

FTSE BURSA MALAYSIA	1,567.5	↓	1,555.3
CURRENCY; USD 1 =	RM4.18	↓	RM4.19
BRENT CRUDE OIL (USD PER BARREL)	USD77.78	↑	USD86.06

Source: CEIC

Bursa Malaysia and the ringgit closed lower respectively due to continued profit taking in selected heavyweights and higher oil prices

ECONOMICS & MSME NEWS

3 JANUARY 2022 - 14 JANUARY 2022

US consumer prices post biggest rise in nearly 40 years

US consumer prices increased solidly in December as rental accommodation and used cars maintained their strong gains, culminating in the largest annual rise in inflation in nearly four decades, which bolstered expectations that the Federal Reserve will start raising interest rates as early as March. The consumer price index rose 0.5% last month after advancing 0.8% in November. In addition to higher rents, consumers also paid more for food, though the 0.5% increase in food prices was less than in the prior three months. There were big gains in the prices of fruits and vegetables, but beef prices fell 2.0% after recent sharp gains. Consumers also got a respite from gasoline prices, which fell 0.5% after rising 6.1% in both November and October. In the 12 months through December, the CPI surged 7.0%. That was the biggest year-on-year increase since June 1982 and followed a 6.8% rise in November.

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

UK economy finally bigger than before pandemic in November

Britain's economy grew strongly in November before the country went into its first COVID-19 lockdown. It expanded by a much faster than expected 0.9% in November before the latest wave of COVID-19 infections and restrictions for many firms. Britain's economy shrank by more than 9.0% in 2020, one of the biggest pandemic slumps among the world's rich nations. Despite November's growth acceleration, GDP probably took a fresh hit in December when the Omicron coronavirus variant swept Europe, and the loss of momentum is likely to have stretched into January but analysts say the blow to the economy is likely to be short-lived, allowing the Bank of England to continue raising interest rates this year.

Japan car sales recovery helps November GDP up by 1.5%

Japan's real GDP grew 1.5% in November month on month with help from revived auto production and sales, according to the Japan Center for Economic Research. The economy expanded for the second consecutive month to reach JPY541 trillion (USD4.69 trillion) in annualized, seasonally-adjusted terms. JCER also revised Japan's October growth rate to 1.5%, up from the initial estimate of 1.1% announced in December. Almost all components of Japanese domestic demand expanded in November, with household consumption rising 1.1% and corporate capital investment up by 0.8%. With a reduction in the chip shortage, car production shown in November's industrial production index also grew 52.5% month on month, which lifted exports by 9.2% from October.

China's December exports rose 20.9%

China's exports grew slightly more than expected in December, while imports rose less than expected, according to customs data. Exports rose by 20.9% year-on-year in USD-terms, above the 20% increase forecast by a Reuters poll. Imports grew by 19.5% in USD, missing expectations of a 26.3% increase. December's figure also marked a sharp slowdown from November, when imports rose by 31.7% year-on-year. Exports had grown by 22% year-on-year in November.



MIDF expects economic activities to strengthen

MIDF Research foresees Malaysia's economic activities to strengthen further this year, fostered by the recovery in private consumption and robust external trade. In a research note, it noted that the IHS Markit Malaysia Manufacturing Purchasing Managers' Index (PMI) rose to 52.8 in December 2021 from 52.3 in November. It said Malaysia's manufacturing activities accelerated in December 2021, expanding for the third consecutive month following the economic reopening and the easing of the Covid-19 curbs. This led to new orders, while output rose at a faster pace too during the month. Additionally, new export orders rebounded in line with the strong outbound shipments of electrical and electronics and refined petroleum products, among others.

Natural rubber production falls 26.8% in November versus October

Malaysia's natural rubber production fell 26.8% to 31,577 tonnes last November compared with October's 43,127 tonnes, said the Department of Statistics Malaysia (DOSM). On a year-on-year comparison, natural rubber declined by 25.8% against 42,554 tonnes in November 2020. DOSM said the decline in production was due to supply disruptions brought about by weather uncertainties and high rainfall. November 2021's production was mainly contributed by smallholders (89.8%) and

estates (10.2%). DOSM also noted that production in the first eleven months of 2021 totalled 429,062 tonnes versus 464,878 tonnes a year ago, which translates into a fall of 7.7% and exports decreased by 2.0% to 60,942 tonnes in November 2021 against 62,167 tonnes a month ago.



