



# ECONOMICS & MSME NEWS

25 APRIL 2022 – 6 MAY 2022

## Worker shortage hampers services sector

The United States private employers hired the fewest workers in two years in April amid chronic labour shortages and rising costs, which are hitting small businesses the hardest, raising the possibility that overall job growth slowed considerably last month. That was reinforced by a separate survey from the Institute for Supply Management (ISM) showing a measure of services sector employment contracted in April for the second time this year. Services businesses in the ISM survey described demand for workers as remaining “hypercompetitive,” noting that “there is just not enough qualified personnel available.” Government data on Tuesday showed there were a record 11.5 million job openings on the last day of March, which pushed up the jobs-workers gap to a record 3.4% of the labour force from 3.1% in February.

Source: Reuters, 4 May 2022

## GLOBAL ECONOMIC NEWS IN ADVANCED ECONOMIES

### BoE flags risk of recession and 10% inflation as it raises rates again

The conflict in Ukraine is driving up prices for food and fuel which expected to slow growth globally. UK will no longer be the fastest growing economy in the G7 group of leading Western nations, and will be the slowest in 2023. UK's growth will slow as price pressures lead households to cut spending, while rising interest rates are expected to "cool investment". The UK's economy is now predicted to grow by 3.7% this year, down from the previous forecast of 4.7% made in January. However, next year, the UK is expected to have the slowest growth in the G7 and across Europe's main economies, at just 1.2%, a near halving from the 2.3% expected previously. The 2023 UK figure is the slowest apart from heavily-sanctioned Russia in the wider G20 grouping, which includes nations such as China and India.

Source: Reuters, 5 May 2022

### China's services activity falls at second sharpest rate on record

China's services sector activity contracted at the second-steepest rate on record in April, as tighter COVID curbs halted the industry, leading to sharper reductions in new business and employment. The Caixin services purchasing managers' index (PMI) fell to 36.2 in April, the second-lowest since the survey begun in November 2005 and down from 42.0 in March. The findings are in line with the government's official PMI, pointing to the fast deterioration in a sector that accounts for about 60% of the economy and half of urban jobs. A sub-index for new business stood at 38.4, also the second-lowest on record and down from 45.9 the previous month, with services firms reporting the escalation of measures to contain the spread of COVID cases weighed heavily on customer demand at the start of the second quarter.

Source: Reuters, 5 May 2022

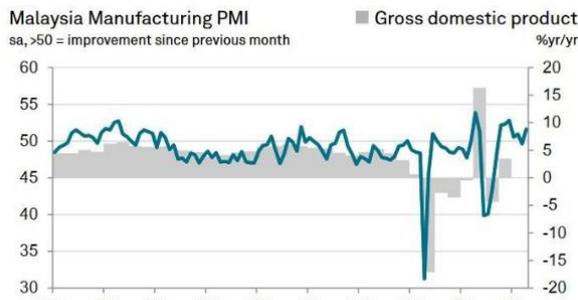
### Japan to allow tourist groups as early as this month

Japan is set to experiment with opening its borders to small groups of vaccinated foreign tourists as soon as this month, in a potential lifeline for the country's ailing travel industry. Those wishing to visit must have undergone three Covid-19 vaccination shots and be part of a package tour with a fixed itinerary. The limited resumption of inbound tourism will be treated as an experiment and, if infections do not spread, the programme would be expanded. Border easing would be welcomed by Japan's tourism industry, which has been urging the government to allow in more overseas visitors to take advantage of the weakening yen.

Source: The StraitsTimes, 6 May 2022

# MALAYSIA ECONOMIC NEWS

## Malaysia manufacturing PMI returns to expansion in April



Malaysia's manufacturing purchasing managers index (PMI) expanded to 51.6 in April from 49.6 in March, indicating a renewed improvement in the health of the sector. April saw a welcome surge in demand for manufactured goods with producers reporting the strongest inflow of new orders for eight years, reflecting a combination of improving sales at home and abroad. However, supply constraints in terms of both labour and component availability remain a major headwind to the economic recovery and manufacturers and their suppliers were again unable to meet demand on average, which is in turn putting sustained upward pressure on prices. The concerns over supply chain delays fanned by lockdowns in China and the Ukraine war, leading to a pull-back in business optimism about the outlook.

Source: The Star, 5 May 2022

## MIER index shows improved consumer sentiment in 1Q

Amid the global geopolitical tensions and rising oil prices, Malaysia's transition into the endemic phase and the re-opening of international borders are shoring up consumer sentiment. This is reflected by the Malaysian Institute of Economic Research (MIER) Consumer Sentiments Index (CSI), which rose 11.7 points quarter-on-quarter to 108.9 in the first quarter of this year (1Q22), again breaching the 100 point optimism level since two quarters ago. All components that comprise the latest CSI performed better than 4Q21, with expected employment leading the improvement, followed by current income and financial outlook. However, it said business sentiments for the 1Q22 have deteriorated. The Business Conditions Index (BCI) in the said quarter showed a decline in outlook by 21 points to settle at 101.0, slightly above the 100-point threshold. When compared to the previous quarter, all components of the BCI showed a lower reading.

