

	05 May 2023		19 May 2023
FTSE BURSA MALAYSIA	1,431.04	↓	1,428.54
CURRENCY; USD 1 =	RM4.44	↓	RM4.55
BRENT CRUDE OIL (USD PER BARREL)	USD75.30	↑	USD75.58

Source: CEIC

Russian President Vladimir Putin says that oil production cuts were required to maintain a certain price level, contradicting assurances from other leaders of the OPEC+ group of producers that it was not seeking to manage the market in that way.

ECONOMICS & MSME NEWS

08 MAY 2023 – 19 May 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK financial sector to forge new post-Brexit market model

Britain's financial services industry has commissioned a report to lay out what needs to be done to keep London a globally competitive financial center, which it said would span law and regulation, market practice and cultural change. Britain is moving to reform its financial rules after the City was largely cut off from the European Union by Brexit, and as decisions by companies to list in New York raise questions about London's ability to compete globally. Sector body the Capital Markets Industry Taskforce (CMIT), which commissioned the report, said it aims to ensure that Britain remains a leading global financial center that supports the development of high-growth UK and international companies.

Source: Reuters, 15 May 2023

Joe Biden and Kevin McCarthy hopeful on debt ceiling deal, US president cuts Asia trip short

Democratic President Joe Biden and top congressional Republican Kevin McCarthy edged closer to a deal to avoid a looming US debt default as the threat of an economic nightmare prompted Biden to cut short an Asia trip this week. After an hour of talks, McCarthy, the speaker of the House of Representatives, told reporters the two sides remained far apart on an agreement to lift the debt ceiling. But he said, "It is possible to get a deal by the end of the week. It's not that difficult to get to an agreement. "Democrats were not as positive about a quick time frame, but the White House called the meetings "productive and direct."

Source: CNBC, 17 May 2023

Japan's better-than-expected growth keeps early poll on table

Japan's economy expanded at a faster pace than expected as a further easing of pandemic regulations boosted consumption, a positive outcome that will likely keep speculation simmering of a possible early election and potential central bank policy change. Gross domestic product expanded at an annualized pace of 1.6% in the first three months of the year, exceeding analyst expectations, Cabinet Office data showed Wednesday (May 17). A revision of earlier figures also showed Japan went through a technical recession at the end of last year. Better-than-expected spending by consumers and businesses was the main driver behind last quarter's growth.

Source: Japan Times, 17 May 2023

China economic data for April miss expectations as demand cools

China's economic data for April missed expectations last month, official figures showed Tuesday (May 16), as low demand and high youth unemployment led to a patchy recovery after lifting strict COVID-19 rules. Retail sales a key indicator of domestic consumer activity has grown 18.4% on-year, data released by the National Bureau of Statistics (NBS) showed. The reading was short of the 21.9% forecast in a survey of economists by Bloomberg, even as shoppers and diners returned to malls and restaurants. Low domestic demand despite low inflation has slowed China's economic recovery. Beijing has set a growth target of around 5% this year, the lowest goal in decades, with Premier Li Qiang warning it "will be no easy task". The growth target for this year is set at a low level, which leaves room for the government to wait and see.

Source: Channel News Asia, 16 May 2023

MALAYSIA ECONOMIC NEWS

Domestic labor market likely to strengthen further

The labor market is expected to strengthen further in 2023 underpinned by continuous upbeat momentum in the domestic economy and modest expansion in the external sector, says MIDF Research. According to the research house, the country's unemployment rate is expected to decline further to 3.5% but slightly higher than the pre-pandemic level of 3.3%. The steady expansion in primary sectors as well as construction and services will prop up more employment opportunities next year. The labor force and employment are also predicted to pick-up by 1.6% respectively this year. The recovery of the country's labor market continued as the unemployment rate maintained at a new pandemic low 3.5% on March 2023. Labor force and employment continued expanding by 2.3% year-on-year (y-o-y) and 2.9% y-o-y respectively, supported by upbeat domestic economic momentum and expansionary external front. As for the first quarter of 2023 (1Q23), employment grew 2.9% y-o-y and the average jobless rate was at 3.5% y-o-y. By employment type, workers which made up about 75.6% of the employment grew steadily by 1.7% y-o-y while employer and own-account-worker increased by 6.9% y-o-y and 8.1% y-o-y respectively in March 2023. Meanwhile, the monthly average job vacancies remained above 200,000, continuing the post-pandemic upbeat momentum (2021: 206,700 and 2022: 396,100). The continuous elevated job vacancies among others supported the steady employment growth and reduction in unemployment as well as outside labor force since early 2021.

Source: The Star, 15 May 2023

GDP forecast for 2023 revised upward to 4.2%

BMI, a Fitch Solutions company, has raised the forecast for Malaysia's real gross domestic product (GDP) growth to 4.2% this year from 4% previously, following the better-than-expected 5.6% expansion in the first quarter (1Q). Malaysia's 1Q performance was well above consensus and its own expectations of 4.8%. However, the picture is by no means upbeat. The latest (growth) figure still corresponds to a sharp slowdown, from 7.1% in 4Q of 2022. On a seasonally adjusted basis, the 0.9% quarter-on-quarter rebound is nowhere large enough to reverse the contraction of 1.7% in 4Q last year. BMI also expects private consumption to grow by 5% this year, easing significantly from 11.3% in 2022 due to a decline in household savings and tighter monetary conditions.