Government allocates RM20.107bil to 357,402 employers through PSU

The government has channelled RM20.107 billion to 357,402 employers through the Wage Subsidy Programme (PSU) to maintain the employment of 2,951,245 local workers in an effort to reduce the unemployment rate among Malaysian workers. Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said the government would continue the PSU initiative based on total sales or revenue in October 2021 until December 2021 compared to any month in 2019 until 2021 before

the outbreak of COVID-19. Through PSU 4.0, a total of RM2.148 billion has been channelled to 142,539 employers to continue operating and maintain employment for 1,698,999 employees as of Dec 31, 2021. The government through various ministries and government agencies will continue its training and skills upgrading efforts for 2022 with a total allocation of RM1.1 billion targeting 220,000 job opportunities.

Malaysia's manufacturing sales value grows 18.8% to RM142.4bil in November 2021

Malaysia's manufacturing sales in November 2021 stood at RM142.4 billion, growing 18.8% compared with the same month in 2020, according to DOSM. The sales value increased 1.2% from the previous month. Sales value for export-oriented industries, which accounted for 71.7% of total sales value, recorded an increase of 22.2%, while domestic-oriented industries posted an increment of 11.0% in November 2021 compared with the same month in 2020. The growth of sales value for export-oriented industries was in line with the double digit growth registered in the external trade exports and the price factors that remain favourable. On month-on-month comparison, export and domestic oriented industries recorded positive growth of 0.2% and 3.9%. Meanwhile, the total number of employees engaged in the manufacturing sector in November 2021 was 2,253,574 persons, an increase of 2.6%, compared with 2,195,488 persons in November 2020.

MSME NEWS IN SOUTH EAST ASIA

MALAYSIA

MEDAC offers moratorium for flood-affected MSMEs

The Ministry of Entrepreneur Development and Cooperatives (MEDAC) is offering a moratorium to MSMEs who are financed by its agencies. It said Bank Rakyat is offering a six-month bank loan moratorium on its Personal Financing-i, Housing-i, Vehicle-i, Vehicle Hire Purchase-i, Education-i, Micro-i as well as deferment of profit payments for Mortgage-i. The six-month moratorium will also be given to affected entrepreneurs of Perbadanan Usahawan Nasional Bhd. Apart from that, a two-month rent exemption will also be given to SME Bank's Entrepreneur Premises Complex tenants affected by the disaster while SME Corp. Malaysia offers SME Revitalisation Financing, Soft Loan Scheme For Small and Medium Enterprise, and SME Emergency Fund for all flood-affected MSMEs for them to have access to financing to start, restart, and continue their business.

VIETNAM

TTC in joint venture to drive SME growth in Vietnam

The joint venture underscores the commitment of all parties to advancing SME growth in Vietnam and creates multiple synergies, one of which is TTC's large ecosystem of SMEs across the energy, real estate, cane sugar, and hospitality industries in the country. Access to credit remains a pressing issue, with the SME financing gap standing at 12% of the country's gross domestic product. According to a World Bank survey on the impact of Covid-19 on firms in Vietnam, about 50% of firms have under three months of cash flow and over 60% have reported some difficulties in accessing funding. TTC Group is participating in the venture through its DHA Corporation (DHAC), which invests in real estate, health and sports. SMEs will benefit from access to relevant parties in a closed loop where business interactions become more powerful and speedy.

INDONESIA

MSMEs in Indonesia have started to recover from crisis

MSMEs have begun to recover from the economic crisis caused by the COVID-19 pandemic in 2020, said Minister of Cooperatives and Small and Medium Enterprises, Teten Masduki. "I think what drives the national economy now is the MSMEs. The indicator is bank loans have progressed in MSMEs. This is an indication that MSMEs have started to be reborn," Masduki explained. A total of Rp285 trillion has been distributed as smallholder business credit (KUR), he said. Based on the latest survey, the revenue of MSMEs who sold their products offline has decreased to 30%. In 2022, MSMEs are expected to take advantage of the ecosystem that has been provided by the government to develop their business, the minister said.



SINGAPORE

7 in 10 Singapore SMEs need more support in upskilling employees

Seven in 10 SMEs here say they require more support in upskilling their staff, according to a report by training provider NTUC LearningHub. One in two SMEs cited lack of budget as the key challenge in upskilling their workforce. Employers said they mostly require training resources to tap (68%), more support from employees (65%), and more government training support (55%). In addition, 48% of employers surveyed felt that sending workers to attend courses could be disruptive to daily operations. About 43% said they face lack of support from employees when implementing workforce training programmes.

