

FTSE BURSA MALAYSIA

30 June 2023

14 July 2023

CURRENCY; USD 1 =

1,376.68

1,412.09

BRENT CRUDE OIL

RM4.68

RM4.52

(USD PER BARREL)

USD74.90

USD79.87

Source: CEIC

*Oil prices at the Russian port of Novorossiysk in the Black Sea are nearing the \$60 cap set by the Group of Seven nations. This increase is attributed to declining exports and reduced shipments from Russia's western ports. If the \$60 price cap is breached, it could indicate Russia's enhanced ability to deliver its oil independently, potentially leading to a repricing of the global energy market and a subsequent price spike.*

# ECONOMICS & MSME NEWS

03 JULY 2023 – 14 JULY 2023

## GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

### UK faces long-term debt surge risk, pressure growing now, budget office says

UK public debt could increase to over 300% of GDP by the 2070s, up from the current 100%, warns the Office for Budget Responsibility (OBR). The government is not taking sufficient measures to address the long-term fiscal risks posed by an ageing population, climate change, and geopolitical tensions. The OBR's annual report highlights modest plans for stabilising and reducing debt compared to historical and international standards. Finance Minister Jeremy Hunt's target of reducing underlying debt within five years may be difficult to achieve due to rising borrowing costs in financial markets. The OBR points out that Britain's debt position is more vulnerable to shocks due to a combination of several factors.

Source: Reuters, 13 July 2023

### US job gains smallest in 2-1/2 years; labor market still tight

The US economy added the fewest jobs in 2.5 years in June, with only 209,000 jobs created, missing economists' expectations. Persistently strong wage growth points to a tight labor market, ensuring the Federal Reserve will likely resume raising interest rates later this month. Although job growth remains strong historically, it has slowed down, and there were 110,000 fewer jobs created in April and May than previously reported. The economy needs to create 70,000-100,000 jobs per month to keep up with the working-age population's growth. The government added 60,000 jobs, but it is still below pre-pandemic levels.

Source: Reuters, 08 July 2023

### Bank of Japan in a bind as price pressures heighten case for early policy tweak

The Bank of Japan faces a dilemma as prospects of sustained inflation increase, putting pressure on the central bank to consider an early adjustment to its yield control policy. At the upcoming policy meeting on July 27-28, the BOJ may revise up its inflation forecasts and signal confidence in the demand-driven price rise backed by wage growth. Internal discussions on tweaking the yield curve control (YCC) policy have been ongoing, but no final decision has been made. Any changes are likely to be minor adjustments, such as raising the yield target cap, rather than a major policy overhaul. The BOJ's ultra-loose policy could be upended by even a small change, impacting global financial markets.

Source: Reuters, 14 July 2023

### China invites global investors for rare meeting as economy sputters

China's financial regulators are holding a rare symposium next week to encourage major global investors to continue investing in the country despite economic weakness and rising geopolitical tensions. The meeting, in Beijing, will focus on U.S. dollar-denominated investment firms and the main challenges they face in China. China's post-pandemic recovery is slowing, and Sino-U.S. relations are strained over national security issues. The symposium aims to address the concerns of foreign investors and boost their confidence in China's economy. Major foreign and domestic fund managers, including private equity firms and their investors, are expected to attend and provide suggestions to address their business challenges in China. The meeting comes as some investors reconsider their China strategies due to uncertainties and crackdowns on private enterprises and tech companies.

Source: Reuters, 14 July 2023

# MALAYSIA ECONOMIC NEWS

## Green economy, SME integration among key topics at CPTPP commission meeting

Malaysia's Ministry of Investment, Trade, and Industry (MITI) announced that key topics, including the digital and green economy, as well as stronger integration of the country's SMEs into the global supply chain, will be discussed at the 7th Commission Meeting of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The meeting is scheduled to take place from July 15 to 16, 2023, in Auckland, New Zealand, and will be led by MITI Minister Tengku Datuk Seri Zafrul Abdul Aziz. In addition to discussing the digital and green economy, the Malaysian delegation aims to ensure that the benefits of the CPTPP reach the people and businesses in Malaysia, particularly the SMEs, by integrating them better into the global supply chain. The meeting will also see the addition of the United Kingdom as the 12th member of the pact, joining Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. During the meeting, the CPTPP ministers will focus on the effective implementation of the agreement, which was signed on March 8, 2018, in Santiago, Chile. New Zealand, as the chair of the CPTPP for 2023, will drive the discussion on priority areas, including advancing the green economy and enhancing digital economy facilitation, including customs administration and processes. Tengku Zafrul is scheduled to engage in bilateral discussions with counterparts from New Zealand, Canada, and Japan to address trade and investment matters of mutual interest.

Source: The Star, 14 July 2023

## MIBC relaunch to boost Malaysian-Indonesian business ties - Tengku Zafrul

Tengku Datuk Seri Zafrul Abdul Aziz, MITI Minister, highlighted that the reactivation of the Malaysia Indonesia Business Council (MIBC) reflects Malaysia's commitment to strengthening its bilateral business relationship with Indonesia. The ministry expects MIBC's collaboration with the Indonesia Malaysia Business Council (IMBC) to support both nations' efforts in enhancing trade and investment flows, leading to sustainable socio-economic growth and prosperity. The relaunch of MIBC took place with Tan Sri Nazir Razak as its new chairman and includes representatives from prominent companies like Permodalan Nasional Bhd, Maybank, CIMB, and AirAsia, along with individual members. The National Chamber of Commerce and Industry Malaysia serves as the council's secretariat.