Source: The Star, 17 May 2023

Malaysia records current account surplus of RM4.3bil in 1Q 2023

Malaysia's current account balance (CAB) continued to record a surplus of RM4.3 billion or 1.0% of the gross domestic product (GDP) in the first quarter of 2023 (1Q 2023), down from RM27.5 billion (5.9% of GDP) in the previous quarter. Department of Statistics Malaysia (DOSM) chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the CAB surplus this quarter was mainly supported by net exports of goods. The Goods account recorded a net export of RM39.9 billion in the 1Q 2023, which shrank 30.9% quarter-on-quarter. Exports of goods amounted to RM261.5 billion, a decrease of 17.6% as against the final quarter of 2022. The main exports were electrical and electronics (E&E) and petroleum and chemicals products, especially to Singapore, China and the United States (US).

Source: The Star, 12 May 2023

Stagflation unlikely

The wave of stagflation, currently sweeping across some global economies like in the 70s, is unlikely to rear its ugly head in Malaysia owing to the country's firm economic fundamentals. Stagflation is a scenario where there is slow economic growth coupled with rising inflation, would unlikely occur in developing countries compared with developed ones. Strong private consumption and investment, improvement in trade and high investor confidence due to the political stability are some of the plus points that would avoid stagflation headwinds from hitting the domestic shores. A global stagflation is less likely, given the divergence in the pace of growth and inflation between the developed and developing countries. The varying growth and business cycles across countries within each region and across regions also explain why a world-wide stagnation in growth, coupled with runaway inflation, has a low probability of occurrence. This is barring an escalation of the Russia-Ukraine war or a major geo-political or climate-related supply shock disrupting global production of fuel, food or industrial products.

Source: The Star, 15 May 2023

MSME NEWS IN SOUTHEAST ASIA

INDONESIA

MSME products get summit boost

One of Indonesia's super-priority tourist destinations, Labuan Bajo, West Manggarai district, East Nusa Tenggara (NTT), served as the location for a series of events of the 42nd ASEAN Summit from May 8 – May 11, 2023. Apart from the conference of ASEAN heads of state, Indonesia also hosted several side events to enliven the main event. One of the side events was an exhibition of products made by Micro, Small, and Medium Enterprises (MSMEs) named “SOEs House SMEs Hub,” which was initiated by the Ministry of State-Owned Enterprises (SOEs) and took place at the waterfront city Labuan Bajo. The ministry organized the event in collaboration with other ministries and institutions. In line with the momentum of the 42nd ASEAN Summit, SOEs Minister Erick Thohir showcased products made by local MSMEs at the five-day exhibition, which was held from May 9 - May 13, 2023. As many as 50 MSME players showcased their products at the exhibition. Of the 50 MSMEs, 10 were local MSMEs and 40 were MSMEs coached by the SOEs Ministry under its SOEs House program and other ministries. The selected MSMEs showcased their products in Manggarai-traditional-house-themed booths. The products included tenun (woven) fabrics, handicraft products, food and beverage products, and environmentally friendly products.

Source: Antara News, 15 May 2023

PHILIPPINES

IP, MSME products showcased in Ilocos trade fair

Home-grown brands of upland coffee and various fruit wines from the Indigenous Peoples (IPs) community of Adams in Ilocos Norte are among the best-selling products of the ongoing summer trade fair at the Ilocos Robinsons Place in San Nicolas town. For the first time after more than a decade of holding the annual summer trade fair to showcase the talent, craft, and ingenuity of micro, small, and medium entrepreneurs (MSMEs) in the province, the Department of Trade and Industry (DTI), in cooperation with the National Commission on Indigenous Peoples (NCIP) has added a new platform for IP groups to showcase their products. Instead of holding the event for five days like in the past, the DTI has extended it to seven days this year to give more time for MSMEs to make more sales and for consumers to have more time to select other local products. Participated in by 44 exhibitors, the trade fair, according to organizers, "is not just for selling activity but also to study buyers' preference" for the improvement of products. As people make rounds to check on the different local product exhibits, Carmelita Abnasan, an IP member and owner of Cardom's Farm in Adams said participating in trade fairs like this has given her more opportunities to expand her market.

Source: Philippine News Agency, 17 May 2023

BRUNEI

SME programme begins with business webinar

This year's TRANSFORM 2023 Program, convened by Asia Inc. Forum in partnership with Baiduri Bank Berhad for Brunei SMEs and entrepreneurs began on May 16. Centered on 'Thinking Big in a Small Market', the program comprises two webinar masterclasses, three in-person workshops, and a vibrant town hall forum to conclude the multi-month program. A webinar masterclass on 'what every business needs to know about growth in 2023' is also included. The virtual masterclass featured Managing Partner Kevin Legg of SAGE Singapore, an expert on learning at work. TRANSFORM 2023 is designed to support Brunei business owners, entrepreneurs and managers by providing a platform for networking and sharing ideas. The webinar masterclass on growth will be followed by a series of other virtual conversations with experts and in-person workshops from June to September, culminating in the annual TRANSFORM Town Hall Forum 2023. "As we adapt to the resumption of economic and business activities, entrepreneurship's basic realities and challenges continue to pressure SMEs even as new opportunities emerge. "The TRANSFORM program seeks to uplift Brunei business owners, managers, and entrepreneurs preparing for the future," said General Manager of Regional Program of Asia Inc. Forum Andrew Dy.

Source: Borneo Bulletin, 17 May 2023