

FTSE BURSA MALAYSIA	1,555.3		1,520.0
CURRENCY; USD 1 =	RM4.19		RM4.19
BRENT CRUDE OIL (USD PER BARREL)	USD86.06		USD91.12

Source: CEIC

Oil prices rose above USD90 a barrel, the highest level since 2014 as geopolitical turmoil exacerbated concerns over tight energy supplies

ECONOMICS & MSME NEWS

17 JANUARY 2022 – 28 JANUARY 2022

US economy likely regained steam in Q4, 2021 growth seen best in 37 years

US economic growth likely accelerated in the fourth quarter as businesses replenished depleted inventories to meet strong demand for goods, helping the nation to log its best performance in nearly four decades in 2021. Growth last year was fueled by massive fiscal stimulus as well as very low interest rates. The momentum, however, appears to have faded by December amid an onslaught of COVID-19 infections, fueled by the Omicron variant, which contributed to undercutting spending as well as disrupting activity at factories and services businesses. According to a Reuters survey of economists, GDP growth likely increased at a 5.5% annualised rate last quarter. That would be a jump from the 2.3% pace in the third quarter. For all of 2021, growth is estimated at 5.6%, which would be the strongest since 1984. The economy contracted 3.4% in 2020, the biggest drop in 74 years.

Source: Reuters, 27 January 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

Omicron pushes UK business growth to 11 month low

The UK economy grew at its slowest pace as hospitality, leisure and travel businesses felt the impact of the Omicron variant. The monthly flash PMI (purchasing managers' index) estimate of activity from IHS Markit and the Chartered Institute of Procurement and Supply reported a two-speed recovery with an easing of supply-chain bottlenecks for manufacturing offset by weakness in consumer-facing service companies. Service sector growth eased for a third month, amid reports from businesses of a loss of momentum caused by pandemic disruptions and very subdued demand. Amid widespread reports of severe cost pressures, the IHS Markit measure of output fell from 53.6 to 53.4 in January, its lowest level in 11 months.

Source: The Guardian, 24 January 2022

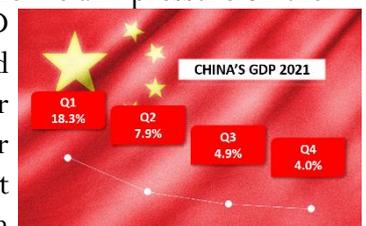
Japan's Dec exports, imports hit record high by value as supply bottlenecks ease

Japan's exports and imports in December hit record highs, as supply bottlenecks eased at the end of 2021 amid rising prices. However, a persistent semiconductor shortage remained a headache for Japanese firms such as automaker Toyota, which slashed its near-term output target, in addition to uncertainties around the Omicron variant. Exports in December rose 17.5% from a year earlier, outstripping a 16.0% gain expected by economists but below a 20.5% rise in November. Exports and imports hit records of JPY7,881.4 billion and JPY8,463.8 billion respectively, the biggest since January 1979, largely as rising inflation affected both flows.

Source: Reuters, 20 January 2022

IMF cuts China's growth forecast to 4.8%

The International Monetary Fund (IMF) cut its forecast for China's economic growth in 2022 to 4.8%, reflecting disruptions caused by the pandemic and pressure on the country's property sector. With a strict zero-COVID strategy leading to recurrent mobility restrictions and deteriorating prospects for construction sector employment, private consumption is likely to be lower than anticipated. China's GDP grew by 8.1% in 2021 but GDP growth in the fourth quarter slowed to 4.0% year on year, down from 4.9% in the previous three months, hinting at more pain to come in 2022.



Source: CNBC, 25 January 2022

Floods reduce economic sector production by RM4bil-RM8bil

The Finance Ministry (MoF) said the Northeast Monsoon 2021/2022 flood disaster that hit the country in December last year has caused an estimated RM4 billion - RM8 billion reduction in the economic sector's production value. MoF said although the disaster had a major impact on economic activities, particularly in the affected areas, the country's gross domestic product (GDP) growth forecast remained between 3% and 4% for the whole of 2021. The government had taken into account key indicators which showed encouraging signs of recovery. The recovery momentum is expected to continue throughout the year, with the economy expected to continue to grow between 5.5% and 6.5%, in line with the projections of the International Monetary Fund (IMF) and the World Bank.

Source: The Star, 20 January 2022

CPI for December 2021 increased by 3.2% due to rise in food, fuel prices

Malaysia's Consumer Price Index (CPI) in December 2021 increased 3.2% to 124.5 as against 120.6 in the same month of the preceding year due to the rise in food and fuels prices, said the Department of Statistics Malaysia (DOSM). DOSM said the increase also surpassed the average inflation for the period 2011 to 2021 (1.9%). Other than the increases in food and non-alcoholic beverages group (3.2%) and transport group (9.5%), the inflation rate 3.2% in December 2021 was also attributed by the

higher price in housing, water, electricity, gas and other fuels group (3.4%), furnishings, household equipment and routine household maintenance (2.7%) as well as restaurants and hotels (1.3%).