Source: The Star, 13 July 2023

## Increasing demand for labour

The labour market in Malaysia is expected to improve in the coming months, despite the anticipated slower economy. Economists predict that the unemployment rate for 2023 will likely average at 3.5%, an improvement from the 3.8% recorded in 2022. In May 2023, Malaysia's unemployment rate remained steady at 3.5% for the fourth consecutive month, with the number of unemployed persons continuing to decline. The services sector, particularly in food and beverage, wholesale and retail trade, and information and communications industries, showed positive trends, along with the manufacturing, construction, mining, quarrying, and agriculture sectors. TA Research and other institutions expect the labour market to maintain its stability in the coming months due to the resilient domestic economy.

Source: The Star, 12 July 2023

## Government to issue strategic investor pass to make Malaysia global investment destination

Prime Minister Datuk Seri Anwar Ibrahim announced that the Malaysian government will actively issue the Strategic Investor Pass (SIP) to attract investors to the country on a multiple-entry basis. Under this initiative, strategic investors identified by the Malaysian Investment Development Authority (MIDA) will be allowed to stay in Malaysia for at least five years, extendable for another five years. The aim is to position Malaysia as a leader in the Asian economy and a competitive global investment destination. To streamline Malaysia's investment promotion agencies, the Ministry of Investment, Trade, and Industry (MITI) will lead efforts to reduce duplication among the agencies by the end of 2023. The focus will be on supporting both domestic and foreign investors and translating approved investments into realized domestic direct investments and foreign direct investments. Anwar also mentioned expanding the scope of the Digital Nomad Professional Visit Pass to include manufacturing-related skills.

Source: The Star, 14 July 2023

# MSME NEWS IN SOUTHEAST ASIA

## INDONESIA

### Minister calls to support MSMEs contributing significantly to economy

Trade Minister Zulkifli Hasan has emphasized the significant role played by MSMEs in contributing to Indonesia's national economy. According to data, MSMEs account for 99% of all business units in the country, highlighting their importance. In a statement, Hasan, who is also the chairman of the National Mandate Party (PAN), advocated for various ways to support MSMEs. He stressed the need for stakeholders to conduct training sessions for MSMEs to enhance their efficiency in attracting customers, with a focus on aspects like packaging, promotion strategies, and coaching. PAN has actively created an ecosystem to market products from microenterprises by employing influencers' services for product promotion, aiming to advance national MSMEs. Minister Hasan further called for assistance to MSMEs seeking to develop their businesses, proposing collaboration with banks to offer loans at low interest rates for their capital needs. He highlighted the vital role of banks as economic stimulants, especially for those in the lower segments and MSMEs. The trade minister has personally participated in events promoting MSMEs' products, underscoring the importance of selling items through digital platforms like marketplaces to expand their market reach globally.

Source: Antara News, 11 July 2023

## PHILIPPINES

### Romualdez reaffirms House's commitment to help MSMEs flourish

The House of Representatives in the Philippines is unwavering in its commitment to support MSMEs to foster job creation and income opportunities, as stated by Speaker Ferdinand Martin G. Romualdez on July 12. Speaking at the opening ceremony of the National Food Fair (Philippine Cuisine and Ingredients Show) organized by the Department of Trade and Industry (DTI) in Mandaluyong City, Romualdez affirmed the House's mission to equip Filipino entrepreneurs with the necessary tools and conducive environment for success. The House acknowledges the significant contribution of small businesses to the economy and has oriented its legislative agenda towards empowering and fostering the growth of MSMEs, Romualdez noted. Measures such as simplified business registration, tax reform, affordable financing, and digital infrastructure investment have been implemented to reduce barriers and unlock the full potential of MSMEs. Romualdez highlighted that the House has already passed several measures and is considering other proposals to support small businesses, including the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act and the "One Town, One Product (OTOP) Act.

Source: Philippines News Agency, 12 July 2023

## CAMBODIA

### Cambodia, Singapore roll out SME-support fintech plan

Cambodia and Singapore have jointly launched the Financial Transparency Corridor (FTC) initiative, aimed at facilitating cross-border financial services and trade for SMEs between the two countries. The initiative involves the National Bank of Cambodia (NBC) and the Monetary Authority of Singapore (MAS), which signed a memorandum of understanding (MoU) to implement the project. Under the FTC, Singaporean financial institutions can access trusted information on Cambodian SME sellers when assessing financing support for cross-border transactions with Cambodian SME buyers. Similarly, Cambodian financial institutions supporting local sellers can obtain trusted information on Singaporean buyers through the FTC. This enhanced information flow aims to improve SMEs' access to digital trade networks, fostering greater trade connectivity within ASEAN and other growth regions, including the Business Sans Border Proxtera global network. MAS chief fintech officer, Sopnendu Mohanty, praised the partnership as a significant step in their engagements in Asia, supporting open trade flows and enhancing financial trust data for SMEs to access better products, innovative solutions, and foster stronger economic growth. The initiative will extend cross-border information sharing to businesses and SMEs, enabling them to access financing beyond borders, thus contributing to economic growth in both countries.

Source: The Phnom Penh Post, 17 July 2023