

FTSE BURSA MALAYSIA	1,446.4		1,438.3
CURRENCY; USD 1 =	RM4.74		RM4.75
BRENT CRUDE OIL (USD PER BARREL)	USD91.34		USD98.357

Source: CEIC

The oil industry needs to increase investment in capacity and new production so that the oil market can avoid high volatility in the future.

ECONOMICS & MSME NEWS

24 OCTOBER 2022 – 04 NOVEMBER 2022

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

Bank of England warns of longest recession in 100 years as it raises rates to 3%

The Bank of England raised interest rates to a record 3% in the largest single increase since 1989, and the country's central bank has warned that the country could be thrown into its longest recession in 100 years. The Bank warned that an interest rate hike of 0.75% points, the eighth in a series of hikes since last year, would not be enough to win the war against double-digit inflation. The economic situation for the United Kingdom is "very tough," with the recession that began last summer anticipated to endure until the middle of 2024. In the event of a general election in 2024, the Conservatives will have to run a campaign to stay in power at the ending of a prolonged decline, during which the Bank predicted unemployment would grow from 3.5% to 6.5%.

Source: The Guardian, 03 November 2022

The Fed hikes US interest rates to fresh 14-year high

The Federal Reserve announced a significant interest rate increase of 0.75% points, bringing it to its highest level since the beginning of 2008. The Fed believes that if interest rates are raised, the economy will cool and inflation will slow. On the other hand, sceptics are concerned that these actions could hasten a catastrophic decline. Banks have not raised their benchmark lending rate to this level since January 2008, when it was between 3.75% and 4%. Jerome Powell, chairman of the Federal Reserve, recently stated that rumors of a rate halt were "premature," signaling that the Fed will soon raise interest rates once more. Other countries are also raising rates in response to their own inflation difficulties.

Source: BBC News, 03 November 2022

Cabinet approves 29-trillion-yen extra budget, inflation package

Prime Minister Fumio Kishida announced on October 28 that the government has authorized a \$267 billion economic package to help "resuscitate the economy" and combat rising consumer costs. The Cabinet authorized a supplementary budget of JPY29.1 trillion, which would be submitted to the extraordinary Diet session to help pay for the package. On October 28th, Kishida visited the prime minister's office to talk about the package with government and ruling coalition officials. This was necessary to prevent a worldwide economic collapse from happening due to factors including rising costs for consumers and a depreciating yen, and to promote investment and reform leading to a structural increase in wages and economic growth.

Source: The Asahi Shimbun, 28 October 2022

China vows commitment to growth as pressure on economy mounts

As Xi Jinping begins his second term as president as tough COVID-19 regulations exact a growing toll on the world's second-largest economy, Chinese policymakers reaffirmed on 2nd November that growth was still a priority and they would carry on with reforms. The global economy is already feeling the effects of increasing inflation and rising interest rates, and the renewed COVID-19 lockdowns are adding insult to injury by weighing significantly on company activity, consumer confidence, and financial markets in China. Electric vehicle NIO paused production in Hefei over mounting COVID-19 cases, while Yum China, operator of KFC and Pizza Hut, temporarily closed or reduced services at more than 1,000 outlets in China.

Source: Channel News Asia, 02 November 2022

MALAYSIA ECONOMIC NEWS

Bank Negara hikes OPR by 25bps to 2.75% on positive economic growth prospects

Overnight policy rate (OPR) increased by 25 basis points (bps) on 3rd November, bringing it to 2.75% from 2.70%, as announced by the Monetary Policy Committee (MPC) of Bank Negara Malaysia (BNM) just over two weeks before the 15th general election. It was the 4th straight 25bps boost this year, for a total increase of 100bps since the beginning of the year, and the committee's final interest rate hike in 2022 was in line with the median of economist estimates on Bloomberg. With these adjustments, the central bank said that the corridor's ceiling and floor rates for the OPR are now 3% and 2.5%, respectively. With the outlook for the Malaysian economy remaining bright, the MPC has decided to increase the level of monetary accommodation. In line with the realignment of monetary policy settings that strikes a balance between the risks of domestic inflation and sustainable growth, the modification would also proactively control the risk of excessive demand on price pressures. BNM stated that its monetary policy stance is still accommodating and growth-friendly with the most recent OPR level. The MPC is not positioned on any predetermined trajectory, the central bank emphasized, and future monetary policy actions will continue to be based on the conditions and their consequences for the outlook for domestic inflation and GDP. Adjustments to monetary policy in the future would be made gradually and cautiously to maintain monetary policy's accommodating stance in favor of long-term economic growth with stable prices. According to BNM's analysis of recent data, domestic economic activity expanded even further in the third quarter, boosted by rising consumer spending.

Source: The Edge Markets, 03 November 2022

Most retailers bracing for gloomy 2023, says SME association

Even though retail has been booming since the economy reopened during the COVID-19 endemic phase transition, most businesses are preparing for a gloomy 2023. This came after the Small and Medium Enterprises Association (Samenta) conducted two surveys on the current and future state of SMEs and retailers' expectations for the upcoming year. Sales in the retail sector grew by 34.5% year-over-year in August, reaching RM57 billion, and practically all retailers were optimistic about the balance of the year. When asked about the future in 2023, however, most people were much less enthusiastic. This is mostly caused by post-pandemic "revenge shopping," the rise in the OPR, and continued political and economic uncertainty.

