

	17 November 2023		1 December 2023
FTSE BURSA MALAYSIA	1,460.67		1,456.38
CURRENCY; USD 1 =	RM4.68		RM4.65
BRENT CRUDE OIL (USD PER BARREL)	USD80.61		USD78.88

Source: CEIC

Saudi Arabia, Russia and other members of OPEC+, who pump more than 40% of the world's oil, agreed to voluntary output cuts approaching 2 million barrels per day (bpd) for the first quarter of 2024. At least 1.3 million bpd of those cuts, however, were an extension of voluntary curbs that Saudi Arabia and Russia already had in place.

ECONOMICS & MSME NEWS

20 NOVEMBER 2023 – 1 DECEMBER 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

Sterling nears three-month high; UK consumers more upbeat

The British pound surged on November 24, nearing its peak in nearly three months, driven by a retreat in the dollar and a surge in UK bond yields following the recent budget update predicting increased government debt issuance. A key factor in the sterling's rise was the positive consumer confidence report, revealing a more optimistic outlook on the economy and personal finances in the UK for this month. However, this optimism remains distant from pre-pandemic levels in early 2019. Amid lower trading volumes during the US Thanksgiving holiday, the pound reached USD1.2575 on Thursday against the dollar, experiencing a 0.28% increase to trade at around USD1.257 by November 24. Against the euro, it rose 0.2% to 86.84 pence.

Source: Reuters, 24 November 2023

USD skids to 3-1/2-month low, headed for biggest monthly drop in a year

The USD plummeted to its lowest point in over three months on Tuesday, reflecting investors' perception of a slowdown in the largest global economy. This sentiment was compounded by market expectations of an impending rate cut in the first half of the year. According to the CME's FedWatch tool, US rate futures indicated a 33% probability of a rate cut in March, surging to approximately 65% in May, up from 21% and nearly 50% respectively. The dollar's decline further intensified following remarks by Fed Governor Christopher Waller, who hinted at a potential rate reduction should the downturn in inflation persist for several more months.

Source: Reuters, 29 November 2023

Japan's capital expenditure slows, keeps recession risk intact

In Japan, recent data published on December 1 revealed a slowdown in the growth of capital expenditure during the period of July to September. This deceleration comes despite companies reporting robust profits, raising questions about the Bank of Japan's outlook that strong corporate spending would support a fragile economic recovery. The figures, though unlikely to prompt substantial adjustments in the preliminary GDP data, portray the economy's contraction for the first time in three quarters in July-September. According to government data, companies expanded their capital expenditure by 3.4% in the third quarter compared to the same period the previous year, indicating a slowdown from the 4.5% rise witnessed in April-June.

Source: Reuters, 1 December 2023

Morning Bid: December cheer, China fear

Asian markets concluded the week on December 1 with optimism, propelled by a slew of PMI reports from various nations across the continent. Key economic indicators from Japan, South Korea, and Indonesia are expected to set the tone for market movements. This trading day also marks the commencement of December 1, potentially laying the groundwork for a positive end to the year. On November 30, the Dow Jones registering its highest closure in nearly two years. If November's broader market momentum carries forward, this trend may continue, especially considering that November proved to be an exceptionally positive month for several Asian stock markets. China's premier blue-chip stock index suffered a 2% decline in November, marking the fourth consecutive monthly downturn. Year-to-date, it has registered a nearly 10% drop, lagging behind its regional and global counterparts.

Source: Reuters, 1 December 2023

MALAYSIA ECONOMIC NEWS

‘New wage plan is voluntary’

In a formal statement delivered by Economy Minister Rafizi Ramli, it was revealed that the implementation of progressive wages by employers will be a voluntary endeavour. This announcement was part of several key measures outlined in the White Paper on Progressive Wages tabled in Parliament following prior consultations with various industries and sectors. During the presentation in Dewan Rakyat, Rafizi highlighted that a majority of selected industries supported the progressive wages policy, emphasizing the need for voluntary participation. He stressed the importance of allowing companies to determine their financial capacity to register for the programme. Companies participating in the progressive wages programme will receive cash incentives from the government, a move aimed at encouraging their involvement. An extensive survey involving 2,038 workers indicated a 60% agreement with the progressive wages policy, primarily focused on systematic wage incrementation and the correlation between increased skills, productivity, and higher wages. The Minister disclosed plans for a pilot project set to commence by June next year, involving approximately 1,000 companies. The progressive wages programme will specifically target employees earning between RM1,500 and below RM5,000 per month, encompassing about 66% or four million of the workforce. This initiative aims to enhance employees' skills and productivity. Under the proposal, employers can provide a maximum wage increase ranging between RM200 and RM300 over a 12-month period.

Source: The Star, 1 December 2023

PEDi Madani Conference milestone in digital inclusivity

The recent PEDi (Digital Economy Centre) Madani Conference, conducted on November 29, stands as a pivotal moment signifying the nation's dedication to fostering digital inclusivity and driving economic advancement. Spearheaded by the Malaysian Communications and Multimedia Commission, the PEDi initiative has been instrumental in elevating local communities by improving Internet accessibility and introducing value-added services. The conference represented more than a mere assembly; it served as a commemoration of the substantial progress achieved in empowering the B40 community through ICT, entrepreneurship, and multimedia programs. PEDi's mission to leverage digital entrepreneurship training as a catalyst for accelerating the digital economy.

