

	29 July 2022		12 August 2022
FTSE BURSA MALAYSIA	1,492.2		1,506.2
CURRENCY; USD 1 =	RM4.45		RM4.44
BRENT CRUDE OIL (USD PER BARREL)	USD110.01		USD98.15

Source: CEIC

Oil prices plunged around 10% on expectations that supply disruptions in the US Gulf of Mexico would be short-term, while recession fears clouded the demand outlook

ECONOMICS & MSME NEWS

1 AUGUST 2022 – 12 AUGUST 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK economy contracts in the second quarter as cost-of-living crisis bites

The UK economy contracted in the second quarter of 2022, as the country's cost-of-living crisis hit home. Official figures showed that GDP shrank by 0.1% quarter on quarter in the second three months of the year, less than the 0.3% contraction expected by analysts. It comes after GDP expanded by 0.8% in the first quarter of the year. The Bank of England warned that it expects the UK economy to enter its longest recession since the global financial crisis in the fourth quarter. Inflation, meanwhile, is projected to peak above 13% in October. Monthly estimates showed that GDP fell 0.6% in June, less than the 1.3% consensus forecast, but down from a revised 0.4% expansion in May.

Source: CNBC, 12 August 2022

Japan's economy likely rebounded in second quarter with unleashing of consumers

Japan's economy likely rebounded in April-June from contraction in the previous quarter, thanks to solid consumer spending in face-to-face services no longer hindered by coronavirus curbs. It likely grew at an annualised 2.5% rate in April-June, rebounding from a 0.5% contraction in the first quarter, according to the median forecast of 17 economists. Second-quarter expansion was driven largely by a projected 1.3% rise in private consumption, which accounts for more than half of Japan's GDP, the poll showed. Capital expenditure likely expanded 0.9%, according to the poll, which also suggested external demand had added 0.1 percentage point to GDP growth.

Source: CNBC, 5 August 2022

US labour market defies recession fears as job growth surges in July

US job growth unexpectedly accelerated in July, lifting the level of employment above its pre-pandemic level and pouring cold water on fears the economy was in recession. The Labour Department's report also showed employers continuing to raise wages at a strong clip and generally maintaining longer hours for workers. The sustained labour market strength could give the Federal Reserve the latitude to keep aggressively hiking interest rates. The labour market has now recouped all the jobs lost during the pandemic, though government employment remains about 597,000 jobs in the hole. Overall employment is now 32,000 jobs higher than in February 2020. It took just under two and a half years to recover all the jobs compared to at least six years after the 2007-2009 Great Recession.

Source: Reuters, 5 August 2022

China's factory inflation hits 17-month low, consumer prices speed up

China's factory-gate inflation eased in July to a 17-month low, defying global cost pressures as slower domestic construction weighed on raw material demand. The producer price index (PPI) rose 4.2% year-on-year, versus an uptick of 6.1% in June and analysts' median forecast of 4.8%. Meanwhile, the consumer price index (CPI) increased 2.7% from a year earlier, the fastest pace since July 2020, but below forecasts for a gain of 2.9%. The government has set an annual consumer inflation target of about 3%, while Premier Li Keqiang said last month China would be able to keep the 2022 price rise under 3.5%, in a bid to highlight the need to stabilise prices and employment.

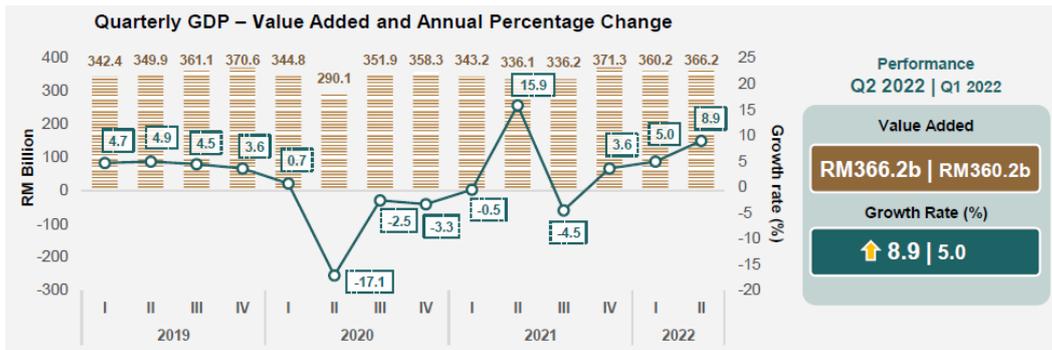
Source: Reuters, 10 August 2022

MALAYSIA ECONOMIC NEWS

Malaysia's economy expands by 8.9% in 2Q 2022

Malaysia's economy expanded by 8.9% year-on-year in the second quarter of 2022, which was significantly higher than the median expectation of 6.7% growth by a Reuters poll of economists. The improved performance compared to growth of 5% in the first quarter of the year, brought 1H22 GDP growth to 6.9%. According to Bank Negara, domestic demand in the country continued to strengthen, underpinned by a steady recovery in labour market conditions and ongoing policy support. The central bank said exports remain supported by strong demand for E&E products. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% as compared to 3.8% in 1Q22.