Source: Free Malaysia Today, 28 October 2022

Malaysia's ratification of CPTPP to help increase trade

Business expansion potential in the Asia-Pacific region and beyond are expected to increase after Malaysia ratified the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP). It is widely acknowledged that the elimination of tariffs between member nations will greatly contribute to the growth of Malaysia's commerce. On September 30, 2022, the Malaysian government formally ratified the CPTPP. Although a trade agreement was negotiated in 2018, gaining parliamentary approval took many months to get the final decision. As a whole, the CPTPP improves the country's competitiveness and strategic position, as outlined by the Ministry of International Trade and Industry (MITI).

Source: Asean Briefing, 02 November 2022

Malaysia's economic growth to be sustained despite lower PMI in October - MIDF

Despite a further decline in the manufacturing Purchasing Managers' Index (PMI) to 48.7 in October from 49.1 in September 2022, MIDF Research anticipates Malaysia's economic growth momentum to be continued on the strength of rising domestic demand. Despite the PMI readings' persistent signal of weakening demand, the research house found that external trade statistics remained healthy, allaying any fears of a downturn. Malaysian factories have remained upbeat despite international worries over the industry's future. In spite of this, MIDF Research maintains a cautiously optimistic outlook for domestic production and trade activities, mainly because of uncertainties on the external front, such as the expected weakening of final demand from advanced economies due to recession risk, tighter COVID-19 restrictions in China, and the escalation of geo-political and trade tensions.

Source: The Star, 02 November 2022

MSME NEWS IN SOUTHEAST ASIA

PHILLIPINES

PBBM vows to help MSMEs flourish by easing government processes

As the country recovers from the COVID-19 epidemic, President Ferdinand R. Marcos reaffirmed the government's commitment to assisting micro, small, and medium enterprises (MSMEs) in thriving by streamlining existing processes and making it simpler for businesses to survive. Despite bearing the burden of the pandemic, the government has not and will not waver in its commitment to helping MSMEs thrive. The government is still committed to simplifying regulations and helping businesses succeed. According to official government data from 2021, MSMEs make up more than 99.5% of all businesses in the Philippines and are responsible for creating more than 5 million jobs. This is, without a doubt, a highly important sector. The importance of the government's ongoing investment in it is without question. In order to hasten the country's digital transformation, the government pushed for MSMEs to integrate ICT into their business plans. This will allow MSMEs to maintain operations during the COVID-19 outbreak and keep up with rising consumer and commercial needs. MSMEs around the country should join the government in bolstering and empowering MSMEs to aid in the economic recovery of the country.

Source: Philippine News Agency, 28 October 2022

INDONESIA

GoTo Group enables MSMEs to upskill with Konferensi Maju Digital 2022

GoTo Group, Indonesia's largest digital ecosystem that includes Gojek, Tokopedia and GoTo Financial (GTF), has organized the 2022 Konferensi Maju Digital (KoMD), aiming to upskill Indonesian MSMEs. After drawing in thousands of MSME players in 2021, the second annual KoMD is sure to be a smashing success in 2022. To help MSMEs expand and become more competitive, the 2022 KoMD will focus on the topic of "Digital and Environmentally Friendly Business Transformation," which echoes the goals of the Indonesian government during its term as G20 president. In order to help MSMEs expand their businesses using digital technology, a number of professionals from a variety of sectors were present at the 2022 KoMD to speak on panels, participate in roundtable discussions, and teach a variety of workshops. The significant economic impact is associated with MSMEs' centrality to the revival of the Indonesian economy as a whole. As part of its mission to foster the development of its MSME partners, GoTo Group established KoMD to provide a platform for training and sustained empowerment.

Source: The Jakarta Post, 04 November 2022

MYANMAR

Myanmar to hold flower festival to revive pandemic-hit tourism sector

Midway through the month of December, Myanmar will host its annual flower festival in an effort to revitalize the tourism industry, which has been severely impacted by the recent pandemic. The yearly festival was cancelled in 2020 and 2021 owing to the COVID-19 epidemic, and the event that is taking place this year is the 15th edition of the festival. The event is set to take place in Pyin Oo Lwin, which is located in the Mandalay Region of central Myanmar, from the 15th of December to the 15th of January of the following year. The festival will feature a wide variety of events and activities, such as a festival market offering locally-made goods, sweater fabrics, handicrafts, and souvenirs; orchid competitions; flower decoration contests; picture contests; and entertainment programs; among others. Previous events brought together floral professionals from throughout the world, as well as native varieties of flowering plants from other countries, as the centerpieces of the displays. Since April, when international commercial flights were reinstated in the Southeast Asian country, government data revealed that the number of tourists entering the country had been progressively increasing.

Source: Tempo News, 24 October 2022