

12 August 2022

26 August 2022

FTSE BURSA MALAYSIA	1,506.2		1,500.3
CURRENCY; USD 1 =	RM4.44		RM4.47
BRENT CRUDE OIL (USD PER BARREL)	USD98.15		USD100.99

Source: CEIC

Oil prices rose on signs of improving fuel demand, though gains were capped as the market awaited clues from the US Federal Reserve on the outlook for rate hikes

ECONOMICS & MSME NEWS

15 AUGUST 2022 – 26 AUGUST 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK economy shrinks unexpectedly

The UK economy shrank in April at the sharpest pace in more than a year as the government wound down Covid testing, highlighting risks that a broader contraction is under way. GDP fell 0.3% from March when output declined 0.1%, the Office for National Statistics (ONS) said. The figures underscore a dimming outlook for the UK economy, with manufacturing, services and construction all contracting together for the first time since January 2021. That may persuade the Bank of England (BoE) to move cautiously in fighting inflation. The GDP report showed services dropped sharply due to a 5.6% decline in health spending. Manufacturing fell 1%, with businesses reporting the impact of price increases and supply shortages. Construction fell by 0.4%.

Source: The Star, 15 August 2022

Japan sees economy picking up modestly, flags looming risks - Government

Japan's government described its economy as 'moderately picking up', keeping the overall assessment unchanged from the previous month, while noting an upward revision to factory output. The government flagged risks of a global downturn amid overseas trend of monetary tightening and rising inflation while households face slower wage growth. Private consumption, which accounts for more than half of Japan's economy, was picking up moderately, the report said, noting the resumption of activity among consumers who are "living with coronavirus" after the lifting of COVID-19 curbs. Japan's economy rebounded at an annualised 2.2% in April-June from COVID-19-induced doldrums.

Source: Reuters, 25 August 2022

US economy contracts mildly in second quarter; no sign of recession in underlying data

The US economy contracted at a more moderate pace than initially thought in the second quarter as consumer spending blunted some of the drag from a sharp slowdown in inventory accumulation, dispelling fears that a recession was underway. Data from the Commerce Department showed the economy growing steadily last quarter when measured from the income side. The underlying economic strength fits in with recent upbeat readings on the labor market, retail sales and industrial production. GDP shrank at 0.6% annualised rate in the 2nd quarter. That was an upward revision from the previously estimated 0.9% pace of decline. The economy contracted at a 1.6% rate in the first quarter.

Source: Reuters, 26 August 2022

China's economy slows as 'zero COVID' drags down sales, industry

China's economy slowed in July as Beijing's ultra-strict 'zero-COVID' policies dragged down key metrics ranging from retail sales to industrial output. Retail sales and industrial output grew 2.7% and 3.8%, respectively, compared with a year ago, cited the National Bureau of Statistics. GDP expanded by 0.4% on year during April-June as authorities imposed harsh lockdowns in cities, including the financial capital Shanghai. Despite the rest of the world learning to live with COVID-19, Beijing has stuck to a zero-tolerance strategy aimed at eradicating the virus at almost any cost. China's economy is widely expected to miss its official growth target of about 5.5% this year. The People's Bank of China unexpectedly lowered interest rates on key lending facilities for 2nd time this year in its latest effort to prop up flagging growth.

Source: Reuters, 15 August 2022

MALAYSIA ECONOMIC NEWS

PM: Strong growth achievable

Malaysia's economic growth in 2022 is likely to hit the highest end of the government's 5.3% to 6.3% forecast, according to Prime Minister, Datuk Seri Ismail Sabri Yaakob. While many economists are projecting the economy to hit a soft path in the second half of the year, he expressed optimism that the country's recovery post-Covid-19 will continue for the rest of 2022. He also pointed out that the domestic economy has shown strong signs of recovery in the January-June 2022 period, with a GDP growth of 6.9%.

"The economic recovery momentum is not only about GDP growth but also labour market recovery whereby the unemployment rate reduced from a high of 5.3% in May 2020 to 3.8% in June 2022. The confidence in the country's economy is also obvious among international investors. For the first half of 2022, foreign direct investments recorded a higher net inflow of RM41.7 bil compared to RM23.3 bil during the same period in 2019," he said. Despite his optimism on the economy, Ismail cautioned that the country may face increasingly challenging global economic prospects next year. This is because of the prolonged Russia-Ukraine conflict, disruptions in the global food supply chain and the move by central banks across the world to tighten their monetary policies.

Source: Malay Mail, 23 August 2022

Bank Negara on monetary tightening path due to weakened ringgit, rising inflation: MARC

Prospects of higher interest rates externally, weakened ringgit and rising inflation risks will keep Bank Negara Malaysia on a monetary tightening path, MARC Ratings Bhd said. The rating agency viewed the current Overnight Policy Rate at 75 basis points (bps) below the pre-pandemic level was still supportive of economic growth. With the forward-looking indicators suggesting solid growth in the near term, MARC expects the ongoing consecutive rate hike to continue to 2.75 per cent by year-end so long as the rate gap is a concern.

