



SME Corp. Malaysia
20 October 2023

	6 October 2023		20 October 2023
FTSE BURSA MALAYSIA	1,416.88		1,442.66
CURRENCY; USD 1 =	RM4.72		RM4.76
BRENT CRUDE OIL (USD PER BARREL)	USD84.58		USD92.38

Source: CEIC

In early October, Saudi Arabia decided to extend its voluntary oil production cut of 1 million barrels per day until the year's end. However, recent conflict between Hamas and Israel has altered the geopolitical landscape in the Middle East, potentially delaying the prospect of improved relations between Saudi Arabia and Israel, which could have eased global oil market pressures.

ECONOMICS & MSME NEWS

9 OCTOBER 2023 – 20 OCTOBER 2023

GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

Sluggish UK economy stages only partial bounce back in August

In August, the UK economy partially rebounded following a sharp decline in July, primarily due to a rise in inflation and multiple interest rate hikes by the BoE. Official data indicated a 0.2% expansion in August compared to the previous month, with a revised 0.6% contraction in July. The IMF forecasted the UK as the slowest-growing nation in the G7 nation for 2024. The BoE's decision to halt interest rate hikes signalled concerns about an uncertain economic landscape. David Bharier, of the British Chambers of Commerce, emphasized several challenges faced by UK firms, including economic shocks, inflation, and trade barriers. Finance Minister Jeremy Hunt is under pressure to implement tax cuts or support measures in his November budget speech.

Source: Reuters, 12 October 2023

US weekly jobless claims at nine-month low; labor market remains tight

US unemployment claims have reached a nine-month low, indicating ongoing job growth in the US labor market. This unexpected drop in jobless claims, along with strong economic data, suggests sustained economic momentum. Although the Federal Reserve might keep interest rates high for an extended period, financial markets predict no rate hike in the near future due to rising US Treasury yields. Despite concerns about the economic outlook, US companies are holding on to their workers due to the difficulty of finding skilled labor, potentially raising inflationary concerns. Initial claims for state unemployment benefits fell to 198,000, the lowest level since January.

Source: Reuters, 20 October 2023

BOJ seen lifting inflation forecasts as pressure on policy grows

The BOJ is expected to raise its inflation forecasts for the upcoming years, potentially surpassing its 2% target for two consecutive years. This change comes as the BOJ prepares to release its quarterly growth and inflation forecasts. The BOJ is likely to increase its inflation projection for the year ending in March 2024 to around 3% and raise the 2024 forecast to 2% or higher, partly due to rising oil prices. These revisions could pose challenges to the BOJ's claims that it can maintain ultra-loose monetary policy as it seeks to achieve its inflation target. Furthermore, it may increase pressure on the BOJ to modify its 1.0% cap on the 10-year government bond yield.

Source: Reuters, 18 October 2023

China's Q3 GDP growth shows economic recovery gaining traction

China's economic growth in the third quarter outpaced expectations, suggesting that a recent surge of government measures is aiding the country's fragile economic recovery. These policies aim to bolster growth as the economy faces challenges, including a property crisis, youth unemployment, and ongoing trade tensions with the United States. While a property crisis and other headwinds continue to pose risks, the data shows that these stimulus measures are starting to gain traction. According to data released by the National Bureau of Statistics, China's GDP grew by 4.9% in the third quarter, exceeding the forecasted 4.4% increase. The quarterly GDP growth of 1.3% in Q3 also outperformed expectations, which anticipated growth of 1.0%. This improved economic performance seems to indicate that the government's growth target of around 5.0% for the full year of 2023 is likely to be achieved. As a result, international banks have adjusted their growth outlook for China in 2023.

Source: Reuters, 18 October 2023

MALAYSIA ECONOMIC NEWS

MITI optimistic 2024 will be a stronger year for FDIs into Malaysia

The Ministry of Investment, Trade and Industry (MITI) has expressed optimism for a robust year in FDIs in Malaysia for 2024, capitalizing on the existing pipeline of investment opportunities. As of the first six months of 2023, Malaysia has already achieved RM132.6 billion in investments, which accounts for approximately 60% of the country's annual investment target. Impressively, this figure surpasses the annual target. Of particular significance is that nearly half of the investments received are DDI, while the remaining sum represents FDI. MITI hopes to maintain this momentum throughout the year, considering that there exists a positive correlation between FDI and DDI. The increase in FDI is perceived as having a beneficial correlation with growing DDI. Increased FDI leads to spillover effects. This is essential for job creation, promoting domestic industries, such as the construction sector, and enhancing economic complexity. The objective is to elevate Malaysia's status as an exporting nation by fostering trade diversification, as seen in the trade to GDP ratio of 160% in the previous year. The government is committed to reinforcing local SMEs in manufacturing and related services to bolster the industry champions and integrate value chains. For industries advancing up the value chain, there are opportunities for investment from the RM200 million budget allocation. Furthermore, private support, particularly from financial institutions and the capital market, is expected.

Source: The Star, 16 October 2023

A Budget for growth

Malaysia's Budget for 2024 carries the weight of transforming the nation's economic landscape while strengthening its global competitiveness. It outlines several critical areas of focus that will dictate the country's development over the coming years. The 2024 Malaysian Budget offers a comprehensive roadmap for the nation's economic progression. Addressing issues of renewable energy, capital gains tax, venture capital, government institutions, and Islamic finance, it signals a multiple approach to both domestic and international economic challenges. Implementation, along with clear communication and collaboration, will be essential to realising these ambitions. The budget's bold strategies indicate Malaysia's intent to remain competitive and resilient in the face of global economic shifts.