Source: The Star, 12 August 2022



Malaysia's FDI rose RM24b in Q2 2022

Foreign Direct Investment (FDI) position in Malaysia expanded by RM24.1 bil to record RM836.2 bil as at the end of the 2Q of 2022 compared with RM812.1 bil in the 1Q of this year. The manufacturing sector remained the largest recipient with a value of RM360 billion or 43.1%, followed by financial activities at 22.7% while wholesale and retail trade chalked up 6.3%. The sources for FDI were largely from the Asia region which amounted to RM431.1 bil or 51.6% mainly from Singapore and Hong Kong, followed by Europe and the US. Meanwhile, Malaysia's international investment position registered net assets of RM62 bil for the period under review compared with net assets of RM47.3 bil in Q1.

Source: Malay Mail, 12 August 2022

Services sector revenue posts 25.2% growth to RM506.5 billion in Q2

Revenue for Malaysia's services sector grew 25.2% year-on-year to RM506.5 bil in the second quarter of 2022. It was contributed by the wholesale & retail trade, food & beverages and accommodation segment which saw revenue went up 26.1% y-o-y to RM409.3 bil while the information & communication and transportation & storage segment revenue edged up 21.3% to RM72.2 bil. Besides that, it said the health, education & arts, entertainment and recreation segment revenue grew 24.4% y-o-y to RM15.1 bil and professional and real estate agent segment revenue went up 20% y-o-y to RM9.9 bil. On a quarterly basis, it said the total revenue of the services sector grew 7.1% or RM33.8 billion.

Source: The Star, 11 August 2022

Core inflation forecast at upper range of 2% to 3% in 2022

Core inflation is projected to be closer to the upper end of the 2.0% to 3.0% range in 2022, as demand continues to improve amid the high-cost environment, according to Bank Negara Malaysia (BNM). Upside risks to the inflation outlook would be subjected to the strength of domestic demand, global prices and domestic policy measures. Nonetheless, the extent of upside pressures on inflation are expected to remain partly contained by existing price control measures, fuel subsidies and the existence of some spare capacity in the economy. BNM also noted that the increase in food inflation, which has been the main driver of domestic inflation recently, was mainly caused by higher prices of key global commodity prices and the strength of the US dollar which has also compounded the price pressure. Other global and domestic factors, which vary across goods, are also contributing to food inflation such as logistics, labour costs and demand.

Source: The Star, 12 August 2022

MSME NEWS IN SOUTHEAST ASIA

MALAYSIA: SME Bank's XCESS 2022 for MSMEs to make international footprint

SME Bank XCESS 2022 networking programme opens up opportunities for local MSMEs to penetrate the international markets through the involvement of trading partners from Thailand and Japan. It also enables enterprises to gain access to the ASEAN market through an online platform known as ASEAN Access. Participants will be financed by SME Bank and will also have the opportunity to get free guidance and advisory services from Centre for Entrepreneur Development and Research (CEDAR). The bank is targeting a total of 5,000 visitors to the SME Bank XCESS 2022 virtual portal whereby of the total, 1,000 entrepreneurs are expected to participate in the business matching activities, business clinics, advisory services and visit the anchor companies' booth.

Source: New Straits Times, 11 August 2022

PHILIPPINES

DTI eyes to tweak definition of MSMEs amid digitalisation

Department of Trade and Industry (DTI) Secretary Alfredo Pascual said there is an ongoing initiative to tweak the definition of MSMEs amid changes in the way entrepreneurs do business because of digitalisation. He said as entrepreneurs embrace digital technology, they could now do business with fewer people and could operate with fewer assets. The Philippine Statistics Authority (PSA) classifies an enterprise as micro if it has less than 10 employees with assets of up to PHP3 million; small, if it has 10 to 99 employees and with assets of PHP3,000,001 to PHP15 million; and medium, if it has 100 to 199 employees and assets amounting to PHP15,000,001 to PHP100 million. Exceeding these criteria, an enterprise is considered as a large enterprise. Pascual added that by using the "old measures" in identifying MSMEs, the "real extent of the size of the business" is not being captured, which is vital in crafting policies and programs related to providing financial access to MSMEs.

Source: Philippine News Agency, 12 August 2022

CAMBODIA

EMDG Cohort 2 aims to help SMEs develop export markets

As part of its plan to further raise the export potential of SMEs of Cambodia, Khmer Enterprise, a unit under the Ministry of Economy and Finance (MEF), recently launched the second cohort of the Export Market Development Grant (EMDG) programme. The programme provides various incentives to SMEs, including 50% of the marketing cost for developing new export markets. During Cohort 1, the programme received nearly 90 applications from different sectors. With the feedback from SMEs in Cohort 1, EMDG Cohort 2 is designed to provide further benefits to SMEs to develop their export markets, new or existing ones, with a more simplified and streamlined application process. The EMDG Cohort 2 reimburses up to 50% of eligible expenses relating to the export market development plan. With a forward-looking approach, SMEs can plan their future promotional activities and build their export markets with greater certainty and confidence.

Source: Khmer Times, 11 August 2022

SINGAPORE

3,000 SMEs have engaged with Centres of Innovation, yielding 300 projects

From 2016 to 2020, about 3,000 SMEs in Singapore engaged with Centres of Innovation (COI) in local institutes of higher learning and A*Star research institutes, said Minister of State for Trade and Industry Low Yen Ling. This has led to 300 innovation projects, ranging from technology translation and adoption to intellectual property licensing, product co-development and co-innovation. She added that, as announced in Budget 2022, more SMEs will now be able to tap on the capabilities of over 80 technology, innovation and enterprise centres, including COIs. "Over the next 5 years, these centres are expected to undertake close to 2,000 innovation projects across 5 pilot sectors: agri-tech, construction, food manufacturing, precision engineering and retail", she said.

Source: The Business Times, 2 August 2022