Source: The Star, 2 May 2022

## Malaysia-Singapore border reopening a boon to Johor's economy

The reopening of the Malaysia-Singapore borders on April 1 has boosted business in Johor, with thousands of Singaporeans crossing the Causeway for shopping, said Menteri Besar Datuk Onn Hafiz Ghazi. He said traders here are heaving a sigh of relief on higher sales, after their business was badly hit by two years of cross-border travel ban due to the Covid-19 pandemic. "The impact has been very positive. The congestion you see in Johor Bahru is actually a positive sign for economic growth. Many Singaporeans are coming here for shopping; this is a positive development," he said. Asked on the ringgit's depreciation against the Singapore currency in the past few weeks, Onn Hafiz said it would make Johor an even more attractive destination for shopping by Singaporeans. He said their higher purchasing power would definitely benefit traders in Johor.

Source: Malay Mail, 30 April 2022

## Civil servants must become facilitators of Malaysia's economy

Chief Secretary to the Government Tan Sri Mohd Zuki Ali hopes civil servants can function as facilitators of the country's swift-moving economic cycle following the country's transition phase to endemic. He said the practice of the values of S.W.I.F.T, namely speed, world-class knowledge, inspirational, flexible and technology-based, must continue to be implemented in strategic planning and task operations in their respective organisations or departments. "Malaysia is now on the right trajectory to move swifter and more proudly on the global stage after over two years of grappling with the Covid-19 pandemic. The country's economy has recorded positive improvement since the government reopened the economy in stages," he said in conjunction with Labour Day celebration that is themed 'Pekerja Tonggak Keluarga Malaysia Dalam Pemulihan Negara'.

Source: Malay Mail, 30 April 2022

# MSME NEWS IN SOUTH EAST ASIA

## MALAYSIA

**RM100 million allocation to accelerate exports**

Malaysia External Trade Development Corporation (MATRADE), in collaboration with Bank Islam Malaysia Berhad (Bank Islam), launched the SME Exporter Financing Programme with an allocation of RM100 million to assist MATRADE members in meeting their financial needs. The main objective of this scheme is to support the SMEs in their international market outreach by providing total financial solutions for export activities. Bank Islam also offers the SMEXpert

app, a digital marketing platform for SMEs to foster brand awareness and Halal business growth. SME Exporter Financing Programme is a multi-financing product package that includes Term Financing-i, Cash Line-i, Trade Facilities, and Foreign Exchange Contract-i exclusively offered to MATRADE members for Working Capital Requirement (WCR) and Capital Expenses (CAPEX).

Source: MATRADE, 29 April 2022

38 home grown brands including 31 first-time winners were honoured at the 20th Singapore Prestige Brand Award (SPBA) awards ceremony, with Second Minister for Trade and Industry, Tan See Leng commending their "fighting spirit and gumption" amid the pandemic. "These winners are setting the pace for innovation and transformation, and have dug deep to strengthen their core capabilities as well as to evolve their service and product offerings in the

two years challenging backdrop," said Tan. Jointly organised by the Association of Small & Medium Enterprises (ASME) and Lianhe Zaobao, the SPBA recognises homegrown brands for their effective and forward-looking branding endeavours. There are three main award categories, Promising Brands, Established Brands, and Heritage Brands as well as a Special Merit award.

Source: The Business Times, 4 May 2022

**SINGAPORE**  
**38 local brands receive Singapore Prestige Brand Award**

## THAILAND

**SET in education drive to help SMEs list, raise funds**

The Stock Exchange of Thailand (SET) and its subsidiary LiVE Exchange (LiVEx) are joining hands with the Office of Small and Medium Enterprise Promotion (OSMEP) to provide SMEs and startups with educational resources pertaining to public fundraising on the exchange. Osmep will connect the LiVEx platform through its SME Academy 365 system, which is an educational website that helps 3 million members and entrepreneurs to develop and prepare their businesses to enter the capital market. The SET strives to support small businesses and prepare them for public fundraising and business expansion. The bourse also encourages small businesses to work towards bigger goals, listing on the SET or MAI. The LiVEx platform previously formed partnerships with 28 organisations from the government, private sector, capital market, and universities to jointly develop various services and create readiness and growth opportunities for entrepreneurs.

Source: Bangkok Post, 29 April 2022

## VIETNAM

**Digital transformation unavoidable, expands business reach**

Digital transformation is both a need and an inevitable trend that will help businesses survive and develop in the Industry 4.0 era. This also holds true for the post COVID-19 new normal period, according to the Vietnam Chamber of Commerce and Industry (VCCI). A recent VCCI survey on developments in the context of the COVID-19 pandemic found that a majority of more than 400 businesses polled had great expectations from digital transformation. Up to 98% of the respondents expect digital transformation to create great changes in their production and trading activities; 71% and 61.4%, respectively, expect it to help reduce production costs as well as paper work; and 45.3% expect it to help add value to products and improve product and service quality. But the reality is that there is a big gap in digital transformation at large enterprises and SMEs, VCCI said.

Source: Vietnam Plus, 4 May 2022