Source: The Star, 1 December 2023

Malaysia to gain from China's corporate plan

In a recent market outlook webinar held by Eastsprings Investments (EI), John Tsai, the head of growth equities, expressed the perspective that Malaysia and its ASEAN counterparts are poised to reap continued benefits from the "China Plus 1" corporate strategy aimed at supply chain diversification throughout 2024. This strategy is anticipated to capitalise on various regional-specific structural themes. Highlighting the attractiveness of the ASEAN region, Tsai mentioned that it would witness a surge in FDIs owing to relatively lower geopolitical risks. He underscored the region's strength in being a source of low-cost labour driven by a youthful and expanding population, coupled with a robust manufacturing base.

Source: The Star, 1 December 2023

Economists bullish about outlook for next year

Economists are conveying an optimistic forecast for the forthcoming year regarding the local economy, buoyed not only by internal factors but also by an alignment of favourable external elements. They highlighted the resilient nature of this year's 3Q23 GDP growth, registering at 3.3%, a notable improvement from the 2.9% GDP recorded in 2Q23, indicative of the country's robust economic stability. Anticipating the road ahead, a substantial number of economists maintain a positive outlook for the local economy, attributing it to the encouraging global economic conditions, a steady labour market, and the prospective strengthening of the ringgit. Malaysian Investment Development Authority (MIDA) chairman Tan Sri Sulaiman Mahbob, also a board member of the Malaysian Institute of Economic Research (MIER), envisions the GDP growth for 2024 to fall within the range of 4.3% to 4.6%. Emphasizing his stance, he highlighted the expected upturn in the electronics cycle in 2024, noting signs of improvement already evident in 4Q23.

Source: The Star, 28 November 2023

MSME NEWS IN SOUTHEAST ASIA

PHILIPPINES

DTI, BCYF unite to empower MSMEs

The Department of Trade and Industry (DTI) and the Benita & Catalino Yap Foundation (BCYF) formalized their commitment on Tuesday, November 21, through the signing of a Memorandum of Agreement (MOA) aimed at fostering innovation and entrepreneurship within the MSMEs sector in the Philippines. Emphasizing this commitment, DTI Secretary Alfredo E. Pascual expressed the DTI's unwavering dedication to empowering MSMEs. Pascual highlighted the DTI's strategies centred on digitalization and innovation, rooted in science, technology, and innovation (STI) approaches. Pascual underscored the collaborative efforts undertaken through a comprehensive government-led approach, actively engaging both the public and private sectors. This collaborative approach aims to elevate the competitiveness of MSMEs, facilitating their seamless integration into the global market. The signing of the MOA at the DTI Board of Investments building signifies a unified commitment between DTI and BCYF. This partnership serves as a pivotal alliance geared towards nurturing an environment conducive to fostering the growth and progress of MSMEs in the Philippines. Furthermore, this partnership marks a transformative union, accentuating the pivotal role of innovation and entrepreneurship in uplifting the MSME sector.

Source: Manila Bulletin, 21 November 2023

INDONESIA

Government Urges MSMEs to Help Develop EV Ecosystem in Indonesia

Coordinating Minister for Economic Affairs Airlangga Hartarto, during the Inabuyer EV Expo 2023 on Tuesday, November 28, 2023, urged the (MSMEs to actively engage in fostering the electric vehicle (EV) ecosystem in Indonesia. Emphasizing their pivotal role, he encouraged MSMEs to contribute as suppliers of components specifically for electric motorcycles. Hartarto reiterated Indonesia's commitment to reducing greenhouse gas emissions, aiming for a targeted reduction of 358 million tons of CO₂ by the year 2030. Highlighting the nation's advantage in possessing ample nickel raw materials essential for EV batteries, he underscored the ongoing expansion of the EV ecosystem in Indonesia. Moreover, Hartarto noted the significant investments and increased sales of electric motorcycles as catalysts driving the EV ecosystem's growth within the country. Simultaneously, the government is instituting various subsidies to encourage electric vehicle adoption, including a IDR7 million subsidy for e-motorcycle purchases and conversions to electric motorcycles. Further incentives encompass subsidies for electric cars and buses with a minimum domestic content level (TKDN) of 40%. Additionally, the government extends a 5% value-added tax (PPN DTP) incentive for electric buses with a TKDN range of 20%–40%.

Source: Tempo.co, 28 November 2023

SINGAPORE

Just 2 in 5 companies in Singapore's manufacturing sector have sustainability initiatives

A recent study has revealed that a mere 37% of companies within Singapore's manufacturing sector have currently adopted sustainability initiatives, but this figure is anticipated to double in the foreseeable future. Conducted jointly by the Institute of Singapore Chartered Accountants (ISCA), the Singapore Manufacturing Federation (SMF), Deloitte, and the Singapore Management University (SMU), the study involved surveying 115 SMF members, primarily composed of SMEs, alongside multinational companies. Interviews with executives from 20 companies and focused group discussions complemented the research. The study highlighted that a significant 38% of manufacturers are slated to embrace sustainability initiatives within the next one to three years. It identified six key focal areas for sustainability efforts: the circular economy, reducing greenhouse gas emissions, renewable energy and energy efficiency, pollution prevention, sustainability reporting, and sustainable finance. Lennon Tan, President of SMF, expressed his perspective at the study's unveiling on November 29, indicating that the 37% adoption rate aligned with his expectations. He noted, "About a third of companies embarking on sustainability initiatives is kind of what I expected." The study further pointed out that only 21% of respondents had previously reported on their sustainability efforts.

Source: The Business Times, 29 November 2023