



SME Corp. Malaysia
10 March 2023

	24 February 2023		10 March 2023
FTSE BURSA MALAYSIA	1,456.80	↓	1,433.08
CURRENCY; USD 1 =	RM4.43	↓	RM4.52
BRENT CRUDE OIL (USD PER BARREL)	USD83.16	↓	USD82.78

Source: CEIC

Oil prices were little changed on 10 March 2023, as traders remained cautious about frequent and steeper rate hikes by the U.S. Federal Reserve, concerns that have triggered a rout in energy prices over the last three days.

ECONOMICS & MSME NEWS

27 FEBRUARY 2023 – 10 MARCH 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

BoE's Pill: UK economy slightly stronger than expected

Britain's economy is displaying a bit more strength than projected, and wage growth is proving a touch quicker than predicted by the central bank last month, Bank of England (BoE) Chief Economist Huw Pill said. As individuals and businesses deal with the fallout from last year's spike in energy prices, the BoE predicted this month that Britain would experience a modest but reasonably protracted recession, lasting more than a year. Most recent survey data has been a pleasant surprise, suggesting that the current economic expansion may be proceeding at a somewhat faster clip than originally projected. Pill noted that the latest official gauge of private-sector pay growth, excluding bonuses, had risen faster than the BoE had predicted last month.

Source: Reuters, 3 March 2023

Biden proposes to raise taxes on high earners to avert Medicare funding crisis

The White House intends to propose tax increases on individuals making more than USD400,000 as well as cutbacks in the amount that Medicare covers for prescription medicine in order to ensure the continuation of the Medicare program. According to the plan that Biden has put out for the budget, the Medicare Trust Fund will remain solvent for at least 25 more years. According to the proposal put up by the White House, the tax on net investment income that was established by the Affordable Care Act would be increased from 3.8% to 5% for all individuals in the United States with an annual income of more than USD400,000.

Source: Reuters, 7 March 2023

Japan's corporate spending rises in boost to economic recovery hopes

Policymakers hoping for a private demand-led rebound from COVID-19 should breathe a sigh of comfort after the recent statistics released revealed that Japanese companies increased expenditure on factories and equipment for the seventh consecutive quarter to the end of 2022. According to the Finance Ministry, the months between October-December, capital expenditures by Japanese companies increased by 7.7% from the same time a year earlier, down from the 9.8% increase recorded in the previous quarter. The increased need for capital expenditures was driven by the need to increase output capacity as chemical and metal product manufacturers, as well as service sector businesses, anticipated an increase in demand.

Source: The Japan Times, 2 March 2023

China to double down on push to be self-reliant in tech

The goals of China's science and technology policy should be to increase the country's power and independence, and the government's role in pooling resources for major technological advances should be properly exploited, Premier Li Keqiang said. The US is ramping up its pressure on China by, among other things, barring access to Chinese semiconductors and artificial intelligence technologies on national security grounds. Li said that the goals of the government's scientific and technological policies should be to increase our scientific and technological prowess and independence. Enterprises should be the primary actors in innovation, and the new mechanism for mobilizing resources nationwide should be strengthened to better leverage the role of the government in pooling resources to create important technical advances.

Source: Reuters, 5 March 2023

MALAYSIA ECONOMIC NEWS

Rafizi: Government will fix structural, public finance issues

Without ignoring citizens' needs, the government will prioritize addressing the underlying problems holding back the local economy. Rafizi Ramli, Malaysia's Minister of Economics, said that the country's economic structure are the reason for wage stagnation, because the previous government has been concentrating on citizen requests and concerns over the past few months. But he also acknowledged that improving the economy's structure will take time. As it will take a long time to address the underlying structural problems in the economy and the public finances, public pressure can be contained if attention is directed in that direction. Due to time constraints, the present government is likely to continue using the same models developed by its predecessors. In an effort to convince not only the entire of the nation but also international partners and investors, the government will place its primary emphasis on showing and attaining the objectives of previous frameworks. The previous government already have a lot of frameworks and blueprints and the new government do not intend to add new blueprints. Focusing on what matters the most to the economy and the public is important as the government strive to strike the right balance between growing and making sure it is as inclusive as possible. Rafizi is convinced that Malaysia would be able to deliver RM400 billion in development expenditure (devex) by 2025. He also wants to make sure that this money is put to good use.

Source: The Star, 9 March 2023

Government taking steps to curb food inflation

“Inisiatif Pendapatan Rakyat” (IPR) or the People’s Income Initiative and “Menu Rahmah” are among the government’s strategic steps to beat food-outside-the-home inflation, says Economy Minister Rafizi Ramli. The inflation for food outside the home had improved slightly from 9.6% in December 2022 to 9.3% in January 2023. Although the 9.3% in January 2023 is still high, this is the first time the inflation rate for prepared meals has dropped. Meals away from home were driving prices of goods and the inflation rate over the last five to six months, and this is why the government are focusing on the Menu Rahmah and IPR. When meals were priced between RM2 and RM5, the government's two efforts were meant to impact prepared food pricing at the store level, where consumer demand and trader prices would balance.