Meanwhile, MARC said local govies mostly rallied in July, reflecting the movements in major government bond markets. Major government bond yields were lifted by stronger haven demand as concerns about a recession escalated after a recent stream of economic data, from the US to Europe, flashed signs of a slowing global economy. On the local front, MARC said encouraging government bond auction results somewhat boosted the sentiment.

Source: News Straits Times, 25 August 2022

Budget 2023 focuses on Malaysians' wellbeing, boost economic competitiveness

The upcoming Budget 2023 to be tabled in October will focus on ways to help Malaysians increase their revenue as well as safeguard their social-economic welfare so the nation can bounce back from the Covid-19 years, cited Deputy Finance Minister, Datuk Mohd Shahar Abdullah. Other Budget initiatives would also focus on improving Malaysia's business competitiveness and strengthening the country's financial resilience.

The national economy has so far showed strong recovery momentum with 6.9 % growth in the first half of 2022, which is supported by an increase in domestic and foreign demand and the labour market revival. Through the new initiatives in Budget 2023, the government will be ensuring that this momentum does not stop and Malaysia's economy continues to grow and improve. The theme for Budget 2023 is "Strengthening Recovery and Facilitating Reforms towards Sustainability of Economic Resilience and Wellbeing of Keluarga Malaysia".

Source: The Star, 24 August 2022

MSME NEWS IN SOUTHEAST ASIA

INDONESIA

Indonesia to be largest digital economy in SE Asia by 2030: Minister

Minister of Cooperatives and SMEs Teten Masduki has asked noodle and meatball soup vendors to join online business given that Indonesia is expected to become the largest digital economy with potential reaching Rp4,500 trillion, in Southeast Asia by 2030. "Hence, Mr. President Joko Widodo (Jokowi) understands very well that our huge digital economy in Southeast Asia must also be enjoyed by meatball soup vendors," he said here on Sunday. Masduki said the President asked him to guide meatball noodle soup vendors to enter the digital ecosystem to grow their businesses further. By 2024, the government is targeting 30 million micro, small and medium enterprises (MSMEs) to enter the digital market, including 19.5 million MSMEs in 2022. Minister Masduki is optimistic that the target will be achieved especially by the participation of noodle and meatball soup vendors. Chairman of the Association of Chicken Noodle and Meatball Soup Vendors (Papmiso) Bambang Haryanto said 1,200 out of the 50 thousand Papmiso members are already connected to the online businesses.

Source: Antara News, 21 August 2022

PHILLIPINES

Globe Business strengthens MSME digital solutions offerings

With the goal of empowering the backbone of the Philippine economy, the MSMEs, which comprise 99% of the country's businesses, Globe Business expanded its digital offerings with GPlan Biz and GFiber Biz. GPlan Biz is a made-for-business mobile postpaid plan, which, aside from its basic mobile connectivity features, allows users to use GCash for business to purchase digital solutions or pay suppliers conveniently, among others. With GPlan Biz Plus, subscribers can enjoy an unlimited 5G network for six months as well as unlimited text and call to all mobile networks and landlines nationwide. Meanwhile, GFiber Biz Plus is Globe Business' real business-grade broadband plan which gives MSMEs access to a symmetric internet connection, allowing them to experience equal upload and download speeds for seamless online activities. It also comes with two pieces of WiFi mesh that help strengthen internet coverage in different parts of an establishment, and unlimited calls to all mobile networks and landlines nationwide, allowing entrepreneurs to be worry-free of top-up call charges.

Source: Back End News, 18 August 2022

CAMBODIA

MEF calling for loans to SMEs with no collateral

The Ministry of Economy and Finance (MEF) and Credit Guarantee Corporation of Cambodia Plc (CGCC) are encouraging banks and microfinance institutions (MFI) to use credit guarantee mechanisms to boost financial inclusion and help expand SMEs by issuing loans to businesses that lack collateral. MEF secretary of state, Ros Seilava, whostated that as of July 2022, the Business Recovery Guarantee Scheme (BRGC) launched by the government via CGCC has supported the issuance of about \$57 million new loans to businesses or companies that lack collateral through participating financial institutions. It was the beginning of a change in lending habits without relying on collateral in Cambodia's credit market. Not only in Cambodia, Seilava said credit guarantee mechanisms are an intervention policy tool used to support financing in economies in countries around the world. In addition, a study on the terms and procedures of CGCC is necessary to consider adjustments and secure opportunities to cooperate between CGCC and development partners, as well as other stakeholders to develop credit guarantee projects to support specific priority sectors such as agriculture, industry and tourism, he stressed.

Source: Phnom Penh Post, 18 August 2022