talent development initiatives in harmony with Madani aspiration

In alignment with the Madani Economy vision, the Malaysian Investment Development Authority (MIDA) is significantly enhancing its initiatives to foster the growth of local talent, aiming to cater to the evolving needs of industries. Datuk Arham Abdul Rahman, Chief Executive Officer of MIDA, emphasized the paramount importance of nurturing a robust and accessible talent pool, particularly in high-tech domains like electrical and electronics (E&E), aerospace, and medical devices, as Malaysia strives to become one of the world's top 30 economies in the next decade. MIDA is proactively engaging with various stakeholders to propel talent development through multiple channels, including collaborations between academia and industry, upskilling and reskilling initiatives, and career fairs.

Source: The Star, 23 August 2023

Malaysia and Singapore are natural partners

The ongoing deliberations to establish the Johor-Singapore Special Economic Zone (JS-SEZ) are poised to deliver substantial benefits to the Asean region, mirroring the growth engine effect of China's Greater Bay Area. The implementation of the JS-SEZ holds the potential to elevate Asean's economic position significantly, primarily due to the investment prospects it will offer, job creation, and the development of a globally competitive business landscape. Bilateral trade between Malaysia and Singapore has demonstrated remarkable growth, with bilateral trade amounting to USD83.53 billion in 2022, reflecting a substantial increase of 37.6% compared to USD64.55 billion in 2021. As both economies deepen their partnership, anticipations arise for greater cross-border trade and investment.

Source: The Star, 22 August 2023

Madani economy plan needs determination to free Malaysia from middle-income trap - Bank Negara

Bank Negara Malaysia (BNM) has underscored the significance of resolute determination and effective execution in driving the Madani Economy policy plan, aimed at propelling Malaysia beyond the middle-income threshold towards becoming a high-income nation. Governor Datuk Abdul Rasheed Abdul Ghaffour highlighted that the current economic and financial policies will profoundly shape the trajectory of the nation's development, as the country stands at a crucial juncture. Speaking at the iTekad Cooperation Networking Council, Abdul Rasheed stressed the imperative of addressing the widening wealth gap while fostering an inclusive, fair, and equitable society that maintains social cohesion. He emphasised BNM's commitment to nurturing a progressive, robust, transparent, and responsible financial sector that contributes to equitable and inclusive progress for the nation's populace.

Source: The Star, 23 August 2023

MSME NEWS IN SOUTHEAST ASIA

INDONESIA

Government eyes integrated financing ecosystem to help MSMEs level up

Coordinating Minister for Economic Affairs, Airlangga Hartarto, announced on August 24 that the government is diligently crafting an integrated financing ecosystem to propel MSMEs towards expansion. During his keynote address at the "MSME Financing Book Study" event, held at Mataram University in West Nusa Tenggara, Hartarto highlighted the government's focus on bolstering the productive sector to optimize the distribution of MSME financing. The proposed financing ecosystem aims to provide comprehensive support to MSMEs, encompassing a spectrum of programs from social assistance initiatives to commercial aid rendered by financial institutions. This holistic approach is anticipated to motivate MSMEs to elevate their operations, and even consider international product exports. The government's financial backing for MSMEs includes diverse financing formats, ranging from support for ultra-micro enterprises to medium-sized businesses. Notably, the smallholder business credit (KUR) stands as one form of financing designed to bolster MSMEs with its low interest rates and simplified prerequisites. Additionally, the government has initiated ultra-micro business financing, sourced from the state budget (APBN), revolving funds, sharia financing, and microfinance institutions.

Source: Antara News, 24 August 2023

PHILIPPINES

UnionBank drives growth for Filipino entrepreneurs

In steadfast pursuit of its commitment to bolster MSMEs in the Philippines, UNION Bank of the Philippines (UnionBank) is leveraging its digital platform, UnionBank GlobalLinker. Demonstrating its dedication, the bank recently sponsored the annual Barangay San Lorenzo (BSL) Business Week, held from June 21 to 23, 2023, at the Glorietta Activity Center in Makati City. Spearheaded by the city of Makati, the BSL Business Week serves as a pivotal annual convergence for stakeholders in the Philippine MSME sector. This platform is geared towards extending support, opening avenues, and fostering growth opportunities for Filipino entrepreneurs. The event brings together an assembly of industry experts from both the private and public sectors to provide enabling insights and empowerment to attendees. The three-day event comprised a comprehensive range of activities, including a bazaar featuring products from seasoned and emerging MSMEs. One-on-one coaching and mentorship sessions were led by seasoned entrepreneurship experts, contributing to the attendees' skill enhancement. Notably, UnionBank and UnionBank GlobalLinker subject matter experts played a prominent role in several of these sessions.

Source: Manila Times, 24 August 2023

BRUNEI

Bank unveils new hub for creators and MSMEs

Baiduri Bank, a prominent financial institution, hosted the Baiduri Enterprise Hub Creators' Open Day, a significant event showcasing its cutting-edge facility designed to support local businesses and MSMEs. The event took place on August 25, welcoming a cohort of media professionals, content creators, and social media influencers who shared their firsthand experiences and insights from the Enterprise Hub, aiming to extend their impressions to the broader public. The gathering fostered interactive discussions, networking opportunities, and insightful observations about the innovative features of the Baiduri Enterprise Hub. Attendees seized the chance to utilize the available facilities, contributing to their informed assessments and sharing of experiences across various social media platforms. Expressing the institution's broader vision, Mohammad Isa Liew bin Mohd Amin Liew, Head of Business Banking at Baiduri Bank, highlighted that the Baiduri Enterprise Hub signifies more than just physical space. It seeks to forge synergies among entrepreneurs while offering valuable business knowledge to guide their growth trajectory. The event further facilitated networking among participants, along with Baiduri Bank's strategic partners, including Darussalam Enterprise, Shell LiveWIRE, Ghanim International Corporation Sdn Bhd, Brunei Gas Carriers, Authority for Info-communications Technology and Track and Roll.

Source: Borneo Bulletin, 25 August 2023