Source: The Star, 7 March 2023

Tesla, AWS investments to create high-quality jobs: Tengku Zafrul

The proposed investments by two industry giants, Tesla and Amazon Web Services (AWS), will bring positive economic spillover to the country and create high-quality job opportunities, said Tengku Datuk Seri Zafrul Abdul Aziz. According to him, Tesla's choice to invest in Malaysia was based on the country's robust electrical and electronics (E&E) ecosystem, which is well suited to supporting the production of electric vehicles (EVs). He mentioned that Malaysia is an important source of electronic and electrical equipment and semiconductors for the electric vehicle industry, ranking seventh worldwide in these two areas of production. One of the most appealing aspects of doing business in Malaysia is that the country has an E&E ecosystem that is able to sustain the EV market.

Source: The Star, 6 March 2023

Malaysia attracts RM264.6 billion approved investments in 2022, 2nd largest ever recorded

The services industry received the highest part of the RM264.6 billion in approved investments in 2022, followed by the manufacturing and primary industries. The services sector received RM154 billion in approved investments, 58.2% of the year's total. RM84.3 billion (31.9%) was granted for industrial investments, and RM26.3 billion for primary industry (9.9%). The total approved investments were the second-largest print ever recorded after 2021. The last year's approved investments are expected to create 140,370 jobs in the country. In addition, Malaysia is making every effort to quickly become ASEAN's digital hub, thanks to its highly developed ICT infrastructure, robust intellectual property protection environment, and talent pool. Malaysia's economy is predicted to remain resilient this year despite global challenges like inflationary pressures, economic uncertainty, and climate change.

Source: The Star, 8 March 2023

MSME NEWS IN SOUTHEAST ASIA

THAILAND

SME D Bank focuses on circular economy

Small and Medium Enterprise Development Bank of Thailand (SME D Bank) plans to focus on investments in promising bio-, circular and green (BCG) SMEs and startups this year, according to president Nartnaree Rathapat. The decision is in accordance with the goal of the government, which is to have state banks give financial support to Small and Medium-sized Enterprises (SMEs), which are regarded one of the economic pillars of the country. In order to invest in SMEs and new businesses, the bank established two private equity trust funds, one with a value of THB1.42 billion and the other with a value of THB602 million. The plan calls for the two trust funds to invest a total of THB600 million in promising SMEs, with the intention of selling back shares to the companies upon their successful listing on the Stock Exchange of Thailand (SET) or the Market for Alternative Investments (MAI). Another THB1.2 billion will be invested in promising SMEs, with the proceeds from share resales made possible upon the companies' eventual listing on LiVE Exchange, a stock market for startups and SMEs. The goal of SME D Bank's investment strategy is to support businesses that are open to collaborative investment, have defined business goals, and are eager to raise capital on regional stock exchanges.

Source: Bangkok Post, 9 March 2023

PHILIPPINES

Public-private partnership paves path of hope for PH agriculture sector

Agriculture must be given top priority because food security is about more than just providing enough food to feed a people; it may also decide a country's success or failure. The President was aware of this fact early on and did not make any omissions once he assumed control of the Agriculture Department. Yet he also knew that he couldn't accomplish everything by himself, not even with the enormous presidential powers. Perhaps this explains why the President was so pleased during the Kapatid Angat Lahat for Agricultural Program's signing ceremonies (KALAP), in light of the fact that this will "assist farmers and MSMEs in becoming more productive, lucrative, sustainable, and globally-competitive.". KALAP is an initiative to harness the private sector to help small farmers across the country. The signing of agreements with various government agencies is seen as a proof to "transform the country's agriculture industry by integrating small farmers into the value chain of large agribusiness companies. MSMEs have a crucial role in the development of new ideas, new employment opportunities, and new wealth for the country, and large businesses are "crucial" in helping SMEs expand and reach their full potential.

Source: Manila Bulletin, 9 March 2023

CAMBODIA

Trust at Chief Bank, where ethical banking builds success

The CEO of Chief Bank Cambodia, Dr. Soeung Morarith, is certain that his financial institution is well positioned for future growth since trust is at the heart of its operations, which is vital for ensuring effective commercial banking operations and development. The adverse economic consequences of the COVID-19 epidemic, geopolitical tensions and the war between Russia and Ukraine, as well as high inflation and rising interest rates globally, all contribute to some of the difficulties that are currently being experienced. Yet because the central bank have the appropriate people on their team, the correct formula, new ideas, and financial strength, they are certain that they will be able to successfully overcome these challenges and become stronger and more stable as a result. With a focus on people and ethical investment, as well as Chief Group's proven strategy and decades of experience in the world's financial center of Hong Kong, the bank is well-positioned to continue expanding in the Kingdom. To better serve the bank's target customers, such as the business owners of MSMEs, consumers, and corporate entities, the bank has placed all of its branches in advantageous locations. These locations have been chosen to take advantage of the bank's innovative banking solutions.

Source: The Phnom Penh Post, 7 March 2023