Source: The Star, 14 October 2023

Economy set to improve

Malaysia's economic trajectory for 2024 is marked by optimism, with the Finance Ministry's Economic Outlook 2024 report forecasting growth in the range of 4% to 5%. This anticipated rebound hinges on several pivotal factors, the most prominent of which is an expected upswing in global trade. The Ministry anticipates an improvement in world trade, which bodes well for Malaysia, given its heavy reliance on international trade. In addition to this, the report underlines the imperative need for a fresh approach, including a culture of innovation, to adeptly navigate the rapidly evolving economic landscape. The outlook encapsulates a sanguine perspective on Malaysia's economic future for 2024. With growth drivers across various sectors and a keen emphasis on adaptation and innovation, the nation appears well-prepared to navigate an evolving global economic landscape.

Source: The Star, 14 October 2023

Job market to improve further

The Malaysian labour market is displaying notable resilience in the latter part of 2023, indicating a positive outlook for the country's economy. This optimism is underpinned by expectations of increased hiring as Malaysia's economy continues to grow. Despite the ongoing global economic slowdown, Malaysia's labour market remains sturdy. The unemployment rate, holding steady at 3.4% in August 2023, points to this resilience. Several factors contribute to this stability, including continuous month-on-month employment growth, government initiatives, and a gradual resurgence in the tourism sector, driven by increased tourist activity and spending. Furthermore, strong domestic demand plays a crucial role in supporting this growth. Looking ahead, the Malaysian labour market is poised to maintain its strength for the remainder of the year, marked by a notable increase in hiring activities. Kenanga Research maintains its unemployment rate forecasts, projecting an average of 3.5% for 2023 and 3.3% for 2024. These figures are a substantial improvement compared to the unemployment rates of 3.8% in 2022 and 4.6% in 2021.

Source: The Star, 12 October 2023

MSME NEWS IN SOUTHEAST ASIA

CAMBODIA

CSX launches programme for SMEs and new ventures

The Cambodia Securities Exchange (CSX) has taken a significant step towards expanding its role as a crucial player in the country's financial ecosystem. In partnership with securities firms, it has introduced the "SMEs and Startups Go Public Programme." This initiative is strategically designed to accelerate the development of the stock market, attract foreign investors, and bolster investment confidence. The CEO of CSX, Hong Sok Hour, highlighted the importance of this initiative during its launch. He emphasized that this move signifies a concerted effort by the stock exchange and its partners to foster substantial growth in the market. Additionally, it creates a more inviting environment for foreign investors and instills confidence, particularly in emerging firms seeking capital through equity and debt securities within the capital market. Furthermore, Mr. Hong Sok Hour underlined the benefits of securing financing through the stock market, stating that it expedites a company's journey towards prosperity. Not only does it enhance a firm's standards and establish public trust, but it also ensures business sustainability and leaves a significant legacy for future generations.

Source: The Phnom Penh Post, 10 October 2023

THAILAND

UOB Thailand Welcomes ChocoCRM to Boost SME Success

UOB Thailand has expanded its array of services for SMEs by welcoming ChocoCRM, a renowned provider of customer management, sales, and marketing solutions, to its UOB BizSmart platform. This partnership is aimed at empowering Thai SMEs with the tools they need to thrive in the highly competitive digital landscape. ChocoCRM's integration into the UOB BizSmart platform brings an array of benefits to UOB customers. Notably, UOB clients can avail themselves of an exclusive 15% discount on any ChocoCRM loyalty program package they subscribe to. These programs encompass a wide range of functionalities crucial for fostering customer loyalty and driving business growth. Mrs. Sayumrat Maranate, the Executive Director and Head of Business Banking at UOB Thailand, expressed the bank's enthusiasm for this collaboration. She underlined UOB's commitment to supporting Thai SMEs and providing them with the essential business tools they require to excel in the digital age. Through ChocoCRM's solutions, UOB can now offer a loyalty program that facilitates customer database management, enhanced communication, seamless execution of promotional campaigns, and the nurturing of customer loyalty.

Source: Bangkok Post, 12 October 2023

PHILIPPINES

Viber picks Philippines for launch of new MSME business solution

Rakuten Viber, the global messaging and audio-video communication leader, has selected the Philippines as the launchpad for its new suite of business tools tailored for SMEs. This strategic move aims to transform Viber into a comprehensive communications hub that caters to the diverse needs of businesses, ultimately supporting their marketing objectives. The launch event, held at Conrad Manila, showcased these pioneering features, marking a significant development in the platform's evolution. The inaugural solution unveiled on this platform is a user-friendly, self-serve communications hub explicitly designed to empower MSMEs. This dynamic tool facilitates seamless engagement with local customers, efficient management of incoming queries, improved business discoverability, and, crucially, the ability to boost sales. Cristina Constandache, Viber's Chief Revenue Officer, shared her insights on this pivotal transition, emphasizing that Viber is increasingly embracing a utility-focused approach. The platform's new features are tailored to meet the growing demands of users and businesses, striving to simplify their daily operations. In the process of developing these innovative solutions, Viber actively engaged with Filipino MSMEs. They were invited to participate in beta testing, marking a personalised onboarding process. Viber's team curated audiences at 15 local trade shows, conducted over 300 in-depth interviews, and leveraged local business owner feedback to build core features such as catalogs, search capabilities, and enhanced discoverability.

Source: Tech Asia, 15 October 2023