Heavy rains occurred in several states throughout December 2021 has led to the increase in food prices, especially vegetables and fish and seafood, attributable to a direct effect of supply shortages due to the weather factor.

Source: The Star, 21 January 2022



Bank Negara has maintained its overnight policy rate (OPR) at 1.75%, in line with the consensus expectation of economists surveyed in a Reuters poll. The central bank said the monetary policy committee considers the current stance of monetary policy to be "appropriate and accommodative". For 2021, growth is projected to be in the range of 3% to 4% and is expected to gain further momentum

in 2022 driven by the expansion in global demand and higher private sector expenditure amid improvements in the labour market and continued policy support. Malaysia's OPR was cut to 1.75% from 2% in July 2020 as the central bank moved to provide additional policy stimulus to accelerate the pace of economic recovery in light of the impact of the COVID-19 pandemic and subsequent lockdowns.

Source: The Star, 20 January 2022

While Malaysia has proven to be an attractive destination for investments, National Recovery Council chairman, Tan Sri Muhyiddin Yassin said that there is still much room for improvement. He pointed out that 85.3% of the approved foreign direct investments (FDIs) in the first three quarters of 2021 came from just five countries. These countries are Singapore, China, Austria, Japan and the Netherlands. "More needs to be done to encourage foreign investments from other countries into Malaysia, and likewise, Malaysia to other countries in pursuit of untapped wealth potential," he said. Malaysia recorded total approved investments of RM177.8 billion in manufacturing, services and primary sectors in the first three quarters of 2021, marking a 51.5% increase compared with the same period in 2020. About 60% of the RM177.8 billion approved investments are FDIs, which are valued at RM106.1 billion.

Source: The Star, 26 January 2022

Malaysia needs to step up game to draw FDIs

PHILIPPINES

Philippines' B2B Platform GrowSari Raises USD45M from KKR

Business-to-business (B2B) platform GrowSari raised USD45 million from global investment firm KKR in an extended, oversubscribed Series C funding round. The startup based in Manila, Philippines, launched in 2016 and is focused on helping sari-sari stores, or mom and pop shops, in the Philippines to grow and digitise. Prior to this round, GrowSari raised USD30 million. GrowSari serves MSMEs in the Philippines. GrowSari is a tech-enabled platform that helps small physical retail stores, neighborhood shops (sari-sari stores), roadside, market eateries and pharmacies offer expanded services and products. GrowSari now has a presence in 220 municipalities across the regions of Luzon and offers services that include bill payments, telco reloads and wallet-top-ups, in addition to retail merchandise and pharmaceuticals.

Source: PYMNTS, 26 January 2022

MALAYSIA

HSBC launches first multi-currency digital wallet for SMEs

HSBC Bank Malaysia Bhd has launched the HSBC Global Wallet, Malaysia's first multi-currency digital wallet that enables SME to make and receive international payments simply and securely from one single global account. The Global Wallet is fully integrated within HSBC's existing business banking platform, HSBCnet, and by using the bank's global payments network, significantly reduces the time in which money can be delivered to an overseas beneficiary and removes the need for businesses to use third party providers for international transactions. As international borders open up and global trade rebounds, stronger participation in global markets by Malaysian SMEs will bring new international expansion and growth opportunities.

Source: New Straits Times, 26 January 2022



VIETNAM

Challenges for Vietnam's businesses when going digital

The Ministry of Planning and Investment (MPI) found that many SMEs could not survive the pandemic but those which changed their business models adapted to new circumstances and survived well. MPI said Vietnam's businesses have favorable conditions to carry out digital transformation, including a high proportion of broadband subscribers and digital infrastructure. However, the proportion of digital transactions in Vietnam remains low compared with other regional countries such as Thailand and Indonesia. The benefits from digital transformation are clear. It helps enterprises develop more sale channels, expand custom and distribute better to potential markets. Vietnam's businesses have great opportunities now to go digital. There are 64,000 digital technology firms which can provide services and platforms to serve digital transformation.

Source: VietnamNet Global, 21 January 2022

INDONESIA

G20 Could Create 33,000 Jobs, Generate IDR1.7 trillion in Consumption

Minister of Cooperatives and SMEs Teten Masduki said that the G20 event, held from December 1, 2021 to November 31, 2022, will bring benefits to MSMEs. The event, he said, has the potential to create 33,000 new jobs with a consumption value of IDR1.7 trillion. Indonesia will host the G20 conference by holding 150 activities comprising 49 main and 111 side events. The conference will be attended by 20,988 delegates who will arrive in Indonesia with their staff and/or family members, potentially bringing up to 83,000 people to the country. To support the implementation of the G20, Teten has issued a Decree on the establishment of the 2022 G20 Presidency Program and Activities Committee within the Cooperatives and SME Ministry. The formation of the committee is designed to optimise the role of Indonesian cooperatives and MSMEs in the implementation of the G20 presidency.

Source: Tempo.Co, 20 January 2022